



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Hon. Michael Ferguson MP

Monday 6 June 2022

MEMBERS

Hon Nick Duigan MLC;
Hon Ruth Forrest MLC (Chair);
Hon Mike Gaffney MLC (Deputy Chair)
Hon Dean Harriss MLC;
Hon Sarah Lovell MLC;
Hon Meg Webb MLC

IN ATTENDANCE

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

Ministerial Office

Daniel Gillie	Chief of Staff
Richard Wilson	Senior Adviser, Infrastructure
Jodi de Cesare	Senior Adviser, Transport
Michael Reynolds	Senior Adviser, Treasury
James Abbott	Senior Adviser, Treasury
David Palmer	Senior Adviser, Planning

DEPARTMENT OF TREASURY AND FINANCE

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

Tony Ferrall	Secretary
James Craigie	Deputy Secretary, Budget and Finance Division
Fiona Calvert	Deputy Secretary, Economic and Financial Policy Division
Jonathon Root	Deputy Secretary, Revenue Gaming and Licensing Division
Abigail Shelley	Deputy Secretary, Corporate and Governance Division
Eleanor Patterson	Director, Budget Management Branch
Susan Peterson	Acting Director, Government Finance and Accounting Branch
Anton Voss	CEO, Renewables, Climate and Future Industries Tasmania

DEPARTMENT OF STATE GROWTH

Administered Expenses

Kim Evans	Secretary, Department of State Growth
Gary Swain	Deputy Secretary Transport Services
Denise McIntyre	General Manager State Roads
Martin Crane	General Manager Road User Services
Martin Blake	Chief Executive Officer, Infrastructure Tasmania
Amanda Russell	Deputy Secretary, Business Services

Capital Investment Program (CIP)

Kim Evans	Secretary, Department of State Growth
Gary Swain	Deputy Secretary Transport Services
Denise McIntyre	General Manager State Roads
Amanda Russell	Deputy Secretary, Business Services
Martin Blake	Chief Executive Officer, Infrastructure Tasmania
James Verrier	Director, Transport Systems and Planning Policy
Alison Turner	Director, Infrastructure Review and Evaluation

Marine and Safety Tasmania (MAST)

Lia Morris	Chief Executive Officer MAST
Kim Evans	Secretary
Amanda Russell	Deputy Secretary, Business Services

Output 2.1 Infrastructure Tasmania

Kim Evans Secretary
Gary Swain Deputy Secretary Transport Services
Martin Blake Chief Executive Officer, Infrastructure Tasmania
James Verrier Director, Transport Systems and Planning Policy
Alison Turner Director, Infrastructure Review and Evaluation
Amanda Russell Deputy Secretary, Business Services

Output 2.2 Road User Services, 2.3 Passenger Transport

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

Output 6.1 Shipping and Ferry Subsidies

Kim Evans Secretary
Gary Swain Deputy Secretary Transport Services
Martin Crane General Manager Road User Services
Amanda Russell Deputy Secretary, Business Services

Output 6.2 General Access Services, 6.3 School Bus Services

Kim Evans Secretary
Gary Swain Deputy Secretary Transport Services
Martin Crane General Manager Road User Services
Amanda Russell Deputy Secretary, Business Services

Output 6.4 Construction of Streets in Towns

Kim Evans Secretary
Gary Swain Deputy Secretary Transport Services
Denise McIntyre General Manager State Roads
Amanda Russell Deputy Secretary, Business Services

DEPARTMENT OF PREMIER AND CABINET

Output

Craig Limkin Deputy Secretary, Policy and Intergovernmental Relations
Brian Risby Director, State Planning Office

DEPARTMENT OF JUSTICE

Output

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

PUBLIC

The Committee commenced at 9 a.m.

CHAIR (Ms Forrest) - Welcome, Treasurer to the 2022 Budget Estimates. We welcome you and your team. Some of the members of your team may not know our newest member, Dean Harriss. He was only recently elected and he will be introduced to all these people as they come to the table.

I invite you, minister, to introduce your team to the table for the purposes of Hansard and to make an opening statement if you wish and then we will launch into questions.

We are going to work through Finance-General line items first and then go on to Treasury and Finance.

DIVISION 5

Department of Finance-General

Mr FERGUSON - Thank you, Chair, and good morning to you and to the committee. I appreciate the opportunity to discuss the budget with the Legislative Council Committee. I would like to introduce the table to my left: Tony Ferrall, Secretary of the Department of Treasury and Finance; Fiona Calvert, Deputy Secretary, Economic and Financial Policy Division, who will support me with answers to questions today. Through the course of the day I will introduce other officials, as appropriate. I am joined at the table by Mr Gillie, my Chief of Staff, who will be supporting me today but he won't be answering questions.

I don't have an overview and I would like to throw straight to your questions and only to say that being my first budget it's been a lot of work and I've been greatly supported by the department and my staff. We're happy to go straight to your questions and outputs.

CHAIR - Treasurer, it is clearer by the day that the cost of living pressures are hitting Tasmanians harder, especially in areas of energy costs, housing costs and availability, cost of rising food, et cetera; and that's also directly impacted by the rising energy costs. What steps are you taking to assist Tasmanians in light of the very real increasing issues in need that have developed during and since the delivery of your budget?

Mr FERGUSON - These concerns are real because inflation as a measure of the increasing cost of living for people and businesses is a real issue for every western economy. That's an issue for Australia and Tasmania is not immune to the pressures that are being experienced right around the country. The new federal Treasurer, Mr Chalmers, has described it as one of his highest priorities to arrest inflation.

Naturally, one of the biggest contributors to the increased inflation has been the war in Ukraine which has directly contributed to the spike in increase in retail fuel bowser costs for fuel, which is one of the single most significant contributors to the recent inflation rates. But you are also seeing supply constraints and a very tight labour market, which are contributing to inflation. The Government recognises that and why we have been very upfront about the initiatives we can make a contribution to at a state level. The state is not able to arrest inflation, but can assist people with the increasing cost of living and in particular, people on low and fixed incomes who need our support.

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Moving to the principle role we play is around concessions and actually have in this budget a range of funded concessions. They increase to \$305 million and depending on where the energy regulator comes to in terms of final retail prices, in the month of June, it may even be more than \$305 million. With expenses such as electricity, water, sewerage, and council rates, the Government is providing that \$305 million. For an eligible electricity concession card holder, for them, that means \$514 per year in annual assistance with electricity costs. For water and sewerage concessions of up to \$211.50, and for council rates an eligible concession card holder can receive council rates remission assistance of \$326 per annum if they are a TasWater customer, because they are of course getting two concessions, and if they are not TasWater customer, it is in fact up to \$479.

The Government also, before we became aware of the federal government's initiative to halve fuel excise for the six month period in the March budget, we had already moved to try to do something further to help people with their transport costs, which is why we initiated the free bus initiative, not just for Metro but for all general access and school bus providers around the state for the month of April, which no doubt we will explore later in the day, as to how that went.

These are the things that the Government has been doing, and while that is what the state Government can do, we are also mindful we fortunately are at a time where a lot of people are in work and have a greater ability if they are in the workforce, to be able to earn, to supplement their income, and also aware of the federal government's \$250 payment made in the month of April as a direct contribution to increasing cost of living. Of course, we are going to have to keep our eye very close on this and states and territories are seeking to see the federal government take some leadership on addressing not just the root causes of inflation but also some of the supports that can be offered to Tasmanians.

CHAIR - I might explore some of those matters a bit further when we get into treasury and finance, 3.5 administration of grants, subsidies and concessions, because that is where those details are.

Ms WEBB - I think it fits quite well. It relates to cost of living also, but in the sense of the sector that supports those people doing it most tough. Community service organisations are, like everyone, struggling to meet extra costs due to inflation, due to the ERO obligations increasing super guarantee, yet their indexation on funding remains at 2.5 per cent, which many of them have identified as being insufficient to cover increased salary and operating costs they are experiencing. The impact of that will mean having to find additional funds to cover the increased expenses they face, which will likely mean a reduction in service delivery. I am wondering Treasurer, can you explain how the 2.5 per cent indexation for community services, including our very essential housing and homelessness sector at the moment, was calculated, given that their inflation is currently running much higher than that?

Mr FERGUSON - It is a fair question and it would recognise as well, I am sure, that everybody is feeling this. It is not possible for the state Government to fully mitigate the experience that is being felt by every single purchaser of goods and services in the state. It is not our role. But what we can be doing is supporting those who have a limited capacity to address those increased costs. That is why we always come back to the supports we offer households, particularly those on low and fixed incomes.

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In response to community services, my advice is that the Government has in fact provided an increase of half of a percent in indexation above the 2 per cent indexation that was already included in the Budget. I might ask the secretary to speak to that in a moment. In reviewing the rate and level of indexation provided to agencies to continue to deliver services, the Government takes into account statistical and environmental information across a range of sources, including actual, forecast and projected local CPI.

The rate and level of indexation included in an agency budget allocation is separate to the level of indexation included in the individual grant arrangements that the agency will make with the non-government organisation. So, that is something where exploration with the relevant minister or agency relevant to a particular grant would be worthwhile.

Ms WEBB - Minister, are you saying that potentially an individual organisation could negotiate or make an arrangement with their relevant minister, to have a higher indexation rate than the 2.5 per cent that is indicated?

Mr FERGUSON - What the central agency of Treasury is doing with its agencies across Government is providing a resource indexation of half a percent. Last year's budget contained a 2 per cent indexation for agencies.

Ms WEBB - Yes. Essentially, they are getting 2.5 per cent.

Mr FERGUSON - Yes, it is 2.5 per cent. While I will never seek to get in between an agency and a non-government organisation, those grants are nearly always negotiated from the outset anyway.

It would not be the case that we will be able to guarantee that any increase in costs that are being met by an organisation will subsequently be met by the Government. We are not offering that. We cannot offer that. No government does, but it is always the case that an organisation that might be struggling would, in all cases, go and discuss it with their contract manager in the relevant department.

Ms WEBB - Have there been any instances where a community organisation has been funded above what has been set as the indexation rate in the Budget papers?

Mr FERGUSON - It is possible, but I would not offhand know of any, immediately. Secretary? Before you do, I will just continue. I do not have much more to say, but the Department of Communities Tas uses its total funding allocation - including its indexation, the new amount - to negotiate and contract services with community sector organisations to deliver particular services, including for housing and homelessness.

I do recall, although I do not have it to hand, that minister Street, when he was still pretty new in the role of Minister for Community Services, did actually provide additional funding to his community organisation partners. I believe that was around the fuel costs that they were experiencing, was it not? Yes. Certainly their increased cost of operating. So, I would pass to the Secretary now, if there is anything further to add.

Mr FERRALL - I can make a couple of points. I cannot advise what agencies are doing, going forward, at this point. We do not have visibility of how they are negotiating with individual organisations, but I am aware that in past years the agencies have sometimes held

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back a component of the funding, to enable them to actually fund pressures that come through during the year. In those circumstances, individual organisations would have actually had a higher amount than the designated central indexation.

In relation to the 2.5 per cent. As the Treasurer indicated, that is an increase on the 2 per cent that was included in prior year budget. What we did through this Budget was really try to tidy up and standardise a range of indexations that we had. They have varied quite a lot across various areas, and in standardising that we tidied that up at 2.5 per cent across the board; for community organisations, that previously was generally 2 per cent.

There were some components of community grants that were funded at a higher rate of indexation. The actual indexation is not just a simple 1 or 2 per cent, or was not in the past. Different components were indexed at different amounts.

Ms WEBB - Can I follow up on that, minister? Are there any circumstances under which a community sector organisation would be funded under that 2.5 per cent that is indicated in the Budget?

Mr FERGUSON - I would not have that information to hand, but it is plausible that contracts have been entered into between a service provider and the Government, a relevant department, after having gone through a tender process.

That would be very normal, very usual, that prices might be put forward in their tender bid, and they have beaten other competitors. They have won that bid. Even in the not-for-profit space, that would occur, and then a contract is struck.

But it would depend on the nature of the contract, and what allowance might even be included in a contract as to annual increase in funding, call it indexation. The Government has recognised that the extra half of a per cent was warranted and needed, and will be appreciated by agencies, not just for their grants, but also for their operations of the department itself.

Ms WEBB - Minister, would you acknowledge though, that while 2.5 per cent is half per cent higher than 2 per cent, which is what had generally been the situation, in times past 2 or 2.5 per cent was closer to what CPI and inflation would have been, whereas this year, we are in a strikingly different situation.

So, do you acknowledge then that 2.5 per cent, rather than being celebrated by the sector is still being seen as falling far short and will likely mean a loss of services to the most vulnerable Tasmanians?

Mr FERGUSON - Well, I would hope that that would not be the consequence, but like everybody, government, as well as our partners, we have to work with the times that we are faced with. The additional resource is intended to be there to provide some level of buffer. It would be my hope that the current spike in inflation is not going to be with us for years to come; it is clearly a matter immediately in front of us now, when you are seeing what is happening in the energy sector in Australia, particularly in Queensland and New South Wales. Those are matters that national and state governments and industry need to get right on top of, and there is clear ambition around sorting those matters out in the near term, as to the Ukraine, who will know, but again one would hope that those matters can settle.

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We are working with the times that we have and government is not able to mitigate every single cost of living increase. Fortunately, there is capability in the state, including with our employed community who are able to earn more if they are in the working age population to meet their increased cost of living, noting as well that we are seeing some of the economic indicators which would suggest that there is still a lot of money in the community.

However, you have asked me about not-for-profits and so, it is something that our agencies will have to work with them on and if they do have particular concerns then naturally, the Government - the relevant minister and department - will always be open to those conversations.

Ms WEBB - Just a final one on that then, the extra half a per cent that was popped in there to make it 2.5 per cent, what was the quantum that that was budgeted to be?

Mr FERGUSON - We do not have it immediately at the table, but we can produce it during the morning without any difficulty and we can take that on notice. I will have the answer for the table today.

Can I come back to the Chair's earlier question though, just with a bit more information. The daily concession rates for electricity are revised in June each year, following the determination by the Economic Regulator on the standing offer electricity prices that are to apply for the coming year. That was not happened yet, so those concession rates will be revised yet again. The concession is increased by the same percentage as the increase in the standing offer electricity price.

The committee might be interested to know, and we have not often had this conversation, but it is government policy that where there is a decrease in electricity prices as a result of the standing offer determination, and that has happened twice in the last two years, the concession rates do not go down with it. The concession rates are held static even though the retail cost has come down.

Two years ago, the retail price went down 1.5 per cent and last year 7 per cent, so an 8.5 per cent decrease in the real cost per kilowatt hour to account holders but our concession rates stayed the same.

CHAIR - So, by its very nature then, if prices go back up, people feel that they are finding it harder to pay their bills because the concession does not move either.

Mr FERGUSON - When the price comes back up again, the concession will rise with it.

CHAIR - Up to where it was, or?

Mr FERGUSON - It will rise with it.

CHAIR - Regardless of how far it rises and regardless of how far it has fallen?

Mr FERGUSON - It stays static if the retail price is going down and it goes up when the retail prices goes up.

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CHAIR - From the lower base?

Mr FERGUSON - No, from the last year.

Mr FERRALL - So, it only goes one way; it only goes up.

Mr FERGUSON - It is a good deal in respect of people, it does not go down with the tide, but it goes up with the tide. That is how it is designed. So it is for that reason, and that is news to a lot of people, one might have thought that as the price picks up, even picking up last year's discount, that you might have to wait for the concession to increase until it reached a previous point, and it does not. Next year's determination will be fully reflected in the concession rate. I am getting nods there.

The budget for electricity concessions in 2022-23 is \$44.85 million. The advice I have is that Tasmania's concession rate is the most generous among all the states. Queensland is the second highest, pure electricity concession is worth \$340. I can mention others but I will not. That is how we work it here in Tasmania.

CHAIR - I might ask you a bit more about that when we get to that particular line item, I appreciate that. I was not aware of that fact about the concession either, how that works.

Mr FERGUSON - If you do not mind me just very quickly then saying that on that, for a concession account holder who is eligible for this, let us say an aged pensioner with an Aurora bill, if they were more on the lower side consumption, that concession on its own pays for something like 40 per cent of the year's electricity bills. You can see why it is described as the most generous out of all the states.

CHAIR - To go to page 72 of your Budget Paper, No. 1, which is budget risks and sensitivities. I always find this an interesting chapter, I am sure you do too, and it probably worries the life out of the Secretary. The risk economic outlook - many of these I will cover under different lines when we get through them, but there are a couple I wanted to ask about - the possible intakes particularly related to the recent federal government election and the National Health Reform Agreement.

Regarding the GST, the no-worse-off guarantee and the fundamentally unfair and inequitable situation to the point of being part of the federation, the GST distribution framework is not something that is sustainable in the long term for Tasmania and every other state, except perhaps Western Australia. In light of the federal election result, knowing that the federal Labor Party won an enormous number of seats in Western Australia, which makes it very difficult to address this directly, what will your approach now be to ensure that Tasmania is not further disadvantaged?

Mr FERGUSON - It is a fundamentally important question. It is a huge issue for us, as a state to confront, not in the here and now, but during this interim period before which the no-worse-off guarantee would expire. We have to settle this well before 2026-27. Our Government, like most other, not all, most other state governments has consistently raised concerns with the new GST distribution arrangements. We, like others, have argued that they create a system that entrenches a gap between the fiscally stronger state and the other states, which is precisely what HFE was intended to do when the GST was introduced in 2000.

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Based on current Treasury forecasts, we expect to be worse off in each year of the budget from 2022-23 under the new arrangements. Therefore, we will receive each year offsetting payment guarantees from the Australian Government. Now, there were some who said that would not be necessary; you do not need any sort of guarantee. The claim was made, I think, by Canberra at the time that states would not be worse off, hence the argument came that well, we would need to see a no-worse-off guarantee be provided then. That has been provided, yet we are calling on it even now. I can tell the committee that my advice is that Tasmania is forecast to receive no-worse-off guarantee payments of \$247.2 million over the forward Estimates.

The Government has continually argued the risks of the new arrangements, that they are ongoing risks and for those reasons the guarantee should be a permanent arrangement. This is a new arrangement that went through federal parliament with the support of both major parties - I do not know about the independents - but went through with all the support. It went through quite quickly. It is very evident that while Western Australia in particular have made claims that it is inequitable that they would receive such a small relativity of the GST pool, that they have, by getting the new arrangements, more or less circumvented the original intent of HFE to move it from the strongest state to the second-strongest state. That is not acceptable to me or the Government. I included this in my budget speech and was pretty clear, and even the week before the election I was raising this in a media conference that regardless of who would win the election, we need to see the HFE model returned.

CHAIR - The point is that it is harder now with the Labor Party winning the federal government, and the number of seats they won. That was my thought on election night when Western Australia's votes came in: that this is going to make it really hard to have an open and transparent discussion about how we make this a fair and equitable system. We know the 'no worse off' guarantee finishes at the end of 2025-26, and so where to from here?

Mr FERGUSON - Can I just get clarity? Is it 2025-26 or 2026-27?

CHAIR - It finishes in 2026-27.

Mr FERRALL - It actually crosses over two years because there is a lag.

CHAIR - So it finishes in 2025-26, and in 2026-27 we will probably feel it.

Mr FERGUSON - It sounds like there is a two-year transition. There is discussion around a review of the new arrangements, and so the position that I've again taken is that we'll be working very closely with the federal government and the other states.

CHAIR - Has that started?

Mr FERGUSON - No.

CHAIR - The Productivity Commission review?

Mr FERGUSON - No, I don't believe so. I don't think it is considered even due until another few years. I'd like to see that brought forward, and I'd like to see the states have a significant input into its terms of reference, and even the selection of some of the commissioners that would do that work. We all understand the political risks vis a vis Western

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Australian seats, but somehow the country has to grapple with this and be prepared to revisit the matter, even though that will be very challenging for whoever is in government, in this case the federal Labor Government.

I will not be unfair to the federal Treasurer. We have had a conversation briefly about this and I think that you will see that the states will continue to be very active in this space; not only is it a 'no worse off' guarantee that is currently provided to all of the states - Western Australia doesn't need that 'no worse off' guarantee, but it's provided and we expect to be drawing on it - but WA being better off is separate to a 'no worse off' guarantee. You're going to see one state having significantly stronger buying power, for example, with the supports it can provide to its citizens and services, and its ability to attract workers to provide its services.

It's not acceptable for our country as a federation and as one where the original - if I can put it this way - John Howard model on HFE was always intended to recognise that states take their turns at leading and states, depending on the economic cycle or what industry is booming at the moment - look at the amazing metal prices at the moment, which is benefitting WA with mining royalties at the moment, but it may not always be that way for WA.

CHAIR - My question is: will you then actively pursue an earlier start to that review by the Productivity Commission?

Mr FERGUSON - That's exactly my position. I'll do everything I can to advocate for the entire matter to be reviewed in a thorough way and as early as possible in the cycle.

CHAIR - Another previous Treasurer shared a view - and the Treasury certainly shared it and I tend to agree - that the original HFE, as you have already to, is a much better model than what we have now. Do you think it's better to push for a return to that or do you think it needs a full and open look at it again?

Mr FERGUSON - I would be very satisfied if we could get back to where we were. Every state's relativity changes throughout because it recognises - 'How is your state going with your ability to raise revenue?' Then let's ensure that the GST, which is a federally collected tax but remitted to the states, that it's remitted with a magnitude in each case that allows each state to have a more or less equal quality of life for its citizens. That's what the GST was always promised to be - federally collected but allocated to the states, so different states will take their turns at being at the top or the middle or the bottom of the pecking order. That's the whole point of why the GST is there: to be a flexibly provided source of revenue. That is exactly our Government's position; particularly since I became Treasurer I've been really clear about that, and we would like to see and will be advocating for the Productivity Commission review to be happening in this term of the federal government.

CHAIR - Moving on to another area - with regard to the Australian Government's funding contribution to health services as funds to another National Health Reform Agreement, we know broken Australian Government funding to the states and territories is capped at 6.5 per cent per year. How close to this cap? Are we, or we have we, exceeded the cap, bearing in mind all the additional costs associated with COVID-19 - some of which were met through separate partnership payments? If so, what additional state funding has been all we needed to meet the demand for health delivery in Tasmania?

Mr FERGUSON - I will invite the secretary to address that.

PUBLIC

Mr FERRALL - We do not have the detail in terms of how close we are, or whether we have exceeded the cap. We would need to go back through the Department of Health to actually find that information.

CHAIR - If I asked the Minister for Health, would he know?

Mr FERRALL - Yes, but I will not speak for the Minister for Health. The department would have the information available for the minister.

CHAIR - That is one for tomorrow.

There is one other area in this chapter that warrants an explanation on the Unfunded Commitments on page 74. There is a very short statement about this:

Commitments made subsequent to the finalisation of the 2022-23 Budget Estimates have been included.

I think we need some more clarity around this. I can come to this in Finance-General because it sits in Finance-General, if you prefer, minister?

Mr FERRALL - It is not unusual. As you would be aware, we finalised the different components of the budget across the period from February, March, April and sometimes there are commitments that are made by Government after the Budget papers have been finalised effectively. The statements are quite obviously not included in there if the papers have already been finalised.

Your subsequent question which I know you are going to ask - no there is no significant issue that we have concerns about but there is an unfunded commitment that is going to be reflected in the revised Estimates report, but any of those commitments will be reflected in the RER.

CHAIR - I will come back to that.

I have one more question and anyone else might have new questions.

Treasurer, I know the new federal Treasurer is considering measurements that have all been beyond economic measures such as the gross state product is one of the clear and economic measures referred to in our Budget papers. What is your view on looking at measuring and reporting against other measures of community wellbeing beyond the economic metrics?

Mr FERGUSON - I have discussed this with the committee in previous years. The Government would not say no to it from the outset, but the devil would always be in the detail. I think everybody in the room would agree community wellbeing is actually our central task here as representatives. How you can measure that in a way that is fit for purpose might be the challenge. We have heard often about different ways that you can do that, so I would be open to it, including in the budget papers in future, noting the output does have performance indicators for each agency which is an attempt to show how adequate is our provision at meeting the need of the community in this particular area of Government responsibility. If there were broader indicators around wellbeing, I would be open to that.

CHAIR - If we could go the secretary, Treasurer - the performance information in the Budget papers and in most the departments is not focused on outcomes. Measures of community wellbeing and broad wellbeing measures really need to be focused on outcomes, not outputs, because you can do as many things as you like but if no one benefits then it is a waste of time and money. According to your performance information and indicators in the Budget, it does not really cut it in terms of measuring wellbeing so, I urge you to consider perhaps having another look at that. The secretary may have something to add but performance indicators can provide any guidance here.

Mr FERRALL - I can comment on performance indicators - they are in reality mixed. There are some areas where agencies are putting forward quite good performance indicators and there are some areas where they are not as good but, it is a challenge and an ongoing challenge to provide meaningful performance indicators.

In terms of including wellbeing indicators in the budget, there are a couple of necessary conditions for them to be useful.

One is longitudinal indicators: rather than having a single year indicator, you need a time series so you can actually understand whether there are improvements or decrements in the performance. The other challenging area is that in some ways you need comparative indicators so you can get comparison across jurisdictions.

So, it is a bit like accounting indicators, in that there has been a long process of trying to get standardised, equivalent and comparable indicators across government, so people can make sensible comparisons across jurisdictions. If you going into the sorts of indicators that you are raising, then I think that would be an important component for them to be useful, as well.

CHAIR - You have to start somewhere, though.

Mr FERRALL - Absolutely.

CHAIR - You cannot get longitudinal data without starting.

Ms WEBB - The Premier announced on 4 May that the Government will be developing a Tasmanian wellbeing framework that will build off the children and young people's framework that we already have. I presume it will be a whole-of-state, whole-of-citizen wellbeing framework. That has been announced, and work apparently will begin on that - consultations, et cetera. It will apparently have benchmarks and indicators.

What have the discussions been to date between the Department of Premier and Cabinet, which I imagine would have lead carriage of that, and Treasury, about articulating between the measures and benchmarks in what will be our well-being framework, and Budget reporting and measures?

Mr FERGUSON - Noting the point you have made that it is at a very early stage, but that is the direction that is being pursued, obviously with consultation to try to identify what opportunity areas are there for us to pursue that strategy.

PUBLIC

I would expect Treasury, at this point, have not had much engagement with that while DPAC is doing that early work.

Mr FERRALL - We have not had the detailed engagement yet.

Mr FERGUSON - The role we would take here is to be open to how the strategy develops, and then potentially for it to be reflected in the Budget.

Ms WEBB - Thank you. That would seem sensible, that there be some direct connection between a framework that was developed in that way for the whole of our state, and our Budget reporting and planning. Associated with that, I notice that in Budget Paper 1, on page 5, in the last paragraph it states, and I will quote:

Funding of \$180 million is allocated in Finance-General for the provision across the forward Estimates.

As part of future budget development processes, the Government will assess the continuation of fixed-term initiatives, following advice on the outcomes, efficiency and evaluations of these initiatives.

How are you evaluating those fixed-term initiatives now, in terms of the outcome's efficiency? Is that done in a formal way, to inform future decisions on how you may then allocate this \$180 million that is available? Is it purely an economic assessment of outcomes and efficiency, or does more come into it?

Mr FERRALL - Across the Budget and forward Estimates there are a range of programs that were fixed-term, or are fixed-term.

Ms WEBB - Yes, I understand.

Mr FERRALL - Effectively, it is a matter for the Budget committee to decide the continuation, or otherwise, of those programs. Agencies will be required to effectively come to the Budget committee with assessments of those programs. Again, in terms of capacity to do every single line and every single program, the focus will be on those that are more significant in cost, and impact. Agencies will actually be required to provide the Budget committee with an assessment which will include the factors we spoke about.

Ms WEBB - So the agency itself brings forward a request that shows outcomes, and evaluates efficiency and impact. Is there a defined way they are required to do that? Is there a particular guideline, or standard, in terms of demonstrating evaluation of outcome and impact?

Mr FERRALL - No, there is not. I guess the diversity of activities within agencies mitigate against putting forward simplistic templates, for them to come forward -

Ms WEBB - Yes. I am thinking more like principles, or guidelines, or -

Mr FERRALL - It is really a matter for the individual agencies to demonstrate that, rather than Treasury dictating a particular approach.

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One comment, if I could go back slightly, in terms of the rating agencies, the rating agencies, Moody's in particular, also do an assessment of the jurisdiction's ESG, so they do an environmental, social, and government's assessment of each jurisdiction as part of their rating methodology. We are part of that and we put forward information to support Moody's rating of those areas as well. There is probably more than you are aware of in looking at some of those aspects.

CHAIR - Regarding that information put forward to Moody's, is that something you could share with the committee as to what sort of things you cover?

Mr FERRALL - The rating agencies essentially have two components in a sense, if you wanted to simplify it, and one is a numeric and metric exercise where they go through our historic budget position, our Estimates going forward, and both rating agencies use a series of metrics which are comparable to other jurisdictions, and depending on their measure of those metrics, they make an assessment broadly of potential rating given those metrics.

Standard & Poor's (S&P) tends to be a little bit more forward looking; Moody's tends to be a little more backward looking, but they both look across history as well as looking forward. There is a second component which is more subjective in terms of the rating agencies, and that is regardless of your budget and forward Estimates, they tend to make an assessment of how deliverable they may or may not be given historic and other changes but also broadly how committed, in a sense, a government may be to achieving certain metrics or outcomes going forward as well.

Now, that is a component that we influence, and we do that through our meetings with the rating agencies. They both have a third component for a state like Tasmania, which is that there is a Commonwealth overlay. So, regardless of our explicit metrics and what the rating may be, we effectively get a lift in our rating because the rating agencies have a view that it is likely that there would be some form of support from the Commonwealth for the state. Obviously, because the Commonwealth is highly rated, that assists in lifting our rating.

CHAIR - Just to come back, are you able to provide that high-level information that you sent to the rating agencies?

Mr FERRALL - No, I would not provide that information. We provide that confidentially to the rating agencies and they do publish to the extent in difference in each rating agency, they do publish a set of metrics which comes through in their report, I would not be willing to disclose the information we provide the rating agencies.

Ms WEBB - Not even in relation to the ESG? Why would you not have that available?

Mr FERGUSON - I will start and then the secretary can finish. It is an example of perhaps of the nature of the advice, which needs to be necessarily confidential so that Moody's or S&P can get frank and fearless insights from the department and the secretary on those range of matters, and not feel curtailed in providing frank and fearless advice because you know it is going to be released at an Estimates committee, for example.

Mr FERRALL - The Treasurer is correct. We provide information to the rating agencies which would otherwise be confidential, but over many years like all treasuries around the country, we develop strong relationships with the agencies and, regardless of the colour of the

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government in power, treasuries have always maintained a position of providing rating agencies with broader information than a government may otherwise want to make public. So I wouldn't be willing to disclose the nature of those discussions or the detail that we discuss with rating agencies.

CHAIR - Have you finished that one, Meg?

Ms WEBB - Yes, I have some overview though.

CHAIR - Yes. Well, keep going to overview.

Ms WEBB - Okay. Change topic then. I am always interested still in following up on the Premier's Economic and Social Recovery Advisory Council (PESRAC). I will ask a little bit about that. In relation to Department of Treasury and Finance, there were, I think, 10 of those interim PESRAC recommendations allocated. I'm not sure how many of the final recommendations were allocated to Treasury and Finance, because that information isn't available in the public domain anywhere. I'm interested in whether the department has developed PESRAC recommendation implementation performance indicators or other criteria to measure and evaluate the degree to which those initiatives - which were the department's responsibility - have been delivered against their intent? That's the first question.

Mr FERGUSON - I'll ask the secretary to go through in detail, Ms Webb. Thank you for the question. During its tenure, PESRAC delivered the two reports to Government outlining the total of 116 recommendations, all of which were accepted by the Government. Treasury and Finance was specifically responsible for the implementation of 11 recommendations. They related to five areas: the government businesses governance framework; contractual arrangements and payment terms for suppliers; the buy local policy; extension of the payroll tax rebate schemes for youth employees, apprentices, and trainees; and the government's capital program. I am pretty confident that we have, in fact, implemented all of those, but I will ask the secretary if he would like to please round them out.

Ms WEBB - Just to clarify, the 11, were they all from the interim report?

Mr FERGUSON - That's from both reports, interim and final.

Ms WEBB - So 10 from the interim, and one from the final?

Mr FERGUSON - I have 11 in total.

Ms WEBB - Can you clarify the one from the final report for us?

Mr FERGUSON - I have two from final and therefore there must be nine from interim.

Mr FERRALL - I am happy to go through. As the Treasurer said, we've got recommendation number 45 and 46, in the information I've got, from the final report. Number 45 was that the shareholding ministers use their influence to transparently drive and focus government businesses towards pressing whole-of-state priorities. That is being implemented through the government business Corporate Planning Cycle. So we've implemented arrangements through that cycle.

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Ms WEBB - May I interrupt you for a minute, secretary, if that's okay? We could spend a lot of time here and I'm mindful of that. My question was actually not to report back on all those things, but was to ask, has the department developed performance indicators or criteria by which to measure and evaluate the degree to which the initiatives was responsible for have been delivered? I guess my next question alongside that -

CHAIR - Can I just clarify before you go to the next question, you said, Treasurer, they've all been delivered?

Mr FERGUSON - Yes.

CHAIR - Right, so next question.

Ms WEBB - Then that first question is still, were performance indicators and criteria to be evaluated, put against them, so we can understand how well they delivered their intent? Alongside that, because we can't in the public domain anywhere see that these PESRAC measures have actually been delivered and what was involved in them - which is something you were beginning to read out to me - why can't that be reported in the public domain through the PESRAC website or some such measure, so that people can refer to it and see the outcome of that how process?

Mr FERGUSON - We will both again have a response for you, Ms Webb. It's difficult to see how you would have, I think in your words, assessment criteria and performance indicators for something that was as simple as 'government agency should seek the agreement of existing major contractors to agree on a 14-day terms with their Tasmanian suppliers', only that it has been done. The Government has faithfully done what PESRAC recommended, I just chose one, and it's been done. May I answer it in that way?

Ms WEBB - Yes, although an assessment would be, did it deliver the intent behind that?

CHAIR - The document you're reading from, minister, which obviously has some detail, is that something you could table with the committee and that would provide a summary of the uptake and deliverable from each of those recommendations?

Mr FERGUSON - Yes, we will provide it to the committee, no problem. I was just going to invite the secretary to also answer the last part of your question, which was about reporting and whether it can go on the PESRAC website, for example. I would have thought that we have been public in our response to these recommendations, including as recently as the report to the Public Accounts Committee, where I think we went a fairly long way to responding on the progress of delivery of PESRAC's recommendations. Tell me if I am wrong.

Ms WEBB - I think you will find that is nowhere readily in the public domain. We have discussed it.

Mr FERGUSON - But it is public.

Ms WEBB - Is is not, I do not believe it is.

Mr FERGUSON - But it is public.

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Ms WEBB - If we wanted to go and see a list of those 116.

Mr FERGUSON - Whether we could be more forthcoming or upfront about it for people who would like to see it on the PESRAC website would be a question perhaps for the Premier.

Ms WEBB - Yes, it is a question has been asked of the Premier the past two years and will be again this year.

Mr FERGUSON - Of course, I would defer to him on that point. I wonder if you could outline where this information may be found currently.

Mr FERRALL - My understanding is it is on the PESRAC website and DPAC do report, but I will check that. We, as an agency, report regularly back to DPAC on individual recommendations. I would have to check, but I think we have been doing that on a quarterly basis. As the Treasurer indicated, there are a range of indicators or recommendations which really had zero-one type outcomes so they do not lend themselves in the Treasury space, particularly, to providing greater assessment. There were things like extension of the payroll tax rebate, which was extended. The majority of ours are in that space. We do not have -

Ms WEBB - I imagine the intent behind that would have been to deliver a particular outcome of jobs and support to business. Evaluation of that recommendation and its delivery would involve looking at whether it delivered the intent.

Mr FERRALL - The payroll tax rebate scheme for apprentices, trainees and employees was extended to 30 June 2024, which was linked to one of the recommendations. You would not evaluate that until 2024, in reality, but it is like a number of other government programs. You do not evaluate every single recommendation and every single program. I take your point that there could be more information, but that is a matter of priorities, capacity and resourcing.

Ms WEBB - I will just ask one broad question relating to the Gender Budget Statement.

Mr FERRALL - Sorry, I might add one other for clarity. Also, agencies are going to be required to report in their upcoming annual reports in terms of PESRAC recommendations. Again, there will be further information available publicly at that point.

Ms WEBB - Good, excellent. It would not be hard to bring that all together in one spot, like on the PESREC website. In relation to the Gender Budget Statement, in your speech, Treasurer, you said for the first time this year the Budget includes the Gender Budget Statement. There have been other statements about that from you and other relevant ministers to say that this is the first step and a particular statement will be developed further in future iterations, which is really pleasing to hear. I am interested in a broad sense to hear outlined your role and how you perceive that gender budget impact statement will be further developed beyond its first iteration, which is really a list of initiatives, and how the Treasury department, feeds into that.

Mr FERGUSON - As you pointed out, it was the first time that it happened. I note your criticism and others' as well.

CHAIR - Mine was constructive.

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Ms WEBB - Mine was also.

Mr FERGUSON - Most people were very pleased with it. The Government did receive some praise for the Gender Budget Statement as our first piece of work on describing what the Budget means through a gender lens. That is something for which I have to give credit largely to the new Minister for Women. My office, her office and our departments worked together to put that together. It is not an official Treasury document per se, but it is something on which the Government worked with the support of our agencies to produce. Ms Palmer should be given credit for her work here. As we go forward, no doubt, it can be improved or refined in different ways in response to feedback that we receive but it's not intended and can't be a lens over every individual government policy or spending decision because that would be extremely resource-intensive and wouldn't fit with the intent of the original decision to go down this track. Nonetheless, there might be ways in which it can be refined in future and the Government is open to that feedback.

Ms WEBB - To clarify then, is the intention in future iterations that it is a document that does become owned by Treasury and is done as part of the Budget process, or does it remain sitting elsewhere outside of that core budget process?

Mr FERGUSON - That might be a question for the Minister for Women at the opportunity that you may have to speak with her about that, but it's the Government's Gender Budget Statement and the Government stands behind it. We never do these things without the support of our agencies to help produce such a statement and to refine it would be the same.

Ms WEBB - Is it your intention that it would become more like an analytical gender-responsive exercise of the Budget and if so, how will that be funded - within Treasury or within a different agency or department?

Mr FERGUSON - I would refer to my earlier answer on that. We've taken this step for the first time. The minister and I will, no doubt, have an opportunity to consider it in the future and I will be open to her views as much as yours and others' as well in terms of feedback received to date.

Ms WEBB - I have one more quick question.

CHAIR - It doesn't fit anywhere else?

Ms WEBB - I don't think it fits anywhere else. It is relevant to some recent media reporting of a situation in New South Wales.

Treasurer, there were recent reports in the media on the 3 June in *The Guardian* regarding statements made by the head of the New South Wales anti-corruption watchdog, the Independent Commission Against Corruption - ICAC, which undertook a report on pork-barreling practices and including how that relates to corrupt conduct. The comments follow the New South Wales Department of Premier and Cabinet releasing a review report into the government's grant spending and that review report recommended this: 'Administrators document when ministers and politicians try to influence the grants process.'

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That was in the New South Wales report from their DPAC. My questions are: first, are there currently mechanisms by which administrators here can document when ministers and politicians try to influence the grants process in Tasmania?

CHAIR - Are you talking about federal or state grants?

Ms WEBB - I am talking about state grants.

CHAIR - There is a line that has the State Grants Commission but anyway, keep going now.

Ms WEBB - The second question is: what is the department's formal position regarding the illegality or otherwise of pork-barrelling practices?

Mr FERGUSON - The latter part of the question asked what is the department's view?

Ms WEBB - Yes, or the Government's view.

Mr FERGUSON - On pork barrelling?

Ms WEBB - Yes, potentially, because the DPAC in New South Wales obviously felt that administrators needed to have the ability to document when ministers or politicians try to influence.

Mr FERGUSON - I believe in democracy. I hope you do to, Ms Webb. At elections, parties will tell the Tasmanian people what they intend to do with their hard-earned taxes and then governments and oppositions rise and fall, not on just the generosity or the strength of those promises but the integrity of them. If voters think that it's a bad use of taxpayers' money then they won't vote for that candidate or that party.

I will be direct in answering the question that the language is obviously prejudicial from the outset and when, for example, the federal Labor Party made a decision to put - I think it was - \$60 million towards the Hobart Airport and the Liberal Party didn't make that promise, it could be said that the people of southern Tasmania thought about that and considered who they would vote for, and that's democracy. Some will say that was pork barrelling by the Labor Party, but I don't say that. It's that party and the Liberal Party made plenty of other commitments not matched by the Labor Party, but that is my commentary. That is how democracy is in action and it could equally have been said, we would have liked to have seen that been matched.

It is all very nice for people in other states and to write academic papers saying that is pork-barrelling and it should not be allowed, but I would take a different opinion there.

Ms WEBB - None of my question related to that, but thank you for the comment.

Mr FERGUSON - I just tried to choose an example, but you did ask what the department's view is.

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Ms WEBB - I did not point to academic papers. I pointed to the Independent Commission Against Corruption in New South Wales and to the New South Wales' Department of Premier and Cabinet work and the review report they have just released.

My questions related to governance matters, essentially. The department's view regarding the illegality or otherwise of pork-barrelling practices and whether the department currently has mechanisms here in this state by which administrators can document when ministers and politicians try to influence the grants process.

Mr FERGUSON - I am happy for the secretary to respond.

Mr FERRALL - In relation to the first part of your question, the position I have taken in relation to election commitments is they should always be open and transparent. To be frank, I have not a personal position on whether they are good, bad, or indifferent in that sense. But from a governance or a budget point-of-view, I have always tried to ensure that whatever commitments have been made are transparently put in the budget.

As seen in the last two elections, the parliament effectively had the opportunity to scrutinise all those commitments and if there were particular concerns about those commitments, then parliament had the opportunity to raise those concerns. I do not see my job as anything other than ensuring they are made openly and transparently through those processes, and then they are considered by parliament, which has occurred in the last two budgets.

The department's position in relation to ministers' potentially attempting to impact, or influence grant programs. From a Department of Treasury and Finance point-of-view, I must say we have not had the challenge as a department. With any program we are administering, we have a set of guidelines and appropriate processes and they are delivered consistent with the intent of the program.

We make independent recommendations to the Treasurer in relation to any of those programs, or other ministers. Even if they are inconsistent with the program, we would highlight that and ensure the minister was aware that things were not consistent with the program. I have never had, personally, a challenge from a minister or a Treasurer attempting to inappropriately influence a program.

Ms WEBB - That is pleasing to hear that. Thank you, secretary.

The question was about, are there currently mechanisms by which administrators, beyond yourself, can document if, and when, ministers or politicians try to influence grants processes. Is that built into our governance around those things?

Mr FERRALL - If you look at the guidelines we have in terms of best practice on grants programs, it goes to the openness and transparency of the programs. I think you are asking what would happen if, in your hypothetical example, a minister was attempting to act inappropriately. I think that is what you are attempting to highlight.

Ms WEBB - Is there a way that administrators are able to document that?

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Mr FERRALL - If it was, again, I can speak from within the Department of Treasury and Finance, as opposed to other departments. We have a pretty rigorous internal processes, and if a minister attempted to act inappropriately with officers of the department, I am very confident and comfortable it would be raised with me directly. As I said, I have never had an example of this where this is what happened, but, if it did occur, then I do not have any qualms in referring a minister or anyone else to any of the relevant authorities if they were acting inappropriately.

CHAIR - So, we are not talking about me banging on about Montello Primary School, for example, which I will continue to do.

Mr FERGUSON - A great school. My nanna is a life member. I make that declaration.

CHAIR - Right, good, we need some money. That is not what you are talking about?

Ms WEBB - Well, I am asking about the Government's measurement, I am actually talking about any specific examples, I am talking about in that instance, for example, if an administrator felt there was inappropriate or undue influence being sought through a minister or a politician that they could document that and have that come forward.

Mr FERRALL - If those sorts of examples were occurring, my role as the secretary of the department is to effectively protect the members of the staff from that potential inappropriate influence. As the Treasurer and previous treasurers would be well aware, I have no qualms in dealing with a very straight bat. There are appropriate authorities to refer these things to if they occurred. I am pretty comfortable it does not happen in Treasury.

CHAIR - We will move on. We will go to 1.1, not sure if it entirely fits there, but we will start there and see how we go.

DIVISION 5 Finance-General

Output Group 1 - Debt Servicing and Management 1.1 Debt Servicing

Ms LOVELL - I was after some information on staffing within the Department of Treasury, so if you could provide for the committee a breakdown of the number of full-time equivalent staff by headcount and the divisions in which those staff members sit within the department.

Mr FERGUSON - Alright, we have the subject expert here, who is the secretary and I invite him to take us through that.

Mr FERRALL - Thank you. Are you after any particular date, reasonably recent is okay?

Ms LOVELL - Yes, recently.

Mr FERRALL - As at 31 March we had 368.88 FTEs. In terms of gender, 210.03 female, and 158.85 male. So we have a higher percentage of females across the staff than males. In terms of how we deal with each branch, so, each branch effectively has a

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budgeted FTE, but then your actual FTE is somewhat less than that because you have turnover and other matters. I can go through each of the areas, but it would probably take a little bit.

Ms LOVELL - Can we table it?

Mr FERRALL - Yes, we can table something which shows those changes if that suits the Treasurer. In terms of our SES and female representation, once again is something you would be likely to come up with.

Ms LOVELL - You read my mind.

Mr FERRALL - As at 31 March, we had eight female SES and we had 9.89 male, so that is full-time, part-time, we have not got a 0.89 anywhere. I will just see if I have got it here, the changes to our SES more recently, because again it is a positive.

CHAIR - It has changed in recent years?

Mr FERRALL - Yes. Going back in history we took a decision to effectively encourage more females into leadership positions. We had a gender challenge going back a few years, and Treasury was recognised by some parts and not favourably for having a strong male dominated leadership. We have now got to a point where for for band 8 and above and above we have graded 50 per cent representation of females. In our SES, it is greater than 50 per cent representation of females as well. I probably cannot find the right paper, but my recollection is we've got three SES positions that are currently vacant, and depending on how those positions are filled, we can get a slight shift in the bias between whether it's 48 or 52 or 54 or 46 position in terms of the percentage. I think we've actually done quite well over the last few years.

Ms LOVELL - That's all very promising. On the positions below SES level, do you have a breakdown of women and men across the different bands?

Mr FERRALL - I don't have that with me, but we do have it. We can get that. As I said we do have a higher female representation right across the board. In the past we would have had a much greater bias towards more senior positions being male-occupied, and what you're seeing now is pretty well a balanced approach, right across the trend. We've taken a number of actions to try to foster female representation in senior positions. We took a decision a few years ago to basically enable all positions in Treasury to be occupied on a flexible basis, and that's regardless of gender, so -

CHAIR - Flexible in when they do the hours, or workload?

Mr FERRALL - When they do the hours, the work pattern, working from home, so we're very open to those sorts of arrangements. That obviously made a big difference. It wasn't just a female thing. There are plenty of males who have caring and other duties and want to avail themselves of that sort of flexibility, but what it did mean internally was that females were generally more likely to apply for those senior positions, recognising that they can operate in that position on a flexible basis and fit in with their lifestyle and other things.

We also require gender-balanced shortlists for positions. So effectively, if we advertise a position, we attempt to get as broad a market as we can, and if the shortlisting is not gender

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balanced, the chair of the panel has to seek my authority to explicitly have an unbalanced shortlist. We've had numerous examples over the years where I've basically said to the chair of the panel, 'I don't think you've done enough work in ensuring that you've got an appropriately competitive field, so go back out to the market and try to get a gender-balanced field'.

Ms LOVELL - Has there been a decrease in how often those requests are coming through to you? Is that culture changing around doing that work?

Mr FERRALL - Yes, absolutely.

Ms LOVELL - Treasurer, has the number of FTEs increased or decreased in the last financial year?

Mr FERRALL - James just indicated our annual report does have the gender profile by band. That's the last year's annual report, but in the coming annual report it will be there as well. Sorry, in terms of percentage number of changes?

Ms LOVELL - Yes, whether increased or decreased.

Mr FERRALL - Yes. The answer is we have grown because the establishment of ReCFIT increased our FTEs.

In 2020, FTEs did drop slightly; with COVID-19 we weren't as actively recruiting through that period, so we had a reduction. In 2021 it was relatively stable.

In 2021-22 - not completed yet, but establishing ReCFIT increased our FTEs. They sort of vary over time.

Ms LOVELL - Are any of your employees on fixed-term contracts, or are they all permanent?

Mr FERRALL - As at 22 March, 12 per cent of our employees are fixed-term employees. They're fixed-term contracts from our point of view, but they could be permanent state servants who have gone into a fixed-term role in Treasury, so they may be returning to another agency after that period.

Fixed-term employees, 12 per cent. We had 19.7 female and 24.6 fixed-term employees, a total of 44.3. We had 182.33 permanent employee females and 122.36 permanent employee males.

Ms LOVELL - Treasurer, I am after some information about the current number of workers compensation claims in the agency, if it is available.

Mr FERGUSON - We will take it on notice. We will not need to have a letter, we will have it to the committee through the table.

Mr FERRALL - Obviously we will not disclose anything about individual matters.

Ms LOVELL - Of course. Treasurer, how many of the claims have been settled in the last financial year, and what is the total cost of those settlements, and the anticipated total cost

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of any outstanding and pending compensation claims in your agency? Would you like that on notice?

Mr FERGUSON - We will take that on notice with a letter. There is a bit of detail sought there, and to the extent we can provide that through the day, we will.

Ms LOVELL - Thanks very much.

CHAIR - Treasurer, to go back to the actual debt servicing part of this, in your Budget speech you asked Treasury to provide advice to ensure our debt levels remain within manageable limits. What does 'manageable' mean, noting that borrowing to pay interest is what is happening in the fiscal sustainability report? I am wondering what it actually means, and when do you expect that advice from Treasury?

Mr FERGUSON - It is important we have chosen to borrow to build. This was a decision we took as long ago as 2019, to really increase the infrastructure program. Of course, as you and others know full well, the pandemic was then the following year.

Treasury have advised me, and it is reflected in the Budget papers, that more than \$1.5 billion dollars of our future net debt borrowings can be allocated back to COVID-19 budget overruns because of what happened in the last two years. I just make that point.

In terms of borrowing going forward, I want to be satisfied always that our finances are in really good health. While we are choosing to continue to borrow to extend our infrastructure program, including in this Budget, I want to ensure that the Government is in receipt of best possible advice about what is a long-term sustainable level of borrowings going forward, how they can be reduced in the long term - and I mean long term - so that the state can be prepared again for a future external shock - like a pandemic, or some other reason why the state would have to significantly extend itself to support the health of Tasmanians or the business sector.

I am very comfortable with the secretary joining the answer as well. But I have asked for that work to be done. Of course -

CHAIR - Do you have a time frame of expected -

Mr FERGUSON - Not at this point, because I became Treasurer in the thick of Budget development. It is something that I have put on notice.

Treasury, quite naturally, are focused right now in this Budget. As soon as it is passed and dealt with and the parliamentary work is completed, it will have more detailed advice to me about how that will be managed going forward, the work program to provide that advice, and the extent to which I could start to do the work for future budgets, however long I am Treasurer, to make sure we are continuing to borrow to build. That is very defensible. Interest rates continue to be historically quite low, but we are preparing our finances for the long term, without going through an austerity budget process.

Mr FERRALL - As you would be aware, I am on record in terms of my views of ensuring that the state always maintains a sustainable position in relation to debt and the Treasurer is of the same view so there's no particular issues or concerns there. Where we sit at the moment - we do have a solid position. We have a very low debt cost by comparison to

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other jurisdictions and we have a very low debt cost compared to history. When Treasury looked at the long-term sustainability, as you would be aware through the Fiscal Sustainability Report, we have highlighted that there are potential issues and risks in the long run for the state in relation to sustainability and our position. Again, it has been on the record in other committees making the same comment that the position that Treasury has always taken, and has always provided to the Treasurer of the day is that it's a lot easier to make small adjustments early than to wait for you to reach a sustainability challenge of a significant magnitude. Again, the sorts of reporting that the Treasurer has asked us to prepare for him is consistent with that.

CHAIR - Is there an expectation of a time frame? I am interested in how long you think this body of work will take.

Mr FERRALL - There is more than just 'a' body of work. In my view, this is a matter that the Treasurer will be considering effectively permanently as we go through future budget processes. It's not necessarily something where Treasury would prepare a single report for the Treasurer and then pack it away and no more work to be done. The way I am looking at is that there will be an initial report that we would try to provide to the Treasurer effectively before we get to the RER but it depends on how broad that body of work is.

CHAIR - Is it likely to contain recommendations for action to government? I know I am pre-empting something you haven't done yet. I am interested to know, is that the expectation here that there will be recommendations about ensuring that we have manageable debt in a fiscally sustainable way?

Mr FERRALL - The Treasurer has asked for this report to be part of the budget committee process so ultimately this will end up going to Cabinet through the budget committee process.

Mr FERGUSON - That's right.

Mr FERRALL - It would be remiss of Treasury not to provide recommendations in terms of sustainability so I envisage that is the nature of the report but we have to do a lot of work in trying to identify exactly what parts we might want to focus on. We don't have an unlimited resource within Treasury and it's actually a very large body of work that the Treasurer has asked us to prepare.

CHAIR - So, as some of the recommendations made, without knowing what they are and even without trying to preempt it, I would imagine some of these measures or steps you may need to take may need bipartisan support, or non-partisan support perhaps. Even taking the community with you when we have this divide in the community where the economy is performing well but some others are not experiencing that, so how do you hope to bring all those people along with you? What's your approach to that going to be?

Mr FERGUSON - That's a great question. We will have to wait and see what the advice would contain and it would be protected by a Cabinet process. Naturally, until a policy position is determined by the Government which is a public policy position, I would be pre-empting that. However, when a policy position is taken, the Government would then immediately give thought to how do you sustain a potential change or an idea that might need to be consulted in the wider community and consulted with other politicians not from our party. I am speculating but I would imagine that any recommendations that would require some - in the secretary's own

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words, 'small changes up-front to get a longer-term benefit', we would have to consider how we would propose those in the community or the parliament.

CHAIR - You might propose big changes.

Mr FERGUSON - Let's wait and see. This is important to me. I am still a new Treasurer, humble enough to realise that we can all take advice and learn and that's how I intend to conduct myself always going forward. But the budget is in a good position and it is a healthy and robust position, particularly when you compare the state of our budget with other states around Australia, which relatively in the western world are also doing well, but Tasmania, relative to other states around Australia, we are a very good example of strong budget management. Even looking forward, our borrowings are different to what other states have been doing in some cases. Where they are borrowing to spend on recurrent activities where really, we have done that for the last two years through COVID-19, but what our future looks like is really about borrowing to continue to build assets that will be with our community for many years in the future and position Tasmania for economic success long into the future.

While I will not give the committee a lecture about good debt and bad debt, I am focused on borrowing in relation to good debt, but at the same time having an open eye to making sure that we are strategically really strongly positioned into the future. I want to have a healthy regard for debt and make sure that we do not get relaxed about it.

CHAIR - On that, do you agree that we are spending more than we are receiving in this budget and in the future forward Estimates?

Mr FERGUSON - In 2022-23 yes, then we return to spending a little less than we receive in revenue. That does not account for the growth in net debt. The biggest reason for net debt beyond that financial year is of course investing in non-financial assets.

CHAIR - Treasurer, do you agree with the former treasurer that you are borrowing - I think you have almost said this, I want to clarify that I understand you correctly - that you borrow to pay for infrastructure and you will be using the operating cash surpluses to reduce the level of borrowing for infrastructure? I can refer to the former treasurer's comments in *Hansard* if you like. I wonder if that still remains the case in your view that we are borrowing to fund infrastructure not operating?

Mr FERGUSON - Yes, with the caveat that I earlier gave voice to, which is we have had operational deficits for the last small number of years and the coming financial year. We recognise that that is purely a consequence of the Government's and our parliament's response to the pandemic. So with that caveat made, certainly the bulk of the borrowings relate to our infrastructure program.

CHAIR - If I just follow up on that, if we are looking at Budget Paper No 1, strategic action. Strategic action number 2 says this, '6 per cent ceiling for debt servicing'. I believe was formulated in the days when unfunded super was the big liability. Interest on borrowings for 2022-23 is now expected to be \$90 million - that is on Budget Paper No 1, page 135 - and growing quite quickly.

In the Fiscal Sustainability Report - I will come back to that report - interest in 2022-23 was \$48 million, yet 12 years later it blows out to about \$1 billion under the worst case

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scenario. The best case scenario showed \$555 million interest in 2034-35. Treasurer, I am asking, do you agree that these increases are much faster than any increases in revenue?

Mr FERRALL - In regard to the Fiscal Sustainability Report, I need to correct you. There was not ultimately a best case and a worst case scenario. There were four scenarios chosen. They were developed to show scenarios where there were sustainability challenges. They were not developed on the basis of what might be a best case scenario. There would be scenarios that you could have included in the Fiscal Sustainability Report which led to very significant surpluses and strong revenue growth, low expenditure outcomes.

I want to make sure people understand that that sustainability report was not - these are the only four scenarios and one of them is going to happen. They were chosen effectively as scenarios which indicate where there may be sustainability challenges.

CHAIR - Yes, but they were based on four scenarios: historical trends, forward Estimates, high expenditure and low revenue. I know they were scenarios, but somewhere in the middle is reality, potentially. I am asking, in terms of the modelling that was done for the Fiscal Sustainability Report, do you agree that the increases in debt and the potential cost of that debt is increasing much faster than increases in revenue?

Mr FERGUSON - No, I would not, but the secretary can add to this. The budget papers, including the page that you referred to with Table 7.5, which reflects our capacity and exposure of servicing our borrowings, is in the first year 0.8 per cent of the Budget, and in the last year, 2 per cent of the Budget on net terms, noting that we have investments as well that are yielding. Yet, with those costs factored in, we still show modest return to surplus.

They are the facts, but neither would I be wanting to come across as too cool about these things. We will be keeping a close eye on the health of our budget; the advice that I have asked Treasury to provide for me as the new Treasurer will be instructive for me as well as so I and the Government can be as responsible as possible.

There has been a lot of discussion and breathlessness around from some quarters on net debt - not from your, Ms Forrest, but I will say that some have - and I am quite comfortable sharing with people that the Government went into this with its eyes open in 2019. I am very glad that we did because we did not know in 2019, when we took our infrastructure to \$3.6 billion over four years, that the next year we would be walloped with a pandemic.

In one sense, I am very glad that we took that approach and that posture; it did position us well to start to gear up industries for more work. It was that additional work, particularly when we've continued to add resources in during the pandemic, that has been a part of our very strong ability to come through that and recover economically.

CHAIR - Treasurer, can I just follow that up with a point that, if you look at the debt servicing costs on page 135, you can see that there is a significant rate of growth in the interest repayments there. As I understand it, our revenues are only growing at 3-4 per cent. If the interest rate is growing at the rate that is described there -

Mr FERGUSON - I accept the point you are making about the growth in borrowings, because when you have gone from a small amount of borrowing to a calculated borrowing of, let's say, getting to the \$5 billion mark, in the early days it looks like significant growth.

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CHAIR - Yes, but we are borrowing for more than what we need to fund on infrastructure.

Mr FERGUSON - I will ask the secretary to come to that. Our borrowings going forward recognise past infrastructure investment, past COVID-related deficits and this financial year's deficits, and the future profile of GGS borrowings for infrastructure, but our borrowings will still be less than infrastructure investment over those years since 2019.

Mr FERRALL - The point the Treasurer is making - and we do include it in the commentary on the fiscal strategy - is that there was an in excess of \$1.5 billion, which was effectively utilised to fund the initial COVID-19 responses, and that has clearly impacted on our debt levels. You cannot avoid it, it has occurred, but if you unpack our increasing debt and take that out, we are not increasing our debt levels significantly, and it is largely to fund the infrastructure.

CHAIR - Can I just take you to the policy and parameter statement on page 62. At the top of the page, you have parameter changes related to borrowing costs bearing from last year's forward Estimates. I also note, on page 84 of Budget Paper No 2, the borrowing costs have increased, as we have discussed. Can you explain the change as a parameter change that was lower than forecasted last year for this year, and then it is unexpectedly rising for next year? It is referred to as a parameter change here.

Mr FERRALL - I will need to check that, but I would say in 2021-22, the borrowing costs that are on the estimated outcome were probably lower because we probably had a slightly lower borrowing than we had anticipated at that point. Parameter changes are generally driven by interest rates or things beyond the government's control or on policy decisions, so I would need to check to get the detail of the breakdown for that.

CHAIR - Are you are able to take that on notice to provide some information? We are assuming that it is predominantly interest rate increases and increased debt, could I have a breakdown of these factors, how much relates to interest rates, and how much relates to increased debt?

Mr FERGUSON - The secretary is reflecting that there is a lot of complexity that always sits within parameter adjustments. We are prepared to take it on notice and provide you with as much as you are asking for that we are able to do.

CHAIR - There is information also under Finance-General in the Statement of Comprehensive Income on page 84, which says 'The increase in Interest from 2022-23 reflects the impact of higher forecast earning rates'. I am just interested in the breakdown.

Mr FERRALL - On the earning or hiring rate?

CHAIR - Both.

Mr FERRALL - We can break that down.

Mr FERGUSON - Was that footnote 9 that you were reading from?

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CHAIR - No, footnote 3 on page 84, Budget Paper No. 2.

Mr FERGUSON - Oh, higher forecast earning rates. That is revenue interest.

CHAIR - That is right.

Mr FERRALL - You have asked for information on both the earning and the borrowing.

CHAIR - Yes. Footnote 9 refers to the borrowing costs and there is also the earning. Obviously, one will balance off against the other, to a degree.

Mr FERGUSON - We understand the question; we will take that on notice and that may need to come after today.

CHAIR - While we are on the interest rates, I note that increases in borrowings are most apparent in forward Estimates. The budget year 2023 only sees a \$9.3 million increase, to \$75 million, but 2023-24 sees a \$32 million increase to \$126 million, and up it goes to \$163 million with a \$60 million increase in 2024-25.

I note there is also an explanation on page 135, Budget Paper No.1. Can you provide a bit more clarity around some of these matters? I have a series of questions here that I hope are fairly straightforward. Are they the rates that Tascorp will be charging the general government? Do theirs relate to that?

Mr FERRALL - There are two parts to the movement. One step back if I can, Treasurer. When you look at our forward borrowing costs, effectively you have three drivers to the forward borrowing costs. One is, you have existing debt which might be at a particular rate which then needs to be refinanced in a forward year. That is one component of a potential change in debt costs because you might have a lower -

CHAIR - That would be Tascorp's borrowing costs.

Mr FERRALL - Yes, you might have a lower rate of debt that gets refinanced at a higher rate, so that would be one component of a change in debt cost. You have potential changes in interest rates, obviously, which would be fed in across that, and you have any new borrowing or additional stock of debt that would feed into that. There are multiple components that feed into those particular costs.

CHAIR - Do these figures reflect the rates that Tascorp will be charging the general government for any borrowings of the general government?

Mr FERRALL - They do. In terms of doing out forward Estimates, we obtain a forward 10-year rate, effectively, from Tascorp at a point in time, when we are putting our Estimates together as part of the budget. By way of example, if we have new debt coming on in 2025-26, we need to estimate what is the likely cost of that borrowing at that point in time, and what we use is a forward curve from Tascorp, which is basically a 10-year forward rate from 2025-26. We use that in putting together our estimates of debt cost. We clearly do not know exactly what the rate will be in 2025-26 because it depends on a whole range of market movements and other changes between now and that point in time. So, we strike right across the forward Estimates. Both on the revenue and the expenditure side, the interest revenue and expenditure,

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we estimate what rates may be as we go forward, and we do that at a point in time in the Budget development cycle. Those rates would have been probably struck in, I'd have to check exactly, but let's say March-April, and then they become the rates that we develop the forward Estimates on.

Mr FERGUSON - And they'll change, so future RER and future budget papers will reflect further parameter adjustments around things that are outside our control. Treasury has estimated and worked on best advice, but no doubt as they materially do change in reality they will be reflected up or down.

Mr FERRALL - James has just pointed out there is a split-up in our Estimates on page 100 which may help you.

Mr FERGUSON - Yes, if we can produce it, we can do that for sure.

CHAIR - Okay, that would be helpful. Does anyone else want to jump in here?

Mr FERGUSON - I was referring to the split between investment interest income and debt interest paid.

Mr FERRALL - The split-up will give that. We'll provide that.

CHAIR - Treasurer, page 106 in Budget Paper No 1 relates to infrastructure spending. I think that fits here better than in the infrastructure portfolio. The table lists infrastructure spending in GBEs in addition to the general government. Fairly modest amounts. But when I go to Budget Paper No 1, page 161, which is in your infrastructure portfolio, which is why I'm just checking it's okay to ask here. Sorry, it's in budget paper one, not two.

The public non-financial corporations balance sheet seems to be growing faster than the amounts listed on page 106, so I assume there must be other amounts related to that investment.

Are, perhaps, the new ferries in there somewhere, but not identified? The TT-Line ferries don't appear to be included with infrastructure on page 106.

Mr FERRALL - Page 106 really only shows the infrastructure spending and the GBEs that are funded through the budget.

Mr FERGUSON - Yes. Equity injections.

Mr FERRALL - So it's only a component. It doesn't include all of the GBEs.

Mr FERGUSON - Our contributions might be another way to put it.

CHAIR - Okay. If you look at page 160, there is some pretty serious spending included in the purchase of non-financial assets, of the public non-financial corporations income statement, where the fiscal balance is reconciled with the net operating balance, and is much higher than in previous years.

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Can you provide a break-up of the non-financial assets split between the NFCs and the break-up within the PNFCs for amounts greater than \$20 million, say, in the Budget for the three-year forward Estimates? A break-up.

Mr FERRALL - For the PNFC, you want the major projects, effectively, that are within the GBEs, they are reflected in the PNFC sector.

CHAIR - Yes.

Mr FERRALL - We can get that.

Mr FERGUSON - Is that individual projects, or do you mean by individual business?

CHAIR - Ones over \$20 million.

Mr FERRALL - James has clarified for me. We collect this information by survey from the entities. We don't have it by project, we have it by total by entity. By the organisation.

Mr FERGUSON - By the organisation.

Mr FERRALL - Yes, so if we were to get it by entity we will have to pull back and go back to them and go to further detail. We might as well -

Mr FERGUSON - We don't have it.

CHAIR - It is a matter of asking the GBEs for it.

Mr FERGUSON - That would be absolutely fair at the GBE scrutiny to ask that level of questioning and maybe we can have a heads-up that that will be asked.

CHAIR - You only get a small number of them.

Mr FERGUSON - Mind you, noting that if you are looking for projects over \$20 million - that's a fairly good-sized lump and it's possibly already the case that they're on their public reporting but I understand where you're coming from but Treasury is not equipped to answer that.

CHAIR - Okay. Are there are any other matters on the 1.1 - the Debt Servicing?

1.2 Interest on Sundry Deposits

CHAIR - Treasurer, this line item covers the payment of interest on balances held in a special purpose account in the Agency Trust Accounts and there's a relevant footnote on page 87. It refers to:

The increase in interest is primarily due to variations in cash balances and forecast high interest rates.

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Can you inform the committee as to how much amounts to variations in cash balances and how much for expected interest rate rises, and how those two different components are broken down?

Mr FERRALL - To break it down I need to get some more information but basically the interest rate associated with the interest on sundry deposits across the forward Estimates is .1, .51, 1.44, 1.75 and 1.75 so that's the estimated Treasurer's approved rate which is the rate that is applied to those sundry deposits but I don't have the detail with me to break that down between the two components as you indicated.

CHAIR - Those rates that you just gave me, can you refresh my memory with what those rates relate to?

Mr FERRALL - That's the Treasurer's approved rate which is the rate - and that's our estimates of the Treasurer's approved rate across those forward Estimates - that the Treasurer ultimately approves for payment of interest on sundry deposits.

CHAIR - What's the current rate?

Mr FERRALL - That would be about .1. It is effectively like a cash rate.

The sundry deposits are effectively the balance of the total agency accounts is about \$146 million as at 30 June 2021 and estimated to increase to about \$173 million by 30 June 2026. In terms of your question about what is the split-up between changes in balances and the interest rate, we would have to unpack that right down to that level to individual accounts to do that. We can do that if it's requested.

CHAIR - We know interest rates are going up and we have identified that I didn't have last year's predictions in front of me but I am interested in knowing is the major component the increase in interest rates that we are talking about here, or predicted and expected?

Mr FERRALL - It is a mixture of both the balances and the interest rate so, yes, there's an increase in the interest rate but the balances go up by nearly \$30 million across the period as well.

CHAIR - Treasurer, these are the agency accounts and that sort of thing. There's an expectation that these are kept relatively stable and not hoarding money for a lot of these?

Mr FERGUSON - Are these in agencies or Finance General?

Mr FERRALL - These are agencies, generally.

CHAIR - This is money that they're allowed to retain that they may not have spent in the previous year? This is the fund money we are talking about?

Mr FERGUSON - It's cash.

CHAIR - So there's an expectation that unless, without good reason as maybe they have a forecast expense in July that they need some of the money from the previous year.

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Mr FERRALL - There are a range of accounts we are talking about. There are accounts like the patient trust and hospital request accounts, so these are trust and other accounts. For agency general, call them spars, they do not generally paid interest. The ones that get paid interest tend to be those for specific purpose or whether sometimes there is a requirement under Commonwealth legislation for the funds to attract interest.

CHAIR - On pages 92 and 94 this relates to investments and interest-bearing liabilities on page 92, Finance General, and the footnotes:

The increase in investments reflects the reclassification of \$600 million from the Cash and deposit for funds invested with Tasmanian Public Finance Corporation.

Footnote 7 says:

The increase in Interest bearing liabilities primarily reflects the increase in borrowings to support the General Government Sector cash deficit.

Can you provide further explanation on these changes, because they are quite significant? Investments goes from \$42 million to \$601 million and, likewise, interest-bearing liabilities; \$3.5 million to \$4.9 million.

Mr FERRALL - Through Tascorp, we have invested our cash through a different product which is now effectively treated as an investment as opposed to cash, that is why you are seeing in the statements the shift of \$600 million. We have done that because it is a product with will give us a higher interest over-time. Instead of it being effectively invested like on overnight cash, what we have done is take a component of the investments we have and put them, effectively, on a longer-term investment. The investment is basically divided into \$30 million tranches and each of the tranches rolls off overtime and then you reinvest.

What we are expecting and what it is already showing, is we will get a higher return that we were getting on an overnight cash investment, but it also gives us some greater stability in terms of likely ups and downs in terms of interest rates overtime. It is really just a change in the way we have invested, which has led to different accounting classification for that particular component.

CHAIR - You are saying \$30 million rolling, how long is each \$30 million invested for?

Mr FERRALL - It is like, without getting too detailed, taking a four or five year investment, but having a component that keeps maturing and you keep rolling on sort of a quarterly basis. What would occur is we have effectively taken the risk of if we required all of that funding. If it is invested on a longer term, we have taken some additional risk in that if rates had moved and we are required to pull that funding back out, then there might be a break fee associated with that, not dissimilar to if you had invested in a term deposit and then you wanted your term deposit back early, there could be a break fee.

We are very comfortable that, given the amount of cash we have and how that continues to roll, that that is pretty unlikely to occur we are really going to need to be pulling that cash back out.

CHAIR - Ok, then on page 84, it is saying, again, probably the same answer relates to this to some degree, again with the interests you have \$5 million up to \$24 million plus:

The increase in Interest from 2022-23 reflects the impact of the higher forecast earning rates.

That is purely you are expecting greater interest and is this on that same process?

Mr FERRALL - It is both. It is in part because of the higher earning rate we get on the particular product, but also it is higher earning rates more generally. As borrowing rates have gone up, cash rates are expected to go up in terms of earnings as well.

CHAIR - There are always roundabouts with that, isn't there?

Mr FERRALL - Yes, there is always a gap between them though.

Output Group 2 - Employee Related Costs

2.1 Superannuation and Pensions

Ms LOVELL - Treasurer, I wonder if you could explain why there is an anticipated decrease in expenditure over the forward Estimates of more than \$26 million in superannuation and pensions. Is that because there has been a change in the discount rate, or is there something else to explain that?

Mr FERRALL - It would be driven by the discount rate, but it is effectively driven by the actuarial assumptions underpinning it. If you go to the assets and liabilities chapter, where we unpack superannuation, we do indicate where there have been changes in those actuarial assumptions. There is a table in budget paper 1, which goes through that. It is driven by those changes.

Mr FERGUSON - As the interest rates went lower, the discounted amount went up, you may remember in the last three or four years.

CHAIR - The appropriation for this line item is around \$350 000. What is that for and why is there even an indexation in the increase? What does that cover?

Mr FERRALL - I will have to get the details of what is in that \$350 000. It is basically paying out the superannuation, I think, for both the defined benefit members and other expenditure of superannuation for Finance General, but I will just check.

CHAIR - It is just surprising there is no change at all in the number.

Mr FERRALL - This is the \$350 000, sorry?

CHAIR - That is the appropriation for this line item. Expenses are quite a bit different obviously, but this is the appropriation.

Mr FERRALL - There is a component in that which relates to the higher education. We had some people who were within the state service who went to the university. This is going back some years. That is the cost of those, I think that is about - the \$200 000 is the actuarial

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costs. So \$200 000 for actuaries and \$150 000, which is the cost of those individuals who were previously with the state sector who are with - I think - the university and TAFE, I think, or maybe only at uni. It is their pension.

CHAIR - So it is a fixed cost, for how long? Until they die? Sad but true, probably.

Mr FERRALL - It is the nature of our superannuation scheme.

CHAIR - I know.

Mr FERRALL - Actuaries never die.

CHAIR - No, but the people do.

Mr FERRALL - You asked that one last year, I should have remembered. I did the same thing last year and thought it was the \$350 million not the \$350 000.

CHAIR - I think one of the other members put us off track a bit on one of those. I forgot to say too, Treasurer, I do appreciate the additional information. I said in my budget reply that Treasury listened and put extra information in our budget papers. It helped to explain our situation with the GST particularly.

Mr FERGUSON - That was an early deliberate decision to add that extra detail.

CHAIR - We will have a 15-minute break.

The committee broke from 10.59 a.m. to 11.16 a.m.

Output Group 3 - Government Businesses

3.1 Sustainable Timber Tasmania

Ms WEBB - Thank you, Madam Chair. Sustainable Timber Tas is the one we're looking at. Budget paper volume two, number one, table 4.4 on page 86 shows us there is \$2 million per year allocated this year and across the forward Estimates, which is, as I understand it, to meet the firefighting capacity needs - including wildfires - for Sustainable Timber Tas.

Just a couple of quick questions. Has Sustainable Timber Tas requested the Government to increase this funding to provide for its firefighting capacity, and identified any likely increase in coming years?

Mr FERGUSON - Not that I am aware of, thanks Ms Webb for the question. Secretary, do you have any other knowledge?

Mr FERRALL - I am not aware of any request in the last Budget process.

Ms WEBB - Has any climate-change risk impact been undertaken to assess whether there will be a potential increased risk of fires, and if so, would that potentially impact what needs to be allocated across the forward Estimates?

Mr FERGUSON - Not by Treasury, says the secretary. But I think from the outset we'd acknowledge that climate change is adding to risk on the ground for fires in Tasmania. When I was Fire minister I was quite open about that as well, to name it up, and to ensure that our resourcing going forward acknowledges that fact.

Ms WEBB - To look at the other side of the equation, I'm looking in budget paper one on page 97 at table 5.9, the dividend tax and rate per income, where Sustainable Timber Tas is represented. There have been some changes from what was anticipated last year in the budget. I thought you might like to provide some commentary. Essentially there was to be, in 2024-25, in last year's budget paper, a \$6 million dividend, which is now no longer there. I was just interested to understand that. We did discuss that last year in Estimates.

CHAIR - It is probably not related to this line item. This is related to the firefighting -

Ms WEBB - Okay. That is fine. We discussed it in this line item last year. You raised a question about it last year, that's why I placed it here.

CHAIR - Just conscious of time.

Ms WEBB - I'm happy to move it to another line item, if you could tell me which one to move it to.

Mr FERGUSON - We're happy to answer it here, only we don't have the information here right now. We'll take it, and we can have that today, can we not? Yes, we can.

3.2 State Fire Commission

Ms WEBB - Another relatively straightforward one. This funding is set according to the Fire Service Act and we have permission to ask questions about, with another minister later, so I will not direct any of those, in this area.

In terms of that \$12 596 000 allocated across the forward Estimates each year. Can you perhaps provide a breakdown of funding for the components that it covers, which were, I understand, to include firefighting costs, bushfire mitigation programs and any other matters it covers. Could you give us a breakdown?

Mr FERRALL - \$0.79 million is for bushfire mitigation and \$1.806 million is the annual funding under the Fire Service Act, under Section 101. \$10 million is for excess firefighting costs.

Ms WEBB - In Budget Paper Number One, on Page 91, Table 5.5, where we have State Taxation and there is a Fire Service Levy's line-item there. With all revenues from fire service levies, do they go directly to the State Fire Commission?

Mr FERGUSON - Yes.

Ms WEBB - If that is the case, that \$82.6 million in that table, on the fire service levies line for 2022-23, is that connected to the taxation item. This is going to be a little bit complicated, but I am wondering about its relationship to Budget Paper Number Two, Volume Two, page 120.

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Does this Table 27.2 Detailed Budget Statement of Comprehensive Income. It has the taxation, the revenue, and other income taxation line there. It has a figure in 2022-23 of \$92 675 000. Is the \$82.6 million in the previous table, I pointed out, is a subset of this one. What is the relationship between them? As you would see the footnote there on that Table 27.2 under that taxation line. Talks about increase, reflects the anticipated profile of revenue from Fire Service contribution, insurance fire levy, motor vehicle fire levy, forward estimates. Wondering what the relationship was?

CHAIR - The question is that included in that line item.

Ms WEBB - The relationship between those two.

Ms CALVERT - The Fire Service is funded predominately by three components under the legislation.

If you look in that table 5.5 in the Revenue chapter, you will see the Fire Service Levy, which includes the property-based levy, also the insurance levy. You then need to add on the motor vehicle fire levy, which is down right in the bottom of that. All three of those effectively go to the fire service.

Mr FERGUSON - Plus our contribution.

Ms CALVERT - Plus our contribution. There is also a range of other, there is a small amount of Australian Government funding. They get funding from marketing activities and a few other small things.

Mr FERGUSON - Your hunch was correct.

Ms WEBB - I am trying to clarify, understand and I am still learning.

Mr FERGUSON - Chair, do you think it would be okay if I gave you some information from a previous question. This is the best that Treasury is able to provide for now, which is the breakdown of PNFC, purchase of non-financial assets, or another way of calling it, infrastructure investment at the GBE or SOC level. If that is a value to you.

Ms WEBB - Chair, can I ask one final very small question on that?

CHAIR - As long as it is short. We need to keep answers short too, if we can because we are going to run out of time. We have not even come to Treasury and Finance yet.

Ms WEBB - It is really just in relation to table 5.5 in the fire service levy and the footnote that relates to that at the bottom.

Mr FERGUSON - Are we in the agency chapter again, chapter PC2?

Ms WEBB - No, PC number 1. Is that essentially there are no fire service levies because they go to the State Fire Commission? Is that like a hypothecated tax?

Mr FERRALL - It is a levy, but it is technically a tax. That is why it is included in there, the state tax. It does go straight across. All of that tax receipt goes across.

Ms WEBB - Essentially hypothecated to that purpose.

3.4 Government Business (b)

Mr DUIGAN - Treasurer, output 3.4 on Government businesses, noting volatile trading conditions. Could provide some information on the importance of Government businesses, the returns to the state budget and what the Government's dividend policy is regarding those returns to the budget.

CHAIR - In as succinct manner as you can, please, minister.

Mr FERGUSON - There are two parts to that question. They are important to the Government. They are not just providing services, but being state owned, they also provide important financial returns to us, as shareholders. That has allowed us to recognise that as income that supports Government services being delivered. You are seeing there the total dividend and tax and rate equivalents, of course, being state owned they do not pay national company tax, but they pay equivalent to the state. That is forecast at \$336 million, with about 50 per cent of the returns provided by the energy businesses, and \$51 million, or 15 per cent, by the Motor Accidents Insurance Board. The dividend policy which you asked, I will ask Tony to jump in here, the standard dividend policy is 90 per cent of income after tax as a dividend that should be paid each year.

You will note we have a range of business identities and businesses that are amongst the list of GBEs or state-owned companies. Not all of them are making profits. Even though they are businesses, the Government does not see them necessarily as profit centres. For example Metro is classically providing a service. We do not expect them to turn a profit and we do not anticipate to ever see dividends from Metro.

The standard 90 per cent of profits after tax is paid by Aurora Energy, Hydro Tasmania, Tasmanian Networks, also known as Tas Networks, Sustainable Timber Tasmania. The Public Trustee has a standard dividend policy in place, but we do not expect to see a dividend. We want them to focus on implementing the reforms. We are funding those after the independent review. We expect the TT-Line going forward would also no longer be paying dividends for the foreseeable future. It has been paying dividends; those monies have been going straight into the ship replacement fund. But in the future, they will retain dividends to support replacement of the vessels.

A number of other organisations have an alternative dividend policy. In view of time I won't elaborate in detail, but MAIB, because it is an insurer, has a prudent capital fund that is managed, and it reflects risk beyond. It has a smoother approach at paying dividends to government based on meeting its prudent provision for claims. Do you want to add to that?

Mr FERRALL - It is driven by the capital levels, effectively, as the Treasurer indicated. The standard dividend policy is 90 per cent, but many of the entities have alternative agreed approaches to their dividend, which are really driven by the particular environment they operate within. But even with those that operate under the standard dividend policy, that is reviewed

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and looked at, and they might have particular capital or other requirements that would lead to an alternative during any particular year.

CHAIR - Anything else there?

Mr DUIGAN - No, I don't have a follow-up on that one.

Ms LOVELL - Treasurer, how many GBEs, if any, continue to operate under a Treasurer's guarantee, or a letter of comfort?

Mr FERRALL - At the moment I think every entity has a guarantee. So when COVID-19 struck, there was a broad guarantee put in place for all of the entities to ensure that they could effectively get funding from TasCorp as and when required.

Ms LOVELL - And have any GBEs been rejected by TasCorp for borrowing?

Mr FERRALL - No.

Ms WEBB - In relation to Tasracing, page 91 of budget paper one tells us the point-of-consumption tax commenced on 1 January 2020, and is estimated to raise \$14.5 million this financial year, which goes up slightly to \$14.6 million in 2022-23, and continues that trajectory over the forward Estimates.

Do the figures in table 5.5 on page 91 in budget paper one include the 80 per cent which is then provided to Tasracing - or is the 80 per cent on top of the figures provided here? So that's collected through the point-of-consumption tax.

Mr FERGUSON - Do you mind giving us that page number again?

Ms WEBB - It's from budget paper one, page 91, table 5.5.

Mr FERRALL - The point-of-consumption waging taxes the gross amount on page 91. Part of that is distributed, yes.

Ms WEBB - That is then distributed to Tasracing?

Ms WEBB - Is that additional to the \$5.7 million allocated in 2022-23 to Tasracing, which is detailed in budget paper one, on page 107? There's a description there about \$5.7 million for racing infrastructure in the north-west of the state.

Mr FERGUSON - That is a separate allocation. To the point of consumption, 80 per cent value. It is certainly separate. I'm just checking if it's equity, or grant. It's equity.

Ms WEBB - Noting that the point-of-consumption tax and the 80 per cent going to Tasracing, we could also consider that to be a hypothecation, essentially?

Mr FERGUSON - At the rate of 80 per cent, but it still comes through the Government.

Mr FERRALL - It is all received and then paid out, and it's one-year lagged. So the revenue from 80 per cent of last year is paid in the current year.

CHAIR - That was through the legislative reform that was provided for, wasn't it?

Mr FERGUSON - Yes.

Ms WEBB - Does the department have a policy parameter around high hypothecation of taxes? Is there something you work to determine -

Mr FERGUSON - I don't like it normally but on select initiatives like, for example, your fire service levy and your road safety levy it is expected that it would be passed through to its intended purpose. Generally, treasuries and governments don't like it because it binds government's ability to respond to what are your priorities of the day, whatever they are.

CHAIR - It all stemmed from the sale of the TOTE, didn't it?

Mr FERGUSON - Not the point of consumption tax.

CHAIR - That probably didn't but a lot of that provision for ongoing support for the industry did though.

Mr FERRALL - The capital structure did.

Mr FERGUSON - Yes, that's right. It was more or less guaranteed as one of the terms of conditions.

Ms WEBB - There were a lot of calls from various community sectors and others about hypothecating the revenue we get through stamp duty to some extent, especially above what may have been budgeted for the year into something specifically in that area.

CHAIR - We are off the track here. Let's keep on the line item.

Is there anything else on this one?

Output Group 4 - Miscellaneous

4.1 Information and Communication Technology

Mr DUIGAN - This is interestingly an output with no funding - \$140 000 last year, as I understand it but zero dollars going forward.

CHAIR - It has been hypothecated to police.

Mr DUIGAN - I think that is right, it is for the Tasmanian Radio Network which has been moved.

Mr FERGUSON - Where was it moved to - Police or Justice?

Mr FERRALL - The \$140 000 was a component that was funded internally with Treasury from managing and administering the program and when the funding moved, the \$140 000 has now gone to Treasury effectively, or it has gone.

Mr FERGUSON - You will note in other parts of the budget, Mr Duigan, that there are significant funds for capital investment in IT and it is probably a digital transformation priority expenditure program. So what the message will be to ministers and agencies is to come forward with proposals. They will not be automatically funded; they will be put through a robust process called SIIRP, the Structured Infrastructure Investment Review Program.

The Treasurer will actually fund those departments to do the business case to get it considered. Some business cases might come up and say, 'This isn't a good idea, or it's not a good use of money', so that's a good thing. You have avoided having to spend money on something that wasn't going to lead to benefits but you do expect that many will prove up their benefits. Then you can have a value proposition that can be considered in the budget development process in future budgets and agencies can more confidently say to the Treasurer of the day, this is going to save the health system all this money as a result, for example, of investments in digital health.

That's how it will work going forward as well and that helps to scope the projects so that we do have in IT, in particular, which around the world are notoriously over-budget and delayed about trying to bring them into scope and with some good budget management around them as well.

4.2 Treasurer's Reserve

CHAIR - Treasurer, how much has been expended to date from the \$150 million allocation from the last 12 months? Could you provide a breakdown of the expenditure from the Treasurer's Reserve?

I know a lot were funded through the supplementary appropriation rather than the Treasurer's Reserve so I am wondering what was spent out it.

Mr FERRALL - What was read into *Hansard* with the supplementary appropriations bill was what we had at that point. Obviously, the Treasurer hasn't considered any additional requests for additional funding yet but he will towards the end of the year.

CHAIR - Are they sitting on your desk, are they? So you can't have a bit of an idea of how much they will amount to out of the \$150 million that's allocated?

Mr FERRALL - Not beyond what we had when we did the supplementary appropriation bill because we are still going through all of the requests that we are receiving from agencies.

CHAIR - Okay. That will be something that we will debate when whatever section reported is now - I can't remember.

Mr FERGUSON - It will be in the Treasurer's Annual Report for a start, won't it?

CHAIR - You also have to table that.

Mr FERRALL - Is it section 19?

CHAIR - I think it's 21 or 23.

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Mr FERGUSON - It used to be 19.

Mr FERRALL - Section 21.

CHAIR - Looking to the future then, why has it been deemed necessary to appropriate \$150 million this year, especially as we don't really know how much is going to be expended out of last year in this current year because the supplementary appropriation bill was used.

Mr FERGUSON - It's purely the uncertainty principle at play, nothing more than that. It's to ensure that as we're continuing to experience still a significant outlay by the Government, by the taxpayer, for even COVID-19-related expenditure - I think it was in my speech and it was certainly in the budget paper - where it's a cushion in the Budget to ensure that if there were a new variant for example, or some other untoward external shock the government needed to act upon, that we had sufficient reserve there. I think it's an extra \$100 million, isn't it, this financial year?

Mr FERRALL - Yes.

Mr FERGUSON - It had a baseline of \$50 million from last year's budget. Looking at page 78 here, you can see the profile going forward. Those other allocations are from the previous budget. In the new financial year coming in, we're just maintaining it at \$50 million. We don't have any plans for that \$150 million at this time, but it's there for all the right reasons. You will have noted -

CHAIR - Just on that point, Treasurer, when your Government came to office in 2014, with the policy that reduced the Treasurer's reserve, which was there for contingencies, as you have outlined, from \$20 million to \$10 million at the time, it was argued that the \$10 million saved could be spent on other pressing matters. Now we're looking at a Treasurer's reserve of \$150 million for this coming year, then \$90 million, \$110 million, \$130 million in the forward Estimates, including for some time-limited programs. I'm just not sure where we're going to see this process end.

Mr FERRALL - The Treasurer's reserve operates differently from the current FMA compared to how it operated previously.

CHAIR - I understand that, yes.

Mr FERRALL - When the Government came to power and indicated it was reducing the appropriation to \$10 million, you still had effectively quite significant supplementation of the Treasurer's reserve by additional revenues, including state and Commonwealth revenue, whereas the operation of the Treasurer's reserve is different now in terms of how it gets supplemented.

CHAIR - It is all appropriation now? There's no other money that goes into it?

Mr FERRALL - I think you still get supplementation from state revenues. Increases in state revenues would supplement, but previously it picked up the commonwealth revenues as supplementation to effectively increase the reserve capacity. I guess my point is that you're

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sort of comparing apples to oranges when you take the raw amount of the current Treasurer's reserve to what was indicated in 2014.

CHAIR - Treasurer, you said that you were going to back to a more stable lower level around \$50 million rather than having this huge contingency sitting there. I understand the reasons for that, particularly in the last couple of years.

Mr FERGUSON - Yes, that is the intention. That is correct. This time next year, none of us know what circumstances will confront us. We might be here having the same conversation again, where the Government or I have again nominated a higher figure, but for the time being that's not the intention, and touch wood we don't see any new variants or other shocks that would require us to have that cushioning or that ability to flexibly fund programs to meet the needs that might be in either agencies or in the community.

It's a prudent step, and as you'll note from the way I managed the supplementary appropriation bill last month, it was entirely my view that let's be transparent and put them in the supplementary appropriation, and let the parliament have a good look at what we understand to be the costs that we're meeting in the here and now, even though they could have just been funded from the Treasurer's reserve in some cases.

Ms WEBB - In relation to the Treasurer's reserve, does it have to be necessarily a singular event that might necessitate dipping into that or could it be, for example, identifying that there was further alleviation of cost-of-living pressures for vulnerable Tasmanians required at a certain point? Would that be drawn on for programs directed to that sort of end?

Mr FERRALL - It could be. It's basically unavoidable and unexpected expenditures. You could have circumstances similar to those you've just described, where the Treasurer judges that there's an unavoidable, unexpected expenditure required from the reserve to meet those requirements.

CHAIR - Any other questions on Treasurer's Reserve. If not, we will move to Miscellaneous.

Ms LOVELL - I just have one. I would just like to go back, Treasurer. You mentioned the supplementary appropriation bill, that was for over \$440 million. Does that mean that the Treasurer's Reserve and matters that would normally go through the Treasurer's Reserve was overspent by the \$300 odd million?

Mr FERGUSON - It does not mean that. I think it might be an arts event. I could be wrong. It does not mean that. No. It was not overspent and if the secretary has it to hand I would be happy to tell the committee what the current use of the Treasurer's Reserve has been this year, but we do not have it at hand.

No, it was not. It was more that they could have been just simply funded through the Reserve but were not, and I just felt to put it through the Parliamentary process on that occasion because we were doing a supplementary appropriation bill anyway.

Ms LOVELL - Would it be possible to get that information about what the Treasurer's Reserve has been - ?

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Mr FERGUSON - Yes, I think so.

Mr FERRALL - If it has been approved as a request for additional funding this year.

Mr FERGUSON - I would expect to approve some -

CHAIR - That is information we are going get in the requests for additional funding.

Ms LOVELL - Okay.

Mr FERGUSON - Yes. The RAFs that are always done at the end of the financial year, where you cannot avoid them.

CHAIR - So, we can take it from that the Treasurer's Reserve has not been utilised yet. It will be utilised through the RAFs, and we will get that in the section 21 report when it is tabled.

Mr FERGUSON - Yes. Maybe I expressed it poorly. The Treasurer's Reserve could have been effectively used through the year but the actual use of the Reserve happens towards the end of the year, unless the agencies absolutely need the cash earlier.

In most cases, it is really about supplementing before the 30 June deadline, and make sure that agencies break even with the extra costs that they incurred through the year.

Mr FERRALL - As a general principle, where an agency identifies a potential need for additional funding, the first step is to attempt, or to get them to attempt to manage it within their existing appropriation, which is why you end up with, towards the end of the year, a multitude of RAFs coming through at that point.

It is actually hard for an agency, early in the year, to genuinely say, or identify, that they will not be able to manage it by the end of the year. They might identify something early in the year, which they think is going to be an unavoidable expenditure, and the first step is for them to attempt to manage it within their existing appropriation.

4.3 Miscellaneous

CHAIR - On Page 79, Finance General, there is a footnote that refers to time limits of the project. We did touch on this briefly in the overview.

When I first looked at this, I thought, this is another slush fund, sitting here. I would like a bit more explanation about the purpose of this. It looks like there is a significant increase in allocated amounts or contingencies for time limited programs. As a consequence there seems to be a much greater need of this, but then there are projects that seem to abruptly stop in the forward Estimates.

Can you tell us clearly why we need this amount of money allocated for these and what the time limit of projects relates to, that the footnote refers to?

Mr FERGUSON - Yes. I will give a preview. Well I will not say this very often, but I will say it now, it was on advice to me from Treasury. Now I will not normally say that,

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because I will not have a habit of telling the world, or the committee, or the parliament, what advice I get from Treasury, but on this one I will.

It was advice to me that this would be a prudent step to provide for future outlays, noting that a number of programs that we stood up during COVID-19 were time limited. We have extended a number of those, even into the 2022-23 financial year. We just wish to have that cushion that is there, if it is needed, for time limited programs that are expected to cease.

CHAIR - Can we have an outline of what those programs are perhaps?

Mr FERRALL - We do not have in mind any particular programs. When we were developing the budget, as the Treasurer said, we identified that there were quite a number of programs, particularly, some of the COVID-19 related ones, which were due to cease at different points across the forward Estimates.

Our judgment is that a number of those programs are likely to continue. We did not pick specific ones, but we know from past experience delivering or developing budgets that a number of time-limited programs tend to end up being rolled over. Particularly because of COVID-19 and the support packages that were put in through that period, the level or dollar value of time-limited programs was higher than what we had seen in the past.

We advised the Treasurer that it was prudent in those circumstances to at least recognise in the forward Estimates that a number of those programs are likely to have to continue, or will continue. We advised putting in a provision of \$40 million, \$60 million and \$80 million across the three years of the forward Estimates to effectively enable some of those programs to continue.

CHAIR - We are not talking about major infrastructure programs. There are some noisy wheels going to -

Mr FERRALL - No, these might be support programs that might have been put in place by the Department of Health that may have originally related to COVID-19 and was time limited. You might get to the 2023-24 year where it was scheduled to cease, and make a legitimate decision that it is going to continue because it is supported by the community, or it is created for other issues. It is not a slush fund, it is very clearly identified. It is not pre-spent.

What you would see in next year's budget, if we identified, say, that there was a program in 2023-24 that was continuing, that program will be then shown as a variation in the policy and parameter statements. You will see a change in the policy and parameter statement where that program will go up as a policy decision. Depending on the view of the Treasurer/budget committee cabinet, you would see the miscellaneous provision reduced commensurately.

CHAIR - Is that the only way we will see what is spent out of this provision?

Mr FERRALL - Nothing will be spent, even if it was still a provision, until you get to 2023-24 or 2024-25 anyway. Then the year of the budget, if we were in 2023-24 and there was still a provision of 10 or 20, whatever was left at that point, if there still is a provision, then it would be up to the Government to identify what it anticipated that to be dealt with.

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Mr FERGUSON - Wouldn't it be retracted as a policy statement - policy and parameter be lined up?

CHAIR - You will see the movements in the policy and parameter statement for each year?

Mr FERRALL - Yes. But in the budget year, as I said, as we roll forward, if 2023-24 was the budget year, you would not generally have a provision for time-limited payments in that particular year, because you would have made the decisions necessary for the programs that are continued. They will be shown in the appropriation. Then you would have a Treasurer's reserve. You would not have a provision and a Treasurer's reserve in the budget year at that point.

Mr FERGUSON - For clarity of the record, the Chair was asking, would the actual spending be identified in the future budget paper?

Mr FERRALL - Yes.

Mr FERGUSON - Would it be in the policy and parameter statement?

Mr FERRALL - Yes, you would see the change from the policy decision of, say, continuing a program. In the policy and parameter statement you would see it as a policy decision of government to extend a particular program.

CHAIR - This line item also includes funding for government business structural reviews. Is this a broad review, or are there specific government businesses that have been reviewed?

Mr FERRALL - This is half a million dollars that we have had in the budget for some time, which is really just an allowance to enable Treasury effectively to deal with structural other reviews, or have provision capacity to deal with structural other reviews of government businesses. It is a general capacity, not related to any specific need or record.

CHAIR - Has that provision been utilised at all?

Mr FERRALL - In the past it has been, yes.

CHAIR - In the last 12 months?

Mr FERRALL - It has been there for some years. Sometimes the reviews have been significant and have cost more than half a million dollars. In other years they have been relatively small or not occurred.

CHAIR - I guess it rolls over, then.

Mr FERRALL - Yes.

Output group 4

4.4 Payment to Australian Tax Office: GST Administration

CHAIR - I note there is a fall in appropriation that relates to the reduction in GST compliance expenditure. Can you explain why that is?

Mr FERRALL - There was a compliance program which was announced in 2018-19, and that compliance program which was an uplift and that program ceases. It is basically from 2023-24, it reflects the end of that GST compliance program.

CHAIR - We touched on this earlier, but in Budget Paper number one, pages 81 and 82, there is some of the newer information, you have put in. The falling no worse off guarantee, and you did mention this earlier, Treasurer. A Commonwealth grant's commission assessment sees Tasmania's share of GST decreasing and increase in interest rates might have a negative impact on GST. How do you see these risks and what are we going to do to mitigate against these challenges?

Mr FERGUSON - I think the latter part of your question is where I will go. With cost of living increase and changing interest rates, including potentially one tomorrow afternoon, that may have an impact on consumption. It is something we are documenting, being, identifying as something to watch very closely. That is why it is really important to me the new federal government does maintain a strong economy and strong consumer sentiment because that has a real bearing on people's preparedness to buy goods and services and would therefore have a bearing on our GST revenue.

Mr FERRALL - Basically interest rates are a risk to consumption.

CHAIR - We have seen property prices come up a bit in some other states.

Mr FERRALL - There are movements occurring. The budget paper is really just flagging that there are risks and variability out there we need to be aware of.

CHAIR - I did have some questions about the Tasmanian Risk Management Fund, but I might just leave that, because it is not actually a line item where there is an appropriation. I can put those to you in a different form, and still move on.

4.7 Property Management Services

Mr HARRISS - Treasurer, what departments expect to be securing additional major office accommodation in FY 2023 and where in the state are they expected?

Mr FERGUSON - Thank you, Mr Harriss, for your question. We did this number of years ago and changed as a government the way that management of leases is conducted in agencies. The Treasury now really takes the lead on behalf of Government for all other departments in selecting leases and managing those, also making sure we have a single, I suppose of leases and do not have duplication or waste in particular. There has been a review of major leases in the Hobart CBD. But there is also coordination of major accommodation leases in other parts of the state. I can give you some data on what those are, but you're actually asking me for what the anticipated new leases.

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Mr FERRALL - I do not have details of any particular anticipated leases. The challenge for particularly the Hobart CBD property market and Launceston is the limitations of capacity, so we manage it and coordinate it across government. We do have demands from agencies in respect of future accommodation needs. But I do not have any particular examples. And one thing we would probably not want to go into too much detail on is if there are particular demands that might, if they became public, limit our capacity to negotiate with providers. But in large part it is a challenging market that we are operating in at the moment and we are shuffling agencies around quite a bit to try to meet their accommodation needs.

Mr HARRISS - Could I note in there that the footnote was the increased property management services that reflected the recognition of additional lease contracts.

Mr FERRALL - That is effectively because of a change in accounting standards so it's AASB16 so we, as Treasury, have recognised a number of leases which would have previously been with individual agencies and we've recognised those in Finance General due to the effect of the change in the standard.

CHAIR - Which came in a few years ago, about three.

Mr FERRALL - Yes.

Mr FERGUSON - To the nub of the question, I think the answer is presently, the advice is that there are no new major ones being contemplated but there's quite a list of them that are currently being renegotiated or considered.

CHAIR - Like, with your office?

Mr FERRALL - No, not my office. Next question.

Mr HARRISS - To what extent do expiring lease contracts contribute to the reduction in the output in the forward Estimates? Is this a significant amount or inconsequential?

Mr FERRALL - No, it wouldn't. If we've got an expiring lease, we try to maintain a negotiating position with the owner of the building so you don't necessarily want to indicate that you have no option but to take that lease, for obvious reasons. The forward Estimates effectively assume all of the known leases are continuing or at least the accommodation of agencies is continuing.

Ms WEBB - Looking at that across that line to the forward Estimates, at 2025-26 there is a pretty significant drop so what's expected to change in that forward Estimate year? It is about a 40 per cent drop.

Mr FERRALL - In the final year, there's a change in depreciation of leased assets in the figures I have here but there's no other significant change. There's a minor change in agency rent expenditure so it's really just the depreciation of the leased assets which is really about how it's measured in an accounting sense going forward.

Ms WEBB - Why would it all come into play in that particular year? Why isn't it something that is a bit more smoothed across?

Mr FERRALL - It doesn't. It varies across the years so it's not smooth. It depends - I will have to get James to detail how it works forward but it depends on, effectively, like a present-value calculation in essence. So it depends on how long the individual lease is as to what component may be effectively depreciated over a period of time and that's why you get a variation in that going forward so you could find if we roll the next year in, say, 2026-27, you might find that component goes up again. It's quite variable.

Ms WEBB - The stripe is quite consistent until that particular year when it jumps out.

Mr FERRALL - In a global sense it is but when you break it down to the components that particular one is variable.

4.8 Infrastructure Investment Project Planning

Mr DUIGAN - Treasurer, I note that you made some reference to the Structured Infrastructure Investment Process (SIIRP) in answer to an earlier question. There is heavy infrastructure spending in this budget. There is a 10-year pipeline of infrastructure going forward.

Could you outline what that review process looks like and the vision for this going forward?

Mr FERGUSON - Thank you, Mr Duigan. The infrastructure pipeline which is currently in the budget has already passed those hurdles in terms of being selected by the Government as the next range of projects to be supported. However, it doesn't include be items of infrastructure that are within the GBE or a state-owned company zone but for where we are actually being asked to invest directly, it's \$2 million per year, which is allocated to allow for project planning. You can expect to see more of that. Certainly, departments will be expected to adhere to the rigour that is provided for through the SIIRP process. It is quite a robust process. Treasury, through Finance-General, is prepared. They are prepared to pay for the business case of proposals using those funds. The intention is to make sure that it goes through scrutiny and development.

There are a few criteria, which I will share with the committee. It is to ensure that the projects funded are appropriately meeting the needs of the community, providing clear and strong links to specific government policy priorities and the Government's strategic direction; to demonstrate strong evidence of prioritisation within the context of agencies' competing priorities, an agency's requirements and its capacity to deliver; to demonstrate direct links with specific agency asset management strategies, including objectives in the strategic asset management plans; that they have been appropriately scoped and planned, which would be a big one that is looked at; are based on reliable and realistic cost estimates; and are able to be delivered by agencies in accordance with the specified time frames and within the project budget allocations.

That is all about rigour and taking a good idea through that scrutiny. When they have gone through that and the business case has been completed using those funds, they are then in a position to make more or less an application to the next budget process to be considered for funding. That is the direction we are heading back into as we come out of COVID-19 - that the rigour returns in a very much more formal way. This has continued through COVID-19,

but in many cases we have made decisions in co-funding as a government, as has the Commonwealth, that have not always gone through this process, but they will be in future.

CHAIR - Can I ask what projects are in the early planning stage that are being funded in this current period?

Mr FERGUSON - I am not sure I am going to be able to answer that. Was that in the budget process or not?

Mr FERRALL - No, it is done through some of the bids process with agencies. They come to Treasury and indicate that they have a particular project. I do not have with me those that are currently in SIIRP. There could be a number of projects that have already been part-funded and that could be crossing over years, in some cases, in the funding for a particular project. It is not necessarily all in one year; sometimes they might come later in the year and it might roll into the next year.

CHAIR - It is like a rolling fund to facilitate this?

Mr FERRALL - I do not think there is anything going forward. James indicated there are no current projects in SIIRP. The maximum security prison project has indicated that it will go into SIIRP, so that is one coming forward.

4.9 Ex-Gratia Assistance

Ms WEBB - There is a straightforward explanation, I suppose, given that there is quite a drop in this year from 2021-22. The footnote on page 88 says that the decrease in ex-gratia assistance reflects lower expected payments to be made under section 55 of the Financial Management Act. Perhaps you would like to elaborate on that a little.

Mr FERRALL - In 2021-22 there is an estimated \$4.4 million relating to a new staff ex-gratia payment, which I think was even detailed last year, then stepping forward. It just steps down to the base estimate of \$300 000.

Ms WEBB - Which in 2021-22 would have been without the new staff?

Mr FERRALL - Yes.

Ms WEBB - There has been some public discussion about ex-gratia payments recently in relation to the Public Trustee and the issues that have been occurring there. It would appear the Government will not be offering a compensation opportunity for people in the community affected by interactions with the Public Trustee and some of its apparent failure to fulfil its role appropriately. It has been stated that people impacted there may have an opportunity to seek ex gratia assistance, but would have to do so through the Public Trustee. My understanding is it is the Treasurer's decision in the end, in terms of granting an ex-gratia assistance payment on any matter. Is it appropriate for people to have to go to the agency they feel has actually dealt with them inappropriately, to ask for ex-gratia or seek that redress?

Mr FERGUSON - Yes, it is appropriate. But thank you for the question, and I respect where you are coming from. The Bugg review was given the responsibility, to review the

matters that were raised. Mr Bugg did not suggest in his report there were any fundamental failings or individual harms that would warrant a special compensation scheme to be established. But because questions have arisen and the attorney has responded to those, while reference was made to ex-gratia, it is the Government's position, and I believe also the legal position, that if there was any claim, it would need to be made to the Public Trustee, who would then seek appropriate advice, no doubt including legal advice, informing an opinion about the claim. If there is a matter and this is a hypothetical of course, because I am not aware of any individual cases in front of the trustee, but let us say that there are people who continue to feel to feel aggrieved, or who wish to make the point they deserve some form of redress, it is the Government's position and mine that it would be a matter for the Public Trustee to manage that claim.

It would be problematic for me to engage in a hypothetical on ex-gratias after that, because the rules around ex-gratia have actually passed through this parliament and it is now a very narrow power to offer ex-gratia payments. There is a definition there that provides for very special circumstances I am obviously aware of. We would in all cases point people to the Public Trustee itself if a person or an organisation believes there is a case to be made on a claim.

Ms WEBB - The Public Trustee would be the decision maker on whether to grant some form of compensation, redress or assistance?

Mr FERRALL - My understanding is in the first instance; the board would consider any particular claims that came through to the public trust office. Yes, is the answer.

Mr FERGUSON - Initially certainly we would expect the Public Trustee to manage those queries or claims at its organisation level

Ms WEBB - To pick up one other matter to try to clarify. The Bugg review terms of reference did not ask for a determination to be made about whether compensation was applicable in the circumstances that it covered. Is that right?

Mr FERGUSON - I do not have the terms of reference in front of me, but that would be a great question for the attorney of course. I am not trying to avoid it, but I do not have it in front of me. But it was a very wide-ranging review into the Public Trustee, is my memory.

Ms WEBB - But into how they undertook their role and whether they understood it, which as it turns out, they did not. Which is a shame.

Mr FERGUSON - There were real problems there that have been fortunately brought into the light by Mr Bugg, and all credit to him, and as you would be aware Ms Webb, the Government's responded with, as our priority in seeking to support the Public Trustee to manage and do a better job we provided \$8.6 million. Two lots of the same amount of \$4.3 million, one to implement the recommendations and the other to provide an uplift in a higher standard of the community service obligations, which of course is a cost that should be met by Government in allowing the Public Trustee to meet the cost of that community service obligation.

Ms WEBB - But no allocation of any sort to people who have been affected by the malfunctioning of the Public Trustee over previous decades?

CHAIR - I think you are getting into 4.1, the Public Trustee CSO here, are we? A little bit?

Ms WEBB - Possibly.

Mr FERGUSON - I don't want to avoid the question. But I think that is perhaps as far as I would have the wherewithal to answer those questions, but I know the attorney would be in a very good position to answer those further.

Ms WEBB - No doubt she will be having those questions put to her in her committee, yes.

Mr FERGUSON - Yes. Perhaps not this committee. But that is the position. We are doing what we believe we must to support those recommendations being implemented so the future is better than the past.

Output group 89.1

Public Building Maintenance Program

Mr HARRISS - I know the program is almost completely funded. During this committee last year there was some funding yet to be expended. Can you let us know if all the allocated funding in FY22 has been expended?

Mr FERGUSON - I will ask the secretary to answer that, Mr Harriss.

Mr FERRALL - I do not believe so, there is a component that is rolled over into 2022-23 of about \$2.7 million. All of the original budget for 2021-22 would not have been expended, which is why there is a rollover for the setting to 2022-23 to complete all those projects.

Output group 90.2

Local government \$200 million interest-free loans

Mr GAFFNEY - I see that this is finalised in 2024-25. We heard last year there were 19 councils with 260 projects, which is great. Last year there were a couple of councils that had some issues. Either their workforce was inadequate, or they could not get the material, so they extended. I think it is all fine.

My question would be, do you evaluate the program or the scheme so that it could be tried again, because of the advantages - obviously providing a stimulus within the local government sector, which then flows on? When do you do an evaluation of that and come back to Treasury with improvements or suggestions for the scheme if it was perhaps to run again?

Mr FERGUSON - I will ask the secretary to answer the substance of the question, but we would obviously see it as being a very successful initiative. My latest advice is that when the program closed, \$144.3 million in interest-free loans was approved. There have been a small number of changes to that.

PUBLIC

Does that figure capture those that did not require the loan? Is that the correct amount, or is that the inflated amount?

Mr FERRALL - That is approved, at the closure date of 1 August 2020. As of December, councils had drawn down \$121.6 million.

Mr FERGUSON - Some councils indicated they did not need the borrowings any longer. I think that we would call it at \$121 million. Quite successful. Naturally, it was effectively free money for local government, but with the intention during COVID-19 to accelerate and bring forward work that would have already been in the council programs, so that it could be done sooner, and councils would not feel that they should hold that project back for another couple of years only because of their financials.

We wanted to play a role there in providing the interest-free loan to bring forward and accelerate projects. Naturally, it would not be possible to continue to do that into the future too often, unless there was a special event or circumstance that called on us to do that again. You cannot bring forward everything. Even councils need to have their pipeline of work for their local contractors.

But I agree with where you are coming from in the question, and I will ask the secretary to address this: are we learning lessons from this and identifying it as a potential strategy that could again be implemented in future should there be some sort of shock to the economy or an employment challenge that we want to again step into that space?

I would invite the secretary to respond on where we think the program did well, or didn't do so well, how it could be improved, or what we might do differently if it were to be implemented again.

Mr FERRALL - The program was obviously well supported, by local government particularly. I think you have to look at the context of when the program was put in place, which was during COVID-19. It was also a period when our borrowing rates were very low, or relatively low. From a government cost point of view, it was relatively low to get quite a significant stimulus and bring forward for local government.

By way of comment, if you were going into an environment where you wanted to do a similar program, but prevailing interest rates were significantly higher than the state Government would need to carefully consider it because of the cost implications. It was free money for a local government to bring forward significant infrastructure, which is what they did which made sense.

Mr GAFFNEY - There was \$12 million allocated for rate relief too that was going through that period regarding COVID-19 so, it was not just for infrastructure.

Mr FERRALL - I would have to check on the rate relief. I do not think the rate relief was done through the borrowing program, because my recollection of the interest-free loans was to bring forward infrastructure, not the rate relief.

Mr GAFFNEY - You might have to check Mr Gutwein's words from last year and let me know.

Mr FERRALL - I am not sure if it was done through the borrowing program though.

90.8 Tasmanian HomeBuilder Grant

Ms LOVELL - Treasurer, was there any approved HomeBuilder applications Treasury is expecting not to pay through to completion, for example, there were some issues around timeframes with commencement of building. Were there any applicants who were not able to commence construction within the specified time frame?

Mr FERGUSON - We might do a swap, if that is okay, Chair? We will give the Secretary a spell. I introduce the Committee to Mr Jonathon Root, Deputy Secretary of Revenue Gaming and Licensing Division. I hope you caught the question and you can remove your mask when you are answering which is to discuss applicants who might have been approved but for whatever reason are not proceeding.

Mr ROOT - I do not have any exact numbers of applicants who were not able to commence. There are discretions that allow for some extensions to time within the HomeBuilder scheme and certainly those have been exercised. I do not have the numbers here.

Also, we are hearing from applicants who are concerned about their ability to complete within the timeframes, obviously, because of the difficulties in the building industry. Certainly, there have been some discretions put into the HomeBuilder Act for me to extend timeframes, there have also been concerns expressed on the ability to remain within the cost cap. At this stage they are quite small numbers.

Ms LOVELL - Are we able to get those numbers, Treasurer?

Mr ROOT - We will see if we can get some numbers - the numbers of people who have been unable to commence building.

Mr FERGUSON - We will provide what we can.

Ms LOVELL - Would you like that on notice?

Mr FERGUSON - No, I think we can do that through the day.

Grants and Subsidies

CHAIR - Does anyone have any questions on the grants and subsidies. There has been a bit of a discussion about some of them.

Mr FERRALL - Can I correct a statement I made earlier. Mr Gafney was correct - there was \$11.6 million of rates relief previously.

CHAIR - The previous Treasurer was also correct.

Mr FERRALL - That was as at February there were 254 projects under the program. Property approval was \$52.8 million; roads, bridges, jetties - \$38.6 million; \$11.6 million of rates relief; and \$10 million of storm water; and \$8.5 million of other operating initiatives.

Ms WEBB - Table 4.5 Administrative Expenses on page 89, the Grants and Subsidies listed there and I have a question in relation to energy retailer concessions and the drop-off which the footnote tells us:

The decrease in Energy Retailer Concessions in 2022-23 primarily reflects the \$12 million contribution to Winter Energy Supplement 2021-22.

That supplement is coming to an end and therefore, it is dropping off. How is a determination made about when to apply a winter energy supplement, noting that it's happened twice in recent years, 2018 and 2021. What are the parameters for a decision to apply, or put in place that supplement?

Mr FERGUSON - Thank you for the question, Ms Webb. The table together with the footnote explains the change to the profile going forward, and you'll note as well that it does continue to rise. To answer the question, that is a decision of government at the time to provide the one-off winter energy supplement. It had a headline cost of \$12 million in 2021-22. It was always a balancing and matter of judgment going forward. We look to the concessions, and as I said in the overview statement, the concessions will automatically grow based on the expected price determination, which we know will come in mid-June.

Ms WEBB - Yes, it wasn't in relation to regular concessions. My question related to might expect another one in 2025 then.

Mr FERGUSON - In 2025?

Ms WEBB - Maybe.

Mr FERGUSON - That's a fair way off still, and there's a lot of volatility in the energy market, so we'll be taking advice and looking to the energy businesses and the regulator's independent decisions on these matters as we calculate what the concessions should be going forward. I don't mind saying at this committee what I've said publicly elsewhere, which is that this is a huge national challenge, not just for consumers but for your major industrials as well.

So we're looking for a strong response here from the Australian Government also, noting that energy ministers will be meeting together I believe on Wednesday to discuss that volatility that's occurring in the energy market, particularly relating to wholesale.

Capital investment Program

CHAIR - Any questions? No? Okay. I'll move onto Treasury and Finance.

DIVISION 14

Department of Treasury and Finance.

Output Group 1 - Financial and Resource Management Services

1.1 Budget Development and Management

CHAIR - In the interests of time...

PUBLIC

Mr FERGUSON - Short answers?

CHAIR - I'll put some of my questions in other forums as well. Can I just have, on budget paper number one, page 45, this is General Government Balance Sheet, there's a footnote relating to other equity investments and then also to nonfinancial assets related to that. With the other equity investments, is this additional funding for TasWater an additional allocation, or was this what was already planned for? I'm trying to keep track of how much we're giving to TasWater.

Mr FERRALL - There is no change in that. That is just reflecting our equity in TasWater. Yes.

CHAIR - With regard to footnote 7, it talks about, this reflects the recognition of service concession assets by the Department of Communities Tasmania. Can you explain what they are?

Mr FERRALL - James just said it's the release accounting standard effectively, so state service concessions and housing, how they have to recognise the concessions with NGOs, so they give the NGOs effectively a right. So it's the accounting treatment of that.

CHAIR - On page 314, in performance information, it talks about state service workers compensation contribution as a percentage of the average premium charged by private insurers, and it's over 100 per cent, and the target is obviously less than 100 per cent. Is this something that would be considered to be perhaps, obviously you go to the market for this. That's not insured through the Tasmanian Risk Management Fund?

Mr FERRALL - No, it is the Tasmanian Risk Management Fund.

CHAIR - Oh, it is.

Mr FERRALL - What it was originally intended to indicate was that the fund was running effectively more efficiently than we could get through the private market for equivalent cover.

CHAIR - It is not at the moment.

Mr FERRALL - The contribution for the fund is shown there as being higher than the average premium charged by private insurers, which is actually more or less indicating that we have some different risk categories compared to private insurers. On the Government's side, we are probably more generous in how we would be dealing with those risk categories compared to the private sector.

CHAIR - Is there value, Treasurer, in going to the private sector for this insurance, rather than self-insuring? This is acknowledging the comments we have had in previous debates around the increase of psychological injuries and things like that.

Mr FERRALL - I would say the answer to that is no. When we strike effectively the premium or contribution, it is done on an actuarial basis, on our risk profile, which is how a private insurer would do it as well. A private insurer would effectively add what I would call a profit component to that, which we do not have in the fund. I think the answer is no.

CHAIR - Is the new budget management system working nicely for you?

Mr FERRALL - Eleanor is nodding her head. Yes. It has been a very good system for us. It has a great deal more capacity than we had in the past, and so there is a learning curve in terms of people learning how to use the new system, which is understandable, but it has been good.

1.2 Financial Management and Accounting Services

This output includes the whole-of-government financial management activities and the provision of advice. I assume this is where the funding also comes out for producing Treasury reports and. Am I correct in that? Like the TAFR and all the other reports?

Mr FERRALL - It is generally under 1.2, yes. That broadly picks up Finance-General. This is, broadly, the Government Finance and Accounting Branch - Finance-General, Public Accounts, the Public Account Reporting System, generally all of the financial reports we produce.

CHAIR - And the Fiscal Sustainability Report?

Mr FERRALL - No. We did the Fiscal Sustainability Report with a separate team, effectively, but it was more or less run from the Economic Policy Branch, but we did have people from the Government Finance and Accounting Branch working on that with the team.

CHAIR - I will come back to a question about that then, under that line item.

The increase in appropriation relates to the introduction of e-invoicing, and the time frame appears to be 1 July 2025 for everyone to be doing that. Is that right?

Mr FERRALL - The answer to that is we are hopeful. We are going to run a pilot from the Treasury perspective and then try to introduce the other agencies to it. It is pretty challenging. It is not easy to jump into e-invoicing on a whole-of-government basis. We also have to have businesses on the other side that are ready and willing to go into it as well.

CHAIR - Doctors' surgeries still use fax-machines. We have some work to do in some areas.

Mr FERRALL - You might say that.

1.3 Shareholder Advice on Government Businesses

Ms LOVELL - The budget papers talk about a rolling process of review of government businesses, and the interaction with ministerial charters and statements of ministerial expectations. Which GBEs have yet to participate in that rolling review, and what is the timeline for the review?

PUBLIC

Ms CALVERT - This is something that came out of PESRAC's recommendations. This process has only just started and we are at the very early stages of this. We started with the Public Trustee because we thought there was a need for that one to be modernised. Essentially some of the statements of expectations and charters are quite old. Some of them are more contemporary and we are working through on the basis of getting some of the older ones updated and do not think we have a specific timeframe in mind.

Ms LOVELL - It is only the Public Trustee so far?

Ms CALVERT - Yes.

Ms LOVELL - What specific outcomes are you seeking from that review? Is it just updating those out of date ones?

Ms CALVERT - It is effectively updating those charters and statements of expectations from the Government's perspective and from the business's perspective there is a shared understanding of the expectations of the shareholders in terms of what they should be doing.

Starting with the Public Trustee, some of the businesses have been updated reasonably recently, while we might be starting this process, it does not mean we have not been reviewing charters and statements of expectations for however many years.

1.4 Government Property and Accommodation Services

Mr HARRISS - How does this line item differ from the Property Management Services we addressed earlier with regard to divestment of state property portfolios and disposal of surplus crown property as identified?

Mr FERRALL - This is effectively the people within Treasury who might conduct some of those activities you have indicated. This is the branch within Treasury that effectively deals with the leases and depending on the particular sale, might deal with major sales on behalf of the Government. This is about internal Treasury. That is the relationship.

Mr FERGUSON - Would you say the output funds the employee staff costs within Treasury and Finance who are doing that work?

Mr FERRALL - Yes.

CHAIR - The Treasury building is still on the market?

Mr FERRALL - No.

CHAIR - Any other significant buildings we should be aware of?

Mr FERGUSON - No. My position and the Government's position are that prominent buildings are not for sale. What we would like to do is certainly look for opportunities for people who love heritage buildings and assets and the general community to have more opportunities to enjoy those buildings also, but it is my intention for example, the Treasury buildings in Hobart, the public buildings in Launceston are public assets and should remain so.

1.5 Government Procurement Services

Mr GAFFNEY - There are two parts to this one. It says on the line item this output includes provision of advice in relation to Government procurement activities and the management of the whole Government contracts and the Tasmanian Risk Management Fund the footnote says there is a significant increase in the budget for the forward Estimates and the footnote highlights that from 2023-24, we will collect this funding for the transition to electric vehicles initiative.

My first question - I hope I have this in the right place - the Australian Institute of Tasmania contributions to the state's public debate. The question I have post re electric vehicles is this: the Tasmanian Government has a commitment to become net zero by 2030. In order to achieve this goal, we need to reduce emissions from across the transport sector, transition to electric vehicles will play a vital role in the decarbonising of the economy, yet progress on uptake is slow. Only 1 per cent of passenger vehicles in the state are electric. Despite this, the budget does not continue provision of funding for the Electric Vehicle Charge Smart Grants Program. It also removes the stamp duty waiver for electric vehicles.

The question from that body would be - why is the Tasmanian Government remove funding to incentivise the electric vehicle uptake, given the need to rapidly carbonise through electric vehicle uptake? I am thinking this is in the right section. If this is really important, why aren't they incentivising the uptake of electric vehicles?

Mr FERGUSON - The question you might also pose again to me a bit later on in the day when we discuss my infrastructure and transport outputs as that is where the policy also sits, but I am happy for the secretary to jump in as well.

We have provided effectively the free registration or transfer of registration of new or used electric vehicles so that was an initiative that we stepped in to do that. I will clarify the date that expires - we will confirm that for you, but it is definitely in my other outputs which is why I can discuss it.

The intention being that we actually intervened in that marketplace to remove just one of the barriers that people might have in making the decision to purchase an EV. It can't last forever because we have to think about all taxpayers. We did this deliberately to stimulate that sector as well as in the government fleet, which we are transitioning to electric. The intention to do that by 2030, is so that we can actually see that when government has finished its time with that particular vehicle, you sell it into the used car market so you're effectively seeding more cars into the used car market in Tasmania so you're growing the pool.

The duty incentive expires 30 June 2023, and we were very careful to make that applicable to new or used electric vehicles.

Was there another part to your question, Mr Gaffney?

Mr GAFFNEY - Why would you make that decision when you are trying to -?

Mr FERGUSON - Why wouldn't you make it forever, for example?

PUBLIC

Mr GAFFNEY - Yes, until you reach the goal of trying to get to 2030 or something like that with electric vehicles.

Mr FERGUSON - Understood. Rather than ending it what we did was we put it in place and it must have been two years after the 2021 state election so we put it in place as a proactive step and made it two years. So the message to consumers is fairly apparent - if you want one of these and you're thinking about making that decision do so in that time that parliament has provided.

Mr GAFFNEY - I want to understand when the footnote says:

Reflects the funding for transition to the electric vehicles initiative ...

And then in 2022-23 to the next year there is \$600 000. There's another \$300 000 over the forward Estimates. Is that so a decision to be made that they continue with that waiver or is that something that will be discussed later on?

Mr FERGUSON - We have two things. I might ask the secretary to disentangle. One is a duty incentive which is a lessening of revenue. The other one is an outlay for the extra cost that we will incur to get into greater numbers of electric vehicles in the government fleet.

Mr FERRALL - In 2020 there was \$2.3 million over three years to support the transition of the government fleet and then in the current budget there is further funding of \$2.25 million over three years and that is reflected in the current budget. As the minister would be aware from his other portfolios, there is also \$6 million over two years to support Metro undertaking the battery electric bus trials but again you could probably address those through your portfolio this afternoon.

The funding you are talking about in relation to this particular output is really about supporting the Government vehicle fleet and that transition. Initially, there's been some support or subsidies provided to agencies to basically take electric vehicles which have been a higher cost effectively in a capital sense than the non-electric vehicles so this is to incentivise them to take those vehicles.

Going forward, in terms of this particular funding we will be looking at not only potentially to support the vehicles but also ensuring that there is support by way of charging stations as we transition across to those electric vehicles.

Mr GAFFNEY - The second part of my question regarding procurement is understanding the Buy Local Policy because of the member for Pembroke's question last year. It is version 7, December 2021, so what I want to know, in legislation every time there is a change in Office of Parliamentary Counsel (OPC) it changes from version 4 to 5, 6, 7.

I want to know what the changes have been between version 6 and version 7, if there has been some substantive change to the policy, because of this one.

I want to understand how the process works. Is this the end version or has it changed because something has come up during the debates and discussions we have had over the last two years or so?

PUBLIC

Mr FERRALL - There were changes due to COVID-19 and there was also changes to the 25 per cent local benefits test was included in that one. There are probably some other editorial and other changes in there also.

Mr FERGUSON - Are all of the versions available? I think they perhaps are. We definitely made some changes during COVID-19 to ramp up the points allocation for local, the correct terms were social and economic impacts. That was previously 20.

Mr FERRALL - I am not sure all of the previous versions are available on the website, but when we make changes to those, they basically go to the agencies, so they know here is a changed version and know fully what the details are from one to the next one.

CHAIR - I am aware we only have 15 minutes left. We do have quite a few areas to go through. Are you satisfied with your answer?

We will move on.

Output Group 2 - Economic and Fiscal Policy Advice (b).

CHAIR - I will leave some of these and put them on notice for later on.

In terms of the referral, the Fiscal Sustainability Report question. In light of the increasing financial pressures with growing debt, increasing interest rates and reduction on the relative share of our GST pie, will Treasury consider earlier than required another Fiscal Sustainability Report?

Mr FERRALL - Probably not a report formally under the legislation. The reality is, those reports take a substantial amount of effort from a multitude of people and it is probably not something we are resourced to do even when they come due.

Again, if the Treasurer will indulge me, we will probably use, or support, some of the advice we will be given to the Treasurer by using some of the modelling capability we have developed in respect of the previous Fiscal Sustainability Report.

We are not going to do a report unless the Treasurer or someone else asks us to do one between now and when the next one is due, but we will use the modelling capability we have developed to support our advice to the Treasurer.

2.2. Regulatory Policy.

Ms WEBB - Looking at Table 12.9, page 322., where it had this line item. The footnote tells us:

The increase in Regulatory Policy in 2023 reflects the ongoing support for the Future Gaming Market policy.

It looks like an increase of about \$1 million from this financial year onwards. Could you detail what that will be allocated for?

PUBLIC

Mr FERGUSON - Yes, we can. Thank you for the question, and your on-going interest in that. It is very welcome. I will ask the secretary to respond as to how that is being allocated.

Mr ROOT - If you look at Table 12.2 for that item, you will see the funding is fairly consistent. What happens in Table 12.9 is in 2021-22, the amount for the future Gaming Market Program - which is \$640 000 - was funded from an underspend from 2020-21 and is a timing issue with the fact we had a late budget.

That note is reflecting that the uplift is due to future gaming markets funding, but it is purely a result of it being funded from return -

Ms WEBB - A return to normal without a carryover from the previous year.

Mr ROOT - Precisely. In 2022-23 there is funding of \$545 000 for that work. Then that rolls on. Once the implementation project is completed, that will turn into more ongoing compliance and management of the new framework.

Ms WEBB - And the main component of that ongoing work relates to?

Mr ROOT - They will relate to the management of the collection of taxation. We are going from one taxpayer to 60-odd taxpayers, and also compliance for those venues. We do a lot of compliancing in those venues now, but there will be extra attention, because a lot of the responsibilities, as in a move to the venue licensing.

Ms WEBB - The compliance matters would be picked up in 3.2 regulation and administration of liquor and gaming? Is that correct?

Mr ROOT - The funding is currently in regulatory policy because that is where the implementation project has been driven out of, probably will be for 2022-23, maybe 2023-24, then it will transition. We will move those funds into the regulation.

Ms WEBB - Into 3.2, regulation. In relation to that then, in the changes that we might see in how we are noting taxation. I am looking now at budget table 1, page 91, table 5.5, state taxation. It is listed there, casino tax and licence fees, that line. At the moment that line captures what?

Mr ROOT - That captures all the revenue from EGM gaming, from Keno and from table gaming.

Ms WEBB - Will we represent that differently after this?

Mr ROOT - We will be certainly turning our minds to that. Currently, the network operator licence and all those things will come into that. We will be looking at whether we need to break that out. It is not just going to be casino gaming.

Ms WEBB - No, that is right. That does not describe it correctly anymore, does it? In relation to that, the figures in that table, on that line we have \$52.9 million this year, in 2022-23, which is up from what was predicted in last year's budget, \$49.9 million. Then a jump in 2023-24, to \$57.9 million, reflecting a higher level of taxation to be collected under the new arrangement. That increase looks to about - right there it is a \$5 million increase from 2022-

PUBLIC

23 to 2023-24. That seems low in terms of the additional taxation that was expected to be collected, which I believe was in the vicinity of \$8 million.

Mr ROOT - That included the Community Support Levy (CSL) increase as well, the \$8.

Ms WEBB - The \$8, included the CSL.

Mr ROOT - There is additional CSL funding as well reflected in the budget papers. If you add those two together you get up to that \$8.

Ms WEBB - Right. So a change in arrangement delivers us \$5 million additional taxation collected along that line once the new arrangements kick in. Another part of this regulatory policy line, presumably subordinate legislation, I think, is part of the responsibilities, which at the moment there would be activity in that space because of the transfer away from the CSL to the new Community Support Fund (CSF). Is work being undertaken within this allocation on that currently?

Mr FERGUSON - I think you are returning, you thought you were off the hook but you are not.

Mr ROOT - Yes, that is right. That is about the development of the regulations then subsequently any ministerial guidelines and so on that need to be developed.

Ms WEBB - I am mindful of time, Chair. I will leave the rest of the questions I have to pursue through a different mechanism. I want us to be able to get through our line items.

Mr FERGUSON - I will just simply add - and thank you for the questions - and let the committee know that public consultation on the draft regulations for the Community Support Fund will inform the final regulations and I think we are shortly going to commence the public consultation.

Mr ROOT - It has commenced.

Ms WEBB - It has commenced now and it is interesting because the targeted consultation was done late last year leading into the draft regulations. Did it inform them? Not at all, minister, because virtually none of the key messages - certainly those from the community sector and not industry stakeholders - had any bearing whatsoever on what we are now seeing in the draft, so I will be surprised to see anything come through the consultation and make its way through into a final set of regulations that we see in the parliament.

Mr FERGUSON - 'Informed' means just that and I would tend to disagree with you, but I take your point.

Ms WEBB - Can you point me to anything that has changed?

CHAIR - This also covers state revenue policy in this area. There are a couple of comments in relation to the risks and sensitivities of tightening monetary policy and potential impacts on property values and transactions. Whilst the impacts may not emerge for some time, there is a risk that tighter monetary policy settings may constrain state taxation over the forward Estimates.

PUBLIC

My question to you, Treasurer, particularly if we still rely on 65 per cent of revenue from the federal government and with interest rates forecast to rise and the size of the GST pool, what actions will you be taking to address these real risks to the state's revenue?

Mr FERGUSON - Thank you for that. It is exactly what I have been on the record with. We recognise that for the time being with the GST 'no worse off' guarantee in place that does suit Tasmania; the concern I have is for the longer term past 2025-26 and ensuring that Tasmania doesn't find itself -

CHAIR - We are talking about state revenue?

Mr FERGUSON - Yes.

CHAIR - I am interested in how you are going to address the state revenue challenges.

Mr FERGUSON - I apologise, I misheard the question. As you point out, the now one-third reliance on state revenue is something that we will continue to monitor and I have had to write letters occasionally to people asking for this or that tax to be turned off or turned down and often I have to say to people that we do need to protect our state's interest by protecting our revenue base as well. We will keep a close eye on that, but we have initiated some changes and reform in stamp duty for people buying their first home or downsizing. We have also introduced land tax reforms to ensure that the rising value of property is recognised in future arrangements for the calculation of land tax so that we are not benefitting unnecessarily from the quite stunning increase in values. We will be protecting our revenue base. I am sorry I misunderstood. I thought your question may have been about federal.

CHAIR - I am talking about our state revenue policy. I am interested in the very real challenges.

Mr FERGUSON - I am happy for the secretary to respond further, but we see it as something that we will monitor closely and protect.

Mr FERRALL - I think in part your question relates to the work the Treasurer has asked Treasury to do on options and looking forward to protect our revenue base, but we haven't done that work yet. It will come through as advice to the Treasurer.

The point is, again, like a number of risks highlighted in the Budget, it's clear that rising interest rates could have an impact on some of the state revenues. That's 'could' not 'would', and we don't know how interest rates are going to rise. We will be closely monitoring that and working with the Treasurer, and providing advice to the Treasurer on those issues. We have a limited state revenue base and it is subject to variability, particularly with interest rate rises, given that we have a reliance, to a degree, on things like conveyance duty, which, if you get significant property price falls or changes, or even behaviour changes or transaction number changes, that could clearly impact on our revenues, and that's really all we are calling out - we need to be mindful but not panic.

CHAIR - I will move on. We need to get on to government financial matters.

Output Group 3 - Revenue, Superannuation and Regulatory Management Services
3.1 Tax Administration and Revenue Collection

CHAIR - Treasurer, this relates to the administration and collection of state taxes. There was an increase last year in the percentage of objections to the commissioner. I'm interested in what the objections are relating to predominantly? There's no change I can see in the overdue taxation debt, with current cost of living pressures do you expect this to rise?

Mr FERGUSON - Thank you. I'll invite Mr Root back. He also has a statutory role as no doubt you're aware, Commissioner of Taxation.

CHAIR - He's the one people object to.

Mr FERGUSON - He is, triage those complaints.

Mr ROOT - Are you referring to the performance information?

CHAIR - Yes.

Mr ROOT - That is a percentage number. So there's been an increase in the percentage of objections in which my decision was confirmed. There's actually been a small increase in 2021-22 of 17 objections over 14 in the previous year.

CHAIR - Those are small numbers.

Mr ROOT - They're only small numbers. And they're across a whole range of things. Objections to classification, request for prime production land, to duty decisions, all sorts of things.

CHAIR - There is not one particular area that is an issue?

Mr ROOT - No. They're very broad. Payroll tax, all across the spectrum of taxes.

CHAIR - My second question, there's no change in performance information in regard to the overdue taxation debt. With current costs of living pressures, do you expect that to rise? Would that be a reasonable expectation, as people struggle to pay some of their bills?

Mr ROOT - We've got a fairly good history of debt management. We're one of the better jurisdictions around Australia in terms of debt management. It's been fairly consistent. We did take the foot off the pedal a bit through COVID-19 in terms of how we collected debt. But now things are back to normal, and people are paying land tax and so on pretty much at the normal rate.

CHAIR - Treasurer, we've run out of our allocated time. I know there will be other questions on the line items that are left open. Would you be happy for those to be forwarded to you to get an answer before we wrap up?

Mr FERGUSON - I am sure, Chair, you will appreciate I normally would know what the question is and take it on notice. I'm very happy to receive questions that I'm not aware of, but I'd ask you to appreciate that I'll respond to them as best I can.

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CHAIR - Okay. In the interim we'll leave those lines open, but if we get the answers to the questions we've put to you, then we can close them off.

Thanks for your time. It never seems like enough. I'm sure it does for Mr Ferrall.

The committee suspended from 1.03 p.m. to 2.00 p.m.

CHAIR - Thank you, Rod, for appearing before the committee and to speak us through your budget. You probably have not met new member, Dean Harriss, I think you know everyone else around the table. If you would introduce yourself and your team at the table. If you want to make an opening statement, you are welcome to do that, we will have some questions for you.

DIVISION 22 (b) Tasmanian Audit Office

Mr WHITEHEAD - My name is Rod Whitehead, the Auditor-General. To my left I have Patty Johnson, who is the Director of Corporate Support and Strategy for my office.

I will read a brief extract from the Budget papers about the role of the Tasmanian Audit Office. The office supports and provides services to me as the Auditor-General, to help me fulfil my role and responsibilities under the Audit Act 2008. The primary responsibility of my role and the Tasmanian Audit Office is to provide reports on the total state, general government sector and public accounts statements, which form part of the Treasurer's annual financial report and to also conduct financial statement audits of other state entities and order of subsidiaries of state entities.

In addition to that, we also undertake performance audits, examining new efficiency effectiveness and economy of state entities and compliance audits, examining the compliance by various state entities with written laws or their own internal policies. Reports on the results of our performance audits, compliance audits, examinations, investigations and report on the outcomes of our financial audits are also reported to parliament for their consideration. Thank you, Chair.

CHAIR - Obviously, you and I have a great degree of communication as the chair of Public Accounts Committee. If I raise areas you are not happy to discuss here, that is fine. I do know you have been asking for the data analytics and that has been approved this year. If you want to talk the committee through what you intend to do in that area and what benefit that will bring to the office and if there is enough money.

Mr WHITEHEAD - Yes, I will cover all those questions, thanks, chair. Thanks for the opportunity to talk about that. For a number of years we have put submissions, as part of the budget process, for additional funding for the office. I am pleased to say we have, this year, received some additional funding and specifically for one of the initiatives we sought support for, which is around our data analytics implementation across the office.

This is in response to what we see is happening across a lot of the other public sector audit offices, particularly within the Australian jurisdiction, also the private sector firms we

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interact with. A lot of them have been adopting and implementing data analytic strategies as part of their audit offerings now for a number of years. It is something in our strategic planning for 2016 to 2021. Although we made various steps towards the implementation of that, the lack of resourcing we had available to us was sort of a major impediment for us to really making any significant inroads in terms on that strategy.

It is still part of our strategic plan for the next four years and the funding we have received, under the Budget announcement, will go a long way to helping us adopt analytics as part of our ordered approach.

The overall intent on including data analytics as part of our audits, there are probably two main streams that probably have a look at there. One is around our financial audits, and is where we can now obtain greater data sets as part of our financial audits. To undertake testing on those entire populations of particular data, rather than adopting a sampling type of probe, which is predominantly what we do at the moment.

By adopting whole of populations and doing our testing on that is one is we can draw greater insights out of the data we collect. It can also help other aspects of our order of approach such as looking at probity and whether money has been spent appropriately, but also help to draw insights out, we can then share back to the agencies around various, whether it be expenditure or revenue trends we might see as part of that analytics work.

By testing the entire population, also gives us a greater degree of assurance around the audit test we conduct. Again, as compared to a sampling approach where you might do a representative sample, but you are drawing inferences around what might be occurring across the population. The transactions from that smaller sample. It does increase the assurance we are getting by adopting more analytic type approach.

In terms of performance audit. A lot of our performance audit activity is, at the moment, conducted by interviews with relevant personnel from agencies, substantiating what we might get told during those interviews with inspection of source documentation or other information that we obtain as part of that performance audit. Again, adopting an analytics approach in respect of our performance audits means we can actually place greater reliance on the data. One for support what we might be being told, but also support the information we look at as part of those particular audits.

Again, given our performance audits are evidence-based, it underpins the evidence we obtain as part of that particular audit.

Again, a lot of the public sector audit officers, and I will point out too, which is that Victoria and Queensland have been adopting this approach now for quite a number of years. Probably close to 10 years in the case of Queensland. The maturity of what they are doing with their data is quite evident. They make their data they collect as part of the audit, available to the broader community, through dashboards they put up on their websites, so people can actually drill down to that data themselves and try and obtain answers to some of the questions they might have about the performance of various state entities.

CHAIR - Is there any barrier to your office to doing a similar thing, like putting that data out there? Under your act, or anything like that?

Obviously, maybe some sensitive information you would not, but in broad terms.

Mr WHITEHEAD - I suppose the barriers for us is one about how we might house that data. For example, with the budget allocation we have received, it is nowhere near what the other offices are spending in terms of the way they have gone about implementing data analytics. I do not think we will ever get to the same state of what Queensland or Victoria has with their approach to data analytics.

Confidentiality, is one aspect, but when you look at some of the dashboards of some of the other jurisdictions, they display that data in a way it does not impinge on confidentiality on the sort of work they are doing. They use it to sort of highlight some of the key findings within some of their reports.

Again, a lot of people use it to see what the impact of the data is in respect of things they are interested in.

CHAIR - The budget allocation is throughout the forward Estimates. Will that employ staff or be utilised to buy the infrastructure?

Mr WHITEHEAD - Probably a combination of both. The way we would need to go about implementing our data analytic strategy is one the capability which we need within the office to do that. We are looking at a couple of people there, as data analysts, people that have experience and expertise in extracting data.

Once you have the data, you have to actually cleanse that data to make sure it can provide good quality information and also, how you might house or store that data. There is a whole range of questions on, particularly security. We need to make sure we have appropriate policies and procedures in place to protect the data agencies provide to us in conjunction with our audits.

Part of the reason we have those analysts too, is to help develop the questions we actually want to get from the data we have gathered as part of the audit process. Those data analysts can also identify the types of tools and applications we need to also get the answers to those questions we want to answer. That is part of what we see this funding for. One is the salary cost, but also the tools, also the data storage and policies and procedures we need to implement to make sure we have appropriate security in place to protect the data we receive.

CHAIR - Have you got adequate storage for the data at the moment, or would you need a further investment to enable that? It is great to have this funding to enable, but you can't actually use it because you cannot store it safely and securely, then it is sort of a vivid chicken and egg.

Mr WHITEHEAD - That is right. We have made some preliminary enquiries down that path at the moment. Infrastructure is a service, software is a service. Now is a good time in terms of exploring that much more for us, than maybe a few years back. For example, we are not looking at having our own dedicated servers or anything like that. We are looking at using a government service provider that has the capability and supports other government agencies at the moment in terms of their data storage. We will sort of piggyback off the back of that. We do have a service level agreement with the Department of Justice. We have the opportunity to utilise some of their expertise to ask the questions around the most appropriate way in which we can actually gather, collect that data and store that data.

CHAIR - Okay.

Ms WEBB - Yes, it's probably something a little bit novel in some ways.

In light of the Commonwealth's Modern Slavery Act 2018, that mandates the reporting of any responsible reporting authority with an annual consolidated revenue of at least a \$100 million to make a declaration to go on the declaration register, according to that act. Some Tasmanian state-owned entities have made those declarations, also, some private companies in the state too.

Given the Modern Slavery Act is to raise awareness about the challenges in that area and to try and get everyone to play their role and educate everyone in that, does it come into, or would it be possible for, the audit office to incorporate as part of your annual auditing process of departments and accountable authorities, to include whether they are in the realm of having to submit a declaration on the basis of their consolidated revenue exceeding the stipulated threshold of \$100 million. And noting whether or not they have done so. I am not saying you should then assess it or have any role in determining whether it is appropriate, but have it been a part of the process you go through to be noting and highlighting those entities to which that might apply.

Mr WHITEHEAD - That is a very good question. I am aware through my involvement with a number of the Government businesses and you did highlight the government businesses as being one example of the types of agencies actually caught under the requirement to address modern slavery. I am aware a number of the state Government businesses have actually started addressing and have been doing that for a period of time now. I get the benefit through the audit and/or risk committees I attend that it is usually on their agenda in terms of what the organisation is doing on that and the visibility particularly of the supply chains so they get a good understanding on not only the tier one supplies, but also who sits behind those supplies so that they are making inquiries along those lines.

To be honest, I have not really put my mind to whether or not there is potential audit there for us to have a look at on compliance, but it is something we would have the mandate under the Audit Act to actually have a look at how organisations might actually be complying with that particular piece of legislation. But again, it is probably not something I have put my mind to at this particular point in time, but I will take your question as an opportunity to maybe explore that, whether that might be a potential audit topic for us to consider at a future point in time.

In terms of the declaration by various agencies on their compliance with the Modern Slavery Act, it is probably a matter of what declarations they need to make under the act as part of their annual reporting. And probably the extent to which they want to adopt better practice to go over, above, and beyond that to represent what they might be doing in that regard. But again, there is no requirement from my office from a financial audit perspective to examine their compliance with that, or look at any of their statements. But again, it might be something we could have a look at as part of a performance audit, or more specifically a compliance audit, we might do in that area.

CHAIR - Can I just ask you for a head count in your office and vacancies you have at the moment? I know you did lose Gary just recently.

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Mr WHITEHEAD - Yes. For reference, Gary Emery was the Deputy Auditor-General up until fairly recently. In fact, he is currently on leave but he has given his resignation so he will be formally leaving the office in the not too distant future.

I have some of the numbers, as at 30 April 2022. In terms of head count, we currently have 48 people. At the beginning of July we had 46 people so we have a net increase of 2 people. It is fair to say that -

CHAIR - July last year?

Mr WHITEHEAD - Yes, July last year, 46 people; 30 April - 48 people.

The interesting thing to note is that our turnover has actually increased quite significantly. We have had 17 people leave the office in the last 10 months and that's compared to 12 people who left the office in the full 12 months of the previous financial year. Even in the year prior to that, there was only 12 people left.

It is probably a concerning trend for us in terms of the turnover of levels that occurring across the office and although we are seeing that across all aspects of the office, including in the corporate support area, perhaps the area that concerns us the most is with the audit staff themselves.

Various things are driving that. One is that with COVID-19 and the closed international borders it has closed off the opportunity for both - and particularly the private sector firms - to bring in people from overseas to help them during their busy parts of the year when they needed audit resources. So that increased the competition amongst organisations providing audit services within Australia, including the public sector audit offices so the audit offices starting losing staff to the private sector. I think that led to some of the audit officers then targeting other public sector audit officers in terms of how they might fill their vacancies.

CHAIR - Poaching.

Mr WHITEHEAD - Yes. I would probably call it direct approaching. Interestingly, because some of the public sector audit officers are not government departments as we are where we have to undertake our recruitment on a merit-based approach. We have to go through proper advertising, proper recruitment processes to canvass the applicants. Some of those other public sector audit offices do have the ability to make direct approaches to people and also enter into employment contracts with them. So it means that they can actually provide more competitive remuneration than say, for example, those public sector audit offices like us that are locked into state service arrangements for remuneration and also merit-based recruitment practices.

CHAIR - How many vacancies have you got?

Mr WHITEHEAD - In terms of vacancies at the moment, there are about four positions that we are advertising at the moment. The majority of those are in the financial audit area. In fact, we have just embarked recently on roles for assistant auditor, auditor, which is a graduate level position and we have two standing positions where we have consent from the State Service Management Office to permanently advertise because they are very hard to fill

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positions and that is for an assistant manager and a manager level. They are people with experience of anywhere between five to, say, seven years as a generalisation. The reason we are advertising those positions permanently is reflective of the fact that in the market it's really difficult to get people with that level of audit experience. Although we are getting some applications coming through on a rolling basis, the calibre of those people often does not meet the criteria for those positions so, again, it is very difficult to fill those.

Part of our strategy is to rebuild by bringing in particularly people who are recent university graduates or people who might have had, say, one or maybe even two years' worth of audit experience and try to build up our resourcing in that way.

CHAIR - And try to keep them.

Mr WHITEHEAD - That's probably the other part which is again difficult in retaining people because it's a very competitive market nationally at the moment. Obviously, there is a lot of pressure on wages. Those employers who have flexible employment arrangements and the ability to enter into direct agreements with individuals are probably more at an advantage compared to those employers who are locked into award arrangements.

CHAIR - What is the mechanism that prevents you entering into agreements with potential employees, wage negotiations and things like that? Can you explain the barrier?

The next question that naturally flows on from that is, does this need to change and should it? And have you had a discussion with the Government about that?

If you could start with what the barrier is and identify it.

Mr WHITEHEAD - The barrier for us is that under the Financial Management Act, we are a government department and essentially all our employees are employed under the Tasmanian State Service Act. It has been reported in the media fairly recently that the Government will shortly be entering into negotiations with the union in regard to the wage increase for employees under the Tasmanian State Service award. Because our employees are covered under that award, that means that they are locked into whatever the negotiations are under that particular agreement. We do not really have any flexibility to go outside that in terms of the remuneration that can be provided as part of the employment conditions.

If I do a comparison with some of the audit offices in the other states, they are statutory authorities in some cases. A lot of their people are actually on employment agreements, which run for periods of time, either three years or up to five years. The ability to have those employment agreements means there is some flexibility in the terms and conditions that they can offer as part of their employment.

I draw an example with one of the larger offices. They will engage people irrespective of where they live. They are employing people in other jurisdictions or other states and territories throughout Australia. They are providing them with their complete home office environment, which includes best chairs, monitors, et cetera, to enable them to undertake their work, necessary communications, paying for internet access for communication purposes and paying for their air fares if they need to travel back to that home office to undertake some of their work.

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Now, although we provide, and have provided, work from home arrangements, particularly during the COVID-19 period - and we still have some people working from home at the moment - we do not provide things like home office arrangements and things like that as well. A lot of that is at the employee's expense in terms of what they do. But it is fair to say that our employees are aware of what other employers are prepared to offer in attracting them to come and work for them. It has been a challenge for us. We have employees, I know, at the moment who have been approached directly by other employers and they are looking at those conditions.

CHAIR - Have you had discussions with the Treasurer or the Premier, whoever it might need to be, in relation to becoming a statutory authority so you have a bit more flexibility? Is there power under the arrangements for them to grant an exemption for you for certain positions that are really hard to fill?

Mr WHITEHEAD - I have not explored an exemption. It would need to be some sort of exemption under the Financial Management Act. I am not sure that would be forthcoming. I have had discussions with the secretary for the agency that is responsible for the administration of the Audit Act, and had discussions with the former treasurer on the matter. Fundamentally, it is a policy decision for the government of the day. It is up to them to turn their mind to that particular question. I can raise the merit of the argument as to why we may be better off being a statutory authority, but it is a question for the Government as to whether they want to take that step.

CHAIR - The easiest way to constrain scrutiny of government departments is to not fund it the strength that it needs to do its jobs thoroughly. I am not suggesting that is the case because you have actually been granted money that you have asked for a few years for the data analytics, for example, which will make that a more effective process. But surely getting the staff you need to conduct the audits is another part of that, that is essential to the operations of your office.

Mr WHITEHEAD - It certainly is and I think it has been particularly evident over the last couple of years. One is COVID-19 put us behind, particularly in our financial audit program when we had people working in that work-from-home environment, not only ourselves, but the entities that we work with. That put us behind and we have been playing catch-up ever since. We have not been able to really get ahead because of the fact that our head count was probably limiting us in trying to catch up that work. We are making some inroads in that, but it has been very difficult to really get this progressed as we would like it to be.

Again, we are just about to head into the busier part of the year from a financial auditing perspective. It is fair to say that we do not have the people we would like to have. The flow-on implication of that is that we have state entities that would like us to give a clearance on their financial statements. In some cases, we cannot always meet the agreed deadlines that we set with them as to when we will be able to give them that opinion. That has flow-on impacts for them in their reporting obligations under their own acts.

CHAIR - They need to get their stuff to you early, I guess.

Mr WHITEHEAD - I think they generally get it to us earlier, but it is the question of the availability of the resources that I have to be able to actually undertake the audit activity,

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to be in a position to sign off the audit opinion on the truth and fairness of those financial statements.

CHAIR - Do you have a breakdown by gender of your staff?

Mr WHITEHEAD - Yes, I do. Numbers as at 30 April, 2022, we have 42 per cent female, 56 per cent male. We have two per cent non-specified, which is one individual who is not declaring gender one way or the other.

CHAIR - And at the senior level, in the office, what's the gender makeup of the senior levels

Mr WHITEHEAD - As at this point in time, if I looked at the assistant auditor-generals, we have three male, we have currently one acting female at that particular level. I wouldn't have the exact statistics for the next level down, which would be the senior manager level. Although in financial audits, senior managers, I have two female and two male at present. Actually, that's in the financial audit area, and in the performance audit area I've got one female.

CHAIR - And how many men?

Mr WHITEHEAD - None.

CHAIR - All right.

Mr WHITEHEAD - I should mention Patty Johnson as the director for our Corporate Support and Strategy area as well. Quite a large number of Patty's team are female as well.

CHAIR - Other questions, members? No? If there was a wish list you could have, aside from being able to offer better pay and conditions, perhaps for some potential recruits, what would it be for you to perform in the office more effectively and efficiently?

Mr WHITEHEAD - I think for us one of the benefits I have is a question under the Audit Act in terms of the type of work that I can do. Really the challenge is about the resourcing that we need to have to fulfil our obligations, particularly to the parliament. This relates to the work that we say we're going to do as part of our annual plan of work that we submit every year, but also the resources to make sure that we can get the financial audits done efficiently and effectively.

CHAIR - The human resources particularly?

Mr WHITEHEAD - The human resources in particular. We have made a big investment recently in our audit platform that we use, and that's been successful. We rolled that out across the office for the first time last year, and that broadly went well. I think the people within my office who were responsible for that project did a very admirable job in doing that.

For us that was a key risk because if that went wrong, it would have meant we would have had more unhappy state entities in not being able to deliver their audits on time. It's really about having skilled people, or getting people and training them up to be able to do an audit sufficiently and effectively. Most other audit service providers are in exactly the same boat at the moment.

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CHAIR - Thanks very much for appearing before the committee, and I appreciate the work that you're doing.

The Committee suspended from 2.27 p.m. to 2.32 p.m.

DIVISION 12 (b)
Department of State Growth
Minister for Infrastructure and Transport

CHAIR - Thanks, minister. We are moving on to your Infrastructure and Transport portfolio. Some people may not know our newest member, Mr Dean Harriss, the member for Huon; the rest of us you know.

I invite you to introduce members of your team. I know you have an apology from one of your key people. If you would like to make an introductory statement, that will be fine.

Mr FERGUSON - Thank you, Chair and committee. I welcome to the table, to my left, Mr Martin Blake, Chief Executive Office of Infrastructure Tasmania; to my further left, Mr Martin Crane, General Manager of Road User Services; and other witnesses as necessary through the afternoon.

Just as a brief overview, there is no doubt that the 2022-23 Budget and forward Estimates represent a stepchange in investment on our state road and bridge assets. The state roads capital investment program for 2022-23 financial year is \$712 million. To help the committee put this figure into perspective, that is almost double the expected expenditure of \$372 million for the current 2021-22 financial year, which itself is a record year of investment. The capital investment program budget from 2014-15 Budget and forward Estimates covering four years totalled \$732 million. That means the expenditure for our next financial year is almost equivalent to four years of budgeted expenditure just eight years ago.

This is a huge budget funding boost. It is including the largest transport infrastructure project in Tasmanian history. Of course, I refer to the new Bridgewater bridge at \$786 million co-funded by Tasmanian and Australian governments.

Other co-funded major projects include the continuation of the \$565 million Midland Highway action plan, the \$350 million South East traffic solution between Sorell and Hobart, the \$120 million project to improve The Sidling section of the Tasman Highway between Scottsdale and Launceston, and \$280 million in works on the Bass Highway between Launceston and Marrawah, with the first priorities being west of Wynyard. Every corner of the state will benefit from this investment in roads and bridges. As well as that, and I hope it was picked up, the Budget provides a real stepchange in funding for road maintenance. We are actually increasing it by 25 per cent in annual spending to nearly \$100 million per year.

We are doing this in recognition of the importance of road surface quality to the safety and amenity of our travelling public.

In Transport, the Tasmanian Government is embarking on the most progressive agenda for public transport in decades, investing in a range of initiatives to boost patronage and bust traffic congestion. The Budget includes \$18.9 million to secure the ferry service between

Hobart and Bellerive on an ongoing basis. There is no doubt that service has been a big success, with 81 per cent of the daily 550 passengers saying that otherwise they would have been driving across the Tasman Bridge in peak hour traffic if it were not for that ferry.

The Budget also provides \$8.3 million towards bus stop upgrades and \$17.3 million towards three new park and ride facilities in Rokeby, the Sorell area and Hobart's northern suburbs. Bus stop upgrades will provide comfortable, modern shelters in priority locations to enhance the passenger experience. As well, there are equity contributions of \$25.2 million to Metro that includes funding to assist with the implementation of a common ticketing solution for all general access providers - Metro and the others - and \$5.5 million to undertake a zero-emissions bus trial.

To make the most of our infrastructure investment and to really relieve traffic congestion, it is important that we improve public transport by making it faster and more efficient and a more attractive choice for Tasmanians. That is exactly what we are doing in this Budget.

CHAIR - Are there any pressing overview questions? If we put them all under 1.1, it is probably better to start there.

Output Group 2 Infrastructure and Transport

2.1 Infrastructure Tasmania

Mr DUIGAN - I note the \$5.6 billion Infrastructure spend, which is up \$1 billion in this budget. I wonder if you could explain the purpose of having a 10-year infrastructure pipeline and provide some details on the changes in content and delivery.

Mr FERGUSON - It is a vitally important area for us. I will be responding by talking about the Government's own investment of \$5.6 billion on behalf of taxpayers. I will also be discussing the 10-year infrastructure pipeline, which is government and non-government. I have to give a lot of credit to Mr Blake next to me. We have always had an infrastructure pipeline document since we came to office, but it has been of a format that was quite rudimentary in its level of detail. As projects changed, particularly in the non-government space, it was not very adaptable to reflecting those changes. We have improved the visibility of future projects and investment through our new interactive 10-year investment infrastructure pipeline, which will be updated regularly to ensure the most accurate information.

There are about 50 different economic infrastructure asset owners in the state. They cover roads, railways, ports, airports, energy, water and sewerage, irrigation and stormwater. The pipeline is now in an interactive database so it is searchable. It provides greater transparency across project lifecycles for all areas of the infrastructure sector and across all regions of the state. That is consistent with our commitment to work with industry. Those in the construction sector want to be able to see long-term certainty for the upcoming public-sector projects across government and government-owned businesses and those in the private sector. That is what we are attempting to do with the pipeline. It is now on the Department of State Growth website. It is showing projects over \$5 million. I am pleased to provide an update today in accordance with our commitment, not just to update it every year, but biannually.

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The pipeline is now capturing more than \$25 billion worth of projects. That is a stunning figure. You may remember that last year, I think it was \$22 billion over 10 years. That is supporting greater industry investment in skills, development and resources to continue to grow the sector in Tassie as a substantial contributor to a strong economy. I am also advised that the pipeline will be updated with new data from later this week. I will encourage those in the construction sector - and, by the way, those in professional services - with an interest in the pipeline to keep a lookout.

The Budget itself commits a total infrastructure investment of \$5.6 billion across the Budget and forward Estimates; that is in the general government sector as well as equity investments in our GBEs.

In infrastructure and transport alone, it is \$2.7 billion now committed over four years, a remarkable increase when compared to the investment made prior to us coming to office. It was just \$129 million in the 2012-13 year.

Briefly then, across the next four years, that infrastructure package will create and support around 25 000 jobs here in Tasmania. We will continue to implement, noting there is a huge role for the public sector and investment in public infrastructure, but over the medium and longer term, of course, we will be looking to the private sector to also pick up its role, particularly, as we have made that strong economic recovery after COVID-19.

My colleague minister Barnett in State Development has picked up the work I started in building our future negotiations with industry partners. That MOU has now been signed. That includes signatories from the NBA, the HIA, the CCF, the Australian Institute of Architects, Consult Australia, Keystone Tasmania, Engineers Australia, and the Property Council with an agreed focus on areas of risk, workforce shortage and risk allocation in contracts procurement. All with a view to growing the industry and attracting more men and women to it in order to pick up the workforce demands there. We are going to have to grow the industry by about 25 per cent to meet the massive pipeline. I hope that is useful to the committee.

Mr DUIGAN - Thank you very much. I do have some more but there are perhaps a bit more targeted, if people have some more overiewing.

Mr FERGUSON - If I may just let the committee know the pipeline in the future will include digital infrastructure investment also.

CHAIR - I might go to that question because it links directly to your comment. I note the thirty-year draft infrastructure strategy has been developed and is out for public comment. It is quite a comprehensive document, and I commend the people who worked on that and the detail that is in it. Does that include the digital infrastructure piece and what is the timeline for completion of that and release of a not draft, but an actual strategy?

Mr FERGUSON - I will ask the CEO, Mr Blake, to respond. We have actually recognised that with the federal election, we also wish to work in with federal Infrastructure Australia.

Mr BLAKE - The 30-year infrastructure strategy as it currently stands was a pre-COVID-19 document. Obviously since then, the emphasis of the Government changed quite dramatically into delivery of the capital program. Infrastructure Tasmania was re-established,

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if you like, following a decision by the Government at the end of 2020. I came into the role in April 2021 and what we have actually been doing is restructuring Tasmania around the Infrastructure New South Wales model. I think what the infrastructure strategy will eventually look like will probably be a bit different to that draft you have been looking at online. Government previously looked at that draft and did not make a decision on it. It is something there in the public domain that we will come back and revisit shortly. We have a couple of other things on our books at the moment, including establishment of Stadiums Tasmania. It is something we are in the process of recruiting, getting the resources up to enable us to do all these things. But that is something we intended to come back to very soon.

It is probably going to look a little bit different. One thing we are very keen on doing is making sure we are not on stepping on people's toes, but instead filling the gaps between the different entities in the state. For example, we do not want to do the energy business for them. Likewise, we do not want to tread on public and private sector toes either, but having said that, there is plenty of room for improvement, particularly between the different entities and the coordination of that and what Government emphasises on, particularly across asset owners. That is something we are going to particularly focus on when we back to it.

CHAIR - Have you got a timeframe?

Mr BLAKE - Not at the moment. It is high in the priorities, but we actually have at least two things to get through before we get to it. That work is been undertaken by two staff at the moment, but we are actually at the moment putting up a request to recruit more people in given the expanding work program we have.

CHAIR - Sure. On that Meg?

Ms WEBB - No, not the same thing. More of an overview one if we can. You won't be surprised, minister, that it's in relation similarly to updates on PESRAC recommendations that were the responsibility of this department, both interim and final. It might be easiest if you have that document and some way of providing it to us rather than have to extensively verbally report on it. I would be interested to see where that's at.

I think there were about 13 or so from the interim report. I am not sure how many of the final report recommendations related to this department?

Mr BLAKE - In relation to Infrastructure Tasmania, I think we had two that related to the infrastructure pipeline.

Ms WEBB - Sorry, even though we are dealing with this under the Infrastructure Tasmania line item, it was an overview question for the department.

Mr FERGUSON - I still wouldn't be in a position to step over recommendations that related to other ministers though.

Ms WEBB - Certainly.

Mr FERGUSON - I know the department is shared across a number of ministers. I can do this quite briefly. In my space the two recommendations that would be relevant for this committee today would be number 9, that the state government should redevelop the 10-year

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infrastructure pipeline as a tool for identifying and addressing capacity and delivery constraints. That has been completed, as I reflected in my earlier answer to Mr Duigan.

The 10-year infrastructure pipeline is now being published through a contemporary online database which is searchable and you can even put in search criteria to look for exactly what you are after. This allows visibility and transparency on projects that are underway as well as those planned into the future.

The 2021-22 pipeline was released in December 2021. It is always available but we will update it no less than twice a year.

The other one, Ms Webb, is number 10. The pipeline should be extended to include information on digital infrastructure investment plans, including from telecommunications providers to address digital inclusion strategies. That status is underway. The update is that Infrastructure Tasmania has met with digital strategy and services in the Department of Premier and Cabinet and science and technology in the trade division of State Growth to identify areas of responsibility for digital infrastructure investment planning and existing relationships for telecommunications providers. ITAS will oversee the input of relevant project information into the pipeline database in time for inclusion in this update.

They are my two.

Ms WEBB - It sounds like they are recommendations from the final report. Regarding the interim report recommendations that were assigned into this space, were there any from there?

Mr FERGUSON - I welcome the question. I don't think I have the interim report somewhere here. We might chase that through the afternoon because as I did in Treasury I did all of those. Can I come back to the committee on that?

CHAIR - Looking at the spending, I am sure you were not watching my budget reply, minister, but you might have been.

The budgeted capital expenditure spending will be achieved for the 2021-22 and I commended the Government on that fact. Policy changes in the capex space, however, are negligible for the 2021-22 year and the parameter changes were also minimal.

Does this mean all projects were brought in on time and on budget or were some projects deferred and the funds thus saved applied to cost blowouts on the remaining projects, knowing that the cost of construction has gone up?

Mr FERGUSON - I will ask Mr Crane again to assist me with this but thank you for picking up on that. It has been a singular success actually of the Government and I did ask and the view is that until demonstrated otherwise, we think this may be the first time this has ever happened - that government has -

CHAIR - In my time, it appears to be, from my memory anyway.

Mr FERGUSON - So we are pretty jolly pleased, and it has been a lot of work across, not just my portfolio, but other ministers and agencies as well.

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Whether you would be able to provide a comment on cost overruns. I think it is the case that there are -

CHAIR - The question is, were all projects completed on time and on budget, or were some deferred to enable the additional cost that might have been evident in some of those projects, to get them completed?

Mr FERGUSON - I do not know if we can give a guarantee.

Mr BLAKE - I cannot give a definitive response to that but I can say that it is varying a little bit in how the market is responding to current demand. Denise McIntyre, the General Manager of State Roads, will be able to talk to you later about what is happening in the civil construction space, where that type of trend is not as common yet in the commercial building sector, we are having problems with supply and demand. I would say it is probably going to vary, department by department, in what is specifically happening.

As a general statement, though, I would say that this has been happening through the last financial year. I would have thought the overspend element probably is not hitting yet. Having said that, there is going to be a growing challenge in this space as we meet the capacity of the market.

CHAIR - So, the allocation and the expectation of the infrastructure spend going forward, is that allowing for additional costs which we know are likely. Some areas are worse than others, as you have just identified. Is this being provided for in the costing, particularly in the new projects we see here? Most of them are existing, but the new ones particularly.

Mr FERGUSON - Yes, I think again, we will both answer this to the committee. For a start, as you have identified, the budgeted amount for 2021-22 was \$828 million and we expect to deliver \$851.4 million by the end of this coming month. There is an element of assessment of forecast what agencies have been telling Treasury. That needs to be yet demonstrated or verified.

CHAIR - Some of that will be discussed in the supplementary appropriation bill. I think it was \$24.6 or \$26.4 million, whichever way it was around that was expenditure brought forward from this year.

Mr FERGUSON - From 2022-23. Yes. For a sports initiative I have just been reminded.

But that is actually delivered. That is what Treasury, based on feedback from agencies, believe will be delivered at this point in time to the end of June, and that will all come through in the washup as the preliminary outcomes reports come through.

The Government has openly acknowledged that there are cost pressures and so you expect prices to go up, not down, going forward. In my space, in infrastructure and transport, apart from perhaps a marginal increase, we are not seeing some of the sort of double digit increases in costs that are being talked about in, say, the commercial construction sector. For example, steel is going up by as much as two to six times, depending on what item you are buying.

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Our bigger problem has actually been that, the civil contracting space has been so busy that in some cases, rarely, a few cases, no-one has tendered at all for a job, because they are very adequately busy with their book of business.

The work that we have had to put in and Denise McIntyre, who is the General Manager of State Roads, has had a greater focus on making sure that industry is really aware, long in advance of upcoming tenders, so that they are not able to say, 'well we did not know this was coming, so we are not really geared up for it', and do not tender. We are getting people to tender.

But in terms of cost escalations, Martin, can you add to that, and maybe bring it in, in terms of the work that you have been supporting us with in building our future and (indistinct).

Mr BLAKE - Thank you, Deputy Premier. It is something we have been talking to industry about from about this time last year, or just before, with the former premier, and the deputy premier.

The industry is very conscious about the growth rate, and the capacity that they can provide. It is very difficult. As you know, within Infrastructure Tasmania, we do our own projects as well, so we are across what is happening in the market, as well.

As a general rule, I would say that projects that are more recent in conception, are factoring in very generous escalation rates. It is a bit harder for the projects that have been around a bit longer, and budgets have been set earlier. That is going to be a challenge. So, it is a bit of a mixture. It is a combination of when was the project costed and budgeted for; what is happening in that particular sector of the market. It is most acute in residential housing in terms of the supplies [or suppliers?] and the labour force, but it is so acute in some cases that subcontract tenders might only be held for a month or so, which is making it incredibly difficult even to estimate what the escalation needs to be. In some cases, we're hearing of 20 per cent being built into the escalation rates. And then, of course, you need to factor in that over the forward Estimates there is probably likely to be a bit of a plateauing of that over time as well. It is quite challenging. We are factoring in very generous escalation rates for new projects, but for the older ones it is going to be an ongoing issue to address as we go along.

CHAIR - In terms of escalation rates, I know last year the committee was informed that with regard to infrastructure projects, the Commonwealth was using an escalation fee of around four per cent. Do you know if they have revised that?

Mr BLAKE - They would have to. I think they were six per cent not that long ago, so they are going to need to. That would be my guess. At least four per cent. I suspect that the problem is, in the civil constructions sector it hasn't hit as much and that's where we're primarily dealing with the federal government contributions.

CHAIR - You're talking about a 20 per cent escalation rate?

Mr BLAKE - Not in civil construction.

CHAIR - That's in construction of houses and other built infrastructure?

Mr BLAKE - Correct, in some specific projects.

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Mr FERGUSON - In my space, in Infrastructure, which is more around your civil infrastructure; also, we have good contract management; in the main we have fixed-price contract agreement, so you more or less are able to lock in the price and the taxpayer risk is protected as well, and there has been an open process around that. That's my addition to that comment.

Mr DUIGAN - Deputy Premier, Tasmanian exports are flying at record level, up 25 per cent this year; obviously our ports are an important part of that story. I wonder if you could update the committee about the review that is underway into the governance arrangements for maritime safety regulations?

Mr FERGUSON - Yes. Thank you for the question, Mr Duigan. This has been identified particularly by the signatories to the tripartite deed that's currently between MAST, TasPorts, and the EPA. Thank you for pointing out our ports are busier than ever; our ports are seeing record volumes in and out - into the state and out through exports as well. In order to make sure that the regulatory framework for maritime safety supports marine service providers to meet contemporary standards, the Government is conducting a regulatory review of the maritime safety and port services framework. This follows the resolution of legal proceedings taken by the Australian Competition and Consumer Commission, the ACCC, against TasPorts in relation to the alleged misuse of market power. The arrangements supporting maritime safety and the delivery of marine services in Tasmania are complex. They reflect significant legacy issues for those three agencies of government. We want to deal with that legacy and set up our regulatory framework for the future so that we can avoid the sorts of misunderstanding that potentially occurred in relation to that case.

We have a tripartite deed between MAST, TasPorts and the EPA. There are a number of relevant instruments of delegation as well, including some for me. While the current regulatory arrangements for port services have served Tasmania well until now, they don't provide adequate scope to allow the regulator and service providers to respond to changing market conditions. It's therefore appropriate to ensure the regulatory model is improved to support future delivery of essential marine services - and when I say that, I'm thinking of services like towage and pilotage, things that presently TasPorts are effectively the only provider for, although there is interest from some private operators who would like to compete, which is fine - as well as the maritime safety management responsibility in Tasmanian waters, which is a power held, for example, by the harbour master and employee of TasPorts. In so doing, the Government is giving particular consideration to market developments and issues associated with TasPorts' commercial and regulatory roles. We need TasPorts to be commercially successful, and we need the regulations to be appropriately adhered to so we don't see loss of life or injury in our ports or at sea.

The review is being conducted with the objective of the creation of a regulatory framework that operates in our best interests, that suits our small state and providing safe and contemporary, fair and cost-competitive services at Tasmanian ports.

That review is being led by Infrastructure Tasmania. My current advice is I could expect the report to Cabinet by the end of 2022. A total budget of \$774 000 has been allocated to enable completion of the review, including provision for procurement of independent expert advice. I do not know, Mr Blake if you have anything to add, but I will conclude I hope it is a successful process. We really must do this. It will be reform and will not be easy. There will

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be difficult conversations on how to land and strike the right balance here. I would expect in the fullness of time it would be necessary to bring a bill to parliament to put into effect the recommendations the Government might accept.

Mr BLAKE - That is a very good summation.

Mr FERGUSON - Thank you, Mr Duigan. But watch this space. We hope to have something more to say to the community perhaps early 2023.

Mr DUIGAN - While we are going, I note obviously a large-scale spending for TasRail. Minister, if you could update the committee on the Government support for the tourism heritage rail sector, which is important to lots of people.

Mr FERGUSON - It is. Most of the infrastructure investment decisions around rail, of course, are towards Tasmanian railways, known as TasRail, or heavy freight rail around Tasmania. We have been tremendously supported by the Australian government and with the recent federal budget, only expanded. In relation to tourism and heritage rail, we are really working closely with a number of those not-for-profit organisations, not to mention, of course, the Government-owned West Coast Wilderness Railway, to ensure rail organisations have access to both operational and non-operational sections of the Tasmanian rail network, as well as supporting them with some of the financial barriers they have been experiencing.

The Government is offsetting the cost of public liability insurance, which has been a big barrier for those organisations. That is consistent with the proposal actually put forward to Government by the rail groups themselves. We have an obligation as a Government, to ensure that risks from a private activity on publicly-owned land are adequately covered, otherwise the cost of an incident may be levelled at the taxpayer. Public liability insurance of as much as \$200 million is prudently required to be held by groups seeking access to non-operational rail lines. That is, of course, consistent with other jurisdictions.

We encourage the organisations to get together and come up with a team approach. The Tasmanian Association of Tourist Railways put forward a proposal to the Government to offset the costs of insurance premiums based on a sliding scale. We agreed we would taper it down over seven years. After all, they informed the Government they are confident they could be self-sufficient by that time. We have supported that. We are providing \$600 000 over those years to the association for that purpose. Briefly, the commitment expands the support the Government has provided to enable organisations to recommence some passenger rail services as part of their tourism product. Support has also been provided to individual operations.

We have provided support of almost \$200 000 to assist Don River Railway to complete a comprehensive business plan for its future operations. We have also committed a further \$2 million to support Don River Railway to expand and enhance its rail precinct and rail experience product. They are looking for a lot more money and will be knocking on Canberra's door. We will be supporting them with that. Briefly, in the north-east, the Government has provided a lease to Launceston and North-East Railway. Derwent Valley Rail has been given access to a section of rail between Third Avenue and Back River Road. It is a pretty short section, but it gives them a start and there is opportunity to extend that later. In Hobart, a strategic corridor for part of the south line between Glenorchy and Berriedale came into effect in February last year for the Tasmanian Transport Museum Society, who do a great job.

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Following payment of the necessary public liability insurance, with support from the Government, TTMS recommenced rail operations on 1 August last year, just in time to celebrate 150 years of rail in Tasmania. There is a lot more we are doing. Perhaps, questions on the west coast are welcome at a later time but that is a roundup of what we are doing to support tourism.

Ms LOVELL - Minister, I have some questions on employment again in your Department of Infrastructure, similar to the questions from the previous portfolio.

Can you provide a breakdown of all fulltime or all staff by both fulltime equivalent and head count in the department? The divisions they sit in within the department and if you have the information about gender breakdown there would be helpful - similar to what was provided this morning.

Mr FERGUSON - I will give you what I am able to in all of that area.

This, of course, covers the department as a total. The number of paid fulltime equivalents as at 31 March was 819.12.

Gender - the department's gender profile is as at 31 March 56 per cent female and 44 per cent male. The gender profile for the department senior executives' equivalent specialists crown prerogative as at March 2022 is 33 per cent female and 67 per cent male. I do not have any rationale around that but they are the figures.

What else were you after?

Ms LOVELL - You might not have that available to you but whether you had a gender breakdown across levels below SES level?

Mr FERGUSON - I think you might have suggested divisions.

Could you repeat the question, please?

Ms LOVELL - The gender breakdown of staff across bands below SES below so, by band, but not including SES.

Mr FERGUSON - I do not have that but in Treasury we might have taken that on notice. I do not know if we will have it but if I can take it on notice I will provide it, if I can get it. If I cannot get it, I will let you know. I imagine we might because we seem to have global figures.

Ms LOVELL - Are any of the staff on fixed-term contracts or are they all permanent staff?

Mr FERGUSON - As at March 2022, (I hope these figures agree with the previous ones) these are head count. Earlier I gave FTEs so by head count I have: permanent employees 811; fixed term employees 105. Reported separately here: senior executive service which I imagine would be permanent-type employees but on those SES contract arrangements 26 and that gives a total of 942 by head count.

How are we going?

PUBLIC

Ms LOVELL - You are doing well. Can you provide the committee with the current number of workers compensation claims in your department?

Mr FERGUSON - I do not think I have it with me. I do have it. The question again?

Ms LOVELL - The current workers compensation claims in the department?

Mr FERGUSON - In the period to 31 March I have 50 reported incidents that resulted from an injury; 11 workers compensation claims were lodged from 1 April 2021 to 31 March 2022 so not a financial year, but one year. The top injury mechanisms were trauma to muscles and tendons, and fractures.

Ms LOVELL - Do you have how many of those 11 claims have been settled, and what the total cost of those settlements would be in that year?

Mr FERGUSON - Yes. I cannot say they are settled, but I can say that they are claims and that they have been lodged and they relate to injuries, so I presume that means they have been agreed or at least accepted in part or in full.

The information I can give you is that the annual workers' compensation premium for the department for the financial year 2021-22 totalled \$817 000.

To be clear, we had 163 individual incidents, of which there were 50 injuries, and that has led to 11 workers' compensation claims, so I imagine that 11 of the 50 are actively managed or settled claims.

Ms LOVELL - The premium, the \$817 000, is not the total cost of those claims that have been paid out?

Mr FERGUSON - To the Tasmanian Risk Management Fund. I think it is a reflection of the cost of meeting those claims because it is self-insurance. It is a real collection of the emerged cost - I think that is how you might express that.

CHAIR - Just on that, if I might, don't the agencies have to put some money into the fund in addition to that as well then, or is that money soaked up as well? To me, there is a premium that the agencies pay into the ?TMRO (3.11.48pm), and then there are the claims against that.

Mr FERGUSON - That's right.

CHAIR - What does that figure you have just given to us relate to?

Mr FERGUSON - That is the premium that the department has paid for all of its employees to be supported through the Risk Management Fund in financial year 2021-22.

CHAIR - I don't think that's necessarily reflective of the claims paid out, is it?

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Mr FERGUSON - Correct. No, but the way the Risk Management Fund works is that it is actuarially assessed on a regular basis and premiums are calculated based on claims experience.

CHAIR - That's right, but we saw in the supplementary appropriation bill an extra \$105 million top-up because of the increase in claims - a lot on psychological injury.

Mr FERGUSON - Yes.

CHAIR - We need this clarified. That is the premium pay, but does that cover the total claims? I think they are two separate things.

Ms LOVELL - Is that for the Risk Management Fund?

CHAIR - Yes.

Mr FERGUSON - One is a premium. The only figure I have on the page here is a premium. It is not necessarily the amount that the Risk Management Fund paid out in respect of those 11 claims.

CHAIR - No, and that is what we are asking, isn't it?

Ms LOVELL - Yes, but I suspect that might have been something we should have interrogated this morning.

Mr FERGUSON - I will seek that advice. I cannot guarantee that I will have it, but I will seek it.

Ms LOVELL - Where would the responsibility for the Risk Management Fund sit? Is that with Treasury?

Mr FERGUSON - It is in Finance-General, isn't it?

Ms LOVELL - Finance-General.

Mr FERGUSON - I will take that on notice. You might write that down for me because we may need to go digging for that figure.

I will take on notice the gender breakdown by divisions.

CHAIR - While we are on the question of gender, this is relating to the draft strategy, which I understand if it has a lot more work done, it will be different.

When I looked through the one that is up there at the moment, maybe it will have to be replaced with another one for public comment, but I couldn't see any evidence of a gender impact assessment across any of those areas. I still shudder from the comments made by the former prime minister when he was asked about the closing of a maternity hospital in a regional area that they are building a new road and that all the women will use the road. That just completely did my head in.

PUBLIC

What I would like to see in a strategy is some sort of gender impact assessment of the processes, the policies and the strategy because obviously there are different gendered impacts on different aspects of infrastructure. Are you able to give us some feedback on that?

Mr FERGUSON - I am happy for Mr Blake to respond as well. Gender is important in our infrastructure plan and its delivery because not only do we want more women in this industry, but we need them.

CHAIR - It is also the benefit that flows through from it. It is not just the actual construction, it is the benefit that it brings beyond that.

Mr FERGUSON - Sure. That is part of the MOU, the industry is to place an even higher level of importance on attracting people to the industry. I appreciate that is not the centre of your question though. But it is important to me and us and all of our partners on that MOU want to achieve that. In terms of the benefits of infrastructure to both sexes...

CHAIR - I am being asked is it going to be assessed in the development of the strategy?

Mr FERGUSON - I am sure it is, but I am happy for you to respond.

Mr BLAKE - Roads Australia actually first flagged this pre-COVID-19. What they were focussing on was the cultural benefits of having gender diversity in the work force. And they were particularly talking about what times would be a very blokey confrontational culture in the civil construction industry. It was conceivable making the gender balance more even might have had some potential benefits there.

Obviously, since COVID-19 it has been all hands to the wheel. We need more people across the board and you will not find any of the peak bodies that are not investing time and effort at the moment in targeting females in particular, in terms of the work force, building that work force up. It is something that is actually handled through the skills side of things. We sort of sit alongside that.

CHAIR - I am not asking about the employment side of it. What I am asking about is when you are developing a strategy that looks at digital infrastructure, it looks at hospitals, schools, roads, it looks at a whole range of infrastructure investments in our state, when you look at what the strategy and what the focus of the Government will be, will you consider a gendered impact assessment across those decisions on the strategy, which means, thinking well if a hospital's built, does that equally benefit men and women? Does that school equally benefit? This is early days for a gender assessment, that is what we talked about in the previous portfolio, there is a lot more work to be done. There are some great tools out there to assist people doing this. I am just asking if it will be part of that process.

Mr BLAKE - Interesting question. I have not heard anybody raise it in this way. This is the first time I have really heard someone talk about that as a measure.

CHAIR - A bit of help to guide you in the right direction.

Ms WEBB - We have discussed it many times in this Chamber.

PUBLIC

Mr BLAKE - That is interesting. I think that obviously at the moment we are getting business cases and now incorporating a social benefit, for example, as opposed to the previous old three bottom line. Now we have a quadruple element. What you are probably talking about there is a subsection of that fourth community benefit aspect, I imagine.

CHAIR - It is. Absolutely, and why I was trying to make that point. When there is a genuine concern raised about the closure of a rural maternity hospital and the Prime Minister talks about the brilliant new road he is building, that is where you have a problem if you don't understand. The road, sure the women will drive on it, but does that actually improve the lot for women birthing in that region? And that is what I am talking about. Not about the workforce. Which I accept is with skills. Anyway, happy to help.

Ms WEBB - Gender responsive policy making and budgeting.

CHAIR - Yes.

Mr BLAKE - Certainly one of the elements in the building Tasmania MOU is really about that innovative and progressive element in the industry, where we have obviously heightened pressure on attempts at sustainable building practices, community benefit and urban landscape, for example, will be another element of that, how we would be better at that whole side of things is going to be a very big thing.

CHAIR - I look forward to seeing the next iteration. I appreciate there are other matters in that.

Mr GAFFNEY - Yes. I am not quite sure if I am in the right place. Mainly because State Growth has been sort of devolved across a lot of ministerial responsibilities, so help me out here.

The infrastructure investment outside the general sector, and I noticed there is equity contributions which sport, under table 6.2, one of those is Stadiums Tasmania and has \$22.5 million for next financial year and the one after. A total of \$45 million. Does that fall under your banner here, with the infrastructure fund, because a lot of people said, is that for the AFL stadium, and I said I do not think and it is for other stadiums that are being presented to us' so I think that needs to be cleared up or clarified. Earlier on, there is funding under State Growth, \$4.5 million for Stadiums Tasmania and \$1 million for the following year, also for the AFL team taskforce. I think it would be good to be able to clear up at table what that funding is for stadium is over the next two years so that people are aware where it is going or what it is intended to do.

Mr FERGUSON - I will give a quick overview response, Mr Gaffney, and Mr Blake will respond further. This is an example of where Infrastructure Tasmania is supporting more than just myself as minister, but other ministers.

To confirm, your thinking is correct. The funding that you have identified there is not for a proposed new stadium. It is for contributions to UTAS stadium, for the new organisation to be able to manage and improve the range of facilities that it is intended that it would provide for. That would be about the extent to which I would be comfortable discussing it. Mr Blake can take over. Those questions will sit with ministers Mr Barnett and Mr Street, in particular

PUBLIC

Mr Barnett. Martin, I might invite you to be more expansive around your role at Infrastructure Tasmania on those initiatives.

Mr BLAKE - As the Deputy Premier said, that funding is actually an equity injection for Stadiums Tasmania for UTAS stadium upgrades in Launceston. There is additional funding there and there was already a provision for operational funding for Stadiums Tasmania in the budget. The new budget numbers you see there are actually an additional provision in recognition of some work that is going to need to be done straightaway by the new organisation.

The third one is actually for the AFL taskforce and things that might need to be done for the AFL taskforce. For example, I understand there are certain expectations in relation to infrastructure for new teams, such as high-performance centres and things like that. That is really an overview that, as the Deputy Premier said, Mr Barnett is really taking a lead with stadiums, and Mr Street will be taking the lead with Stadiums Tasmania.

Mr GAFFNEY - I did discuss this with the chair of committee B and because Mr Barnett is on today as well we had to ask it in both places.

CHAIR - Then we get another crack on Thursday.

Mr GAFFNEY - Thank you, minister. That is helpful for other people to hear what that money is actually intended for.

Mr DUIGAN - Minister, the Tasmanian Government has been providing significant support to freight and passengers to and from the Bass Strait islands, King and Flinders. I wonder if you could quantify the support and explain the benefits to businesses and people living or visiting King and Flinders islands?

Mr FERGUSON - I now see why it is close to your heart, Mr Duigan, thank you. We have maintained essential air services to King and Flinders through the pandemic, and subsequently we have expanded those. Since September of 2020, the Government has invested \$875 000 to support direct services between Hobart and the Bass Strait islands, which previously were not in place.

We have extended our support for direct flights to the end of this calendar year. In total, since April of 2020, the height of COVID-19, the Government has spent \$3.79 million to maintain essential freight and passenger services to the Bass Strait islands, noting the importance of those air links. With no passengers, in particular, we still wanted to make sure the freight would get through.

The Government committed \$1.3 million in last year's budget to ensure maintenance of essential air freight and passenger services across Bass Strait, including the Bass Strait islands, and to facilitate development of new services. This was fully expended. In summary, Sharp Airlines have been supported to maintain scheduled services to King Island, including capacity for passengers and time-sensitive freight, Airlines of Tasmania to support the transport of time-sensitive medical supplies to Launceston and Hobart, Tasfast Airfreight to continue regular services between Tasmania and King Island and Victoria for the transport of time-sensitive medical supplies into Tassie and for the export of live seafood.

PUBLIC

Out of interest, the direct Hobart services have been very popular, with almost 10 000 passengers travelling on those services since September 2020. Funding support for Sharp Airlines was extended to accommodate COVID-19 related disruptions to the food and grocery supply chain from Victoria. That assistance finished in February and the Department of Health resumed full responsibility for the Airlines of Tasmania medical freight services in December last year. As a department, we will continue to monitor freight and passenger transport needs for the islands as part of our ongoing COVID-19 management. The volumes there have been very sound and I can recall from my most recent visit to Flinders Island, for example, how busy they have been over our tourism season, which is far busier than it used to be.

CHAIR - We are on the islands because I share an interest in another island, I see Infrastructure Tasmania is the lead agency to lead Government engagement, as Mr Duigan said, with the transport industry to provide freight and supply chains to address strategic issues and constraints. What does IT have a role in with regard to addressing the shipping issues for King Island and, if not, who does?

Mr BLAKE - We are responsible for subsidies for Tasports.

CHAIR - Minister, in view of the ongoing losses experienced by Bass Island Line and the substandard vessel that does not meet the needs of the community broadly, have you a mind to reconsider that approach. I understood when this first was brought in, it was always as an interim measure until a private operator could come into the market and provide a ship service that actually met the needs of the island? Do you have a mind to revisit that?

Mr FERGUSON - It is constantly being monitored, including by Tasports as the Government-owned GBE which was asked to step in and provide a service effectively after a market failure to deliver a service when -

CHAIR - I think they were instructed to step in, weren't they?

Mr FERGUSON - I think that is a way to put it. I wasn't the minister at the time but TasPorts on behalf of the Government, it would be fair to say have stepped into the breach when the provider withdrew. I do not know if I can agree with you about the *John Duigan* not being appropriate or fit for purpose for the run. With the service changes that have occurred earlier this year and I do not have TasPorts at the table with me to respond in detail, but the actual uptake of that service has increased significantly - doubling would be fair to say. I am looking around - doubling of freight volumes, particularly when the new roll on roll off ramp was built at Devonport West to accommodate the *John Duigan*. It is effectively the parking spot for King Island Freight and we have actually seen a significant increase in support from customers for that service.

I do not have a full brief on for this Estimates today but obviously, it is something the Government wants to continue to be successful. I do not have the figure to hand, but I know it is expected that already the island is now, as a result of the shifting volumes coming through Devonport instead of Bell Bay or even Stanley or Victoria because customers wanted the more direct link to Devonport, something like \$200 000 has already been saved by King Island customers. That takes into account those bundles of goods that have had an increase in cost to travel direct north to Victoria using a competitor or using transshipping. That is money that

stays on the island, but if you would like a more detailed response, I would have to take it on notice.

It is obviously something that is not really TasPorts function to be wearing a significant annual financial loss, but it is important to the Government that King Island continues to be supported because it is a very valuable part of our community and we value the island life and want to make sure that an island which is so dependent on shipping and air services gets the support it needs, so customers can reliably import product like, for example, grocery items, food supplies and fertiliser and is able to export its produce.

Very quickly, the new reoriented service provided by the Bass Island Line did not allow livestock shipping before and now it does and is a further demonstration of the model improving. As it is settling in, the feedback I am receiving is generally people are voting with their freight decisions to go to BIL.

CHAIR - It is still a challenge for the livestock which needs to go north because you need to rest them in Tasmania. Lambs in particular lose a lot of weight in that period, and thus cost or value.

Mr FERGUSON - Yes. Of course, BIL not being the only provider of shipping services now. Eastern Line is a competitor and has a legitimate place in that market, and that marketplace as well.

CHAIR - Any other questions on IT? Infrastructure Tas? No? Okay.

2.2 Road User Services

Ms LOVELL - Thanks, minister, I think we all agree that it's been a pretty tragic year on the roads of Tasmania. The number of fatalities has been unacceptably high, and on that I extend my sympathies and thoughts to the families of those who have lost their lives on the roads. I'm sure the committee would all do the same.

How are we tracking against the target in the budget papers for serious casualties from road crashes? How is that tracking compared to previous years? Are there any common factors in these fatalities? I am looking for your immediate response to that.

Mr FERGUSON - Thank you for the question Ms Lovell. I agree with you, that's so vitally important. I can tell you from the outset, and I'll turn to the figures in a moment, which doesn't always feel very comfortable talking about human lives like this, but we will have to do that, and confront the numbers.

On the number of deaths as a result of road crashes as of yesterday's date - and I hope it's the same today - is 28 so far this year. In less than half of one year, that's coming very close to our trend over 10 years, for a whole year.

Ms LOVELL - From the beginning of this calendar year?

Mr FERGUSON - Yes, for the calendar year to 5 June it is 28, whereas the trend on year is usually around 30 over the last 10 years. I do have the latest figure as well. People seriously

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injured in calendar year 2022 to date, my advice is 105, and interestingly that is below trend for people seriously injured. If you would look at the number of serious casualties, which includes injuries and deaths on the road, to calendar year to date, 133. That's obviously an addition of the two other numbers. That's right on trend for five-year average.

We're seeing a similar number of crashes, but unfortunately - no doubt as a result of the circumstances - we're seeing a greater number of people actually dying as opposed to being injured, seriously injured.

CHAIR - Do you have the breakdown for motor vehicles and motorcycles?

Mr FERGUSON - I do. I don't know if I have it immediately here, but I can obtain that. Yes, I have it here in my hand. Of the 28 fatalities, motorcyclists account for seven of them, which is 31 per cent despite only being 1.5 per cent of vehicle kilometres travelled in Tasmania and 4 per cent of vehicle registrations.

Mr GAFFNEY - Was that seven of 28? Is that 31 per cent?

Mr FERGUSON - Yes.

Mr GAFFNEY - How does that work? That's 25 per cent, isn't it?

Mr FERGUSON - Yes, you're quite right. Oh I beg your pardon. They account for 31 per cent of people killed or seriously injured, thank you for that pickup. And they represent seven of the 28 fatalities, which you quite rightly pointed out is more like a quarter. They are over-represented by a big margin.

CHAIR - But less kilometres travelled. That's the point, isn't it? If you're going to measure apples against apples.

Mr FERGUSON - You could measure it however you like, but many motorcyclists are weekend riders and often would be having a motor car as their daily drive, so we've represented it both ways: 4 per cent of vehicle registrations, and 1.5 per cent of vehicle kilometres. So massively overrepresented. As MPs, you do occasionally get advocacy from different groups saying this or that is unfair on motorcyclists, but it is very plain to see, that it is a major disproportionate representation in serious injuries and deaths.

Ms LOVELL - Just going back, minister, to some of the analysis that you are saying it is the same number of crashes, but more fatalities, more serious injuries and fatalities. What analysis has been done about why that is happening?

Mr FERGUSON - I cannot point to any analysis on this year's data, but I can say that, in nearly all cases, they are reported to the coroner, and where investigations take place, that is where the analysis would be done and would be provided back to us at the departmental level. I will invite you, Martin Crane, to respond further, but I know that our department does monitor this closely and engage at the national level, with the National Road Safety teams, as well. Please feel free to add.

Mr CRANE - That is correct. It is all through the coroner in terms of a formal report. Also, the police do initial reporting of incidents, particularly fatalities. Some of those things

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we have looked at this year, and this is very much preliminary kind of advice from police officers who have come to a very tragic site. So it is distraction, things like seatbelts, failure to wear seatbelts. Speed is obviously the contributing factor in these incidences.

On one good side of it is, our numbers are always too many. One is too many, but they are a small number, and it is hard to get trends in some of these situations, tragically. Certainly, challenges around seatbelt wearing, excessive speed, alcohol and drug use, are unfortunately, particularly relevant and present, when I read each of the coroners' reports, which are very sad reading.

Ms LOVELL - Very confronting.

Mr CRANE - Yes.

Mr GAFFNEY - I am pleased the minister raised that you do get different groups approach you about different things, and I am going to put it on the table now. The Motorcycle Riders Association of Australia. Just a brief statement says:

... has called on responsible ministers across Australia to require road crash investigators to identify and record barrier types in reports from crashes that involved a road barrier.

Crash data on road barriers is virtually non-existent because in the majority of Australian casualty crashes, the barrier type is not recorded. This is easy to do and costs next to nothing. The benefits in improving crash traffic data are obvious.

So the two questions: how can stakeholders get information on the safety performance of the various types of road barriers in Tasmania? Why are bureaucrats in Tasmania and Victoria so reluctant to take a road safety initiative that costs virtually nothing?

That would be the questions from the MRAA saying why isn't it just recorded so that they can refer back to the situation of the type of barriers that are installed?

CHAIR - So, to clarify the question. Where a barrier has been hit by a vehicle, whether it be a motorbike or by a car. Some of them have run off the road and they have just hit a tree, or whatever, but, is that recorded in any way? Is it part of the police investigation and reporting? Because if it is not, that is the question he is asking.

Mr FERGUSON - I will interpret the question. Martin, I am going to ask you to answer it. I am also certain that it would be recorded as the facts of the individual incident, but the broader question is the way and the extent to which it is reported, or not reported back out at a higher level later on.

Mr CRANE - The information is available because each incident, or crash, is recorded and GPS logged so we actually are able to find out what infrastructure is available.

The question of how it is reported is probably more problematic, but probably not as readily available. I think that is something that we can certainly have a look at, in terms of

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providing that. We have also had queries about that, and people are very interested in understanding that.

There are multiple - the police do an initial. We do a location of each of the, so we understand what the infrastructure is available, particularly on our state road network.

Then, through the coroner's report, they are fully investigated and that actually then comes back, and often coroners will provide recommendations, that we look to implement as well, in terms of improving the road infrastructure as well.

Mr GAFFNEY - I am very pleased to hear that you are looking into it. It is not just about fatalities; it is about serious accidents or when somebody is maimed or injured. I think that information should be available to help future infrastructure needs and requirements. Is that something that is going to be taken on board reasonably quickly?

Mr FERGUSON - Let me add to my answer. Thanks, Mr Gaffney. For the benefit of the committee, I wrote to the organisation quite recently, in March. I think the sentence in my response, which has highlighted the question raised by the individual and the organisation is as follows. I wrote in my letter:

Regarding the collection of data relating to the type of barrier involved in a crash, the Department of State Growth has advised me that when recording run-off road and lane departure crashes, any object involved in the collision is recorded. This includes median and roadside barriers.

CHAIR - And the nature of them?

Mr FERGUSON - Then my paragraph goes on, 'However, the precise barrier type may not be recorded in every case.' I think it was an honest reflection of the level of granularity of the data that is captured. It was following that letter I wrote to MRAA - I think the Tasmanian branch - that these questions arose. It is reasonable that we take it on board and perhaps even take the question on notice whether there is some more accurate information I can bring back to the committee about our future intentions here. It is always based on what the police officers are documenting when they are providing a report to the coroner on the circumstances of individual crashes.

Mr GAFFNEY - If it was a requirement of the police officers to do this, this or this, then I would not think that would be any more difficult than any other incident they arrive at.

CHAIR - If the police report that the vehicle interacted with the median barrier but it does not say what the barrier was, you have to go and look at the GPS to find out what it is.

Mr GAFFNEY - I am pleased to hear there is further work to make more data available.

Mr FERGUSON - Do we need to take it on notice further, or are you satisfied with that for now?

Mr GAFFNEY - I am satisfied that you understand the issue and problem and they think there is a better way of getting more information back into the conversation.

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Mr CRANE - We try to make all decisions about road safety based on evidence. The more evidence and information we have -

Mr GAFFNEY - The more evidence and information, the better it is.

Mr FERGUSON - If I conclude on this point, one of the things that I know irks some motorcycle advocacy groups is the wire rope barriers - let's just call it out - which have a very sound evidence behind them, learned not just from Tassie but from other jurisdictions. I simply do not have in front of me any differential advice about whether, for example, a solid Armco barrier is more or less of concern for motorcyclists than a wire rope barrier. I do not have that information, but what I do know is that when you are riding on a motor vehicle between your legs with no outside protection around your body, it is by nature a less safe way to travel on the highway, particularly at speed. By nature, coming off is one of the great risk factors for motorcycle riders. Even just coming off without hitting a barrier is a significant risk.

Mr GAFFNEY - I think directly their point is that the more information they can have about the different types of barrier, the better off government will be informed about what is the most suitable barrier to put in place and install. That just makes sense.

CHAIR - This is a matter that was also considered in a recent Public Accounts Committee inquiry and the report we just tabled last week. There was some commentary in that about that.

Mr FERGUSON - Noting as well that solid barriers don't absorb energy the way wire rope barriers do, the Government, on taking advice, must also consider what the road safety benefits are of different methods of having a barrier.

Ms LOVELL - Minister, on page 280, the performance information, this output group, under Road User Services, outlines that 0.65 per cent of vehicles checked are found to be unregistered. In 2019-20 we had 0.65 per cent and 0.83 per cent this past financial year. I'm sorry, no, I am one ahead of myself, 0.83 per cent, then 0.65 per cent for the target for this financial year. Can you explain how many cars?

Mr FERGUSON - Yes, I could work it out.

Ms LOVELL - How many vehicles I should say.

Mr FERGUSON - The data is based on cameras that automatically check 50 000 images per month and we would have to do a quick arithmetic on that.

Ms LOVELL - It is 0.83 per cent of the 50 000?

Mr FERGUSON - Yes.

Ms LOVELL - Right. Thank you. That explains it.

Mr FERGUSON - If we do 50 000 by 12 to get a year, and then factor by -

Mr CRANE - The number of vehicles we have detected on the road unregistered at that time.

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Ms LOVELL - Okay. Is there any other further checking of unregistered vehicles?

Mr CRANE - Yes.

Ms LOVELL - As in, do we know, or have an idea of the total number of unregistered vehicles that would have been on the roads? In a year, not just of these 50 000 that are checked through this system.

Mr CRANE - That is a difficult question to answer in the sense and one of the reasons why we do this and also do provide follow up. We provide an SMS service for people so that if they do accidentally forget. People are busy in terms of registering, so we provide SMS services, which people can sign up to. We also send out a 21-day letter as a paper trail thing, but still there to help people, to remind them of their responsibilities to register their vehicle.

The reason why I hesitate to answer that and why we use the cameras, is because a vehicle can become unregistered and does not necessarily mean it is on the road. A lot of time you will see vehicles and I would monitor it very carefully, and people backdate their registration at about day 85, there is a bit of a blip usually, because they avoid to go over the pits. But each year there is a number of vehicles that exit the fleet as you would appreciate and where they are, is why we do this. We are trying to actively make sure the rate of vehicles on the fleet, and we think 50 000 of a fleet of 650 000 vehicles a month is not a bad ratio. We do that while our transport inspectors are often doing other things. It is complimentary part of that role.

Ms LOVELL - Provision in the budget for the new automated traffic enforcement cameras. How will your Government decide, or how will you and your department decide where the cameras will be located?

Mr FERGUSON - Physically located?

Ms LOVELL - Yes. What things are taken into consideration when deciding where to locate those cameras?

Mr FERGUSON - We will do this together, Martin again. It is funded obviously, off budget. We signed the contract, just before the budget announced. I think might have signed that contract for the provision of those services.

In terms of targeting, that is obviously an operational realm for me, but I will highlight, and this might be counterintuitive, a large percentage of the activity using those automatic cameras is 70 per cent, thereabout, is expected to be overt, meaning you can see them coming. You can see them in the distance. Part of the model which I do not fully understand all of the ins and outs, is based on a social and psychological understanding if people can see the evidence of the enforcement cameras out around in the community, motorists are more mindful of their behaviour. The strategy is not just about catching people when they are doing the wrong thing, but to try to encourage people to understand that it would be smart to obey the speed limit and the road rules at all times because they are likely to be caught. There is an educative function in these cameras as well as the fact around 30 per cent, I think we have been open about that, a portion of the enforcement is covert, meaning the cameras are not obvious.

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In terms of their placement, my disposition is that we would want to have a priority on placing them in locations where we are seeing the riskier behaviour. But I will now hand over to Mr Crane.

Mr CRANE - That is correct. This is not really about fining people. It is about trying to slow the actual average speed on our network down. We know if we can slow the average speed down on our network, we will have less serious and fatal crashes on our roads. That is what everyone tells us. We're looking at where those risk factors are on our network. We have done quite a lot of detailed analysis of where those locations are. We are developing an appropriate list of locations where speed cameras will turn up. We are taking into account roads, speed, past history. We are also looking at things to make sure they are safe for people when they are deploying the camera and the trailer; we don't want to put it on a bend, for example. There's quite a comprehensive process to go through. As the Deputy Premier just mentioned, we have signed the contract and we now have roughly a three-month bedding-down process that will be part of that process. We have a very detailed list of locations that we will rotate through the system and we will be as transparent as possible about that as well.

This isn't about catching people out. It's about anytime, anywhere, we just want everyone to slow down because, as we've previously discussed, the fatality rate this year has been horrendous for the people involved and we know speed is thing - what we need to do now is get people to slow down and that is why we have started that campaign of Over is Over.

CHAIR - I will come back to a couple of those points. On the Over is Over campaign, particularly in light of our recent figures and the over-representation of motorcyclists, are there programs or other projects being considered or progressed to try to address those real inequities in the statistics?

Mr FERGUSON - For motorcycle road safety?

CHAIR - Yes.

Mr FERGUSON - There certainly are. In fact, on the advice of the Road Safety Advisory Council there is a special and dedicated set of initiatives that are deliberately targeted at motorcycle safety. They are documented in our Towards Zero Action Plan 2020-24, the goal being to reduce motorcyclist road trauma, noting that over the last 10 years, motorcyclists have made up approximately one in five serious casualties on Tasmanian roads, despite representing only 4 or 5 per cent of the vehicle fleet.

Here are the key priorities. The Government is reviewing the Tasmanian motorcyclist graduated licensing system to identify enhancements to improve road safety outcomes for young and novice riders in particular. I expect that review later this year.

CHAIR - These are part of the current strategy?

Mr FERGUSON - Yes.

CHAIR - And these are all available on that strategy document? Or are there additional things that have been added? That's what I am after.

Mr FERGUSON - That's an action in the Action Plan 2020-24.

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CHAIR - That was developed before 2020 though, and now it is halfway through 2022.

Mr FERGUSON - It is being implemented.

CHAIR - I hope it did go through. I am interested if there is a renewed approach here for motorcyclists.

Mr FERGUSON - I have a summary here. Let me run through them and it might add value to your other questions.

Introducing an enhanced training and assessment curriculum for learner and provisional motorcyclists: I believe that has occurred.

Mr CRANE - Deputy Premier, that has been in place now for a few years.

Mr FERGUSON - Media and public education campaigns to increase awareness of the vulnerability of motorcyclists: these are not always on the broad media. Sometimes we will narrowly target those so that we get to the people who need to see it.

Collaborating with MotoCAP is a national group that works to promote the safety value of wearing adequate and appropriate protective clothing while riding.

Rollout of motorcycle safety elements of the Tourist Road Safety Strategy, particularly on the ships where *Spirit of Tasmania* staff are specifically giving information packs to people who are coming aboard on their motorcycles so that they aware of Tasmanian roads and conditions.

We have also been doing some motorcycle safety audits on popular touring routes and this includes Lake Leake Road and Hollow Tree Road following an audit of motorcycle safety infrastructure works on Hollow Tree Road were completed in 2020 and works on Lake Leake Road are being progressed.

We are building on the work that was piloted at Glenorchy in partnership with Buccan House to deliver its successful Full Gear motorcycle safety program. Full Gear helps young motorcycle riders to enter the licensing system legally so if you can read between the lines, there is a target audience for that one. Full Gear has also been rolled out to Launceston late last year. We are funding additional programs to improve road safety outcomes for motorcyclists through the community road safety grants such as that outreach into the northern expansion of the Full Gear program. Briefly, a midterm review of the Towards Zero - Tasmanian Road Safety Strategy 2017-2026 is currently progressing. The midterm review will include consideration of any recommendations that arise when the Legislative Council select committee provides its report. I don't have a date on that with me. I think the select inquiry has been an extended. We haven't seen that.

CHAIR - We don't have reporting dates on ours.

Mr FERGUSON - Okay.

CHAIR - They report from that report.

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Mr FERGUSON - We don't have that yet?

CHAIR - And you keep proroguing parliament, so it slows it all down.

Mr FERGUSON - Okay. Point made.

We will consider that. I've been very careful to say to that committee that we would like to see that report and allow it to feed into our own review of our own road safety strategy. We look forward to receiving that.

Ms WEBB - This is a fairly short one. I'm not sure if it belongs here, but I think it is fixed to some extent. It is about roadkill mitigation.

Mr FERGUSON - Yes, I think that is here, isn't it?

Ms WEBB - Can I ask that here?

Mr FERGUSON - We can pick it up now and see how we go.

Ms WEBB - Okay. It is pretty straightforward, and is just one that people have raised with me quite actively. We realise we have a significant issue with roadkill in this state. There are a range of technological and other treatments that can be brought to bear to try to mitigate that. The questions that I have about that are: What consideration is currently given in planning processes when any road upgrades or new roadworks have been planned to roadkill mitigation measures? What funding is currently allocated, and what's the process for that funding to be allocated? Focused on the future, will the state Government consider incorporating roadkill mitigation technologies and other measures in all future State Growth road upgrades and new constructions?

CHAIR - We probably don't need it in the CBD of Hobart.

Ms WEBB - Where relevant. Just that it becomes a consideration in any planning and, where relevant, is incorporated.

Mr FERGUSON - Thanks, and feel free to pick this up again when we're in the capital output, because I'll have Denise McIntyre with me, who will be able to answer this. I can give you a quick precis. We share the community's concern about roadkill, as much as anything for the impact potentially on human beings making collisions and potentially adding a risk factor to a crash.

The department has a number of initiatives aimed at reducing roadkill. These include six initiatives: the installation of static and electronic warning signage at specific locations to help raise driver awareness; fencing, such as on the Sorrell causeway between Midway Point and Sorrell to protect seagulls from vehicle traffic; escape routes to prevent wildlife from being trapped in banks, cuttings and fences, such as those implemented at Cradle Mountain; the installation of under-road fauna passages on appropriate road projects such as Bruny Island main road for penguins; culverts for the green-and-gold frog at recorded habitat locations; and rumble strips.

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To your question, Ms Webb, on an infrastructure treatment that could be useful: the installation of rumble strips to scare away wildlife and using lighter-coloured road surfaces to make the animals themselves stand out more at night, such as included on the Tarkine Drive project; wildlife deterrent technology in some locations, including the trialling of virtual fencing by NRE and Environment Tasmania in the north-west on the Arthur River Road and by State Growth on the Huon Highway to the south of Hobart and on Bruny Island. I think there is an open question about the effectiveness of those treatments. I'm no expert in that though, but I think it's an open question about whether they have much evidence behind them. Nonetheless, we've been pursuing those as trials. State Growth will continue to monitor the effectiveness of these various measures and is investigating the installation of further roadkill warning signage around the state.

We might pick that up again later if that's not quite enough.

Ms WEBB - That would be useful because I'd like to hear a bit more about how the approach is planned for that in terms of whether things are incorporated in each potentially relevant development or project.

CHAIR - I am going to put a question. If we don't get it completed before 4 o'clock, we will come back to it. I wonder if you have any data regarding the lack of compliance regarding roadworthiness of vehicles during vehicle checks, and the loading and operation of vehicles, including heavy vehicles. Do you have data on those?

Mr FERGUSON - For heavy vehicles we won't because that is under the national regulator, but we can pick up that. Martin, can you locate that?

Mr CRANE - We certainly have some data. I may have to get that for you. Deputy Premier, we have been doing a lot more work with our transport inspectors and employees in joint operations, looking at roadworthiness and the number of offences that we have been able to detect because of the increasing focus on it. I would certainly be able to provide, perhaps on notice, the exact numbers if you would like.

CHAIR - I would like this. It is something that needs watching in light of the ever-increasing cost-of-living pressures. There was a crash I saw reported very recently, where it was an unroadworthy vehicle basically. The tyres were down to the wire.

Mr FERGUSON - Yes, I saw that in the coroner's report last week.

CHAIR - Yes, it was reported. While people are facing real cost pressures, new tyres on their car may be just beyond them, for example. I am interested in those figures. Will that be on notice for those, Minister?

Mr FERGUSON - I think it will be. I can see that I don't have a brief on that particular data set. If you could write that to me, unless you have the data.

Mr CRANE - I don't have the actual number.

Mr FERGUSON - We will obtain that for you. When I answer you in writing, I will also talk to you about the light vehicle strategy, which is in development.

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CHAIR - Okay. We will have a break and come back at a quarter past four. I just have one more question myself, and then we can move on unless anyone else has others. It should be fairly prompt, minister. Looking at the performance information, and maybe this is something to think about, the first one about provision of effective transport support to the Government for providing road safety and road policy advice and information to enable informed decision making. We don't have anywhere that I can see information about the assessment of safety virtual fencing or other measures that are put in place. How do we know, or where is the work done, that shows it is effective in reducing crashes or the severity of crashes? Is any new measure you put in assessed and how? How is that fed back? It would be good to report against that somehow.

Mr CRANE - Certainly, we do extensive evaluations of different treatments and policy changes. Are you talking about more the infrastructure treatments that we have put in place?

CHAIR - Yes. What works, what doesn't.

Mr CRANE - To start with, we use a fairly broad evidence-based approach to identify the treatment. We have that in place. We use the standards. Then we do some evaluations of those. There is a longitudinal time about how long it will take to get evidence to prove that it is made to safety. We don't have that, but through the Road Safety Annual Report we could have a look at that, Deputy Premier. It is hard to assess a specific treatment; as I understand the question, it is about a specific treatment on a particular stretch.

CHAIR - Not necessarily, there could be virtual fencing, it could be the use of wire rope barriers in particular locations. I know they are not suitable for all locations anyway. Otherwise, how do you defend a decision? It comes back to the questions that Mike was asking a bit about, if you don't collect the data, how do you know whether the measures you are taking are working, with the intended purpose of reducing road crash statistics?

Mr FERGUSON - We will take that point on board.

CHAIR - We will break for afternoon tea and come back for 2.3 Passenger Transport.

The committee suspended from 4.04 p.m. to 4.17 p.m.

2.3 Passenger Transport

Ms WEBB - One of the things I am interested to know is, and again, it is not a surprise question. We bring it up most years, I think. That relates to the per capita spend, that we have got on public transport here, in this state, knowing that, typically, we have a lower per capita spend comparatively than other states.

If you can give us the figure for anticipated here in this Budget for 2022-23, or even actually for the current financial year, 2021-22, then the expected figure for 2022-23. That is a starting point.

Mr FERGUSON - In this line item, output group 2.3, this output is about the cost base to support the regulation and delivery of passenger transport services. It does not encompass, and I am happy to, if the committee is happy, does not encompass the actual spend that is outlaid in, Output Group 6 in shipping and general access and school bus services.

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I am just going to. Is it okay if I do it now though?

Ms WEBB - Do you want to take it over the General Access.

Mr FERGUSON - I am happy to do it as a group now, as best I can, but I will ask Mr Crane what advice he has. I think you might have asked for per capita spend, compared to other jurisdictions, which I do not believe we have that to table.

Ms WEBB - I do not necessarily need it, to have the comparison to other jurisdictions. I was interested in our per capita spend.

Mr FERGUSON - Okay.

Ms WEBB - To compare to other years we have had it and what we know to be the ball-park figures for other states. Considerably higher generally.

Mr FERGUSON - We will take it on notice. I understand the gist of the question, but the Committee Secretary might write to me.

Ms WEBB - Is it your understanding, minister, that it would be a similar level of per capita spend to previous years, that we are seeing across this Budget in the forward Estimates.

Mr FERGUSON - I would imagine it would be similar to last year's profile.

Mr CRANE - But also taking into account the Government's election commitments we are rolling out, which is increased spending around general and schools, which will increase that.

The other comment I would make around the per capita that needs to be mindful of is, we do not have rail passenger transport services.

Ms WEBB - Yes, but even when we compare with other states and territories that are bus only, we compare very low to them.

Mr FERGUSON - We will take that on notice then.

Ms WEBB - One of the things I am interested to understand, and does relate to this line item of passenger transport.

Table 11.11, and 2.3 Passenger Transport on page 294 has the footnote over on Page 298. It says:

The increase in Passenger Transport reflects the new initiative, Derwent Ferry Service.

That would explain the up-tick from 2021-22 into 2022-23.

What happened to our additional bus capacity that was budgeted last year, was also in this line item, I believe. Do we still have that additional bus capacity money that was in last

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year's budget, featuring here in this line item. Just to give you an understanding of what that looked like, in last year's Budget paper.

It was in this line item, the additional bus capacity was \$2.5 million for 2022-23, was \$7.5 million in 2023-24, and \$7.5 million in 2024-25.

Does that still sit here in this line item and these figures or has that gone somewhere else?

Mr CRANE - That still sits in this line item. That is \$2.5 million for 2021-22 and \$4.5 and as you said \$7.5 million for the following two years. That is still available.

Ms WEBB - These figures are inclusive of the ferry service initiative and of the additional bus capacity coming through still from last year's collection commitment.

Mr FERGUSON - So they were budgeted; Martin, can you confirm?

Ms WEBB - Can you break that down for me then please, across those figures for 2022-23 and onwards?

Mr CRANE - In terms of the amount for the Derwent ferry?

Mr FERGUSON - What if you provide the breakdown that you have there?

Mr CRANE - Okay. I can give you the base funding for 2022-23 is \$5.667 million. Indexation is \$608. The Derwent Ferry Service budget allocation for 2022-23 is \$8.13 million. The additional bus capacity is \$4.55 million, leaving a total of an appropriation of \$18.955 million. We can go through the whole out years if you wish.

Ms WEBB - We could table that. Is that possible? You don't want to read it all out?

Mr CRANE - There's three more years to go, just not sure what you really wanted. I can give you the totals if you like, noting that there is indexation in each of the out years and there's an amount for each of those out years for ferries. I can give you those ferry figures if you like.

Ms WEBB - I think that's detailed elsewhere in the budget. The thing that I couldn't find is the continuing but additional bus capacity ones mentioned from last year.

Mr CRANE - It is there. And in 2023-24 it's \$7.5 million, and in 2024-25 it's \$7.5 million.

Ms WEBB - As budgeted last year?

Mr CRANE - As budgeted.

Ms WEBB - Thank you. All right, can I move onto another area?

CHAIR - Same line?

Ms WEBB - Same line, but I've just got a whole mixed bag. Again, you can point me to a different line item if this doesn't fit here.

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I'm interested in disability standards, and meeting those Commonwealth disability standards for accessible public transport. How is the state government planning to ensure the implementation of this, or maybe can you comment on how we're going? I'm particularly interested to hear about bus stops. I am particularly interested to hear about when we will be meeting those standards for bus stops across the state.

Mr FERGUSON - Mr Crane and I will respond to your question. It certainly is in the budget. I believe it was placed in there last year, and the funding that supports our commitment made at the election for all-weather and all-accessible bus stops of \$10 million sits within the agency allocation. In 2022-23, the budget amount provide is \$1 million. In 2023-24 it's \$2 million. In 2024-25 it is \$2.5 million. Now what the Government has done is - that doesn't add up to 10. Is that because someone some of it was in 2021-22?

Ms WEBB - In 2021-22 it was \$0.5 million, according to last year.

Mr FERGUSON - I think we are going to clarify that, because I don't believe I have a fully accurate table in that case. So I might come back to that.

The priority is to achieve compliance with the DDA and improve passenger amenity through the delivery of bus shelters where appropriate. The program will deliver improved access to, and amenity of, bus stops throughout the Tasmanian public transport network. My consistent position has been that owners of road assets and road corridors are responsible for bus infrastructure or bus stop infrastructure on those assets. That means state government on state road and local government on local government roads.

But we wouldn't be honest if we didn't say that right across the board, it's a pretty poor show around Tasmania. So the Government is asking local government to co-invest but we know that it would be difficult for them to do it without support. The \$10 million represents the largest single injection of funding for bus stop infrastructure. A list of already identified high priority stops across regional and urban areas will be targeted first. Additional stops will be identified through a principles-based framework. We are just about to begin consultation with councils and bus operators. Mr Crane has informed me that we will also add LGAT into the mix as well.

The department has been busy preparing for this stage and has established a methodology to prioritise funding. We will work with councils and bus operators to deliver the best value from this investment. How we intend to operate going forward, I wonder if the committee members are familiar with the vulnerable road user program that we have. It is one of the funded projects in the road safety action plan. That has been an expression of interest style program. Councils that are prepared to coinvest get better scores on their applications and rise to the top in terms of priority decisions that are made for the use of state funding.

It is our intention that we will follow a similar model to that, which has been used for vulnerable road user programs. We will run a grant program of that nature with councils. Councils will be invited to submit their own expression of interest to the all-access all-weather bus stop program. Preference will be given to upgrading priority stops where councils are willing to work in financial partnership with the department.

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The department is commencing the EOI process in consultation with councils right now, mid-2022. The first EOI process will run for at least three months to enable that consultation with all relevant councils. Then future EOIs will be undertaken annually. There will be an annual grant program round. That way we are not trying to use all our funds up-front in one exercise. It will allow councils to get used to the process, rather than councils needing to commit in advance for the four-year program of work. This will also assist with council budget cycles. I will turn to my officials here. I do not feel that we have adequately profiled the \$10 million.

Mr CRANE - Just clarifying the budget allocation, yes, it is \$10 million. We have a profile for the next four financial years. There is additional funding in the out years, which we can bring forward as we develop our program and work with councils to get up to that \$10 million. As the Deputy Premier mentioned, we are working with LGAT and the councils to identify with them all the bus stops in their areas and prioritise those bus stops as we go through.

Mr FERGUSON - I would like to correct the record in that case. I earlier gave a profile of numbers which I would like to give to the committee. This is on my best advice. In 2021-22 half a million dollars, in 2022-23, \$1.32 million, in 2023-24, as previously stated, \$2 million, in 2024-25, as previously stated, \$2.5 million and in 2025-26, \$2.5 million. The small remainder of funds will be able to be brought forward, as required. I apologise for the incorrect information earlier.

Ms WEBB - To clarify, we do not currently have repositories that indicate our level of compliance at the moment in terms of the total bus stops statewide.

Mr CRANE - We have detailed analysis of all the bus stops that are available in LGAs and on state roads. I can go through the numbers if you wish. Part of this program, the work we want to do with local government is to actually do that initial double auditing and checking to do exactly what you are saying, so we have it up to date then prioritise from that.

Ms WEBB - So we will have an understanding of where our compliance is currently, then prioritise compliance. Will that be something that is publicly accessible, that data when you have it?

Mr CRANE - I will talk to the Deputy Premier on that, I do not think there will be any problems.

Mr FERGUSON - Many of them are not state government-owned. I am not necessarily committed to doing that in that case.

Ms WEBB - Being able to report on our level of compliance and show progress on it in a public way.

Mr CRANE - We would talk with our local government partners on that.

Mr FERGUSON - Have we adequately covered that? I think we may have now. The more detailed piece which is going to local government is effectively imminent.

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Ms WEBB - Great. Is it expected the \$10 million investment planned across this Budget, forward Estimates and into the out years will be sufficient to bring us to compliance across the state?

Mr FERGUSON - I do not know if we have that kind of advice, Ms Webb, but we would certainly like to see more than \$10 million being invested, because the whole intention here is we want to stimulate some appetite from councils to also co-invest.

Ms WEBB - Local Government.

Mr FERGUSON - No, we would not expect councils to be helping to pay for bus stops on state-Government-owned roads. We would see that is our responsibility. We would like to see a lot more than \$10 million allocated as a result of that leveraging of local government commitments, noting that councils that ultimately miss out on this funding will have to explain to their community why they did not put in better applications or better co-matched funding for what are effectively their own responsibilities to date. I am open about this. This has not been done well in the past. It has been a legacy issue of decades we are seeking to address here, not just because of the disability mandate, but because in winter in Tasmania we have people standing in the rain and in the wind. I did it when I was growing up and it wasn't much fun and it's not exactly how you want your kids waiting for a bus these days.

Ms WEBB - To move to another area related to disability access - looking at the performance information on page 280, table 11.4, under the Passenger Transport area, it describes wheelchair accessible taxis licensed and gives the number for 2022-23 as 68. I have been contacted quite a lot with concern about the inability to be provided with service through wheelchair-accessible taxis, particularly in part of my electorate in Kingborough where people are having to rely on these on these forms of transport but are missing medical appointments or being stranded because they cannot get home from appointments. Taxis do not appear to like coming down to the Kingborough region it would seem.

Are you aware, minister, there is a shortage of wheelchair accessible taxis and what is the regional breakdown of those 68 registered wheelchair taxis mentioned in that performance index information table? How does the Government assess the need and determine whether more licenses are required?

Mr FERGUSON - Those are really important questions, Ms Webb. They are ones that concern me. I will invite Mr Crane in a moment to speak more specifically to your question about the wheelchair accessible taxis licensed and the numbers are in the budget paper. I would encourage members of the committee not to necessarily see that as the number of wheelchair accessible taxis that are available and that is the problem because we have a driver shortage.

I have been really up-front about the fact that I believe for two reasons - one is COVID-19 and I am not blaming COVID-19 for everything but there is a simple recognition that many of the available drivers, not just for Watts Taxis but for general taxis, have been people on temporary visas and migrants effectively. When we had a difficulty with people being able to move between borders during COVID-19, many were staying here and now they are free to move to other states they have done so and has withdrawn a number of people from the pool.

The second point of course, is that new entrants have been effectively stopped for two-and-a-half years now. What the Government is doing is not just having a look at the number

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of licenses that are out there which are, by the way, very easy to get for a person who is able to prove their driving ability and their bona fides, it's a couple of hundred dollars -

Mr CRANE - \$165.

Mr FERGUSON - compared to thousands of dollars for a normal taxi and non-wheelchair accessible taxis. The issue is drivers. Operators are reporting a shortage of drivers. There is an estimated 15 to 20 per cent of those taxis being unused or underutilised because of that. To get more drivers behind the wheel and more taxis on the road, including wheelchair accessible taxis (WAT), the Government has embarked on a recruitment support program.

We are not the employer of these drivers. It is a private sector responsibility but we realise that they need our help. We have intervened in the red tape space here. We have intervened to make it cheaper and simpler for people to become a taxi driver. We still insist on high standards for personal safety and skill behind the wheel, but we have made it easier.

We have done that by making payments available of up to \$600 for each new driver. I am advised that that is enough to help them undertake the necessary training and to get accredited - is that the correct terminology?

Mr CRANE - Authorised.

Mr FERGUSON - Authorised. We have room for 100 people to take up the \$600 payments. We have also extended the time for new drivers to submit their national police certificate and medical clearances. I understand that of that 100, something like 53 have now been taken up. There is room therefore for 47 more people. The process to allow a new group of people to apply for that opened only last week. If we need to do more than that, because that 47 are full taken up, or that 100 are fully taken up, I would be very open to that.

Ms WEBB - How will you measure whether the uptake of that payment to assist in getting the licence results in actual drivers in cars on the ground?

Mr FERGUSON - That is a very good question. It is the very question I posed to the department myself last week. Again I will ask Mr Crane, now that he has had a week to think about it, how we will make -

CHAIR - He didn't have an answer back then.

Mr FERGUSON - Well, no, because it is a very fair question. In fact, that is something that I have asked the department to give further thought to so that we are not just allowing people to be trained and authorised, but we are actually incentivising and using that and taking up that opportunity in the industry. In addition to the payment for those 100 new taxi drivers, we are extending the time for new drivers to submit their national police certificate and their medical clearances. They still have to do it, but we will give them a bit longer to do it, meaning they can get on the road.

The taxi training course itself has also been streamlined to make it cheaper and quicker to become a taxi driver while maintaining safety and competency requirements. There are currently 66 wheelchair accessible taxi licences on issue in Tasmania. The difficulty, as your

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question highlights, is that many of them are parked in driveways and garages, so we need more drivers.

Ms WEBB - Do we know how many actual taxis there are? Is that the 66 that you just said, or is that the driver? That is the actual vehicles.

Mr FERGUSON - No, that is the licences. They are licences. They do not necessarily mean that every licence there is a physical vehicle.

Ms WEBB - Okay. Do we know how many physical vehicles there are?

Mr FERGUSON - I would imagine it would be very close. Indeed it is, it is 61.

Ms WEBB - Okay.

Mr FERGUSON - There are obviously five licence holders who have not maintained the car.

Ms WEBB - Do we have an understanding of whether that is actually - were they to be fully-staffed with drivers, that that is a sufficient amount? What amount do we consider would meet the need in this state?

Mr FERGUSON - First of all, I am going to ask Mr Crane to round out my answer in case I missed anything, then to address that later question please.

Mr CRANE - I might just go back to the other part of the question about how do we know. The Government has provided a grant -it is quite a detailed grant process - to enable us to track the benefits of putting that money out into the taxi sector so there is a whole point. You get a certain amount of money when you get people in to train. We are at the process now of starting to see that money turning into actual drivers taking up jobs in the taxi sector. We are waiting to see the results of that. It is fundamentally a grant process where people have to remit who they have trained, et cetera, so we are tracking all of that.

Ms WEBB - So the funding of the \$600 did not go directly to individuals who were doing the training, it went to a training provider?

Mr CRANE - It went to a taxi operator. Their job was to go and find the drivers. What they were saying to us were, one, we have a shortage of drivers, and two, if we can get them, the cost of some of these on-boarding ,the training et cetera is a barrier while there are other career opportunities.

Ms WEBB - They should be able to tell you whether they end up actually driving a taxi.

Mr CRANE - They will be able to tell us where they end up. The second part was, is that enough? My discussions with the industry is it is really much about they think that is enough. Historically, there has always been a couple of areas where we would like some more, particularly in the north-west. But it is not so much about the vehicles; it is about the utilisation and availability of drivers to operate those vehicles. As the Deputy Premier mentioned, they are sitting up at certain times, which is causing problems for people. We are fully aware of

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those. We are continuing to work with the industry and we'll be providing the Deputy Premier with some further advice as best we can.

Mr FERGUSON - Can I just round it out as well, Ms Webb? Your question is the very one, as I said earlier, I have also asked. I would like to be more satisfied that the number of people receiving the effectively free training and authorisation, that the vast bulk of those actually do take up the opportunities for those positions. You would agree we can't force them to do that, but I've asked for that advice as to how we can have a more reasonable expectation that they will not just do the training but take up the vacancies in the industry. We need them to.

CHAIR - In Tasmania.

Mr FERGUSON - In Tassie.

Ms WEBB - Yes.

CHAIR - Rather than working up to the mainland.

Mr FERGUSON - The authorisation wouldn't be recognised, would it?

Mr CRANE - There is some work happening on mutual recognition in that space but no, we can remit with the taxi licence holders how many people they've converted from training to actually sitting behind the wheel in a taxi. That's what we're after. That's the number.

Ms WEBB - A common ticketing system, is that in this line item, or a different line item?

Mr FERGUSON - I think we have it here.

Ms WEBB - In this one? So that was an election commitment from last year, \$31.5 million I believe we discussed in Estimates last year. I'm interested to have an update on progress of that project, including where it sits in funding here in this budget, the funding to date and then funding in this budget.

Mr FERGUSON - In this budget it maintains the funding that was committed at the election. Most of the actual funding - we're in the correct line item in terms of the role of the department in helping Metro with this solution, because it's a team approach between Metro and the Department of State Growth. But most of the funding is an equity injection into Metro. Am I right? Is that the right way to express it? So it's perfectly fine to talk about it in this output.

In terms of current state of play, Metro in collaboration with the department is determined to deliver a modern ticketing solution that would apply to all general access operators, not just Metro, even though Metro are vested with the capital. The aim is to integrate with intelligent transport solutions for users and providers of public transport, including ferries, to allow access to real-time information for passengers along with the ability to make fare payment by credit card or phone or wearable smart device.

The news update for the committee is that the Government has made an in-principle decision to work with another jurisdiction - an Australian jurisdiction - and its ticketing

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provider, to see if such an approach can deliver a cost-effective solution for Tasmania as well as reduce the risks associated with delivering such a complex project. I have been advised to not give too much more detail than that, because it is at a sensitive stage. Wearing my other hat as Treasurer, the Government may have a role in considering how to progress that if the steering group, which comprises Metro and State Growth, determine that that is the best way forward.

Ms WEBB - So noting that last year in Estimates, and I'm going to quote from when we had this discussion year, we heard this:

We've also been having some conversations with other jurisdictions about their systems and exploring whether they might be able to piggyback on some of the work that other jurisdictions have done. It's a bit delicate because we have to go through those discussions with Metro in the next few months. We have to make a key decision about whether we can negotiate directly with one or two parties or whether we have to go through a competitive process.

Where have we moved since that was provided to us as information last year? It sounds like you just told me the same thing.

Mr FERGUSON - Not quite, because the Government has actually made an in-principle decision to proceed to with that other jurisdiction. I'm advised that I'm not at liberty to say which jurisdiction, but there's only five to choose from, seven if you count the territories. So we're just at a sensitive stage. I look forward to sharing with you more.

Ms WEBB - Is there an anticipated time line for that?

Mr FERGUSON - No, there is not, because if that is unsuccessful, or if it is decided that that doesn't provide a cost-effective solution for the taxpayer in Tasmania, then the Government still reserves the right to go to an open tender.

Ms WEBB - So, still no clear time-line on when we will actually have the common-ticketing system in place.

Mr FERGUSON - If the in-principle decision to work with that other jurisdiction leads to a satisfactory cost benefit analysis leads us to make that decision, that would be a near-term announcement, and if it does not, then we would, in the near-term being going to an open procurement.

There could be, what I would describe as positive news, in the near future.

Ms WEBB - There would be lots of people interested to see that. Fingers crossed.

Mr FERGUSON - Indeed. I agree. Mr Crane, did I cover that adequately. Have you got anything to add?

MR CRANE - No, I believe you covered that perfectly well, thank you.

CHAIR - Please keep your answers fairly short. We are going to run out of time again.

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Ms LOVELL - The performance information on passenger transport talks about percentages scheduled and timetable trips delivered per operator to the general access bus network, and the footnote acknowledges that the 95 percent target for 2021-22 is an acknowledgement of the impact to services of the COVID-19 pandemic, and issues related to driver shortages.

Were the driver shortages COVID-19 related as well, or were other factors in play there?

Mr FERGUSON - Yes. I can give you in broad terms. Mr Crane, I do not know if you can add much to this, but this will relate to. It is a performance indicator for our performance as a department, noting that in all cases, their contracted services went through Metro or the other seven or eight other GA providers, because we are talking about general access.

The answer is yes. Some of the absences that led to dropped trips, which is a horrible expression, but that is what the industry call them. Some of the absences were specifically due to driver unavailability because they were either COVID-19 infected or close contact while those rules were still in place.

Although, I am not able to sort of speak with too much authority about the non-Metro providers, because I do not have as close a relationship with them. I do not know if you do, but there is also a heavy vehicle driver shortage in Tasmania.

Although it is reaching into perhaps GBE scrutiny with Metro at the table, I know that from my regular meetings with Metro there has been a very successful recruitment campaign, and accelerated training program for 20 drivers that have already now started and are on the routes. A further 20. Yes. So a total of 40. Those second group of 20 are currently being trained.

Metro have been far more proactive in letting the public know about anticipated cancelled trips or dropped services. You will be aware, Ms Lovell and the committee, in the last two or three months there were a lot of dropped trips. Still only a single digit percentage of overall, but enough to really inconvenience a lot of people.

They are trying to get that information out there in advance and allow people to expect that advice will be provided the night before, rather than wondering where my bus is. That proactive, letting people know in advance, is still happening and the number of trips cancelled are single digits, some days, if any.

They have done a good job to bring that back in, but I acknowledge the frustration that was experienced in the community as a result of a driver shortage nationally and COVID-19 related absences.

Ms LOVELL - There has been some reports lately of bus drivers being unhappy, or more concerned about, the anti-social behaviour they are seeing and being subjected to on buses.

Do you have available how many reported incidents of violence and anti-social behaviour there has been on Metro buses in this year, to date and the previous year?

Mr FERGUSON - Thank you for the question and your interest in that, because it is important to me as well as you.

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I do not have advise on numbers. I seem to recall that at scrutiny hearings, we did have numbers through the company, Metro, but obviously, not all the others.

I will be happy to take it on notice, but I will not be asking the department. I would be breaking my usual rules and going to the GBE, but because you have been so decent about it, I am happy to do it.

It is a problem and I will say it is something I have asked the department and Metro to work harder on. I do not mean in terms of stamping it out, but I mean in terms of giving government more policy opportunities to give bus operators and drivers more tools to deal with the upsetting and times at unsafe actions involving bus public transport, whether it's on the buses, at terminals or at bus stops. We are sending a clear message that any acts of violence or antisocial behaviour on our buses are totally unacceptable and that they won't be tolerated in recognising the impact this has had on our bus drivers and passengers. I've asked State Growth to work with Metro and Tasmania Police to develop stronger measures to crack down on this behaviour. That work, which is underway, will include consultation with unions and TasBus, the Tasmanian Bus Association.

I can also assure the committee that all Metro buses are fitted with CCTV, which is assisted with safety and security onboard, and with investigations into incidents of antisocial behaviour. Metro also has a long-standing partnership with Tasmania Police for a dedicated resource, with officers on occasion following buses and operating plainclothes campaigns on buses where they're focusing on buses or routes that have been identified as having a higher prevalence of antisocial behaviour. Identified offenders can be banned from travelling on Metro buses, and they can be charged depending on the specific circumstances, but like you, I would far rather that we are more proactive in discouraging and deterring those behaviours than simply acting after the fact and maybe after a driver has gone off on a period of illness or worse, where they felt they couldn't come back, and that we would deal with that. I think we have to take a stronger line with people who are making life miserable for our drivers and the other customers.

I think there is some other advice and I'm just going to ask where it is. We might have some numbers.

This is just for Metro since it is the largest of them, so I wouldn't represent this as being for the other bus operators. As at 16 May for the calendar year 2022, there have been a total of 137 incidents of antisocial behaviour, and that's across the whole of the state, the three networks. For the calendar year 2021, for comparison, there were 296 incidents. Anything above zero is disappointing and unacceptable, and I hope that our actions on the advice of what further steps we could take could drive that down in future.

Ms LOVELL - Do you have any breakdown of where those incidents are placed across the state, or is that just a statewide figure?

Mr FERGUSON - In the information I was just shown, I don't have that. I would also be reluctant for reasons that I know in my mind some of the routes and the suburbs involved, and I think you'd agree it'd be reasonable to share that with you offline rather than in public because we're trying not to name up particular communities. But there are some that are more of a problem than others, and it's very unfair on the people who live in those communities as

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well for their good reputation to be damaged by these small numbers of people - and I do mean small numbers of people causing most of those cases.

CHAIR - So those cases could be the same person re-offending?

Mr FERGUSON - That is often the case and they're often young people.

Ms WEBB - Is this a good spot to ask a question about the free bus initiative recently or a different line item?

Mr FERGUSON - Yes, I think so.

Ms WEBB - After that offer of free buses that the Government made for a five-week period, which was very positive for people when petrol prices were spiking, I would have thought that would be a wonderful opportunity to test and learn what impact that policy would have on our community and the members of our community not only in the access to transport, but also the social and economic impact it had in their lives. I'm interested to know what the Government did to evaluate that temporary policy to inform our understanding of its full social and economic impact so as to be able to consider whether it potentially has value as a game-changing policy worthy of being pursued further -

CHAIR - I think we've got the question.

Ms WEBB - For clarity, I might add that I'm not asking about just documentation of patron numbers during that five-week period. I am asking if an analysis was done or if more evaluation was done relating to social and economic impacts.

Mr FERGUSON - Thanks for the very fair and good question. I do not have the latter information. We just simply do not collect that kind of information. One of the facts that I will share with you might go part way there. In broad terms - and I represent across Metro and the other non-Metro providers as well, because they were all in the initiative - more than 100 000 additional passengers caught the bus on urban routes alone, a statewide increase of 15 per cent. This is tremendous, noting that we still have not returned to pre-COVID-19 patronage, by the way. We still have not caught up.

That increase of 15 per cent has shown that bus travel is a convenient transport option to get people to where they want to go. During the free ride period, we received very good feedback from those who chose to try the bus for the first time, or who came back after a long break. I can tell you because I have asked - I do not yet have the information on the month of May, which is immediately after the free fare initiative. I am hoping - but I do not know - if we have seen an uptick of people who continued to use the buses.

I can tell you one particularly exciting element that does speak to social improvement. We saw a 60 per cent growth on the new North West Express. That is a new service that north-west coast people would be aware of. It is an hourly service between Burnie and Devonport. That went up 60 per cent. That is still a pretty new service. That was one of the standout statistics from that initiative.

Ms WEBB - From feedback that I have had and I am sure others have had, there are some very clear indications that the alleviation of cost of living pressures really helped. During

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school holidays, families in particular were able to engage in activities that they would not otherwise have been able to engage in because they could catch the bus for free. We will not necessarily see that continue on now that the cost is back.

Is the state government considering any form of continuation of a free bus service, even in a more targeted sense, for example, for children and people on healthcare cards or concession arrangements?

Mr FERGUSON - The answer is that we do maintain concessional rates for our customers.

Ms WEBB - I am talking about a free service.

Mr FERGUSON - Nothing is ever free, somebody has to pay. In this case it is the taxpayer. I think we are now up to \$110 million a year as subsidies for passenger transport. That is a big contribution from Tasmanian taxpayers, and more heavily biased to people who are on concession cards. That is deliberately the case.

We are not able to provide this on an ongoing basis because it would actually cost a lot more money, no doubt on the taxpayer. We did it as a special initiative and for all the right reasons that you have acknowledged in your question. I look forward to seeing how the May data, at least for Metro, might have improved as a result of that.

We did it as a cost of living initiative when, as you pointed out, the petrol prices were skyrocketing and we saw no relief in sight. We did not see, when this was decided by our Government, we did not know that the federal government was going to cut fuel excise, and also help. To your question, I hope that the social benefits are there, I do.

Ms WEBB - Now that it is not free anymore, the social benefits that were there because it was free are not there anymore. That is a 'no' is it to a targeted or a more constrained consideration of that going forward for people on concession cards or children?

Mr FERGUSON - I do not believe in static policy. You are always prepared to look at good ideas. We did it knowing that others would call for us to continue to have free fares beyond the period of the incentive. But we did it because we wanted to help family budgets. We had feedback from our members, telling us that the cost of fuel was really hurting family budgets. It was one thing that we knew we could do. We cannot control inflation but we were able to make that contribution.

In terms of future, I am actually interested in fare incentives. I have also discussed with the department - I do not yet have feedback, or I do not yet have advice - but I have asked, for example, for feedback on when we have new services in new areas whether we could consider fare incentives to give people a real incentive to give it a try and trial those services and hopefully continue to use them, much as I have done with the Derwent ferry, where it has been effectively free for the first year.

Ms WEBB - It is a good way to get people to patronise things, but then I guess the cost of living assistance to low income people is a separate matter.

In relation to the Derwent ferry trial, actually, is that a line item?

Following the announcement in January this year of the 12-month extension of the trans Derwent ferry trial, which is now set to expire in August 2023, due to the ferry's popular support - which has been great to see - has the review progressed regarding whether the ferry service will become permanent or not? In January, it was reported in the media, that there would be an update on the ferry's status within a few months?

Mr FERGUSON - In case you did not overhear that, I will ask Mr Crane to inform the committee about that. The evaluation is still on track and occurring as we speak. It is more operational now rather than existential because the Government has committed that the ferry is here to stay, and the budget provides some \$18 million over the next four years as delivery of our statement. I think it might have been about February when we announced that we would be keeping the ferry because it has been so successful.

The original intention was a one-year trial from August 2021 to August 2022, with the opportunity for a one-year extension if we were not quite sure and we wanted to give it another opportunity.

What all of the foregoing means is that the ferry will continue but we will still proceed and complete the evaluation, which Mr Crane will speak to in a moment. The ferry is here to stay and because of this commitment of \$18.8 million for infrastructure and services, together with the recent Australian Government's election commitment, we look forward to expanding ferry opportunities around southern Tasmania. Evaluation, and please keep it brief.

MR CRANE - The evaluation is looking at patronage numbers, making sure that timetables, any other operational issues we have in place, to make sure that it provides the best opportunity for people to use the ferry service through coming months.

Output Group 6 - Subsidies and concessions

6.1 Shipping and Ferry Subsidies

CHAIR - Minister, could you provide a breakdown of the payments related to the Bruny Island Ferry subsidies, the Furneaux shipping subsidies and the King Island shipping subsidies? Do you have that level of breakdown?

Mr FERGUSON - This is high level so tell me if you need deeper detail.

On Bruny it is \$460 000 per annum before other costs. No doubt 'other costs' refers to some of the infrastructure supports that we have been putting in place to allow double-berthing. So that has been happening.

For Furneaux Islands, freight and shipping, Flinders and the group of islands. That is \$288 000 per year. That is a contingency fund rather than a subsidy. That is available on occasion when it is needed and sometimes there are years where it is not needed at all.

CHAIR - I asked how much of that is being used?

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Mr FERGUSON - To my knowledge, in the current financial year, I am not aware of any, because I think I would know, or I would be asked about it before it was paid. We might take that on notice, unless you know, Martin?

Mr BLAKE - I have \$72 000 and I think that actually related to the new operator coming on and costs incurred in relation to the Cape Barren Island Service, rather than the Flinders Island Service.

Mr FERGUSON - You say, you believe that is the case. Do we need to come back? That is correct. Great. Thank you for that.

Mr FERGUSON - There is a further amount. That is the \$72 000, so thank you Martin for that. Just a further breakdown. There is \$54 000 for the Cape Barren Island Service subsidy, that is annual. There is also a \$28 000 payment, one-off, that was made to meet with the cost of repairing four refrigerated containers.

For King Island, the contingency fund is \$49 000. That does not attempt to include the cost to TasPorts of VBIL(?). You have asked is there any use of that \$49 000 to date, Martin? I am not seeing any.

CHAIR - I understand it is fill gaps for the fund.

Mr FERGUSON - Incidental, interruptions or -

CHAIR - If the vessel cannot sail and you are engaging another operating.

Mr BLAKE - Nothing this financial year, Deputy Premier.

Mr FERGUSON - No. It appears not at this time, but it is there.

CHAIR - There are no other questions on that? We will move to General Access Services.

6.2 General Access Services

Mr GAFFNEY - This output relates to contract funding, providing to supply the public bus services, including school day only and it looks like over the forward Estimates it says about \$2 million for the next four years.

I can save you some time here because the member for Nelson has talked about bus stops, tickets and free buses, Intelligent Transport System project so, some of that we have already dealt with. There was an amnesty and there was a question of aps but what I have done, I can ask Jen to forward some questions through you minister to Mr Crane perhaps, to answer some of those other questions.

CHAIR - Just run through them, Mike.

Mr GAFFNEY - There is a whole heap of them, Ruth: the modern integrated intelligent modern common ticketing solution; the Intelligent Transport System project; the bus stops one;

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year 12 completion rates; about how there could be an app for the buses. We talked about the six-week amnesty.

Mr FERGUSON - Would it be okay if I just pause there for one moment? We have answered a number of those questions but one I haven't is the Intelligent Transport System which I am happy to take on notice. The other one was on the app which I can answer at the table. It is our expectation that when we secure a technology provider for the common ticketing it will be accompanied by an app and you can tap on with either a Visa, Mastercard or whatever or your Samsung or Apple watch or an app that might activate an NFC chip on your phone.

Mr GAFFNEY - One of the questions I asked talked about the app and about the ticketing but it did ask the question - which services and/or routes saw the greatest increase in usage and by how much when the amnesty was on, so there are a few little pieces there that -

Mr FERGUSON - Again, I am happy to take that on notice because I do not have that.

Mr GAFFNEY - Can you also update us on the progress on the Urban Congestion fund which is a co-contribution project with the Australian Government, which I understand also contains a contribution to the Intelligent Transport Solutions budget. There is nothing I could find a lot of information on.

Mr FERGUSON - If we get to the capital line item, I would be more than happy to have Denise McIntyre respond to that because that will sit in Capital. Is that okay?

Mr GAFFNEY - Yes, that is fine. I have a couple of questions for the Capital Investment Program that can wait until then.

CHAIR - We will hang on to those until then.

Mr FERGUSON - Is that okay?

Mr GAFFNEY - Yes.

Mr FERGUSON - That's good.

CHAIR - Is there anything else on 6.2? A lot of it was covered previously.

6.3 School Bus Services

Mr DUGAN - Deputy Premier, can you please detail the Government's investment in extra bus services on high demand routes and the impact it is having on our school buses in particular?

CHAIR - I might add to that so he can answer mine at the same time - does it include the increased demand from around Hellyer College and the Marist College from the east and the west, because that was identified last year as one of those hot spots. Thanks.

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Mr FERGUSON - Thank you for the question. The department is identifying what the priority services are for extra funding which is deliberately designed to meet additional services on high demand routes. We have committed \$20 million over four years to do this. I am pleased to advise the committee the initial expenditure is having a positive impact on the provision of more bus services and improving the passenger experience for Tasmanian commuters. Nearly \$6 million has been so far committed for additional school and GA services, including the delivery of the new trial express service for the Huon Valley, which I know have been very well received, as well as extra services associated with the Huntingfield Park and Ride.

In relation to school buses, the Government is investing more than \$40 million every year towards funding 362 school bus services on 93 operators. That includes specialist school bus services. We've implemented additional services on known school bus routes that have been experiencing capacity issues. I will summarise: these include a temporary service between Snug and Kingston schools - that has been made ongoing; additional capacity for Cosgrove High School; new trial services underway from Geeveston to Dover District School; Huonville to Hobart College; Southern Christian College and Calvin Christian School; and Miena to Oatlands District School.

We've adjusted the route and timetable for school bus services to and from Mole Creek Primary; several temporary Metro school-oriented services are now permanent, including services to Hobart College and Riverside High School; and Taroona High School, which probably many have heard about many times, now has an additional afternoon service. Improvements to morning timetables and all Metro buses to the school are now using higher capacity vehicles.

The Department of State Growth has also started bus network planning for public school expansions, including Brighton High School and the Hobart City High School, and additional services will continue to be considered over the course of the 2022 school year. I heard a reference to Hellyer; I don't have advice on that to hand but I'll ask you if you do, please, Martin.

CHAIR - Hellyer College and Marist Regional College, both directions.

Mr CRANE - Marist and Hellyer were services we've got in place; we will easily meet the demand for Hellyer and we've got some Marist students using those services. The Marist Regional College has in fact engaged one of our contractors to provide extra services, which is alleviating that problem at the moment.

CHAIR - Sarah, was your question answered in that?

Ms LOVELL - I have one other question to that. On page 276, footnote 3 talks about this line item, that the increase in passenger transport reflects the rollover of unspent appropriation from 2021-22 for the Additional Bus Capacity Initiative. I understand that commitment was \$20 million originally? Does that then include the rest of that \$20 million? What's the profile of that commitment? Does that question make sense?

Mr FERGUSON - It was \$20 million, you're quite right about that. I'll just ask Mr Crane to answer the accounting question if you can, and if you don't have that to hand we come back to it.

PUBLIC

Mr CRANE - It is a \$20 million commitment. It was profiled over a number of - I will get you the cash flow for that: \$2.5 million in 2022-23; \$7.5 million in 2023-24; and then \$7.5 million in 2024-25, which gives you \$7.5 million, which also includes \$2.5 million from 2021-22, which we rolled over.

Ms LOVELL - Thank you.

Mr GAFFNEY - Some of these have been covered, but there are two questions I'd like to ask again. There is an exception to the urban boundary fare triggering rule for school students where it's a lottery at the moment across the state. Some parents and families are paying between \$680 and \$760 a student fare a year compared to others, just depending on where they live. It's something that's been passed down historically. It needs to be looked at very seriously. It is detrimental to some families who live outside an urban area when they cross the line to take their kid to a school. It's an issue.

CHAIR - Do you have a question, Mike?

Mr GAFFNEY - The questions I have passed through Mr Crane already. Will they consider relooking at this issue? The other one is the conveyance allowance. I am not totally - I understand it is a scheme that pays parents to transport their child to school and back, rather than have to pay a fare. Could you help me understand its operation, the assessment eligibility and what protocols are in place to avoid the misuse? Some parents actually get a fee or an allowance to transport their kid because it is outside the school bus route. How is that managed?

CHAIR - They live in the sticks.

Mr GAFFNEY - Yes. There were some people who choose to send their children to private schools where there is no bus fare. They actually get an allowance to do that.

Mr CRANE - I will kick off with the conveyance allowance. The conveyance allowance is used when we do not have access to a school service. It is a five-kilometre limit. If you are outside where the nearest bus stop is for five kilometres and you are in your area, that is when we consider paying an allowance. We have strict eligibility criteria applying when we assess for those people. We go through that process. They have to reapply each year.

Mr GAFFNEY - Is that just for a public school or a public and/or private school?

Mr CRANE - It is predominantly in-area schools that we are talking about here. There were some non-state schools, but just because you choose to send someone to a school of faith, whatever, that does not necessarily allow you to get into that scheme.

Mr GAFFNEY - You do not get into that scheme if you choose to take your child out of area?

Mr CRANE - It is about making sure. We literally cannot get all the buses in the area. We acknowledge that particularly in rural areas, there is an area where there is five kilometres. That is why it is a five-kilometre thing, if you cannot get within five kilometres we allow that funding to do that. It is an annual -

Mr GAFFNEY - Do you have any idea of the numbers that might be?

Mr CRANE - Just bear with me. We had 233 applications in 2021, 26 per cent of those were years 11 and 12. Some of this also helps with students on islands for the travel allowance off King Island.

CHAIR - Where they generally board.

Mr CRANE - The other question which was -

Mr GAFFNEY - About the -

Mr CRANE - Latrobe issue.

Mr GAFFNEY - Well, it also applies to students in Kingston, Windermere, quite a few students. It seems to be an age thing, I think.

Mr CRANE - Certainly just briefly, I am mindful of the time. As you know, children in rural areas are able to travel free on our system. With the sprawling of communities those boundaries become challenging for us sometimes to manage to enable that. You can get situations where people feel that a line is drawn, and they are on the wrong side of that line in terms of that. We have always looked to try and make that as equitable as we can.

That is the policy position that we have, that regional children within certain boundaries are able to access free school travel. If you are not in that, you have to pay for Latrobe and those other areas. Mindful of the fact that there is a large percentage of children who also have access to concessions for children as well. There are also some children who also get access to those free payments as well.

Grants and Subsidies

CHAIR - This is where we will talk about the West Coast Wilderness Railway, minister. I know that there is \$4 million this current year we are in, then in 2022-23 there is another \$4 million to support that. There is no forward budget. Is that because the West Coast Wilderness Railway is now self-funding, or what is the expectation here? One of the state's iconic rail journeys.

Mr FERGUSON - Yes, it is. It is wonderful. I am sure you have been on it plenty of times. I took it last summer with my family and loved it.

The question was on the lack of funding in the forward Estimates. Most of this funding has been capital. And there may be further capital requirements in the future. But I have no advice as to require that right now. But the West Coast Wilderness Railway is our iconic historical tourism experience. We have now invested \$38.5 million in the railway since 2014-15. The Government is continuing to work to maintain and enhance rail operations and the visitor experience. In terms of the funding with the \$16 million of assistance provided over the four years to 2022-23, we are now coming into the final year of that. The railway has been investing in additional rolling stock, including restoration of Abt Locomotive No 2 and maintaining other rolling stock.

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The additional steam loco will bring the total number of steam locos to four. This is important from a strategy point of view to have a buffer allowing for periodic and deep maintenance to be undertaken without interrupting schedules.

As we are now effectively returning to a more normal service with a strong tourism season, it was mostly booked out all summer and now the railway is moving into a capacity model that does not require social distancing as it has in the past, I would hope the future is now very positive.

CHAIR - Can they self-fund their operating expenses? Is that what you are saying?

Mr FERGUSON - That is fair that it would be in a strong position to be sustainable from an operating model point of view, but I would not be surprised if we need to provide further support in the future around capital, because of the nature of the terrain. The movement that occurs, the weather. I was told only last week there was a time where once you would have actually had clearances on the rail corridor of, how far? 100 metres somebody said to.

Mr BLAKE - In excess of the tallest surrounding trees, so there's obviously [5.27.33pm] railway.

CHAIR - Not anymore.

Mr FERGUSON - It is quite close. In fact, it brushes the carriages.

CHAIR - Where you go through the cutting, you can reach out and touch the rocks.

Mr FERGUSON - We will be monitoring it very closely. But there is no current capital request in front of me I am aware of. But we will have to keep a close eye on it. Anything to add?

Mr BLAKE - Yes, Deputy Premier. We will be giving the Deputy Premier some advice on future funding for them. There is actually some information the department has from the West Coast Wilderness Railway and something we are discussing with them. I expect they will be putting a proposition to the Deputy Premier.

CHAIR - In terms of capital? As well as operating?

Mr BLAKE - Potentially, including operating as well. As we know, it is a bit of a contingency issue. Being in the future and not knowing exactly how things are going to pan out past this period.

Capital Investment Program

CHAIR - Anything else on grants and subsidies? Otherwise we will move to capital investment. Mike, you had a question for capital investment.

Mr FERGUSON - Can I just rearrange the table? Chair, if I may? Thank you Martin, you may go. I will ask Martin Blake to stay. And I will invite Ms Denise McIntyre to the table to introduce her to the committee. You may remember Denise from last year.

PUBLIC

CHAIR - And every other year.

Mr FERGUSON - She is general manager of State Roads.

Mr GAFFNEY - We might go with that one first Denise.

Ms McINTYRE - I think your main question was around the ITS component of the Urban Congestion Fund?

Mr GAFFNEY - Yes. It as a co-contribution, so that would be really handy.

Ms McINTYRE - That project involves some on-time information. Real-time tracking information on some key road corridors. Also, the updating and upgrading of the lane use management system on the Tasman Bridge, which is a fairly significant project. The total funding for that was a 50-50 co-contribution, to the total of \$23 million.

We went to tender on that - on effectively a design and construct contract - last year, basically. It was quite a complex project to negotiate through, because of significant changes, the increases in cost of materials for that particular project, because of the proximity of announcements around the Southern Stadium and also the proximity of the works on the Tasman Bridge pathways project.

What we did was split those two projects, so we will be going back out to tender for a construct-only for the on-road information system, and then we will combine the lane use management system, ITS project, with the Tasman Bridge pathways upgrade.

Mr GAFFNEY - Is there a time line when you think that could be?

Ms McINTYRE - We are working through the development of the Tasman Bridge pathways project at the moment, and will be going out to public consultation in the next couple of months, and then we are aiming to go out to tender later this calendar year.

With the on-road information system, we are aiming to go out to tender fairly soon, in the next couple of months.

Mr GAFFNEY - I know you cannot predict this, but is there expectation that there is the capacity within Tasmania to be able to undertake those contracts and tenders, in both of the situations, do you think?

Ms McINTYRE - With all of our tender submissions we require a local component, so each tenderer has to provide us with information about how they can engage local participants. They are all rated on how many Tasmanian industry participants they can include in their project.

Mr GAFFNEY - That is good to hear.

Ms McINTYRE - Even if they are only an external company, there is an expectation that they will have local employment.

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Mr GAFFNEY - That is all I have on that. I have other CIP ones, but there might be others as well.

CHAIR - Keep going.

Mr GAFFNEY - I wrote to my local councils and said there are some issues. There are two here. One is quite nuts-and-bolts, and I will pass you the paper on this. Devonport City Council wants to see - there are some state road locations about Mersey Main Road, Sheffield Road, Mill Road, Bass Highway and Kelsey Tiers Road. I can pass those over to you, so you can come back to us with that.

The other is an interesting one. I am not sure where that sits in this discussion, because it says:

There is a commitment from the Department of State Growth to fund a much-needed shared pathway on the northern side of Stoney Rise Road in Devonport, and it has been withdrawn, but council had already gone out to the community saying the project would be funded, advising the community that would be the case.

So, the council now is in the unenviable situation that they have gone out saying this is going to be done, and then State Growth has withdrawn the funding. I received this letter from Devonport City Council's general manager.

Ms McINTYRE - My understanding is that this was a project that had been identified through the cycling safety strategy program. So, there was an initial \$2 million allocated to the north-west region for cycle safety. I suspect it was not money withdrawn as such, but that the budget for the actual project was a lot more significant than anticipated.

Mr GAFFNEY - At the end of the day, though, we have a council that said yes, it is going to be done, and now it is not going to be done, and they are left holding the can.

Ms McINTYRE - I will need to talk through the project, and work back to council on that.

Mr FERGUSON - There was quite a run of names in the earlier part of that question. Happy to just take it on board and respond to you directly, Mr Gaffney, or to the committee, however you see fit.

But the advice I have is that there has been a project delivered, including the improvements to the off-road path along Stoney Rise Main Road, at Stoney Rise. My briefing, or my information, was that the project has been completed, but it could be that it wasn't completed to absolutely everybody's satisfaction.

We might take that up off-line.

Mr GAFFNEY - That would be appreciated.

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Ms LOVELL - The Greater Hobart traffic solution, I am wondering if you could outline the funding allocation for the Hobart Transit Centre? A footnote says it is included in that allocation, but specifically, what is the allocation and where is that project at?

Mr FERGUSON - That is a \$4 million project allocation. We started off with a \$750 000 feasibility study to identify possible locations and commence planning for the transit centre. The Government has subsequently committed a further \$4 million for scoping and development activities, which you can see in the Budget. The whole point here is to develop a vision that we can effectively take to funding partners like the Australian Government to assist us with a proposal that would be fundable, for want of a better term. The expert consultancy firm WSP did that feasibility study and provided advice to the Government. It has been very difficult.

Two preferred options from the feasibility study revealed that both above- and below-ground options at Franklin Square and lower Elizabeth Street are constructible but that there would be significant challenges for construction and disruption for traffic and buses on one of Hobart's busiest roads, Macquarie and Davey streets.

Following the assessment of alternative locations, which was completed in September 2020, further options are being investigated. It is a highly complex project. It will take several years to plan, fund, construct and commission but we will be looking and working with our City Deal partners on this and we will certainly be looking to the Australian Government in the fullness of time to assist us with this. For the remainder of 2022, I am advised that a business case is being prepared for completion in 2023. While there has been a lot of conjecture around this, the Government has been open with the community about different models that it may take above or below ground. We have never locked in behind below-ground, much to the playful criticism that has been offered to the Government over the years on this, but we do need a better transit centre. The current facility at Elizabeth Street is simply not meeting contemporary needs. It is not out of the weather and while it might accommodate the current bus services that are coming in and out of Elizabeth Street, it won't cope with increase of services which we wish to develop.

There is fair bit of work to be done here still and I want to emphasise the Government is working with our City Deal partners on this, in particular Hobart City Council.

Ms LOVELL - Is the \$4 million for scoping and development all in this coming financial year or the year ahead?

Mr FERGUSON - My advice is that it is profiled over a longer time, out to 2024-25, but we will bring it forward as required. We won't be able to do this on our own and I don't just mean money. I can speak well of Hobart City Council on this. We really need to work with Hobart City on this, as much as anything to land on an infrastructure solution that is fit for purpose and while it is being constructed doesn't constrain traffic on the Macquarie-Davey couplet, which would potentially be the case otherwise.

CHAIR - Minister, earlier on you spoke about a greater focus on maintenance of roads. Can you tell us more about how you identify where those are? I could probably tell where they are, being on the road a lot. How do you actually assess that?

Mr FERGUSON - MPs can be the best advisers on these matters, can't they?

PUBLIC

CHAIR - I am sure that can. We know how many times Illawarra Road was dug up for one.

Mr FERGUSON - I get good feedback from my colleagues, especially my Liberal colleagues, because they feel they can send me through things and I always pass them on, but our MPs do a lot of miles on the roads and your feedback is always welcome because maintenance contractors have as part of their contracts, an expectation that they will specifically inspect every kilometre of our more than 3000 kilometres of state road network each and every week and look for problems and report them, log them, and ensure that they are then programmed for maintenance.

I have personally been very committed to this and for some time now I have wanted to see a step change in the maintenance budget. I have been supported by the people at the table. We have now committed \$90 million to the maintenance of the state road network for the 2022-23 financial year. You can see in the budget papers that it steps up significantly as much as \$101 million. Over the four years we are taking maintenance to \$388 million.

CHAIR - I am interested how you identify the areas that need the most urgent attention. I do say there is a bit about how difficult it can be on the West Coast, lots of rain and potholes that form. It is terribly dangerous to motorcyclists particularly, particularly as you do not perhaps appreciate the nature of the road down here. How do you identify - not you particularly, but the department - identifies the areas?

Mr FERGUSON - I will nearly finish, then I will ask Denise if she would provide that more detailed answer about how the funds will actually be used in a targeted and particular way. There is work now that the department is aware of this funding. The department has been working for me to produce recommendations on the best use of it going forward. I will just note that it is very close to what the RACT was calling on the Government to do, which is take maintenance to \$100 million a year from the baseline of about \$80 million. Denise, as to the specifics, noting that there is more work that you are currently engaged in.

Ms McINTYRE - In general terms, we have the maintenance budget split between routine maintenance, pavement renewals and line marking, bridge maintenance, bridge renewals and pavement renewals. Over the last number of years it has been recognised that pavement renewals - so it is maintenance first, the routine basic maintenance first - then pavement renewals tend to be the last on the list, the last priority.

What has happened is this Tasmanian Government and the Deputy Premier have recognised that we are not in a position to be renewing the network as we need to be, so additional money has been allocated to enable us to identify key freight roads particularly and to improve the amount of renewals that we are able to undertake.

Mr FERGUSON - Just define renewals for the committee, please.

Ms McINTYRE - A renewal is basically rebuilding the pavement, taking out the old pavement, then renewing it basically and putting a new surface on top.

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CHAIR - Is there a time frame between when the pavement was put down, when you could reasonably expect it to hold up and if it has deteriorated within that time frame, does that cost get recovered from the initial contractor?

Ms McINTYRE - There are a number of factors involved. When you are doing the work, you design it for a certain lifespan. That might depend on the category of road and the type of traffic that it carries. When new works are undertaken the expectation is that in what is called a defect liability period, the contractor is required to undertake any maintenance or fix any defects that occur during that period. That might range from 12 months, depending on whether that is a very simple job, to three years for more complex.

CHAIR - It is all at the contractor's cost if it needs to be repaired or replaced within that default period?

Ms McINTYRE - In that time, yes.

CHAIR - With regard to any infrastructure project, and there are lots of them, I acknowledge that right through. The budget paper number 1 has several pages of them. How do you include a measure of sustainability in terms of the development of the project? Is it included in the assessment of the project, the planning for the project, the construction of the project, then the ongoing use?

Mr FERGUSON - Do you mean environmental sustainability or the business case behind it?

CHAIR - There is more than one measure of sustainability.

Mr FERGUSON - Yes, that is why I am asking.

CHAIR - Yes, it is about all of them really. It is about the environmental sustainability, but it is also about the sustainability in terms of meeting the need or the purpose for which it was being constructed.

Mr FERGUSON - The same applies to new capital projects. We routinely have to go through a detailed process of developing a business case, particularly if we are looking to the federal government to co-fund with us. Denise, would you like to go to that detail?

Ms McINTYRE - Thank you, Deputy Premier. The sustainability is becoming much more front and centre in terms of looking at the development of any project and the management of your road network effectively, road average networks. It is a factor in consideration. Obviously, there is the environment sustainability, managing and mitigating any impacts there. But it is more the life cycle. We are looking more at do you build new roads for cars or do you build new roads to share with cyclists, with more buses. We are looking at that sort of sustainability. We are looking at recycling materials to be used in the construction of roads themselves. We have a crumbed rubber specific contract this year. And some of our contractors have already been working with crumbed rubber and recycling glass. We are looking at all those aspects of sustainability.

CHAIR - It is not that I believe is considered by public works committee when they assess these programs. Because of the more recent big focus on sustainability, is that something

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that should be included in the assessment by the public works committee so it is clear it is being assessed as part of the project? You say it happens, but wouldn't the public works committee be better off tasked to actually assessing that, to make sure it is fully considered? It might require an amendment to their act.

Mr FERGUSON - I am not sure quite how to answer that, because many states do not have a public works committee at all, and in fact the third of parliament itself to just deal with the capital appropriations and get on with it.

CHAIR - We do have a Public Works Committee to look at these big projects.

Mr FERGUSON - We do. The point around the public works law in Tasmania is to see if it is good value for money or a good use of taxpayer's funds. I m not attracted to adding on another criterion there. But it is certainly fair game for discussion at those committees and I am aware of those questions asked on previous projects. Often somebody on those committees will ask the department to discuss the environmental sustainability, or the use of recycled materials, or the life-cycle of those capital upgrades, which is to be applauded. Did you mention crumbed rubber? I think I heard that.

CHAIR - I did.

Mr FERGUSON - It is just another example of us wanting to extract as much value from waste products in a valuable project like roads and bridges. Rubber, glass, even plastics.

CHAIR - It does not stop the committee asking about it, if it is one of the criteria. Anyway, that is a discussion for another day.

Dean, do you have questions on this line at all?

Ms WEBB - I do, I am mindful we just run out of time. I could put them through.

CHAIR - No, keep going. I realise we jumped over the COVID-19 ones too, but anyway.

Ms WEBB - During the 2018 election campaign, the Government promised to spend \$6 million on cycling infrastructure on state road and again, in 2021 election campaign, the Government to spend \$6 million on cycling infrastructure on state roads. Was that the same commitment, or was that an additional \$6 million to the original \$6 million? When you clarify that, how much of that \$6 million or maybe two lots of \$6 million have been spent to date, and on what? How does that relate here to the cycling infrastructure outlined in this table, 11.8, under Government Investment Program? Which has, there you go, \$6 million as the estimated total. And across the forward Estimates has \$3 million allocated with the indication that the rest is in the outyears. Have we in fact spent none of the \$6 million that was promised in 2018? Where are we at?

Mr FERGUSON - My officials will pull my sleeve if I get this wrong, I am very clear the two amounts are separate. It is two lots of \$6 million, just to be very clear with you. We committed \$6 million in 2018 and we further committed an additional \$6 million in the 2021 election. We in fact have work done on West Tamar, improved with works undertaken between Riverside and Legana completed in 2020-21 construction season through funding of \$1.5 million. Further projects delivered during 2021 included the Goodwood Main Road

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off-road path between Howard Road and Bowen Bridge, improvements to the off-road path along Stoney Rise Main Road at Stoney Rise in Devonport, and improvements on Ranelagh secondary road to the off-road path between Huonville and Ranelagh, and further projects for the following \$6 million through to 2025-26 are being identified to delivery now.

Consultation and collaboration with key stakeholders, including local councils and bicycle advocacy groups, is ongoing and will assist in identifying priorities for future projects over the course of the Cycling Safety Investment Program. One of those that is being looked at is the possibility of a pathway along the Kings Meadows connector for example, and there are plenty of others - the Bicycle Network is involved in those consultations as well.

Ms WEBB - I am not sure that they are clear on the allocations there and that the spending has actually occurred. Have all the ones that you read out, which from what I can gather constituted the first \$6 million commitment that was made, been funded?

Mr FERGUSON - I gave some examples. I wouldn't argue that is all of them. I don't have all of them here.

Ms WEBB - I would quite like to have a breakdown of the \$6 million that has been expended. What I wondered about -

Mr FERGUSON - Could I pause for a moment?

Ms McINTYRE - I haven't got the absolute breakdown.

Mr FERGUSON - Are you happy to do that?

Ms McINTYRE - Yes.

Mr FERGUSON - That would be a good one to take on notice to provide a breakdown.

Ms WEBB - Thank you. From what I gather you have just said, the second \$6 million promised in the 2020-21 election that you are still consulting on to what projects that will be allocated, none of that has been allocated or plundered yet?

Ms McINTYRE - It has been allocated across the forward program.

Ms WEBB - Across the budget but not to projects?

Mr FERGUSON - Correct.

Ms WEBB - Was the allocation that already occurred under that first commitment made under the Positive Provision Policy for addressing cycling on roads that are already being upgraded or was it specific to cycling for such a project separate to the Positive Provision Policy?

Ms McINTYRE - The Positive Provision Policy was applied, but the actual detail of the location for upgrades was in consultation with the Bicycle Network. They worked with local councils to identify priorities.

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Ms WEBB - When I get the detail of that funding for the particular projects in that first \$6 million lot, will it be clear whether that is a stand-alone cycling project or part of the Positive Provision Policy?

Ms McINTYRE - The Positive Provision Policy has been applied across. It is a high-level strategy and these have been allocated according to where cyclists have been identified as using the road.

Mr FERGUSON - We will provide the committee with the best detail I can provide.

Ms WEBB - Thank you. We talked about roadkill questions here but I might take them forward and ask them through other channels.

CHAIR - You can always put them on notice. Minister, we will do MAST briefly. I notice Ms Morris has been here waiting patiently, so if we could change the guard slightly.

DIVISION 25

Marine and Safety Tasmania

Mr FERGUSON - Thank you, Chair and committee. As we turn to MAST, I would like to introduce Lia Morris, Chief Executive Officer of Marine and Safety Tasmania.

Mr DUGAN - Tasmania has one of, if not the number one proportion of its population involved in recreational boating. Can you please update the committee on the investment which has been made in recreational boating facilities on the budget? I note that we do have good recreational boating facilities in Tasmania.

Mr FERGUSON - We do, and they can always be improved, thank you, Mr Duigan. I just wish we had more time to enjoy them.

The funding of recreational boating facilities under the Marine Infrastructure and Safety Plan will continue in 2022-23 with \$1.6 million allocated and a further \$4.8 million committed over the forward Estimates. Projects are funded, as you know I am sure, from revenue received from registration of recreational vessels and licensing of operators. The funding program in 2021-22 includes, Dover boat ramp upgrade; Weymouth sea ramp breakwater repairs, Burns Bay boat ramp approach and apron upgrade and the extension to the landing stage at Apex Point, White Beach boat ramp.

In 2022-23, it will include the addition of a third ramp lane at Pirates Bay and Dodges Ferry boat ramps, construction of a new landing stage at the Outer Burnie boat ramp and the upgrade to Clayton's jetty at Port Davey.

Some small boating fund projects approved and completed in 2021-22 include, the upgrade of navigation lights on inland lakes, the upgrade of the access to the Swan Bay Great Lake boat ramp, upgrade to the jetty and boat ramp at Yellow Sandbanks at Dolphin Sands, an installation of a navigation aid on a small reef off Coningham Beach at Snug and Kingston boat ramp at breakwater repairs.

Are there any larger projects that might be worth highlighting in the forward program?

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Mrs MORRIS - They are contained in the Marine Infrastructure and Safety Plan and that's with a little bit of flexibility, given the demand and pressures on different boat ramps. They are explained in our five-year Marine Infrastructure and Safety Plan.

Mr FERGUSON - Thanks, Mr Duigan.

CHAIR - Is that all, Nick?

Mr DUIGAN - If we do have a little bit of time to explore that in Tasmania we need to be doing our boating safely. It can be a challenging environment but if you could potentially detail some of the marine facilities and navigation aids that MAST does support around Tasmania through its budget funding, some of those facilities that MAST importantly looks after.

Mr FERGUSON - MAST owns and manages 65 marine facilities. This includes 33 jetties, 16 boat ramps, 8 training walls, breakwaters and 8 pontoons. You will note that there are many other assets around the state that are owned privately or often by local government. MAST also owns and maintains 327 aids to navigation, often unseen assets but crucial facilities for mariners.

MAST's three-yearly structural audit regime of these public marine facilities ensures that facilities are maintained adequately and provides revised, residual life spans so facility replacements can be planned. These audits are conducted by external structural engineers and divers. The most recent audit was done last December. MAST also conducts three-monthly condition inspections of each facility to identify potential safety and maintenance issues. It is done in-house.

The 2021 audit reinforced that Gordon and Port Arthur jetties are priority projects over the next five years. MAST has been allocated \$740 000 under the Public Building Maintenance Fund - which you may remember was a COVID-19 initiative - on the essential maintenance of marine infrastructure.

Work undertaken on MAST-owned facilities include, installation of fendering, pile repair, ladder replacement, replacement of safety signage and new navigation piles. A variety of trades have been engaged in these projects, including protective coating experts, carpenters, divers and pile-driving contractors.

The Cygnet jetty replacement is scheduled to be completed this month. This jetty is used by commercial and recreational boaters and supports over 250 vessels on moorings in Port Cygnet, as well as other visiting vessels. Briefly, as well, MAST received \$750 000 in grants for the replacement of the Cygnet jetty, with MAST contributing a further \$350 000. The MAST-owned navigational aids are maintained by Australian Maritime Systems under a contract that is funded to approximately \$298 000 per year. Finally, \$1.345 million has been allocated in the 2022-23 budget to marine facilities and navigation aids. That investment increases to \$1.448 million in 2025-26.

CHAIR - We should wrap it up. Thank you, minister, let this team go. I think the rest are outside the minister for Planning. Thank you. We will stop the broadcast.

The Committee suspended from 6.00 p.m. to 6.05 p.m.

CHAIR - Welcome back, minister. We now have the Justice team. Just for your team on that side - our newest member, member for Huon, Dean Harriss. Some of you would not have met him yet. He has two of his line items overlooked today so I am not doing too well with him.

Minister, if you would like to introduce your team and then if you wish to make an opening statement regarding this area of your important portfolio responsibilities.

DIVISION 7

Department of Justice

Minister for Planning

Mr FERGUSON - Thank you, Chair and committee. I introduce to the table, to my far left: Mr Craig Limkin, Deputy Secretary, Policy and Intergovernmental Relations; and to my left, Mr Brian Risby, Director of State Planning Office; and if required, I can introduce if the committee would like, the Chair of the Tasmanian Planning Commission, if we get there but that would be independent of me and I would leave him to answer questions.

I do not intend to provide an overview statement and will only point out we have been making significant reforms as a government to planning, particularly through phase 1 are very largely now complete and we are just waiting now for local provision schedules for the remaining 15 or 14 councils to come through. They are progressing through those stages and we have other reforms including implementing in the fullness of time the state policies and the Tasmanian Planning Policies which are being drafted at the moment. We have just opened up consultation with the community on their review of the State Planning Provisions so with all of that activity, I only would like to say I am still quite a new Planning Minister but I really have appreciated the support that I have been receiving from the gentlemen at the table and Mr Ramsey as well in their respective roles and we are happy to take your questions now.

Output Group 4 - Regulatory and other Services

4.2 Tasmanian Planning Commission

Ms WEBB - This 4.2 - Tasmanian Planning Commission and we will just revisit something we have discussed previously in Estimates on the State of the Environment Report because it does remain here listed on page 151, under the Planning Commission as one of the responsibilities of the commission. We know it has not occurred since 2009. We have missed two.

From memory, last year when we spoke about it the then minister indicated advice was being sought from an interdepartmental committee on the format and purpose of the State of the Environment Report and where responsibility should lie for that work, recognising that it probably wasn't correctly situated in the TPC. Was advice received from that interdepartmental committee? If so, what did that indicate and has a decision been made on whether to transfer the obligation to prepare and release the State of the Environment Report from the TPC to a different agency? If so, which one?

Mr FERGUSON - Thanks, I will ask the deputy secretary to respond first.

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Mr LIMKIN - Thank you for your question. The interdepartmental committee is still considering this work. There has been a raft of work completed over the last six months. At this stage, we intend to be able to report to Government by the end of the year on options available on the State of the Environment Report and provide Government with options and a way forward at that point in time.

Ms WEBB - So, we have not progressed much further than where we were when we discussed it last year I gather then from that answer, minister?

Mr LIMKIN - My understanding, Ms Webb, is that as of last year, the Government had announced it was reviewing the State of the Environment Report. We were only tasked late last year to do this. We have commenced as quickly as we could. There are a number of elements around this, including the change to the EPA which required this work to be consulted through that process and our colleagues at the EPA needed some time to go through that change before engaging with this.

We have now been engaging probably a good six months and as I said, we are at the final stages of developing options for Government to make some decisions going forward.

Ms WEBB - Minister, in light of this, that we are still in limbo somewhat and we have missed the 2014 iteration; we have missed the 2019 iteration. There would then be a 2024 iteration. Does the Government have and do you have, a commitment as to when you will see the next State of the Environment Report delivered under whatever new arrangements transpire?

Mr FERGUSON - The advice that I have on this is it has been a long-running issue. I think it has even predated our Government, in terms of some of these matters.

I am told that preparing a state of the environment report is very resource-hungry. I think that was acknowledged in the question. We want to make sure that it is done correctly and given that it will be a large investment of time, resources and money, in preparing a new report, we want to make sure it is fit-for-purpose, that it is done by the proper body and that it more effectively integrates with the other elements of the planning system that we have.

That is why Mr Limkin is chairing that deputy secretaries steering committee with doing that review of the reporting requirements. I am not yet in receipt of any recommendations from that process, but when I am, naturally I would be more forthcoming about next steps.

I understand that project planning for the review will commence shortly, and that the review will include extensive public consultation. That is the best advice I can provide for now. It clearly is not a resolution to the matter, but we have the right commitment and wherewithal to sort it out, and to then commission the actual state of the environment report through a body that is properly equipped to do it.

I will just ask Mr Risby, what would be an appropriate time frame to indicate to the committee. I am sensing that it would be in the realm of perhaps two years' time.

Ms WEBB - Thank you and in light of that, given that there is a national state of the environment report due in early 2022 this year, which I believe has been done, but not released

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by the federal government, what Tasmanian information or data was provided to the Australian Government for inclusion in that report? If information or data was provided, who, at a state level, provided that?

Mr RISBY - I seem to recall this matter cropped up last year, and my response at that time, from a planning point of view was that I have not been approached for planning information to feed into that.

I seem to recall that the EPA may well have been approached for the environment matters, but that is not something I can be sure of.

Mr FERGUSON - Who would be the right person to ask? Would it be the Environment minister?

Mr RISBY - It would be the Environment minister and his team.

Ms WEBB - Moving on, noting that the Tasmanian Planning Commission has an annual report that is tabled in parliament, there is no performance information provided in the budget papers relating to the TPC.

We discussed that briefly last year, and the then minister agreed to look at inclusion of performance information in the budget papers. I am wondering, noting that again there is none here, what consideration was given to the inclusion of performance information? Why was it decided not to include performance information again in this year's budget papers?

Mr FERGUSON - Ms Webb, I do not have advice on that. I would openly query whether it is appropriate for the commission to have performance criteria around it in the budget outputs. I am not saying that we should not. Obviously, the previous minister hinted that that was an openness to that as well, but I do not have any advice about whether that is appropriate because by its very nature it is quite independent of government decision-making.

I do not know if there is any further advice at the table?

I am reminded that the commission tables an annual report to parliament each year as an exercise in, I suppose, demonstration of its performance, but whether I would be convinced it should go in as output group, output performance indicators, I am not sure if that is right or appropriate.

Ms WEBB - I would move on from here, to the next one, unless others have questions on 4.2?

CHAIR - Sorry, I was just trying to focus on getting a question through.

Ms WEBB - Just the planning commission tomorrow.

CHAIR - If the process was covered, this also is the responsibility of the TPC to look at the local planning provision schedules. You said there were 14 or 15 left to go, minister. Can you tell us which ones they are and what stage they are at?

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Mr FERGUSON - I will do this as briefly as I can. I will run through the 29 councils. Approved and in operation: Burnie, Devonport, Brighton, Meander Valley, West Coast, Circular Head, Glenorchy, Clarence, Central Coast, Tasman, West Tamar, Glamorgan Spring Bay and Flinders. Southern Midlands has been approved but not yet gazetted, that will be gazetted, I believe, this month. Then that will take us to 14 out of 29 that are active.

In the statutory process and currently going through commission hearings process are Launceston, Sorell, Northern Midlands, Central Highlands and Break O'Day. With the planning authority for report and recommendations includes Latrobe, Waratah Wynyard and Huon Valley. Currently on public exhibition, Dorset. Again emphasising in the statutory process, planning authority directed to modify its LPS for public exhibition, George Town. Those then complete the ones that are in the statutory process.

Then in the category of commission or planning authority compliance review, the role being the commission assessment of draft LPS compliance with the act and the SPPs in progress include four councils, Kentish, Hobart, Kingborough, Derwent Valley. In the category of non-lodgement of draft LPS with the commission, only one council, that is King Island. However, it is in a slightly special status because we had to make an amendment to the North West Regional Land Use Strategy to recognise some criteria that were important to King Island. Now they can enter the process.

By far and away, we expect the majority of planning authorities to have their LPSs in place by the end of this calendar year and a small number in the new year.

CHAIR - There is going to be a flurry of activity in the last half of the year for this to proceed, hopefully.

Mr FERGUSON - There is a process. Rather than forcing a planning decision, then consulting after, which was how the interim planning schemes were done, as a government, we felt we should do it the other way around and allow the community to be consulted prior to it becoming effectively law. In many cases, we are in the hands of the appetite and enthusiasm of the individual councils themselves. By the way there are some big councils in that tail end list.

CHAIR - They would have a lot of resources that some of the smaller ones do not.

Mr FERGUSON - They could be asked why they were not able to do what Burnie was able to do and be the first one in.

CHAIR - I have the first and I probably have the last, but anyway there you go.

Ms WEBB - Can I add on to that, is that all right?

CHAIR - There is nothing else you wanted to add on that?

Mr FERGUSON - I will just check if there was anything I overlooked. I think that has covered the field.

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Ms WEBB - Essentially I did not quite follow every detail of that as you read it out. But we do not seem to have progressed far from where we were when we discussed this last year. Would that be a fair assessment in terms of having those advanced?

Mr FERGUSON - Quite a bit has happened since last estimates. For example, Clarence, Central Coast, Tasman, West Tamar, Glamorgan Spring Bay and Flinders have all come in since then.

Ms WEBB - That is half a dozen or so, okay.

Mr FERGUSON - Yes, that is right.

Ms WEBB - That is still outstanding with a significant number.

Mr FERGUSON - But that is the ones that have arrived at their final destination, of being approved and gazetted and in force LPS. Quite a number of others have progressed into the statutory process that were not in the statutory process in August of last year.

CHAIR - Any other questions on this line?

Ms WEBB -No.

CHAIR - This may be a question you might need to bring the commissioner to the table for, minister. I know that there is a fair bit of work in this and a lot of work for the commission. Is the commission adequately resourced to make sure that they are not the hold up in all of this?

Mr FERGUSON - I will be happy for Mr Ramsay to answer that question without fear or favour to me. I will invite him to the table.

Mr RAMSEY - Thank you, minister, but I have to -

CHAIR - Could you introduce him for Hansard, please?

Mr FERGUSON - Mr John Ramsay, President of the Tasmanian Planning Commission; and chairperson and Executive Commissioner. Are we adequately resourced?

Mr RAMSAY - I think the answer is yes. It is a complicated and time-consuming process with some planning authorities, and with other planning authorities it is pretty straightforward. Where a planning authority has to make significant changes, it takes more time. A classic example is Hobart, because they had a Sullivans Cove planning scheme, which wasn't on the interim planning scheme model, so they are converting a totally different scheme into the new SPP process. It means that Sullivans Cove, which is a fairly complex area, needs a whole raft of new provisions, as does Macquarie Point, as does the Huon Quays. That is quite a complex process in terms of drafting.

In the same vein, Kingborough has a biodiversity code that enables it to protect vegetation right throughout the municipality. There is not the same scope in the SPPs and the codes, so we have had to work closely with Kingborough to resolve those issues before they comply with what the ultimate test is - meeting the LPS criteria - whereas some of the other municipalities

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are much more straightforward. Launceston has been quite straightforward compared to say Hobart and Kingborough.

CHAIR - This may be for you minister, but in the case of Hobart, for example Sullivans Cove, will that still have its own separate provisions, or are they going to be subsumed within? Are you talking about the complexity of that and Macquarie Point and other places?

Mr RAMSAY - In the SPP LPS process there are instruments called particular purpose zones and specific area plans. Sullivans Cove will become a particular purpose zone, as will Macquarie Point, so that enables you to create a whole set of rules just for Sullivans Cove and the circumstances of Sullivans Cove.

CHAIR - These are special, aren't they?

Mr RAMSAY - Yes, and it is complex, and there are heritage issues, et cetera, so it takes a way to work through. That is what the SPPs do. You can have a particular purpose zone if you can make the case, and a specific area plan. A specific area plan actually sits on top of the zones and modifies some provisions, or you can have what is called a site-specific qualification for a particular building that can have its own set of standards.

CHAIR - How do you classify the vegetation plan for Kingborough? Where does that sit?

Mr RAMSAY - In relation to the way the SPPs work, the natural assets code priority vegetation layer does not apply in the general residential zone or the low-density residential zone, except for subdivision. That means the code doesn't overlay the low-density residential zone.

We have had to work with Kingborough, and they are still to come up with a solution about what is so special about this particular clump of vegetation, this area of vegetation that means that you should have some provisions that basically override what the low-density residential zone required. It might be threatened species. There might be a clump of vegetation that is important habitat for, say, the forty-spotted pardalote or the swift parrot. Kingborough is an area with a lot of vegetation, right from Bruny Island all the way up through Tinderbox, so we are trying to deal with that particular issue.

CHAIR - That could be applied around the development at Huntingfield, for example, would it? I can't remember what the name of that hill is.

Mr RAMSAY - Huntingfield is the general residential zone.

CHAIR - There is a hill beside it.

Ms WEBB - The Peter Murrell Reserve?

Mr RAMSAY - The Peter Murrell Reserve is already a reserve. It is a question of whether there is some vegetation in the Peter Murrell Reserve that does extend into the low-density residential area, and the blocks are quite large - and whether you should endeavor to protect some of those major trees in the same way as they are protected in the Peter Murrell Reserve. But the SPPs don't quite allow you to do that, so you need to work out a mechanism

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that actually meets the tests in the act. If you're going to have a particular purpose zone or site-specific qualification, or a SAP, you actually have to meet a statutory test, so it's a significant environmental, economic or social circumstance that requires provisions that are unique to that part of the land. They have to meet this statutory test before we can give it a tick to go on public exhibition.

CHAIR - How many local government municipalities have met the test? Obviously Hobart has.

Mr RAMSAY - All those municipalities that are in the statutory process. We haven't actually ticked off on Hobart yet, but the Hobart issues are different. That's the complexity of the drafting of their special provisions. The only ones that haven't met the statutory process are the six that the minister outlined.

CHAIR - But they have all got their special provisions in them?

Mr RAMSAY - Only if they sought them.

CHAIR - How many have sought them is maybe the question, then.

Mr RAMSAY - In the same way as Kingborough have?

CHAIR - Yes.

Mr RAMSAY - None.

CHAIR - So Kingborough's the only one. How do you classify Sullivans Cove?

Mr RAMSAY - I would say there are particular purpose zones in at least half the municipalities, and specific area plans as well. I know this sounds a bit complicated, but if there's an existing particular purpose zone, or a specific area plan, and the council wants it to transfer straight into its planning scheme, the minister can approve that and it automatically goes into the planning scheme. Because there's a special circumstance, and the minister and the system enables it to be immediately incorporated. A lot of councils have done that.

CHAIR - Where's Circular Head in this process?

Mr RAMSAY - Completed quite early on.

CHAIR - Okay. Does Stanley fit into that? Does Stanley have a special -

Mr RAMSAY - To be honest, I don't know off the top of my head. Stanley may be covered by the heritage code, I'm not sure. Or whether they had a specific area plan. I can certainly find out.

CHAIR - Did you have another question Meg? Or anybody else? Thanks John. We'll go to 4.3, Planning Policy and Reform.

**Output group 4.3
Planning Policy and Reform**

CHAIR - Back to you, Meg.

Ms WEBB - Essentially, from what I gather, this line item doesn't really exist anymore because of the switch into DPAC.

Mr FERGUSON - Yes, it migrated to DPAC.

Ms WEBB - So there's no allocations, there's no revenue from appropriation here, there's nothing to actually interrogate in terms of this line item. We can move onto the next one, 6.2, in DPAC.

Mr FERGUSON - Precisely.

**DIVISION 11
Department of Premier and Cabinet
Minister for Planning**

**Output Group 6 - Local Government
6.2 State Planning Office**

Ms WEBB - So the State Planning Office is where it now all happens in terms of policy and reforms and other matters. This is where we will talk about TPPs and perhaps some more about SPPs and perhaps the regional land use strategies as well, correct? Good.

It's noted then that the Tasmanian planning policies, which would be the policy framework objectives for the statewide planning scheme and planning system broadly, are something that many would have said should have been developed as a starting point, well in advance of some of the other elements now in train, like the review of the regional land use strategies, and the state planning provisions. Those processes are now underway, but we've had the TPPs delayed in terms of their development or the work to be done on them.

We have had bits of work done over time - commitments in the 2014 election, a discussion paper in 2017, we had legislation passed in 2018, all related to the TPPs. We had public comment invited late last year in September 2021, and then finally, just recently on 26 April 2022 the state Government released a document responding to that scoping process that was done last year. That's the been the train of events. Thank you for your indulgence in just outlining that, to get to where we are in the questions now.

Essentially, can the minister now provide some precision around the time frame for delivering on the Tasmanian planning policies, given that long gestation period and the fact that they are coming after other elements that many would say they should have preceded.

Can you explain how the finalised TPPs will impact some of those other things that are also still in train, like the State Planning Provisions and the Regional Land Use Strategy reviews?

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Mr FERGUSON - Yes, I will ask Mr Risby to respond to the latter part of the question about how each of these organs interact, but work has now commenced as you have faithfully outlined in your question on the drafting of the TPPs. The intent is that the full suite of TPPs will be released for broad consultation in the second half of this year. That is required by the act before they are activated. Brian, could you let the committee know what the time frame would be for approving those. Would you then outline how they interact with the others?

Mr RISBY - Yes. The rough time frame for the TPPs is: drafting through the next three to four months. There is a process under the act which requires a formal consultation before they enter the review process with the commission under section 12C of the act. We anticipate that will occur probably in October-November.

Then they are provided to the commission and the commission conducts an independent review and reports to the minister on the content of the TPPs and how they can apply, particularly around implementation issues. How long the commission will take is not something I can be firm about, but I would anticipate, without wanting to make Mr Ramsey too nervous, a six- to eight-month process might deliver something like that.

Ms WEBB - Through to reporting to the minister?

Mr RISBY - That's right. We should be in a position to recommend to the minister, finalising these towards the end of the next year.

Ms WEBB - Is there any further interaction with the public beyond the consultation that is anticipated to occur about October-November this year?

Mr RISBY - Yes, the statutory process with the commission is a full open public consultation process with the potential for hearings and the commission to take representations from any person who makes a submission.

Ms WEBB - As part of that commission process?

Mr RISBY - Yes, the normal sort of commission process. The second part of the question, if you are happy for me to move on to that, was about the interaction with the other parts of the system. As you are aware, we have a couple of balls in the air. The most important part of this is the SPP review, the State Planning Provisions review which we have just commenced scoping. The issue with the TPPs is that they have two limbs of implementation: One is through the spatial regional land use strategies, guiding them with policy statements; the second part is making sure that the State Planning Provisions are responsive to what the policy issue might be.

We are aligning the SPP review with the TPP completion, so we can start work on the SPP reviews and we can scope the issues, narrow down the ones that need to be looked at in detail, and commence some particular projects around those SPPs that need more detail work.

But before they are completed, we will need to review them in the light of the TPPs' final versions, to ensure that they are covering the TPP matters and they are not contradictory to the TPP matters.

PUBLIC

Ms WEBB - Rather than the TPPs being in place before the SPPs were initially done, we are now tying it into the review that is occurring, and having them come into play to inform the final outcomes of that review?

Mr RISBY - Yes, that is correct. They were not around when the SPPs were first prepared five years ago. The five-yearly review of the SPPs is a statutory one, so we must start that and there is a good reason.

Ms WEBB - Even though they are not fully implemented yet.

Mr RISBY - Well they are, but it's just not all the councils have got their LPSs.

There is a degree of evidence of how they are working, and even through the LPS process, there are reports to the commission under section 35G, which enables councils at their LPS process to raise issues with the SPPs.

That is all feeding in to the review. There is a lot going into the SPP review,

Ms WEBB - Feeding in.

Mr RISBY - Yes, all feeding into the review. There's a lot going into the SPP review. You're absolutely right, the process will mean that the SPPs will respond to the policies before they are finalised.

Ms WEBB - Then you mentioned the other side of that for the TPPs was the Regional Land Use Strategy Review, which we've also got coming down the pipeline. Are the TPPs going to be in place in order to feed into that process also?

Mr RISBY - Yes, that's right. The government has funded the comprehensive review of the regional strategies over a three-year period. We're already funding a significant amount of work with regions and councils to look at the residential issues, the supply-demand updates. The other matters which the TPPs will deal with are something that will need to be brought into the full comprehensive review of the strategies, as well as the residential stuff that we're updating now. The next 12 months will see lots of immediate updates which are required to get the residential matters more attuned to the current situation. The reviews will run on into dealing with the broader social, environmental and economic matters that go to industry, social services and all those other parts of planning. That will come together over the next two years.

Ms WEBB - In the oversight over those more immediate updates, the expedient updates that are required while we're waiting for the three-year review to play out, how is it being ensured that they align with perhaps the overall likely intent and direction of the reviews?

Mr RISBY - That is an interesting question and one I've actually had to talk about today a little. It is slightly difficult when the TPPs are not formulated, but we have drafts, which are well progressed. Our job in distributing the funds means that we can control what the scope of that work is and we can ensure that the broad sort of projects that roll out are as aligned as best we can to where we think we're going, but of course we can't be sure of the final TPPs. The issue with residential updates is that we're all very well aware of the need to address the housing issue.

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There is plenty of evidence around about whether land supply needs to be looked at in certain locations and whether land in other locations is not appropriately zoned. We don't need the TPPs to let us get on with that work. The TPPs are predominantly about what you will do with the data when you've got it. If you think about it in two parts, we can do some supply-and-demand studies with regions and councils, but then where you go will be driven by the TPPs in terms of the strategy. We should be in a position in the middle of next year to drive that strategy forward.

Ms WEBB - In relation then to those more immediate residential update tweaks that are occurring, who drives that process where it crops up and needs to be undertaken? Is it the local council? Is it developers? Is it the planning unit?

Mr RISBY - The way it's working at the moment is that we're being approached either by regions, depending on how organised some of the regions are. The northern region is very well organized; there's a substantial amount of funding that's gone to the northern region. The Cradle Coast Authority has engaged a project officer to deal with the entire region and coordinate their input into this. We met with the Southern Tasmanian Councils Authority last week, or the week before, to talk about a similar arrangement there, and the government has actually funded sufficient money for the appointment of a project officer in each region for the next two years.

Ms WEBB - My understanding is that's to feed into the overall, longer-term review, but where are these more immediate tweaks along the way to these residential updates being driven from? It's the same entities?

Mr RISBY - Yes. They are coming directly from some councils. There are particular councils with the desire to address particular issues at the moment. Circular Head is one of those, Break O'Day.

CHAIR - With regard to housing?

Mr RISBY - Around housing, indeed, chair, yes. Break O'Day is another one. We are getting them either individually from councils or through regions. We try to direct them into the regional process so we are getting a whole-of-region perspective on it, not just individual councils driving what they think they need. But it is a data gathering exercise. At this point, how you strategically move to the next level needs to be done at a regional level to be accurate.

Ms WEBB - If others have things that can jump in, I just have one or two more things.

CHAIR - In terms of the rezoning of Crown Land, which is another part of this area, and other acquired land under the Housing Land Supply Act, can you tell us how much land has been rezoned to facilitate housing and where that land is?

Mr FERGUSON - Thanks, Chair, for the questions. It has proven to be quite an effective and efficient process for the rezoning of land, noting as well the act has been improved with a greater range of Government-owned land can now be considered as future orders. To date, eight housing land supply audits have been progressed. They are at Rokeby, Devonport, West Moonah, Newnham, Huntingfield, Warrane, Burnie and Romaine. This represents over 47 hectares of land rezoned for residential development, creating the potential for new 700 housing lots.

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CHAIR - Do you know much housing has been developed on those sites yet? Obviously, I accept it might be another portfolio.

Mr FERGUSON - Yes, that would be minister Barnett. For your interest as well there has recently commenced public consultation on four proposed orders, two at Howrah, one at Goodwood and one at Chigwell. Collectively, those sites could yield up to 10 additional dwellings. In terms of actual progress of development, Huntingfield is by far and away the largest of those.

Ms WEBB - Well over half of what you just explained.

Mr FERGUSON - Yes, and that is progressing under Communities Tas and will be progressed under the future statutory authority under minister Barnett.

Ms WEBB - Nothing there yet.

CHAIR - Nothing there yet, yes. Minister, the areas that have been identified and released, they do still fit with the overall strategy for the region. You are not creating subdivisions out for areas for housing where there are no services or other infrastructure.

Mr RISBY - Yes, the criteria for the housing land supply is effectively a mirror of the criteria that the commission would apply to a rezoning that comes in, consistency with the regional land use strategy, the objectives of the legislation. In fact, it is a bit tighter than that in we actually have some additional requirements because of the nature of trying to deal with affordable housing here. We make a little more about its location in terms of transportation and services than you might for residential land for others. It is a very tight test. Some of the orders we have been asked to look at deal with substantial areas, as we have mentioned. Others are very modest, but they all add to the overall pool. They are all tested against those criteria and whether they are constrained in some way by a code on a planning scheme also.

CHAIR - Minister, there are lots of smallish areas of crown land in and around town now. Has there been an active process trying to identify areas that could meet the criteria here and work with local government body to perhaps look at progressing those through orders?

Mr RISBY - I can maybe answer a little bit. The initial impetus for the process started from an audit of available crown land. It would filter down to see what would be suitable. That is where the first tranche of these came from. You may recall the legislation was amended not too long ago to increase the capacity to other land that wasn't Crown land initially. On that basis it provides some flexibility for the Director of Housing and the new authority to target where they want that land and to go and purchase and then either use this process or some other process, rather than being reliant on the dregs of Crown land that might be still left out there.

CHAIR - This could probably be straying into Mr Barnett's area, but the new authority will be given that remit to go and look the land that is suitable?

Mr FERGUSON - And even buy it and target it. It would still be in the planning area in terms of effecting orders to have the rezoning take place. Then it is back to Communities Tas and future statutory authority to then develop the land and as in the case of Huntingfield,

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it took nearly a year to get the development application approved through council. That was an unfortunate delay that was something the Government hadn't hard wired.

CHAIR - You were supposed to speed it, wasn't it?

Ms WEBB - It took quite a while for the master plan for a start to be put forward.

Mr FERGUSON - Well, I could say a lot of things about that process, but I will restrain myself. There was a lot of time consumed on that which a developer, had it not been the Government, it could be questionable whether that was fair and reasonable, but the clocks were stopped a numerous number of times, but eventually it was approved. Now, at that point, Housing are in a position to begin to actually subdivide and implement the development application and get civil works started.

Ms WEBB - Back to the line item itself, noting the footnote which is on page 262, at 8 says:

The increase in State Planning Office in 2022-23 primarily reflects new funding for Planning System Reforms. The decrease in 2024-25 reflects the completion.

Could you provide some detail on the breakdown of what that funding then is providing for in terms of progressing the planning system reforms?

Mr FERGUSON - I will invite Mr Risby to add to my answer if it does not fully answer your question, Ms Webb, but thank you for your question. The Budget has seen a specific uplift in resource provided to the State Planning Office with funding of \$2 million over four years. It has been provided in the 2022-23 Budget. That is over and above the funds that were provided in the previous year which I do not have in front of me. That is \$710 000 of which will be spent in 2022-23. We are working closely with local government as they adopt the Tasmanian Planning Scheme and quite a number of grants have been made to not just councils, but also regional bodies for the various pieces of work we are encouraging them to do and they have been all cases grateful for the support, as far as I am aware.

There is a fair bit of detail here which you are probably not looking for, but I could detail what that looks like.

Ms WEBB - I am possibly looking more for detail in terms of how much is allocated for staffing to do the priorities, how much is allocated to grants for local government, those sort of categories of funding within it.

Mr FERGUSON - I do not have a split on internal resources versus grants but Brian perhaps has a working knowledge on that. Could you give an estimate of the split before you then go through the individual grants?

Mr RISBY - We are now running at around 14 people in the office, which is the highest number we have ever had in the State Planning Office or the Planning Policy Unit as it used to be in my memory. That translates to 12.8 FTEs at the moment. Salary wise we are in the range of \$1.8 million. The base funding and the additional funding the minister have pointed out deal with the core and the recruitment of five additional project staff who are working on

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the Tasmanian Planning Policies, the regional planning framework and the State Planning Provisions Review. We have brought an extra member on also.

Ms WEBB - Can I understand whether that five is within the 14 people that you mentioned?

Mr RISBY - Yes. So, our establishment numbers are around 10. We have one vacancy at the moment.

Ms WEBB - So, the five positions brought in to help progress the reform elements are the ones that will drop away potentially in the forward Estimates once that work is complete?

Mr RISBY - Well, at the moment the Estimates indicate there are sufficient funds there through to 2024-25 I think.

Ms WEBB - Well from this year, 2022-23, it is \$3 136 000. Similar, next in 2023-24, \$3 571 000, and then drops away in 2024-25, back to \$1.9 million, and again \$1.9 million in 2025-26, so that seems like quite a cut.

Mr RISBY - As you say, I think that is reflective of the TPP program finishing and -

Ms WEBB - So not the staffing elements? Are there elements of consultation, grants to assist with involvement, that sort of thing?

Mr RISBY - Well, it is the funding for the regional land use strategies and all of those things as well. So, the current allocation includes an annual base funding of about \$725 000, there is an additional funding of \$710 000 for the reforms, we have rolled over \$275 000 from the \$950 000 which was last year's budget allocation for regional land use strategy work. We have a further \$1 million from that same bucket for the regional land use strategies this year, and there is a rollover of \$450 000 from the last year, as well. Then you have an additional \$700 000 to deal with these reforms, so there is a lot of different contributions to the overall thing. Some of it is to deal with staffing for those projects, as I mentioned, but a lot of that money is dedicated to going out the door to the regions, and I think there is some detail regarding what is going to the regions if you require them.

Ms WEBB - It would be good to have that detail to understand the categories that are being funded, whether it is grants to the regions, whether it is staffing.

Mr FERGUSON - We might take that on notice, it is so easy to provide if - oh, you have got it.

Mr RISBY - This is a summary.

Mr FERGUSON - I will table it for the committee.

Ms WEBB - One further thing, and this is really just to reflect concerns that have been raised when we have had discussions with stakeholders who are very interested in this area. We know there are many who are very interested in this area. As these next stages of the various reform processes play out, is there an expectation that, for those different activities in train, when there is community consultation to be engaged with, that they will be done in a way

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that is coordinated to not align and have, for example, community consultations on three different elements of these reforms happening at the same time. Those interested stakeholders might then be under a great deal of pressure, much as they may want to engage, to do so in a way that they would like.

Mr RISBY - Look, we always try to do that, it is not always easy, there is a lot of activity going on.

Ms WEBB - A lot of moving parts.

Mr RISBY - A lot of moving parts, and we are very conscious that there has been a degree of fatigue, as it were, from the planning reforms over a very long time. I think the key from our perspective is that we are now moving into parts of the planning reform process which are arguably targeted at different sections of the planning fraternity, if you would like.

The Tasmanian planning policies, for example, are probably not simply ones that the planning officers and councils are interested in. It is the regions, it is the general managers, the elected people in councils. We seek to engage a different cohort on that basis. On the other hand, the state planning provisions process is one where we really do need to access the wisdom of local council planners who are working with the provisions on a day-to-day basis or have seen them in operation and seek to make some comment.

I am hopeful that we can spread these a little but there will be different questions to different audiences as part of that process. Ultimately, there is a lot going on and it is certainly challenging but at the same time it is important work from my perspective that we get it done as best we can.

Ms WEBB - One other question I had in relation to the performance information, page 256 is where that table is, table 10.8 for this output group, I believe. Right above that table is a description of the State Planning Office and what its responsibilities are but there does not appear to be indication in the performance information for the State Planning Office. Why is that? Is there an intention to put performance information in there in future and given there has been some shifting with its move into DPAC of late, what is the story?

Mr LIMKIN - Thank you for your question, Ms Webb. This is the one I thought you were asking earlier. The State Planning Office moved into DPAC in January this year. It was a conversation we have started with the State Planning Office on what KPIs should be in the budget papers. However, because of the timing of the transition it was too late to have those conversations with Treasury this year. We are definitely committed to working through those KPIs for next year and working with our Treasury colleagues to make sure that we get them into the budget papers, where appropriate.

CHAIR - On that, can we expect to see them in your annual report for DPAC?

Mr LIMKIN - I am not sure if we put them in the annual report. I don't believe we do but they are definitely something in the budget papers.

CHAIR - Most department annual reports have KPIs in them. I haven't looked at DPAC's for a while I must admit.

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Mr FERGUSON - We will take your point on board. I am not in a position to speak authoritatively on this, noting that annual reports which will be tabled before the parliament in October will be retrospective to 30 June of the year we are just getting out of. It would be interesting to know what KPIs might have been published in the past and if they are relevant.

CHAIR - They are probably in Justice.

Ms WEBB - Under 4.3 Planning Policy and Reform.

Mr FERGUSON - Exactly. If they have been KPIs in the previous Department of Justice they will again be presented in Department of Justice because it will take up some of 2021-22 and we could investigate whether they are transferable to DPAC or not. I would need to take advice on it. It was certainly the intention that we have some useful output group performance information relevant for the State Planning Office for future budgets.

Ms WEBB - Another question in relation to, and it might almost be a Dorothy Dixier, to talk about the website which was quite new when we spoke last year and presumably has undergone some development. I am particularly interested to understand what interactions have been had with users of the website and people in the community or community members who are very engaged and how that has fed into further refinement. What are the future plans for improvement?

Mr FERGUSON - I am happy for Mr Risby to take all of the glory on this one and therefore he should answer it.

CHAIR - Which you were going to do anyway.

Mr FERGUSON - I am going to praise him in front of you all and his team because the legacy on this was pretty basic and not all that easy to use. I have personally enjoyed using the website as a new planning minister with plenty of years' experience as a parliamentarian but I have found that the gaps in my knowledge were quickly filled by using the website. I found it very user friendly and easy to interpret but, importantly, the 'have your say' element of this, because I am a big believer in the community consultation process. It doesn't mean you have to agree, but it means that people need to be able to have their say. I will throw to you to give your broader input, but I want to say well done. I think it is really good, and thank you for noticing.

Mr RISBY - Thank you, minister, and thank you for your question.

Frankly, there is still more work to be done. We have engaged a web project officer along with our stakeholder manager, and we are in the midst of working out where we go from here.

It has become increasingly apparent that even though it's a quantum leap from where we were, there is still a problem reaching certain sections of the community and putting the information in a form that is understandable to ordinary everyday people. So there is more work to be done, and in a sense we were talking today about topping and tailing what we have: topping it with a layer of easily understandable, easily findable things for average people who just need to know what is going on, but at the other end providing a sort of portal function to go to the other places where information is available - whether it's the commission's website

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where the majority of planning scheme activity occurs, or local councils, or the new plan-built website as well, of course.

We are not trying to do everything, but there has been a pretty big gap. I don't need to tell certain members of the committee that planning is one of those peculiar things that everyone engages with, and yet there is a certain mystery about the detail, so explaining that is complicated.

Ms WEBB - Just to pick up on my other question in relation to that, what engagement are you having with users of the website, and the community broadly - the different stakeholder groups, whether it be local councils, whether it be community members - to inform that continued improvement?

Mr RISBY - Yes, that is part of our current project, to establish who the user groups are and what they need and what's wrong with certain information sources at the moment.

We are very lucky in that we have some very skilled people on board with this, including another new staff member who has experience in writing material as well.

We had a workshop the other day to sort internally the kind of issues that we need to be looking at. This project will go for 12 months to really sort this out. Again, it sounds gratuitous, but I assure you it is not. The actual questions we were talking about today are 'let's not just talk to each other about this' - it is the people out there needing time to understand what their needs are, and almost discovering the people who were not using it.

It's all very well, we have data analytics of who is hitting the site, and we've had 17 000 hits in the last year, but it's the people we are not getting that we must work out what they need as well, so it's a big project. Even though it's improved, if people are not finding it and going there, then it doesn't matter how good it is. So those are the things.

Ms WEBB - I will be very interested to talk again next year in relation to how that's progressed over the 12-month period. Thanks for the update.

CHAIR - Thank you, minister. Thanks for your time, and for your team and the work they have done. There were not a lot of questions that were on notice on this one at all. Were there any on notice for this one?

Mr FERGUSON - We offered the information on grants with that paper, so no.

The Committee adjourned at 7.04 p.m.