

# UNCORRECTED PROOF ISSUE

**Tuesday 4 June 2019 - Estimates Committee A (Gutwein)**

## HOUSE OF ASSEMBLY

### ESTIMATES COMMITTEE A

**Tuesday 4 June 2019**

#### MEMBERS

Mr Shelton (Chair)  
Mr Tucker (Deputy Chair)  
Ms O'Connor  
Ms White

#### SUBSTITUTE MEMBERS

#### IN ATTENDANCE

**Hon. Peter Gutwein MP**, Treasurer, Minister for Local Government, Minister for State Growth

#### Department of Treasury and Finance

**Tony Ferrall**, Secretary  
**Fiona Calvert**, Deputy Secretary, Economic and Financial Policy  
**James Craigie**, Deputy Secretary, Budget and Finance

**In attendance** (and at the table for relevant outputs):

**Emsada Babic**, Deputy Secretary, Corporate and Governance  
**Jonathon Root**, Deputy Secretary, Revenue Gaming and Licensing  
**Anton Voss**, Deputy Secretary, Strategic Energy Projects  
**Craig Jeffery**, Director, Government Finance and Accounting

#### Tasmanian Audit Office

**Rod Whitehead**, Auditor-General  
**Ric De Santi**, Deputy Auditor-General  
**Patty Johnson**, Assistant Auditor-General, Corporate Support and Strategy

**Department of State Growth**

**Output 1.1 Coordinator-General**

**Kim Evans**, Secretary

**John Perry**, Coordinator-General

**Peta Sugden**, Director Investment Attraction

**Amanda Russell**, Deputy Secretary, Business Services

**Glen Dean**, Director Finance

**Output 1.2 Industry and Business Development**

**Kim Evans**, Secretary

**John Perry**, Coordinator-General

**Peta Sugden**, Director Investment Attraction

**Brett Stewart**, General Manager Strategy Policy and Coordination

**Andrew Smythe**, Senior Director – Business Finance and Strategic Projects

**Anne Beach**, Director Policy and Coordination

**Amanda Russell**, Deputy Secretary, Business Services

**Glen Dean**, Director Finance

**Local Government**

**Alex Tay**, Director, Local Government Division, Premier and Cabinet

**Melissa Gray**, Acting Deputy Secretary, Office of the Secretary, Department of Premier and Cabinet

**Luke Murphy-Gregory**, Acting Assistant Director – Policy, Reform and Projects, Local Government Division

**Ministerial Office**

**Andrew Finch**, Chief of Staff

**James Abbott**, Senior Adviser - Treasury and TAO Estimates only

**Michael Kerschbaum**, Senior Adviser - State Growth Estimates only

**Nic Waldron**, State Growth Adviser - Estimates only

**Rick Dunn**, Senior Adviser - Local Government Estimates only

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

**CHAIR** (Mr Shelton) - Good morning Treasurer and committee members. I welcome you to the table for the deliberation this morning around Treasury.

There will be a morning tea break for a short moment because we need to make up any time we lose at morning tea. We will do that at 11 a.m. There is a natural break this afternoon between Local Government and State Growth, so that will be where we will have our afternoon tea.

Treasurer, over to you if you will make a short opening statement and also introduce the officers you have with you, please.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Thank you, Chair. To my left is Andrew Finch, my Chief of Staff; Tony Ferrall who needs no introduction as the Secretary of Treasury; Fiona Calvert, Deputy Secretary, Economic and Financial Policy; and James Craigie, the Deputy Secretary, Budget and Finance. We have some other people in the room if we need to bring to the table for other matters as well.

I will make a short statement. In the last six years, Tasmania has come a long way. Today we are prouder, more diverse and much more confident society. Our economy is one of the fastest growing in the nation. Our businesses have the confidence to invest, to employ and to think bigger than they ever have before.

This Budget is the next step in the Government's long-term plan to grow our economy, create jobs, invest in essential services and protect our way of life. It is about maintaining the momentum and investing for growth.

Tasmanians are benefitting from the Hodgman majority Liberal Government's long-term plan. The Tasmanian economy is strong, diverse and growing. Nearly 13 000 jobs have been created under this Government. Our tourism sector is vibrant and booming with visitor numbers and spending continuing to grow. Tasmanian exports are booming and we exported more than \$3.76 billion worth of goods in the year to March 2019, 6.6 per cent higher than the previous year.

I am pleased to confirm that once again our budget delivers an operating surplus this year and right across the forward Estimates, even after significant revenue downgrades, unprecedented demand for health services and costs of the summer bushfires. We will do this without increasing taxes to Tasmanians.

This Budget has been framed under challenging circumstances. The writedown of more than half a billion dollars of revenue and headwinds at a national level impacting confidence in consumer sentiment due to the impact of the housing collapse, primarily in Melbourne and Sydney.

Our population is growing at three times the rate it was only a few years ago and record levels of arrivals of interstate and international visitors are putting pressure on our infrastructure as well as unprecedented demand in health.

We need to be mindful of the need to ensure our economy remains strong to create jobs as well as underpinning our state revenue so that we have the capacity to invest more into essential services and infrastructure than our growing population requires. Rather than pulling back the choice, we have managed to stay the course and increase our investment into infrastructure which will underpin growth in our economy.

The level of infrastructure investment over four years is unprecedented in the state's history. The 2019-20 Budget includes a record \$3.6 billion investment into job creating intergenerational infrastructure, with \$2.8 billion being invested in the general government sector, around \$800 million via our government businesses and TasWater. This Budget invests \$1.6 billion into roads and bridges; \$353 million into our health infrastructure; \$212 million into housing and community services; \$194 million into schools and centres of excellence; \$170 million into law and order, and \$151 million into tourism, recreation and culture. The \$800 million invested through our government businesses and TasWater will build dams, improve our rail links and provide better water and sewerage outcomes.

## UNCORRECTED PROOF ISSUE

The Budget provides record levels of investment into health and education and includes our ongoing commitment to provide concessions for electricity, water, sewerage and rates and keeping the cost of living low with caps on water, sewerage and electricity prices.

Tasmania's housing sector is the strongest in the country and will help improve rental availability. It will also extend the first home owners grant for duty concessions as first home purchasers up to \$400 000 as well as the concession for pensioner downsizing. The land tax concessions for properties made available for long-term rental from the short-stay accommodation market for new builds have been extended as well.

Tasmania leads the nation when it comes to renewable energy. We are on track to be 100 per cent renewable by 2022. In terms of cost of living, we will deliver the lowest regulated electricity prices in the nation by 2022.

The Battery of the Nation and our Project Marinus proposals are the largest projects ever considered in the state's history, with an estimated \$7 billion in total investment funding. Funding is included to continue to advance these nation-leading projects.

The 2019-20 Budget outlines our plan for the next four years and unashamedly invests record amounts to build the infrastructure our growing state needs and generate the revenues we need to invest into essential services. It will underpin a strong economy, support businesses large and small, attract investment and it will create more jobs. It maintains the momentum and invests for growth.

**Mr BACON** - Treasurer, in this document *Building your Future* released by the Liberal Party well before the last state election, you set yourself a number of targets to achieve in the next term of government. Target number 5 is pretty simple and it reads, 'We will remain net debt free'. Treasurer, why have you broken that promise?

**Mr GUTWEIN** - It is apparent to everyone that there are headwinds in the national economy. It is slowing. We have had more than a \$500 million revenue writedown. What the Government has chosen to do in this Budget is, rather than take a step back, we have stepped up. We are going to invest more into infrastructure because we think it will underpin jobs and growth in our economy, generate the revenues that we need to invest into essential services and we make no apology for making that decision.

**Mr BACON** - You have made a choice to break that promise but you said in your answer just then you don't make any apology for that. Shouldn't you apologise for breaking that promise?

**Mr GUTWEIN** - That is being a little ridiculous. We have made a decision to underpin jobs and the economy and we make no apology for that.

**Mr BACON** - So was it a promise to keep the state out of net debt?

**Mr GUTWEIN** - As I say, we have made choices based on the circumstances that we face.

**Mr BACON** - You have chosen to break the promise?

**Mr GUTWEIN** - We have made choices based on the circumstances that we face and we make no apologies for that. We want a strong growing economy. That is in Tasmania's best interests.

## UNCORRECTED PROOF ISSUE

That will provide opportunity. That will provide jobs and, importantly, it will build infrastructure that Tasmania needs for the future.

**Mr BACON** - You do admit it is a broken promise?

**Mr GUTWEIN** - As I have said, we have made choices and those choices were to invest more into our growing economy, to invest more into infrastructure.

**Ms O'CONNOR** - You are investing less across the forward Estimates.

**Mr GUTWEIN** - That is a ridiculous statement to be frank. It demonstrates why the Greens should never be trusted with Treasury benches.

**Mr BACON** - Why should you be trusted if you are willing to break a billion-dollar promise? Why should you be trusted, Treasurer?

**Mr GUTWEIN** - Chair, as I have said quite clearly, we have made a decision to underpin our economy. You can make your choices. You can argue for what you want to do. I note that in the Budget reply you haven't done that. You haven't outlined a position. In fact, to be honest, Chair, what the Opposition did last week is, in effect, provide approval for our Budget. They did not change one thing, not one thing. They spent some additional funds. They didn't outline a wages policy so all we can presume is that it is still 3 per cent.

You have whinged about the savings policies, albeit you seem to come out the week before the Budget and suggest there was plenty of room with consultants and advertising and promotion and travel and transport to find savings. But you have whinged against them. Based on the reply last week, your budget would be nearly \$2 billion in net debt.

**Mr BACON** - Would that be a broken promise if you hit \$2 billion? How much is a broken promise?

**Mr GUTWEIN** - What you would need to add to our expenditures is the \$285 million that the 1 per cent pay increase would cost, the \$450 million -

**Ms O'CONNOR** - Point of order, Chair, on relevance. This is the Treasurer's estimates. Mr Bacon is not the treasurer. He spent two minutes talking about Labor. Could he answer some of the questions?

**CHAIR** - I take your point of order but also make the point to the committee that everybody around the table knows how this works. There is a question asked and then you need to allow the Treasurer to answer that question. From the point of order what we need to be aware of is that there are no interjections. Once you ask the question the Treasurer has three minutes to answer it and until he is finished there will be no more questions asked.

**Mr BACON** - Thank you, Chair. Treasurer, did you promise -

**Mr GUTWEIN** - I was still finishing my answer, Chair.

**CHAIR** - To the Treasurer to complete his answer.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Chair, as I was saying, it is important to understand the context here. We have made a choice. We make no apologies for that. We will invest in the economy. We will create jobs. You had an opportunity last week to outline what you would do and you squibbed it. Either you were too lazy or you couldn't come up with an idea. Effectively what you would do is drive this Budget deeper into net debt.

**Mr BACON** - Did you promise not to take the state into net debt?

**Mr GUTWEIN** - I have answered that question. I make no apologies for the settings in this Budget. The settings in this Budget -

**Mr BACON** - No, that wasn't the question.

**Mr GUTWEIN** - Again, you just said, 'no interjections or other questions while I finish'.

**CHAIR** - I take the Treasurer's point of order. Please don't interject. The Treasurer is answering the question.

**Mr GUTWEIN** - Are you going to play by the rules or not?

**Mr BACON** - Are you?

**Mr GUTWEIN** - Chair, I will make the point again, and I have been really clear. I make no apologies for the settings in this Budget. The Government will drive a \$3.6 billion infrastructure program. Over the forward Estimates, we will move back into a position of manageable net debt. That will create jobs and it will drive our economy.

**Mr BACON** - Did you promise not to take the state into net debt? Yes or no.

**Mr GUTWEIN** - Again, I have answered that question.

**Mr BACON** - What is the answer?

**Mr GUTWEIN** - I provided the answer to that question. I make no apologies for the settings in this Budget.

**Mr BACON** - That's not the question.

**Mr GUTWEIN** - I am providing my answer.

**Ms O'CONNOR** - You are slippery.

**Mr BACON** - Treasurer, did you promise not to drive the state into net debt?

**Mr GUTWEIN** - I make no apologies for the settings in this Budget. I have answered that question.

**Mr BACON** - No, did you make the promise?

**CHAIR** - Mr Bacon, we will have to move on to Ms O'Connor.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - Treasurer, in that last statement full of waffle, you said you make no apologies 10 times. Perhaps you should apologise.

I am going to start with talking about the people who have been forgotten in your Budget. This is the report card that has been issued by the Tasmanian Council of Social Services who, at their stakeholder briefing the week the Budget was delivered, expressed great disappointment in the lack of heart in your Budget.

Energy concessions are up by 4000 people, people are waiting longer at the Royal Hobart Hospital, the elective surgery waiting list has skyrocketed by 1500 people. TasTAFE enrolments have fallen, Newstart is up, the number of people on the housing register has ballooned and is at its highest level in a decade. Yet you have chosen - as you say, there has been \$1.6 billion on roads and bridges and, in contrast, \$212 million this year on housing, which is not new money.

How do you explain yourself to the Tasmanian Council of Social Services and other people in the community sector who are very clear that in the five years you have been Treasurer, this state has gone backwards socially?

**Mr GUTWEIN** - The most important economic and social policy you can have is to be able to provide somebody with the opportunity of job -

**Ms O'CONNOR** - You don't really understand the community sector.

**CHAIR** - Order, Ms O'Connor. The Treasurer has the call, please don't interject.

**Mr GUTWEIN** - The most important economic and social policy is to ensure that somebody has the opportunity for a job. This Budget ensures that jobs will be created. It underpins infrastructure into not just roads and bridges. While I understand you don't like roads and you don't like bridges -

**Ms O'CONNOR** - Don't verbal me.

**Mr GUTWEIN** - That is enabling infrastructure.

**Ms O'CONNOR** - I am talking about your priorities.

**Mr GUTWEIN** - I am not verballing you. You took a quarter of a billion dollars from your alternative budget out of roads and bridges -

**Ms O'CONNOR** - We put it into housing.

**Mr GUTWEIN** - No, you haven't, not all of it. As I have made the point on a number of occasions, if you talk to the communities at Brighton, Sorell and Kingston, one of their biggest issues in growing those local areas, providing more affordable land, more opportunity for people to get a start, are transport matters.

**Ms O'CONNOR** - There's no investment in public transport.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - This Budget directly goes towards enabling infrastructure. It also invests in those areas. It invests in schools and health facilities. I think you are taking a very shallow view.

**Ms O'CONNOR** - Are you talking about TasCOSS's position?

**Mr GUTWEIN** - No, I think you are.

**Ms O'CONNOR** - I simply relayed to you the social metrics and how far people experiencing socioeconomic disadvantage have gone backwards in the five years since you became Treasurer. At every single TasCOSS briefing that I go to, which has the community sector at it, they are being made more and more despondent by your priorities in government. They recognise that, socially, Tasmania is going backwards since you became treasurer.

**CHAIR** - Ms O'Connor, do you have another question for the Treasurer?

**Ms O'CONNOR** - I asked the Treasurer to respond to TasCOSS directly.

**Mr GUTWEIN** - Thank you for that statement. I point out that in terms of jobs, we provided more than 13 000 more opportunities for Tasmanians. We are investing into enabling infrastructure that will support all Tasmanians. You point to the level of concessions that have gone up. We have an ageing demographic -

**Ms O'CONNOR** - That means there are more poor people.

**Mr GUTWEIN** - This Budget continues to provide more concessions. We have an ageing demographic. I do not think every old person is poor. That is sad if you believe that.

**Ms O'CONNOR** - You rubbished me before when I was talking about infrastructure investment but in 2018-19 it was \$719.6 million, this year it is \$723.3 million, decreasing across the forward Estimates. In real terms this year's infrastructure investment is smaller than last year's. You have claimed to the people of Tasmania that you have made choices in this Budget. Isn't it true that you have been forced into this position and you are trying to spin your way out of it?

**Mr GUTWEIN** - Across the forward Estimates we had a \$2.6 billion infrastructure program in the last budget. We have a \$2.8 billion infrastructure program across the forward Estimates in this Budget. We are putting a total of \$800 million worth of equity through our Government businesses to underpin new infrastructure and programs. Your point is completely wrong.

**Ms O'CONNOR** - You are pretending you have made a choice in this Budget.

**Mr GUTWEIN** - Of course we made a choice. What I could have done is maintain an infrastructure program at \$2.6 billion or reduce that infrastructure spend. If you look at the metrics of this Budget, \$500 million-worth of lost revenue. We have injected at a state level nearly \$500 million more of the additional spending. Most of the additional \$205 million across the general government sector is state government spending. The majority of the expenditure through our government businesses is state government expenditure. We fund more than \$500 million-worth of new infrastructure in this Budget. If you look at the metrics of the Budget, set that aside, set aside the revenue loss and we would not be in net debt. We have made a conscious choice.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - Do you agree that you are a victim of your own hubris because you spent the first four years as Treasurer telling Tasmanians we were entering the golden age, back on track, back in the black. Now we are careening towards significant net debt. You made a promise to the people of Tasmania that you would not take the state into net debt. It was a promise you could not keep. Do you agree you are a victim of your own hubris and sense of self-importance?

**Mr GUTWEIN** - We could have changed the settings in this Budget and not gone back into net debt. What that would have meant is spending less on infrastructure.

**Ms O'CONNOR** - Don't you think you should have been honest with the people of Tasmania, upfront?

**Mr GUTWEIN** - Please don't badger me. I am trying to explain something that you are obviously struggling to grasp.

**Ms O'CONNOR** - Please don't patronise me.

**Mr GUTWEIN** - Ditto, thank you.

**Ms O'CONNOR** - I have watched you talk yourself up. Now you have come crashing down because of national events.

**Mr GUTWEIN** - Now what you are attempting to do is get yourself on television. What you are attempting to do is to get yourself a line on the television and the paper. I would like to complete the answer to this. We made a choice to continue to invest. You brought down an alternative budget, you demonstrated your choices, and I do not agree with most of them. I think in most cases you are misguided but at least you had the courage to bring down a position. He never did.

**Mr TUCKER** - Treasurer, you know more than anyone the importance in business to keep things moving. This is not a time for unjustified pay rises or dropping down a gear. Can you please outline the record investments that the Government is making into infrastructure, health and education please?

**Mr GUTWEIN** - That is a very good question. Thank you for the opportunity to provide some context and detail here.

The centrepiece of the 2019-20 Budget is the \$3.6 billion whole-of-government investment into job-creating infrastructure. The Budget will maintain the momentum and invest for growth. This includes a record \$2.8 billion investment by government agencies and a further \$800 million in equity transfers to fund investments by government businesses and TasWater.

There is new capital funding for stage 2 of the Royal Hobart Hospital, police housing upgrades, investment in the urban congestion fund, increased funding under the nation-building roads and rail program, the Bridgewater bridge, roads of strategic importance, funding for the TT-Line, the Tasmanian Rail Revitalisation Program and tranche 3 irrigation projects.

The Budget sees the continuation of strong investment in Health, with \$8.1 billion over the next four years, and over the Budget and forward Estimates that is \$544 million more that will be spent. There is \$352.6 million in infrastructure investment across our hospitals and health system. We will complete stage 1 of the Royal Hobart Hospital redevelopment later this year. Building on

## UNCORRECTED PROOF ISSUE

stage 1, \$90.5 million is allocated to deliver stage 2, which will be used to expand the emergency department to meet growing demand and comprehensively refurbish A Block.

The Budget continues the \$87 million redevelopment of the Launceston General Hospital and \$5 million more for car parking, with \$61.2 million unfunded over these four years. The Budget completes the \$2.1 million purpose-built antenatal clinic at the North West Regional Hospital and invests \$20.5 million to staff the eight-bed acute medical unit. Budgeting continues with \$35 million for Mersey Hospital capital upgrades, with \$32 million to be spent over four years.

The Budget also includes \$20 million for 27 new mental health beds in southern Tasmania. There are also infrastructure upgrades appearing statewide, including in general THS hospital critical facilities, air-conditioning, rural health facilities, rural hospital and ambulance stations.

I am pleased that the 2019-20 Budget also includes record investment in Tasmania's education and training system, with \$7.1 billion over four years to support and engage Tasmanian students to create a job-ready generation. All Tasmanian students will benefit from additional funding, particularly students with disability and those in need.

To support our schools of the future and ensure students' learning environments are flexible and contemporary, the Government is investing in education infrastructure at a record level. The Government has committed \$184.2 million over the Budget and forward Estimates to education capital investment, primarily investing into schools. In addition, there will be further investment into two centres of excellence. This will also include schools in Penguin, Brighton and Sorell as well as upgrades occurring at Devonport High, East Launceston Primary School, Hobart College, Illawarra Primary School, Lansdowne Crescent Primary, Legana Primary, Molesworth Primary, Montagu Bay Primary, Cosgrove High, Riverside High, Snug Primary, Southern Support School, Spreyton High, Taroon High and at our school farms in Brighton and Sheffield. In addition, the Government is continuing to roll out six new child and family learning centres; I understand that the minister made some comment about that yesterday.

Regarding the Budget, Mr Tucker, as I have said, I make no apologies for its settings. It is designed to maintain the momentum, it invests for growth and, importantly, it underpins jobs and opportunity for Tasmanians.

**Mr BACON** - Treasurer, now that we have established you have made a choice to break your promise not to go into net debt to the tune of \$1.1 billion, can you tell the committee what the pathway out of net debt is?

**Mr GUTWEIN** - I have already explained this on a number of occasions. In terms of the forward Estimates in this Budget, by the fourth year the cash flow statement indicates that we are generating around \$700 million worth of operational cash. Over the forward Estimates, the amount that we borrow decreases over four years.

**Ms O'CONNOR** - To \$1.8 billion?

**Mr GUTWEIN** - No, the additional amount we are borrowing to build to that level. In terms of the pathway out, the Government will be able to make choices at each of the upcoming budgets as to whether or not it continues with infrastructure investment at the level it is at. Importantly, the Government will determine the appropriate level of debt into the future and the pathway out based on the economic circumstances at the time, exactly as we have done with this Budget.

**Mr BACON** - So there is a pathway into debt but no pathway out?

**Mr GUTWEIN** - I have just explained the pathway out.

**Mr BACON** - What is that? Less infrastructure spend?

**Mr GUTWEIN** - As I have said, we made a choice to invest record amounts of infrastructure in this budget to underpin our economy. The reason we have done that is that there are national headwinds. It is quite clear that the big engine rooms of Melbourne and Sydney are under pressure in terms of the housing collapse and the lack of confidence that is feeding into consumer sentiment. We do not believe this is a time, with a strong growing economy, a growing population and influx of international students and visitors, that this a time we should pull back. We should keep the economy strong. As the national economy changes we will make choices as to what is the best setting for the Tasmanian economy, and into the future we will make decisions as to whether or not we continue to invest at the high levels we are in terms of infrastructure or moderate that and manage the net debt down.

**Mr BACON** - Is there a plan to cut back on infrastructure spending to get us out of net debt?

**Mr GUTWEIN** - We will make decisions based on the economic circumstances of the time in the lead-up to each budget.

**Mr BACON** - So there is no plan to get the state out of net debt?

**Mr GUTWEIN** - I have just explained the plan, and that is to consider the economic circumstances we face at the appropriate time and we will make decisions then in terms of our level of spending and our level of broader infrastructure investment.

**Mr BACON** - So it's an ad hoc approach - make it up as you go along?

**Mr GUTWEIN** - No, it is informed by the economic circumstances of the time.

**Mr BACON** - The only option you said you had was to cut back on infrastructure spending.

**CHAIR** - Order, Mr Bacon.

**Mr GUTWEIN** - As any treasurer does in the lead-up to any budget, we have made decisions based on what we believe are the best outcomes that this Budget can deliver for Tasmania at this time based on the economic circumstances we find ourselves in.

**Mr BACON** - We're in an economic golden age. The economy is going quite well. You are investing in infrastructure to drive the economy. The only way out of net debt is to cut back on infrastructure spending. In your own words, you are going to make those decisions at the time. Are you going to wait until there is a weak Tasmanian economy to then cut back on spending? Is that the plan?

**Mr GUTWEIN** - This demonstrates the very shallow understanding you have of the Budget. We have lost \$500 million worth of revenue. The reason we have lost a large part of our revenue is because consumer sentiment across the nation has fallen. People are not spending as much on

mainland Australia as they were. The housing collapse in Melbourne and Sydney has largely driven that. One would think that housing collapse will find a bottom. In fact my understanding is that auction clearance rates in Melbourne and Sydney are starting to improve.

**Mr BACON** - So you're betting the state's future on the property market? Is that fair to say?

**Mr GUTWEIN** - I have made decisions based on the economic circumstances at the time and that is taking into account a national economy that is facing headwinds and the need to ensure that our economy remains strong. We have also had to balance into that the fact that we have lost significant amounts of revenue as a result of those national headwinds. Taking all of that into account, as I have said, we will frame up future budgets based on the economic circumstances at the time and make decisions then.

**Mr BACON** - So basically there is no plan and you will just make decisions at the time. You're just going to make it up as you go along and you have effectively bet the state's future on the property market turning around. They are your words.

**Mr GUTWEIN** - I can understand, with your shallow understanding of matters, that that might be where you land.

**Ms O'CONNOR** - Do you have to be so patronising at the table? Is this the way it's going to be all day, where you insult people who are asking questions?

**Mr BACON** - There is no plan, so Treasurer -

**CHAIR** - Order.

**Mr GUTWEIN** - I am still answering the question.

**CHAIR** - Order. The Treasurer was answering and made a comment. Ms O'Connor interjected, which cut the Treasurer off, so the Treasurer still has the call.

**Mr GUTWEIN** - Absolutely we have a plan and that plan is based on ensuring that we monitor the economic circumstances at the time and then we will make choices based on what is the best outcome for the Tasmanian economy. In this Budget the best outcome, in my view and the Government's view, is to increase our infrastructure spend to underpin our economy and to deliver that intergenerational infrastructure that we need for a growing economy.

**Mr BACON** - So the plan is to monitor how things are going and make decisions as you go along?

**Mr GUTWEIN** - We have a plan take into account the economic circumstances at the time.

**Mr BACON** - The plan is to monitor and make decisions?

**Mr GUTWEIN** - We have a plan to consider the economic circumstances at the time and we will set the appropriate settings based on that. As I have said, in future budgets we can maintain our infrastructure spend. We could increase it or we could decrease it, depending on the economic circumstances.

**Ms O'CONNOR** - Or borrow more.

**Mr GUTWEIN** - You are throwing a googly from the side, borrow more. We have lost half a billion dollars' worth of revenue in this Budget, largely as a result of the national headwinds. I expect that the national economy, at a point in time, will find its bottom and start to improve. At that particular point in time, we will see an increase in consumer sentiment, therefore a growing GST pool. Importantly, right now -

**Ms O'CONNOR** - All the economic headwinds are not saying that.

**Mr GUTWEIN** - Right now, the important thing to do for Tasmania, and the plan that we have laid out over four years, is to ensure that we invest strongly into infrastructure to underpin our economy to ensure that we can deliver the infrastructure that Tasmania needs so we can underpin the economy and create jobs.

**Mr BACON** - It doesn't sound like much of a plan, Treasurer. You said on budget day that you were proud of the Budget you had brought down. Are you proud to be taking the state into net debt for the first time in 15 years?

**Mr GUTWEIN** - I don't resile from my commentary on budget day. This Budget was framed in difficult circumstances. On the one hand, we had lost more than half a billion dollars' worth of revenue and, on the other, we are faced with national headwinds. It was important to find a setting that could ensure that we continue to provide jobs for Tasmanians and ongoing economic growth, and I believe that this Budget is able to do that.

**Mr BACON** - You are proud to take the state into net debt for the first time in 15 years?

**Mr GUTWEIN** - I am not going to be verbally by you.

**Mr BACON** - Try answering the question.

**Mr GUTWEIN** - As I have said, in terms of this Budget and the settings we have landed on, this is the right budget for Tasmania at this time, and I am proud of that.

**Ms O'CONNOR** - Is it the right Budget, Treasurer, for children and young people? If you go to budget paper 2, vol 1, despite being fully funded across the forward Estimates in last year's budget, out-of-home care funding at \$16.8 million is limited to 2019-20 in this Budget, and the reason that is cited in the footnotes is that funding for 2019-20 is given that there is current reform activity underway which will inform funding needs in the future years. Very clearly, the reforms are not going to result in realising that out-of-home care can take a \$17 million per annum cut, which is what is in the Budget.

Can you outline how much of the out-of-home care funding went to permanent positions? Can you confirm that even if you wanted to, you could not end the funding for this line item in 2020-21 as there is no cost neutral option to terminate these positions that are dealing with the front line of child abuse and neglect?

**Mr GUTWEIN** - First, that is a question detail which should go to the Housing minister.

**Ms O'CONNOR** - It flatlines.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - I can confirm is that there is an additional \$16 million in the Budget for out-of-home care, and that there is a review underway and the minister will work through that process. Then we will deal with what is necessary in terms of funding post that review.

**Ms O'CONNOR** - Okay, the fact is that the reform process is not going to come back and say to you as Treasurer, that the agency does not need that extra money, so it has flatlined in the out years of the Budget, which helps you make your bottom line look better. What is your plan for out-of-home care funding in the out years, given we are going to be in net debt at the end of the forward Estimates?

**Mr GUTWEIN** - There is a review underway and we will allow that review to take its course.

**Ms O'CONNOR** - Can you see that there is no way that the out-of-home care system is going to be able to survive with the amount of funding that you have allocated in the last two years of your Budget?

**Mr GUTWEIN** - Again, there is a review underway and we will allow that review to take its course.

**Ms O'CONNOR** - If the review inevitably confirms the evidence of the out-of-home care system is manifestly underfunded, will you be providing for those funds in this term?

**Mr GUTWEIN** - I am not going to deal with hypotheticals.

**Ms O'CONNOR** - Do you think child abuse and neglect is a hypothetical scenario?

**Mr GUTWEIN** - No, the question that you have posed is in terms of a review which you do not know what the outcome may be and therefore it is a hypothetical. What I am saying to you very clearly, is that we will allow that review to take its course and then we will make decisions as a government based on the outcomes of that review.

**Ms O'CONNOR** - Treasurer, that is a really cynical response. You know it is not a hypothetical that the review would come back and say more resources are needed in the out-of-home care system. You know that is not a hypothetical, it is a fact, on the evidence.

**Mr GUTWEIN** - You should allow the review to take its course.

**Ms O'CONNOR** - You should be honest about your underfunding of the out-of-home care system, the fact is that you are going to have to find another \$17 million a year.

**Mr GUTWEIN** - I am not going to be berated by you. We will allow the review to take its course and then we will make decisions when we are fully informed.

**Ms O'CONNOR** - You have made a choice, therefore, to allow for the underfunding of out-of-home care in the Budget.

**Mr GUTWEIN** - It is quite clear there is review underway and we will allow that review to take its course.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - The flatline enables your Budget to look a little bit better in the out years, doesn't it?

**Mr GUTWEIN** - There is a review underway and we will allow it to take its course.

**Mr TUCKER** - As the Opposition could learn a great deal from the Treasurer, especially in regard to balanced budgets, can you please detail the importance of balanced budgets and the forecasting net operating balance across the Budget and forward Estimates? How does this compare to the experience under previous governments?

**Members** interjecting.

**CHAIR** - Order.

**Mr GUTWEIN** - I can see that they have great interest in it. Thank you, Mr Tucker. We promised to deliver balanced budgets and that is exactly what we have done. In the current 2018-19 year the estimated outcome is a modest surplus of \$41.3 million which will be our fourth surplus in a row. It is important to budget for a surplus for a number of reasons. A surplus clearing demonstrates budget sustainability and that revenues are higher than expenditures, which provides certainty to business regarding public sector investments and to public sector workers as well.

I want to comment on this a little more. When the Government has balanced its books, it provides certainty to the private sector and the confidence for them to invest and gear up. In a small and diverse economy like Tasmania this certainty is important. When the private sector invests, it creates jobs and we have seen the benefit of this approach over the last few years. Since we came to Government nearly 13 000 jobs have been created. A surplus also provides capacity to meet unexpected need or a revenue shock.

Last year, the modest surplus allowed the Government to deliver record spending to health and an additional \$105 million was spent. It is what allows us to respond to challenges like bushfires over the summer. The modest surplus also allowed us to withstand the significant revenue writedown in conveyance duty that I flagged in the RER. It provides a buffer, albeit not sufficient to completely offset the more than half a billion dollars' worth revenue that has been written down over four years. We have had to manage that in this year's Budget.

Unfortunately, and again, from that side of the table, both Labor and the Greens have learnt nothing. I was surprised last week, in terms of the Budget response, where it did appear that your side of politics was actually agreeing with my budget. I listened very carefully to the speech by the Leader of the Opposition and apart from spending a little more, which I think was unwise, there was not one thing that she argued for change in our budget. That effectively provides tacit approval, in fact, absolute approval for our budget, so I thank you for that.

**Mr BACON** - In Mr Tucker's question, he talked about surplus. Can you tell us, Treasurer, is there a cash surplus this year?

**Mr GUTWEIN** - There is a cash operating surplus.

**Mr BACON** - Is there a cash surplus?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - There is a cash operating surplus and if you go to the cashflow statement you will see that right across the forward Estimates after paying wages and our expenditure and operating sense, we throw operating cash surpluses after we have met our recurrent expenditures. We will actually be borrowing to fund part of our infrastructure program and I make no bones about that.

**Mr BACON** - Can you explain how it is possible that overall infrastructure expenditure has grown by around \$200 million since the last budget and, yet, net debt will balloon out to \$1.1 billion?

**Mr GUTWEIN** - This is what really surprises me about that side of the table. Firstly we have lost half a billion dollars worth of revenue -

**Mr BACON** - So it's a revenue problem.

**Mr GUTWEIN** - You know that we have lost half a billion dollars' worth of revenue. Will you accept that?

**Mr BACON** - You have more revenue in this year's Budget than you forecast in last year's budget.

**Mr GUTWEIN** - Will you accept that have lost half a billion dollars' worth of revenue? We then increased our state expenditure into infrastructure, and across the forward Estimates, including what we put into government businesses and our general government infrastructure, we are spending around \$547 million more as a state in infrastructure.

We have half a billion dollars, \$535 million, worth of lost revenue and nearly \$550 million-worth of more spending. There is around a \$1.1 billion change-around in the budget bottom line. It is evident to anybody who is prepared to do the work as to why, in this Budget, there is some additional net debt. I find it extraordinary that you would even ask me that question, Scott, to be honest.

Nearly \$550 million worth of revenue of loss and nearly \$550 million worth of additional state investment, and you wonder why there is a \$1.1 billion turnaround in the Budget. The decision we have made is to increase our infrastructure investment by nearly \$550 million. It is there. You can understand it but I know you have to play politics.

**Mr BACON** - It is you who has broken a billion-dollar promise and refused to apologise. You have made a choice to break a promise and won't apologise. I am not sure why that is. Why is that, Treasurer, that you can break a billion-dollar promise and refuse to apologise?

**Mr GUTWEIN** - We have a pathway back to a fiscal surplus.

**Mr BACON** - You have a pathway back but there is no fiscal surplus now. The fiscal surplus has been delayed. Moody's said that is a credit negative.

**Mr GUTWEIN** - There is a pathway back, if you look at the Budget, to a fiscal surplus.

**Mr BACON** - Your pathway, your plan, to get back is to monitor and make decisions. That is not a plan.

**Mr GUTWEIN** - No, it is actually there in the Budget, a pathway back to a fiscal surplus.

**Mr BACON** - But there is not a pathway out of net debt.

**Ms O'CONNOR** - You have underfunded a whole lot of line items that you're going to have to deal with.

**Mr GUTWEIN** - Again, I will come back to the point you were making before. Don't pre-empt the review. Allow that to take its course.

**CHAIR** - Order, one question at a time, please, and only the person who has the call should be asking questions. As I have stated before, please let the Treasurer complete his answer before we interject.

**Mr BACON** - Thank you, Chair. Treasurer, you did break your promise not to take the state back into net debt, by \$1.1 billion, so why did you claim in your fiscal policy release before the election that your infrastructure commitments could be met from cash and investments?

**Mr GUTWEIN** - I point to more than the half a billion-dollar loss in revenue. I understand it is a big number and difficult to get your mind around, but we lost half a billion dollars' worth of revenue over the four years.

**Ms O'CONNOR** - Stop it. You make these statements and you lie to the people of Tasmania.

**Mr GUTWEIN** - Stop it? These sorts of inane questions are completely ignorant to the circumstances that we face. The circumstances we face, Mr Bacon, are that we lost more than half a billion dollars' worth of revenue over the forward Estimates. The Government has had to make decisions and our decisions are that we want to invest more into our economy and infrastructure, with nearly \$550 million-worth of new spending to underpin our economy. That is the choice we made.

**Mr BACON** - So why did you claim in your fiscal policy release before the election that your infrastructure commitments could be met from cash and investments? Why did you do that?

**Mr GUTWEIN** - Mr Bacon, in terms of the circumstances we find ourselves in, we have had to make choices, and nearly \$550 million worth of revenue has been lost as a result of the headwinds that have been faced by the national economy and the size of the GST pool not being what it was originally forecast. Then we have spent nearly \$550 million more in this budget in additional infrastructure.

**Mr BACON** - Why did you make that claim before the election?

**Mr GUTWEIN** - Again, this Budget responds to the circumstances that we face currently. As I have said, I am proud of this Budget. In the circumstances we are in at the moment, it is one that will maintain our growth and our economy, invest in intergenerational infrastructure and create jobs.

**Ms O'CONNOR** - Treasurer, I want to go back to funding for out-of-home care. It is clear that from next year, the year after and the year after, there is no extra allocation against that line

item, and the impact of the efficiency dividend, the cumulative cuts to Communities Tasmania, is \$46 million.

**Mr GUTWEIN** - Who says it is?

**Ms O'CONNOR** - Okay then, what is the cumulative impact of the efficiency dividend on Communities Tasmania?

**Mr GUTWEIN** - We are working through that process. As I pointed out to the upper House committee yesterday, if you read the budget papers, what we have flagged is a 0.75 per cent efficiency dividend. We will focus on consultants, advertising and promotion, travel and transport, look at targeted vacancy control, natural attrition and, importantly, we will also look at the revenues we can generate from our government businesses. Any savings program -

**Mr BACON** - More? You're going to squeeze more out?

**Mr GUTWEIN** - That is what it says in the Budget.

**Mr BACON** - That bit didn't make the speech - you cut that bit out.

**CHAIR** - Order.

**Mr GUTWEIN** - That is what it said in the Budget if you read the Budget. We will go through a process of reviewing our government businesses to see what additional revenue is available.

**Ms O'CONNOR** - That wasn't my question.

**Mr GUTWEIN** - I come back to the proposition I put. Don't make up numbers in terms of the what the impact might be on agencies.

**Ms O'CONNOR** - I am not making up numbers. We have looked at a 0.75 per cent efficiency dividend on the budget of Communities Tasmania and the cumulative cut to Communities Tasmania is \$46 million.

**Mr GUTWEIN** - Sounds like you are making up a number.

**Ms O'CONNOR** - Each year's annual cut is in the order of \$5 million on Communities Tasmania's budget if you apply the efficiency dividend, so the total cut is nearly \$16 million to Communities Tasmania, including out-of-home care, and cumulatively that is \$46 million, is it not?

**Mr GUTWEIN** - I am not going to test your maths. I make the point that no agency has been allocated its savings target yet. We are working through that process. I have been quite clear that we will announce by the end of the first quarter of this financial year where the savings are coming from and they will be reported on again in the midyear update. I caution you in trying to heighten people's concerns. There is a process underway and we are going look at a whole range of discretionary spending as well as targeted vacancy control and natural attrition, and a review of the revenues we can generate from our government businesses.

**Ms O'CONNOR** - Can we confirm that not only in the three years after this is there no extra allocation against out-of-home care, which you use the review as an excuse for, but in real terms

## UNCORRECTED PROOF ISSUE

Communities Tasmania and out-of-home care will have a cut across the forward Estimates as a result of your accounting and priorities?

**Mr GUTWEIN** - I have explained very clearly and carefully to you that we will go through a review process in terms of out-of-home care, and -

**Ms O'CONNOR** - Will you quarantine out-of-home care from cuts?

**Mr GUTWEIN** - until that review is completed, making the statements and assertions that you are is simply spurious.

**Ms O'CONNOR** - It is not spurious because you have put an efficiency dividend in place, so are you going to quarantine out-of-home care?

**Mr GUTWEIN** - There is a process and a review underway and until that review is completed you cannot make statements about cuts or savings or what the level of funding would be. Allow the review to take its course.

**Ms O'CONNOR** - We can certainly ask questions and make statements based on the known facts, which is that there is an efficiency dividend that will be applied to Communities Tasmania and out-of-home care will be affected.

**Mr GUTWEIN** - And what level of revenue have you accounted into that?

**Ms O'CONNOR** - I am not the Treasurer. I am asking you to explain.

**Mr GUTWEIN** - What I am explaining very carefully is that there is a review underway in terms of out-of-home care. We will allow that review to take its course and make decisions when informed by that review. In terms of the savings measures we will focus at a whole-of-government level on consultants, advertising and promotion, travel and transport, targeted vacancy control, natural attrition, and a review of our government businesses.

**Ms O'CONNOR** - Can I ask you this then, Treasurer? Will you quarantine the out-of-home care system from any further cuts?

**Mr GUTWEIN** - There is a review underway.

**Ms O'CONNOR** - The answer's 'no'. Is the answer 'no'?

**Mr GUTWEIN** - There is a review underway. I will allow that to take its course.

**Ms O'CONNOR** - You have child safety officers with caseloads of 15 and 20 children, you have children slipping through the cracks, the number of notifications increasing, and you won't quarantine the out-of-home care system from your cuts?

**Mr GUTWEIN** - What I have very clearly said is that there is a review underway and we will allow that to take its course.

**Ms O'CONNOR** - You will not quarantine the child safety system, so it is underfunded in the out years -

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Once that review is completed and we are armed with the necessary information, then we will make decisions.

**Ms O'CONNOR** - But you will not quarantine the child safety system from your cuts?

**Mr GUTWEIN** - I have made it perfectly clear that there is a review underway and we will allow it to take its course.

**Ms O'CONNOR** - The Budget is perfectly clear that there will be cuts to child safety.

**Mr BACON** - Treasurer, can you confirm that you are expecting to receive \$163 million more revenue than budgeted last year, and that revenues grow across the forward Estimates?

**Mr GUTWEIN** - Revenues grow across the forward Estimates. I think the right percentage is 1.6 per cent across the forward Estimates. It is apparent from the fiscal strategy that our long-term revenue growth is around 4 per cent. It is important to acknowledge the very tight level of revenue growth we have across the forward Estimates. There is \$535 million worth of revenue that we are not receiving.

**Mr BACON** - Can you confirm that you are expecting to receive \$163 million more than was budgeted last year? I will rephrase the question.

**Mr GUTWEIN** - I'm not going to trust any number that you might provide to me across the table.

**Mr BACON** - Answer the question. Why won't you answer the question?

**Mr GUTWEIN** - I'm not going to make any comment about a number that you throw across the table at me. We understand the difficulty you have had in the past with numbers.

**Mr BACON** - I can count, \$1.1 billion, I can read that out a couple of times in terms of the size of your broken promise.

**Mr GUTWEIN** - In terms of revenue across the forward Estimates, there is revenue growth, but it is lower than expected.

**Mr BACON** - Can you tell us how much revenue you are expecting to receive over and above what was budgeted last year?

**Mr GUTWEIN** - In the Budget 2018-19 \$6.217 billion; this year \$6.406 billion. What was your number again?

**Mr BACON** - You are expecting to receive more revenue than you budgeted last year? Answer the questions.

**Mr GUTWEIN** - Was it \$147 million you said? What was the number?

**Mr BACON** - You tell me.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Read it out.

**Mr BACON** - You are the one with the big brain over there.

**Mr GUTWEIN** - I would like you to read it out again, if you could?

**Mr BACON** - Why don't you answer the question? Answer the question. Tell me how much revenue you are expecting to receive in this Budget over and above what you expected last year?

**Mr GUTWEIN** - The revenue forecast is \$189 million.

**Mr BACON** - Can you explain to us, is it a revenue problem?

**Mr GUTWEIN** - Seriously, was that the same number or not that you read out first up?

**Mr BACON** - No, it was a question.

**Mr GUTWEIN** - How did you get that one wrong?

**Mr BACON** - It was a question.

**Mr GUTWEIN** - Extraordinary.

**Mr BACON** - How so?

**Mr GUTWEIN** - You weren't able to deduct the 2018-19 Budget -

**Mr BACON** - You did not know the answer, you had to get the secretary to tell you the answer. With the size of your brain -

**Mr GUTWEIN** - It is in the Budget.

**Mr BACON** - So it is bigger than the number we said? We gave you the benefit of the doubt. Are you expecting more revenue?

**Mr GUTWEIN** - If you want to throw a few more numbers at me, see if you can them right.

**Mr BACON** - You have to get help from the man next to you, what are you talking about?

**Mr GUTWEIN** - It is in the Budget. We were attempting to test your maths and we have been proven right. I said that I wouldn't trust a number that you provided across the table and I have been proven correct.

Revenue goes up -

**Mr BACON** - We have established it is not a revenue problem. You're expecting to receive around \$190 million more in revenue? Is that what you are saying?

**Mr GUTWEIN** - Revenue, budget to budget, is up \$190 million.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - You have a revenue problem. This \$1.1 billion worth of debt is a revenue problem and not a spending problem?

**Mr GUTWEIN** - I would come back to this because no matter how simply it is explained, we are receiving -

**Mr BACON** - You have to tell the truth. If you had explained it simply and told the truth -

**CHAIR** - Order.

**Mr GUTWEIN** - We are receiving \$500 million less in revenue than what was previously thought. I am talking about \$280 million worth of GST and the stamp duty reductions that we have seen as well.

**Mr BACON** - Budget to budget, you are expecting \$190 million more?

**Mr GUTWEIN** - Well, it is there in the budget paper.

**Mr BACON** - Budget to budget, you are expecting \$190 million more? There was no net debt in last year's budget. We were not headed for net debt. Now we are headed for \$1.1 billion. Can you tell us with this massive fiscal brain you have exactly how this has happened?

**Mr GUTWEIN** - I know you are disappointed in yourself for getting that number wrong but there is no need to be rude. Revenue increases across the forward Estimates by 1.6 per cent. I think that is the revenue growth.

**Mr BACON** - How did you get us into debt, Treasurer?

**CHAIR** - Mr Bacon, the Treasurer has the call. Please do not interject until he completes his answer. We have multiple opportunities to ask questions.

**Mr GUTWEIN** - We have lost \$535 million in revenue and we are investing nearly \$550 million more into infrastructure.

**Mr BACON** - It is up \$190 million.

**Mr GUTWEIN** - I am glad we have clarified that because you obviously got that wrong to begin with. Revenue growth across the forward Estimates is around 1.6 per cent. Long-term revenue growth as is explained in the Budget is 4 per cent. Our revenues are not growing as fast as they have over the long-term trend and we have lost \$500 million in revenue.

**Mr BACON** - Revenue is up \$190 million. How have you got us to \$1.1 billion in debt when revenue is up?

**Mr GUTWEIN** - We are spending \$550 million more on infrastructure.

**Mr BACON** - You can confirm that your problem now is with spending, not revenue?

**Mr GUTWEIN** - I am not going to confirm anything that you say.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - I am not the one who is a proven liar here.

**Mr GUTWEIN** - That is beyond the pale, that is not parliamentary.

**Mr BACON** - I am not the one who has a problem with honesty, Treasurer.

**Mr GUTWEIN** - We have revenue growth across forward Estimates of 1.6 per cent. Revenues aren't growing as quickly as we previously expected them to. We are investing more which is impacting on our net debt and fiscal balance.

**Mr BACON** - You are spending more?

**Mr GUTWEIN** - Yes.

**Mr BACON** - The reason we are headed for \$1.1 billion in net debt is not a revenue problem, like you have portrayed it. You have a spending problem, Treasurer.

**Mr GUTWEIN** - No, we have lost more than half a billion dollars' worth of revenue and we are spending more than half a billion more in infrastructure.

**Ms O'CONNOR** - I want to go back to the efficiency dividend and the impacts on already underfunded agencies. Have you prepared, or have you requested, information from ministers and agencies on how the efficiency dividend can be realised?

**Mr GUTWEIN** - At this stage we are working through a process. I haven't engaged with any agency as yet.

**Ms O'CONNOR** - You haven't asked the question because it is too close to Estimates.

**Mr GUTWEIN** - I have not engaged with any agency as yet.

**Ms O'CONNOR** - It is very clear that across the forward Estimates there is \$450 million that will have to come out of government agencies: Education, Health, Justice, Police, Fire and Emergency Management, children and out-of-home care.

**Mr GUTWEIN** - It will be offset by revenues from our government businesses.

**Ms O'CONNOR** - Hang on a minute. What do you mean 'offset by revenues from government businesses'?

**Mr GUTWEIN** - As I have explained, in the Budget it clearly outlines that in terms of the savings we are seeking, and in fact every savings program that has been run by government - whether this Government or previous governments - has always had a revenue component.

In the Budget, I have very clearly explained that we will look at those discretionary areas initially, consultants, advertising, promotion, travel and transport. We will look at the targeted vacancy control and look at natural attrition, and we will also review our government businesses, as you would expect us to.

## UNCORRECTED PROOF ISSUE

At the whole-of-government level, we spend around \$140 million on those line items. If you ask Mr Bacon, a couple of weeks ago he was saying we had been spending way too much on those areas. I thought, 'good on you, you have backed us looking for some efficiencies'.

We will have a look at that and we will have a look at our revenues. I caution you to -

**Ms O'CONNOR** - I don't need your warnings. I am not interested.

**Mr GUTWEIN** - I am not fussed about how you feel about this, but I caution you about trying to frighten people in terms of where we are going.

**Ms O'CONNOR** - I am not trying to frighten people. What I am trying to understand are your priorities, particularly as they relate to the protection of children and the investment in housing, for example. If all the consumables and consultants, as you said, are \$140 million across government, even if that stopped completely, you still have to find another \$310 million worth of savings across the forward Estimates. You have \$450 million you have to find in savings from the efficiency dividend.

**Mr GUTWEIN** - That is cumulative.

**Ms O'CONNOR** - That is right. You are trying to say that by not spending on consultants and advertising, agencies are going to be able to find the savings but your own budget papers talk about employee benefits falling from \$364 million to \$360 million. How many human beings is that?

**Mr GUTWEIN** - I am not sure what number you are look at that there.

**Ms O'CONNOR** - This is table 4.3, Finance General.

**Mr GUTWEIN** - Finance General does not employ anyone, to be frank, as was explained yesterday.

**Ms O'CONNOR** - This is whole-of-government.

**Mr GUTWEIN** - That line is about superannuation. I will set that aside. In terms of the savings program, we will work with agencies, we will look at those discretionary areas at a whole-of-government level. Consultants, travel and transport, advertising and promotion, we will look at targeted vacancy control, natural attrition and importantly, we will look at the revenues that we can generate from our government businesses.

I caution you about landing on any sort of number for any agency.

**Ms O'CONNOR** - It was confirmed yesterday that your own Department of State Growth spent \$940 000 on travel in the first nine months of this financial year. Is that an acceptable figure?

**Mr GUTWEIN** - The Department of State Growth has had a very wide-ranging international engagement program.

**Ms O'CONNOR** - Will you be trimming that massive, bloated travel budget?

**Mr GUTWEIN** - You might describe it as bloated. We are reviewing all those items.

**Ms O'CONNOR** - Can I ask about the impact on the health system of your efficiency dividend. The total cuts are \$52 million but cumulatively it is, by our assessment, about \$158 million. When you have the elective surgery waiting list soaring under your Government, where do you think those savings will come from in the health system?

**Mr GUTWEIN** - You are not listening to a word I have said.

**Ms O'CONNOR** - I am seasoned not to.

**Mr GUTWEIN** - That suits your political purposes.

**Ms O'CONNOR** - There is only a set of numbers here on the efficiency dividend that are sort of unarguable.

**Mr GUTWEIN** - Which you have run across all agencies. What I am saying to you is that we will work through this sensibly. We will look at whole-of-government expenditures and those areas of consultants, advertising and promotion, travel and transport and we will look at targeted vacancy control and natural attrition and at what opportunities there are to generate further revenues from our government businesses. We will work through that process. Before you land on a number and claim that this is what the efficiency dividend will mean -

**Ms O'CONNOR** - I am trying to get the number out of you because you are not straight about it. This happens every year where you fudge -

**Mr GUTWEIN** - I am being straight about it. I am explaining exactly where we are and there is a process underway.

**Ms O'CONNOR** - In terms of the efficiency dividend then, so each agency is expected to find 0.75 per cent efficiencies?

**Mr GUTWEIN** - Again, you are not listening to what I am saying.

**Ms O'CONNOR** - How are you going to apply the efficiency dividend?

**Mr GUTWEIN** - We are looking for savings that equate to a 0.75 per cent efficiency dividend. Included in that will be a review of the returns of government businesses which will have no impact on agencies, will it?

**Ms O'CONNOR** - How does 0.75 per cent efficiency dividend impact, for example, on the health system in your mind? Health is already under-funded?

**Mr GUTWEIN** - We are working through that process. I honestly believe that we can be more efficient in Health. In fact, he pointed out is not necessarily a resourcing issue. Setting that aside, we are working through a process.

**Ms O'CONNOR** - When are you going to tell people where you have landed? I remember your first Budget, you were so dishonest about the savings, went through the whole Estimates process, every minister, not telling us where the savings would come from, not answering questions and you are doing it again. It is appalling opacity.

**Mr GUTWEIN** - I am explaining a process.

**Ms O'CONNOR** - Well, you are not.

**Mr BACON** - Following on from that, Treasurer, you talked about a figure of \$140 million in terms of consultants, travel and advertising, together with vacancy control, employee attrition and reviewing returns of government businesses. Is there any part of that \$140 million that has been quarantined?

**Mr GUTWEIN** - In terms of the whole-of-government expenditures in those areas, we are looking at those across the board.

**Mr BACON** - So nowhere has been quarantined?

**Mr GUTWEIN** - There may be aspects that are important that savings can't come from but we will work through that. Once I am fully informed of those matters we will make decisions.

**Mr BACON** - No decisions have been made yet in terms of any area to be quarantined?

**Mr GUTWEIN** - The Premier might have made a comment yesterday about tourism but at the end of the day, in terms of the whole-of-government approach, no.

**Ms O'CONNOR** - How can you quarantine the tourism marketing budget and not out-of-home care?

**CHAIR** - Order, Ms O'Connor. Mr Bacon has the call.

**Mr BACON** - Is the tourism marketing budget quarantined?

**Mr GUTWEIN** - I would need to look at what the Premier said yesterday.

**Mr BACON** - The Premier is in charge of this process? If he says it is quarantined then it is quarantined. Is that fair?

**Mr GUTWEIN** - The Premier and I will work together closely on this matter.

**Mr BACON** - No decision has been made? You haven't made a decision to quarantine that?

**Mr GUTWEIN** - We are working through the process. I am not aware of what the Premier said yesterday.

**Ms O'CONNOR** - The Premier said yesterday it was.

**Mr GUTWEIN** - I am not aware of what the Premier said yesterday.

**Ms O'CONNOR** - Rubbish.

**Mr GUTWEIN** - I am not.

**Ms O'CONNOR** - Rubbish.

**Mr GUTWEIN** - I haven't looked at the *Hansard* or the context of the question he was asked. We are working through this.

**Dr BROAD** - How is that a process?

**Mr BACON** - That is your process? You just announce them.

**Dr BROAD** - You have to read *Hansard*? Is that what the process is?

**Mr GUTWEIN** - I will have a look and speak to the Premier about that.

**Ms O'CONNOR** - You quarantine tourism marketing but not out-of-home care? Extraordinary.

**Dr BROAD** - 'I will have a look at *Hansard*,' he says.

**Mr BACON** - Basically, you are up to speed with the rest of the Tasmanian public. When they find out what is quarantined, you will find out? Is that a fair way to put it?

**Mr GUTWEIN** - We are working through a process and we will continue to do that.

**Mr BACON** - It is a bit of a funny process. Is the Premier ahead of you in the process? Does it go through you to him? It seems he announces it and then you hear about it. How does it work?

**Mr GUTWEIN** - We will work through the process.

**Mr BACON** - How many areas of the Budget have been quarantined from the efficiency dividend?

**Mr GUTWEIN** - We are working through that. I am looking at all areas of the Budget including, as I've said, looking at returns from government businesses.

**Mr BACON** - So you are looking at the tourism marketing budget in terms of efficiencies?

**Mr GUTWEIN** - In terms of the whole-of-government approach, I am looking at this at a whole-of-government level.

**Mr BACON** - Treasurer, given that revenue is up \$190 million, in your own words it is clear you don't have a revenue problem. It is a spending problem. In last year's budget you forecast that expenditure growth would be 1 per cent in the 2018-19 year. You are now on track to increase expenditure by around 5 per cent. Isn't that proof positive that you do have a spending problem?

**Mr GUTWEIN** - I think you were arguing in the last year for additional spending on Health. I find it difficult today that you are arguing against us doing that. We put in \$105 million. Do you agree with that?

**Mr BACON** - They're your own words, Treasurer.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - The cumulative cut to Health is \$158 million - isn't it?

**Mr GUTWEIN** - I have answered the question.

**Mr BACON** - You have answered the question? Isn't this proof positive you have a spending problem and that is what is driving us into this debt spiral?

**Mr GUTWEIN** - We have lost \$535 million worth of revenue, and we are spending \$550 million more on infrastructure. They are the two big moving parts in this Budget.

**Mr BACON** - Isn't it true to say it is your lack of spending control that has headed us towards this net debt spiral?

**Mr GUTWEIN** - Did you want us to spend additional money on Health last year?

**Mr BACON** - All I want is an answer to my question

**Mr GUTWEIN** - No, I am just asking you a question. In terms of the position you take - and again, this is the hypocrisy and duplicity of the positions you take - we spent more on Health last year, absolutely, and I am pleased we did that. I am pleased the spending on Health will increase over the next four years as well, and I think you should be as well. But again, \$535 million worth of revenue, which has been clearly explained -

**Mr BACON** - But you just said revenue is up \$190 million.

**Mr GUTWEIN** - I think you said \$140 million; we will go back and check *Hansard* at lunchtime.

**Mr BACON** - I said \$163 million, but -

**Mr GUTWEIN** - The circumstances we faced are that we lost stamp duty and GST. Our revenue across forward Estimates is forecast to grow at around 1.6 per cent. Importantly, in the last year when presented with the need of additional demand, we put additional money into Health, which I would have thought you would have supported.

**Ms O'CONNOR** - Treasurer, I can confirm that yesterday in Tourism estimates the Premier said that the Tourism marketing budget would be quarantined, so we know there is a part of the Budget that has been quarantined from the cuts, the efficiency dividend, but you today can't confirm that out-of-home care will be quarantined from cuts. How do you explain that appalling difference in priority, where you are prepared to protect the Tourism marketing budget but not children who are being neglected or abused?

**Mr GUTWEIN** - The point I have made today, ad nauseam, is that there is a review underway and we will allow that review to take its course.

**Ms O'CONNOR** - Okay, but that doesn't deal with the substance of the issue. There is confirmation that the Tourism marketing budget will be quarantined from cuts. There is no confirmation from you, or even a commitment, that you will seek to have the out-of-home care budget quarantined from your efficiency dividend. How do you explain that to the people of Tasmania, who expect their Government to invest in the protection of children?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - As I have said, there is a review underway and we will allow that to take its course.

**Ms O'CONNOR** - You are not answering the question. How do you explain the difference in priorities, where on the one hand your Government will quarantine the Tourism marketing budget, and on the other hand won't quarantine the out-of-home care budget?

**Mr GUTWEIN** - The point I have made quite clearly is that there is a review underway and we will allow that to take its course.

**Ms O'CONNOR** - No, you are avoiding the substance of the question. I want to know, and I think people will want to know, why the Tourism budget is quarantined but the out-of-home care budget that deals with the safety of children is not quarantined.

**Mr GUTWEIN** - And the point I have made ad nauseam is that there is a review underway.

**Ms O'CONNOR** - Point of order, Chair, on relevance. The Treasurer is not answering the question.

**CHAIR** - It is not a point of order. You have asked the question numerous times and the Treasurer has given you the same answer, which you don't like, and if you continue to do that, I will just keep digging questions up or move on.

**Ms O'CONNOR** - Thank you. The frustration is, Chair, that the Treasurer is deliberately not answering really straightforward questions that the people of Tasmania have an interest in the answers to. Treasurer, you have confirmed that your Government prioritises Tourism marketing over the wellbeing of children.

**Mr GUTWEIN** - I have not confirmed anything. That is a statement and I do not agree with you there.

**CHAIR** - Ms O'Connor, if you have run out of questions I will go back to Mr Bacon.

**Ms O'CONNOR** - Here is the question. Are you prepared to quarantine the out-of-home care budget?

**Mr GUTWEIN** - As I have explained, there is a review underway and we will allow it to take its course.

**Ms O'CONNOR** - Do you know when that review will be completed?

**CHAIR** - Order, Ms O'Connor. That is at least the sixth time you have asked that question. I am going to Mr Bacon.

**Ms O'CONNOR** - Thank you, I have a final question.

**CHAIR** - No you do not, Ms O'Connor. I allowed you to ask another question, you went to the same question and I said I would move on if you repeated that. Mr Bacon is seeking the call and I will give it to him.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - Treasurer, can you tell us when the position of deputy chief of staff in your office was created?

**Mr GUTWEIN** - You are asking about Mr Nowland? He was placed into my office as deputy chief of staff just after the election. Prior to that I had a staff member who was acting as deputy chief of staff. He was a senior advisor who stepped up and was nominally called deputy chief of staff in the lead-up to the election and post-election.

**Mr BACON** - What do you mean by 'nominally called'? That he didn't have that position?

**Mr GUTWEIN** - He was a senior advisor and was acting as deputy chief of staff.

**Mr BACON** - Why was that position created?

**Mr GUTWEIN** - Post-election there was obviously movement between offices and it was determined that my office could need a deputy chief of staff and so Mr Nowland was placed in my office. I want to make the point that we reviewed that position and it was decided it was no longer required and Mr Nowland was terminated.

**Mr BACON** - How long did the position exist for?

**Mr GUTWEIN** - From post-election to whenever Mr Nowland was terminated.

**Mr BACON** - And when was that?

**Mr GUTWEIN** - Off the top of my head I don't know. That is a matter for MPS and the Premier. I do not have that detail.

**Mr BACON** - So you don't want to answer questions about your own deputy chief of staff?

**Mr GUTWEIN** - You went through this with the Premier yesterday. He is the employer. The facts of the matter are that there was a review, that position was no longer required and Mr Nowland was terminated.

**Mr BACON** - When did the review start into that position?

**Mr GUTWEIN** - I have answered all I am going to answer on this.

**Mr BACON** - Why is that?

**Mr GUTWEIN** - Because I am not going to play this game. You have had the opportunity to speak to the Premier, he is the employer, and as far as I am concerned -

**Mr BACON** - Whose deputy chief of staff was he - yours?

**Mr GUTWEIN** - In my office there was a review of that position which was conducted with the Premier's Office. It was decided that that position was no longer required and Mr Nowland was terminated.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - You just said the review was done within your office. Can you tell us when that review started?

**Mr GUTWEIN** - As I have said, the review was conducted with the Premier's Office. It was determined that that position was no longer required and Mr Nowland was terminated.

**Mr BACON** - Who made the decision that the position was no longer required?

**Mr GUTWEIN** - In terms of the outcome of the review?

**Mr BACON** - Yes, who made the decision?

**Ms O'CONNOR** - You are so dishonest. You are a slippery sucker.

**Mr GUTWEIN** - Of course I had a role in determining that that position was no longer required in my office and Mr Nowland was terminated.

**Mr BACON** - How long did Mr Nowland remain in the role?

**Ms O'CONNOR** - Long enough to get his payout.

**Mr GUTWEIN** - My understanding is, as is yours, that he was appointed shortly after the election until his termination date.

**Mr BACON** - What date was that?

**Mr GUTWEIN** - Again, you would have to check that with the Premier. I am not the employer.

**Mr BACON** - How long did the review take?

**Mr GUTWEIN** - We reviewed the position, it was no longer required and Mr Nowland was terminated.

**Mr BACON** - What was the nature of the review?

**Mr GUTWEIN** - There was a review undertaken, it was determined that that position was no longer required and Mr Nowland was terminated.

**Mr BACON** - How did the review take place?

**Mr GUTWEIN** - I am not going to go into the details of what occurs within my office and the Premier's Office.

**Mr BACON** - Why not?

**Mr GUTWEIN** - A review was undertaken, it was determined that that position was no longer required and Mr Nowland's position was terminated in line with his contract.

**Mr BACON** - Who made that determination?

**Mr GUTWEIN** - The employer is the Premier.

**Mr BACON** - So the Premier terminated Mr Nowland.

**Mr GUTWEIN** - I do not sign these contracts.

**Mr BACON** - In terms of the review, who made the decision on the outcome of the review to abolish that position again in your office?

**Mr GUTWEIN** - There was a review undertaken in which I played a role, it was determined that that position was no longer required and Mr Nowland's position was terminated.

**CHAIR** - Okay, Mr Tucker for the next question. Mr Bacon, you can continue with that line of questioning as it comes around.

**Mr BACON** - On a point of order, Chair, if Mr Tucker is not actually in the room how does he get into the room?

**CHAIR** - He has been back in the room for 10 minutes, quarter of an hour.

**Mr TUCKER** - As the Treasurer will be aware, the north-east was greatly affected by the Opposition's forestry deal and the loss of jobs. How does the 2019-20 Budget support jobs and how many jobs do you expect will be created over the next four years?

**Mr BACON** - Will they be reviewed and then abolished so people can get a payout?

**CHAIR** - Mr Bacon, Order.

**Mr GUTWEIN** - In terms of the 2019-20 Budget, and I thank Mr Tucker for his interest in this matter, we will deliver more jobs. Under this Government, nearly 13 000 more jobs have been created. If I break it down, there are 6200 more women employed today than when we came to Government. More than 1400 more young people employed. We have seen a reduction of 900 people, or around 16 per cent in the number of people classed as long-term unemployed.

The Budget works hard to maintain this momentum in our labour market. Our unprecedented \$3.6 billion investment into intergenerational infrastructure includes \$2.8 billion into agency-funded infrastructure and \$800 million to our GBEs and TasWater. It includes \$1.6 billion for roads and bridges, hospitals and health facilities of \$352.6 million. Human services, \$215 million, including \$67 million in spending this coming year. Schools, education and skills, \$194 million to provide the contemporary classrooms and centres of excellence that we need for our children. Law and order receives \$170.6 million. Tourism, recreation and culture, \$151.7 million. ICT, who support service delivery, across the board there is around \$53 million in infrastructure being provided.

These investments will support jobs right around the state. Investments into Tasman Highway between Hobart and Sorell, the Bass Highway from Wynyard to Marawah, completion of the Perth by-pass are all projects and will underpin Tasmanian businesses and the jobs of Tasmanians.

## UNCORRECTED PROOF ISSUE

As well as continuing projects that are already underway, a number of new projects will be getting underway this year, including new projects at Spring Hill and Melton Mowbray to Lovely Banks, which are part of the Midland Highway 10-year action plan and the first projects under the West Tamar traffic solution, including upgraded junctions and a safer highway for bikes between Brisbane Street and Legana. The next stages of the Richmond Road master plan including the new Cambridge link road, new roundabout upgrade in the East Tamar Highway at the Mowbray connector and safer junctions at Gleadow and Goderich streets.

There is a range of other investments occurring. Eight bridges across the state will be upgraded.

**Ms O'CONNOR** - Chair, can I seek your guidance on how long the Treasurer has been talking for. Reading from a script to a Dorothy Dix question. Do you have another page there, Treasurer?

**CHAIR** - The Treasurer has three minutes to answer and he hasn't been going for three minutes.

**Ms O'CONNOR** - He certainly has.

**Mr GUTWEIN** - That would be about a minute.

**Ms O'CONNOR** - Rubbish.

**Mr GUTWEIN** - It is only about a minute. Our investment into TasWater will enable accelerated infrastructure fix to towns and communities around Tasmania. It will also facilitate and take steps towards decommissioning the Macquarie Point waste water treatment plant. The works at Freycinet and the Launceston combined sewerage and stormwater works. In TasWater's Launceston integrated sewerage program, the LISP program, \$300 million will be spent directly to improve the waste water treatment in and around the Tamar.

There is \$256 million investment into TasRail and \$184 million in Tasmanian Irrigation. We are also backing small businesses. They make up around 90 per cent of our businesses in the state are one of the key drivers of jobs in investment and growth.

To maintain this momentum, the Government has developed a new five-year Tasmanian business growth strategy -

**Ms O'CONNOR** - Chair, he has clearly gone over three minutes and we are nudging five.

**Mr GUTWEIN** - in collaboration with the TCCI and the Tasmanian Small Business Council. I thank those two organisations for the work they did along with State Growth to ensure that small business growth strategy could be rolled out. It is underpinned in the Budget by \$1 million over four years and will assist many small businesses in this state in their activities.

**Ms O'CONNOR** - Treasurer, general government revenue, budget paper 1, table 5.5, casino tax licence fees. Across the forward Estimates it would appear that there is a decline in revenue from casino tax and licence fees. Why is that?

**Mr GUTWEIN** - We have had this discussion before. Revenue from casino taxes and EGMs, have been declining now for some time. The real challenge in the future will be how we deal with these things. People can sit in their home and lose their house while sitting on their couch watching races.

**Ms O'CONNOR** - As a result of your Government's policies people can walk down to the pub on the corner, sit in a chair and lose their life savings on poker machines. Do not give us the false moral equivalents.

**Mr GUTWEIN** - In a highly regulated environment.

**Ms O'CONNOR** - Treasurer, you will have to live with the consequences of your pokies policy and the knowledge of the incredible social harm that it causes. Have you had any discussions with the Federal Group, Mulawa Holdings, or any of its representatives about the level of taxes casinos will pay?

**Mr GUTWEIN** - I will be having meetings shortly.

**Ms O'CONNOR** - What will be discussed at those meetings?

**Mr GUTWEIN** - The policy that we put out at the election in terms of looking at benchmarking their returns against like casinos around the country.

**Ms O'CONNOR** - Has Federal Group made any requests to you or submission to have their tax levels lowered?

**Mr GUTWEIN** - Federal has a view in terms of how it would like the benchmarking to take place. I am being advised by Treasury and shortly we are going to have those discussions.

**Ms O'CONNOR** - We have some of the lowest casino taxes in the country. Are you proposing that they be lowered?

**Mr GUTWEIN** - What I have said in our policy is that we will benchmark the Tasmania casinos against like casinos across the country.

**Ms O'CONNOR** - Are we likely to see an increase in casino taxes in Tasmania?

**Mr GUTWEIN** - I am not going to point either way at this stage. We are working through a process.

**Ms O'CONNOR** - When do you expect to be able to tell the people of Tasmania what you have stitched up with Greg Farrell and Mulawa Holdings?

**Mr GUTWEIN** - We are working through a process.

**Ms O'CONNOR** - That is not transparent. You are talking about the owner of every EGM in Tasmania and your meetings with them in the context of a changing gambling policy which will embed harm in the community to 2043. Are you able to tell the committee what the time frame is for those negotiations and what is on the table?

**Mr GUTWEIN** - We are working through that process now. Legislation will be introduced in March next year. Prior to that legislation being introduced I will be providing what detail I can to the Tasmanian people.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - When do you expect to sit down with Mr Farrell or his representatives?

**Mr GUTWEIN** - As I have said, I expect to do that shortly.

**Ms O'CONNOR** - You talked about this line item just being part of the natural order of the decline in gambling revenue. There is nothing projected in the Budget that relates to revenue from casino taxes increasing or lowering. Is that right?

**Mr GUTWEIN** - The new structure doesn't come in until post 2023, so that is not captured yet.

**Ms O'CONNOR** - Do you think the casino should pay less tax?

**Mr GUTWEIN** - What I think, and as we have outlined in our policies, is we will benchmark against other like casinos around the country to ensure that the returns are fair to the players, to the Government and to the operators.

**Mr BACON** - If we go back to your deputy chief of staff, you said before the election you had someone acting in that role. Were they paid the same rate of pay as Mr Nowland?

**Mr GUTWEIN** - I would need to check.

**Mr BACON** - Was Mr Nowland doing a good job?

**Mr GUTWEIN** - Mr Nowland has an extraordinary set of skills but that position was no longer required.

**Mr BACON** - The position was reviewed. The Premier made the decision to abolish that position.

**Mr GUTWEIN** - After the review.

**Mr BACON** - What was role in the review?

**Mr GUTWEIN** - Obviously I provided feedback in terms of that position.

**Mr BACON** - What was your feedback?

**Mr GUTWEIN** - I am not going to go into these matters, Mr Bacon. There was review, the position was no longer required and Mr Nowland's contract was terminated under the terms of his contract.

**Mr BACON** - How long did the review take? Was it days, weeks?

**Mr GUTWEIN** - I have said all I am going to say on this.

**Mr BACON** - Why is that, Treasurer? Why won't you answer questions about this matter?

**Mr GUTWEIN** - I provided you with all the detail I am going to provide.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - Why is that?

**Mr GUTWEIN** - Because I provided you all of the detail I am going to provide.

**Mr BACON** - Why did you make that decision?

**Mr GUTWEIN** - It is a very simple process I am trying to outline to you. There was a review, it was determined that the position was no longer required and Mr Nowland's employment was terminated in line with his contract.

**Mr BACON** - How long did the review take? That's a simple question.

**Mr GUTWEIN** - I am not going into the details of these matters.

**Mr BACON** - Why not?

**Mr GUTWEIN** - Because I am not. I believe I have provided you with sufficient detail and if you wanted to ask more questions of MPS and staff, then you should have -

**Ms O'CONNOR** - You don't believe in transparency, that's your issue.

**Mr BACON** - You participated in this review of a position that was in your own office, and you won't tell the committee how long the review took?

**Mr GUTWEIN** - What I have explained to the committee is that that position was reviewed and it was decided it was no longer required. Mr Nowland's services were terminated in line with his contract.

**Mr BACON** - Treasurer, when will the new *Spirits of Tasmania* be delivered?

**Mr GUTWEIN** - At this stage, there is no formal advice that it will not be as originally expected, which was 2021-22. This Budget provides for an equity transfer at the end of the four years, but it is quite obvious that in terms of the challenges FSG face, there are a number of matters to work through. At this stage we have no formal advice from FSG that there is any change to the time line.

**Mr BACON** - What would the expected payment for the ships be?

**Mr GUTWEIN** - The payment sits in the Budget in the 2022-23 year. If the ships are purchased on time then that payment will be brought forward.

**Mr BACON** - That payment can be brought forward? There are no expectations on TT-Line to cover the debt, so that money will be paid as soon as -

**Mr GUTWEIN** - If the contract runs to its current time frame, that money will be brought forward.

**Mr BACON** - You said yesterday in Legislative Council Estimates that \$81 million was a down-payment for the ships that was taken out of the ship replacement fund, but obviously that payment wasn't made and was put back into the TT-Line's -

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - No, my understanding of what was explained yesterday was that the money was provided to TT-Line out of the ship replacement fund. The TT-Line banks, if you like, with Tascorp, so it was placed into an account ready for them to pay the deposit. My understanding is that it still sits in Tascorp because TT-Line is working through final arrangements with FSG.

**Mr BACON** - So it is with Tascorp but not in the ship replacement fund; it is in the TT-Line fund?

**Mr GUTWEIN** - It is in TT-Line's bank account at the moment.

**Mr BACON** - So effectively there is no need for that money to go back into the ship replacement fund?

**Mr GUTWEIN** - I would again provide the context as to why we set up the ship replacement fund.

**Mr BACON** - To prop up the budget.

**Mr GUTWEIN** - The two of you on that side of the table know full well what happened to the last time that we had a separate account that was set up for a particular purpose, in terms of the superannuation provision account.

**Ms O'CONNOR** - It was the Liberals who raided the nurses' trust fund.

**Mr GUTWEIN** - In this case we set up a separate account and have moved the ship replacement fund that was receiving special dividends from TT-Line to the normal dividend policy that other government businesses are on in this Budget. That means that over the period of time they will pay 90 per cent of their profits into that fund. It is quarantined for the purposes of purchasing the ships.

**Mr BACON** - There were some comments made yesterday around moving it into a foreign currency account and there were hedging positions in place to go against movements in foreign currency. Are there transaction costs with making those movements within Tascorp?

**Mr FERRALL** - At the time, with the \$89 million, the transaction saved TT-Line in the order of \$250 000 by moving it into foreign currency. It is now held in an Australian dollar account.

**Mr BACON** - Will it go back to euros before it is transferred? The savings that were made due to the movement in currencies at the time?

**Mr FERRALL** - I'd have to check that it was purely currency, but yes.

**Ms O'CONNOR** - Treasurer, how is your pitch to flog the Treasury building going? It's not funny. It's a public asset and a heritage treasure.

**Mr GUTWEIN** - As we have explained in the Budget, there is a process underway. We will shortly be going out for a request for expressions of interest. We are currently in the process of engaging investment consultants. There will be a registration of interest process that should go out,

## UNCORRECTED PROOF ISSUE

I would think, in July, and we will go through and complete that expressions of interest process by around February of next year.

**Ms O'CONNOR** - Who will make the decision?

**Mr GUTWEIN** - Mr Ferrall made this point yesterday very well. Once we have been out for the ROI process in terms of understanding what views there might be as to the uses people might have, we will be in a position where we can engage more broadly with the Tasmanian public about what the options are.

**Ms O'CONNOR** - Oh, give us a break. With respect, I find that statement incredibly cynical. You went to the last state election not being honest with the Tasmanian public about your plans to sell the Treasury building and shortly after the election you tell us four years out from the next election that you are going to flog this public heritage treasure. Don't come in here with that smug look on your face and cynically tell us that you want to engage with the Tasmanian public. At what point, Treasurer, have the people of Tasmania been given any say in the future of the Treasury building?

**Mr GUTWEIN** - One thing I am very proud of is out of all of the treasurers Tasmania has had, more people have seen inside this building under my watch than at any other time in the state's history.

**Ms O'CONNOR** - You're like something out of an Orwell novel.

**CHAIR** - Order, the Treasurer hasn't completed his answer.

**Mr GUTWEIN** - I know from the feedback that was received by Treasury officers on that day, that whilst there were some people who were absolutely opposed to the sale of a public asset and it would not matter whether it was the Treasury building or some other public asset, a lot of people expressed their very strong desire that they would like in the future to ensure that the use of that building enabled the public to have more access.

**Ms O'CONNOR** - That's right, and as you know, Treasurer, you could do that through a long-term lease arrangement, without selling the farm.

**Mr GUTWEIN** - I would make the point that divestment comes in a range of different forms.

**Ms O'CONNOR** - What do you mean by that?

**Mr GUTWEIN** - We will go through the registration of interest and see what comes forward. I am certain there will be a range of different proposals that we will see.

**Ms O'CONNOR** - Yes, it could be the Hobart headquarters of the CCP. We have talked about this before. Where is all the money coming from?

**Mr GUTWEIN** - In terms of this site, I thought Mr Ferrall explained it very well yesterday. You might want to touch on it again in terms of the process that occurred for this site and the development of the new hotels we are seeing but also of the state government buildings. There were proposals brought forward where developers were looking for key things including, from the state Government's point of view in terms of this site, to ensure that it provided linkages through to

## UNCORRECTED PROOF ISSUE

the waterfront and a range of commercial activities as well as housing public servants. We will go through the registration of interest process and obviously engage with the Tasmania public once we have been through that process.

**Ms O'CONNOR** - You will go through a registration of interest process, so you are putting it out on the market effectively and seeing what level of interest there is, how much money and from whom, and once all of that has happened and you have made some decisions, then you will engage with the owners of the building?

**Mr GUTWEIN** - My intention would be that once we have a range of different uses and options, we will then engage.

**Ms O'CONNOR** - So you are absolutely committed to selling the Treasury building?

**Mr GUTWEIN** - No, I have just made the point that divestment comes in a range of different forms.

**Ms O'CONNOR** - How many different forms and what are you considering?

**Mr GUTWEIN** - I haven't ruled out that there may be some part of this that we may continue to own. Leasing is obviously an option or divesting the building and the site in its entirety. We will go to a Registration of Interest process, and we will seek input into what people believe could be done with the site.

**Ms O'CONNOR** - When?

**Mr GUTWEIN** - I expect that to be around July.

**Ms O'CONNOR** - Just for clarification, Chair, you said there will be a Registration of Interest process in July, and that you expect to make a decision around February. At what point between July and February?

**Mr FERRALL** - We are currently in the process of engaging a divestment consultant and we will work with the consultant to work through the timing of that engagement. There is no specific date at this point. We need to work through that.

**Ms O'CONNOR** - Thank you, Mr Ferrall, but the question was, when will the owners of the building be given a say?

**Mr GUTWEIN** - We will engage once we have some options to engage with people on.

**Ms O'CONNOR** - So you are going to give people a choice. You are going to allow people to have a direct say?

**CHAIR** - Sorry, Ms O'Connor, I have to cut you off. Otherwise you would keep going all day.

**Ms O'CONNOR** - I think the Treasurer would like to answer that question

**Mr GUTWEIN** - It would certainly be the view of the Government that once we have some options, we will consult.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - Why was the decision made to take the money out of the ship replacement fund in the year 2023, in the final year of the budget?

**Mr GUTWEIN** - The Budget countenances the ships being purchased in this next four-year period. At the moment the time frame is for 2020-21, purchase; 2021-22, delivery. The money can be brought forward to any point.

**Mr BACON** - So why hasn't that been done to the expected time of purchase?

**Mr GUTWEIN** - As I said yesterday, we have no formal advice that the process will be delayed. However, it is quite obvious, to most people, that FSG has been through some difficulties and TT-Line are engaged with them at the moment. As we pointed out yesterday, the deposit hasn't been paid as yet. That money sits with Tascorp and we will continue to work through those processes.

**Mr BACON** - It doesn't make sense to say that you are expecting the boat still to be on time but you have delayed the payment that is going to pay for the boats, until the final year of the budget.

**Mr GUTWEIN** - In terms of the budget, the money is there. If the ships are purchased on time, if they are delivered on time, then the budget will bring the money forward. It is that simple.

**Mr BACON** - It doesn't make any sense, because what you are saying is, you have got advice to say it is going to be in 2021.

**Mr GUTWEIN** - As I have said we have no formal advice from FSG that there is to be a delay.

**Mr BACON** - Why is it in the final year of the budget then?

**Mr GUTWEIN** - As I have said, in terms of the challenges that FSG face -

**Mr BACON** - So it's just a vibe. You have just gone with the vibe.

**Mr GUTWEIN** - It is apparent to most people there are a number of issues we need to work through. What we have done with this Budget is to ensure that the funds are available within the next four years. If it is on time, the funds will be paid on time. If not, they sit there for when the contract can be executed.

**Mr BACON** - Why weren't the funds put where they were needed?

**Mr GUTWEIN** - In terms of this Budget we framed it up this way. There is no secret to it.

Within the next four years the funds are there for the purchase of the ships. If they are delivered on time then the funds will be brought forward. If they are not, then the funds will sit with the Budget until the contract is executed.

**Mr BACON** - Why aren't the funds in the Budget when they are expected to be needed?

**Mr GUTWEIN** - It's obvious that there have been some challenges with FSG and in framing up this Budget, I placed them in the fourth year.

**Mr BACON** - You did that.

**Mr GUTWEIN** - We made a decision as a government.

**Mr BACON** - You made the decision, or the Government made the decision.

**Mr GUTWEIN** - As Treasurer, ultimately everything ends back on my desk, doesn't it?

**Mr BACON** - Right so, you made that decision, even though you don't expect to need the funds then. You expect to need them two years earlier.

**Mr GUTWEIN** - What I am saying is that, if the ship is delivered on time -

**Mr BACON** - I understand that bit. It is more about why the decision was made rather than what is going to happen in the future, regarding moving and changing position.

**Mr GUTWEIN** - We need to park the funds in the Budget at some point of time in the future. It is obvious FSG are going through some challenges. We have no formal advice that the time frame has changed. I chose to place it in the 2022-23 year.

**Mr BACON** - Do you have informal advice?

**Mr GUTWEIN** - No, I don't have informal advice.

**Mr BACON** - Why were you at pains to say 'formal advice'?

**Mr GUTWEIN** - We don't have advice from FSG via TT-Line or from TT-Line to the Government that anything has changed. There is a process underway and for obvious reasons in terms we are expecting a deposit to be paid earlier. We transferred to money to TT-Line. That has not been able to be executed as yet.

We need to be certain, in terms of the purchase that we are going to make, and the shipbuilder that they will deliver. We are working through that process at the moment.

**Ms O'CONNOR** - Treasurer, can you confirm that you initiated seeking advice from the Solicitor-General on councils' powers over reserved lands?

**Mr GUTWEIN** - To be honest, that doesn't ring a bell with me.

**Ms O'CONNOR** - Let the *Hansard* record show that you paused for a considerable length of time. Did you, or didn't you?

**CHAIR** - Ms O'Connor, order.

**Mr GUTWEIN** - If you are talking about Lake Malbena, which I think you are -

**Ms O'CONNOR** - Yes.

**Mr GUTWEIN** - I have had no role in that. The Attorney-General has sought advice.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - The question was, did you initiate the process of seeking advice from the Solicitor-General on the powers?

**Mr GUTWEIN** - I don't believe I initiated that, but I would need -

**Ms O'CONNOR** - I recall last year's budget Estimates where you used the term 'I don't believe' repeatedly. Your belief set is irrelevant. The question is, did you, or didn't you? The fact that you can't give a simple 'no' answer is really telling.

**Mr GUTWEIN** - As I have said, I don't believe that I initiated that, but as I understand it, advice was sought.

**Ms O'CONNOR** - That is very interesting Treasurer.

**Mr GUTWEIN** - I am not the Planning minister nor am I the Attorney-General.

**Ms O'CONNOR** - I don't need a lecture from you on what minister you are. We are talking about a decision that was made only a few months ago by the Central Highlands Council in relation to the Lake Malbena development. You are telling us 'you don't believe' that you initiated the process of asking the Solicitor-General for advice to join an appeal against the Central Highlands Council's decision which would remove council powers from all reserved lands. You are telling me you don't remember whether or not you initiated that advice?

**Mr GUTWEIN** - I am not the Planning Minister nor am I the Attorney-General.

**Ms O'CONNOR** - But you know that is not the question. The question is, did you initiate the process of seeking advice from the Solicitor-General which threatens to remove all powers of councils over reserve lands?

**Mr GUTWEIN** - In terms of that question, one it is not in scope today, to be frank. Second, as I have explained to you, I don't believe I initiated that. I know that advice was sought.

**Ms O'CONNOR** - Do you know what you did last week? On Monday morning, did you go to Cabinet? Do you believe you did or didn't attend Cabinet?

**Mr GUTWEIN** - I have answered the question as clearly as I can.

**Ms O'CONNOR** - No, Treasurer. You have gotten away with sitting at this table and repeatedly saying, 'I don't believe' or 'I do believe' or 'I don't believe'. It is irrelevant, your belief set. The question is really straightforward and you have confirmed, because you have used such slippery language, that you did initiate the process.

**Mr GUTWEIN** - No, and that is well and truly an overreach.

**Ms O'CONNOR** - Did you not?

**Mr GUTWEIN** - I cannot recollect.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - So you don't believe you did and you cannot recollect something as straightforward as making sure the Solicitor-General was giving advice to you that would facilitate the expressions of interest process for development in Parks and remove the Hobart City Council's planning powers over kunanyi, the cable car?

**Mr GUTWEIN** - It is not my responsibility.

**Ms O'CONNOR** - Irrelevant.

**Mr GUTWEIN** - I am not the Planning minister nor the Attorney-General.

**Ms O'CONNOR** - You are supposed to tell the truth at this table.

**CHAIR** - Order, Ms O'Connor.

**Ms O'CONNOR** - You can't recall, you don't believe. What that says, human nature, is that you did. You initiated the request for the Solicitor-General's advice so you could undermine the power of councils over reserve lands.

**CHAIR** - Order, Ms O'Connor.

**Mr GUTWEIN** - No. I am happy to seek some advice and to inform you today in terms of that question.

**Ms O'CONNOR** - I am stunned that you think that you can get away with this. You don't believe and you can't recall.

**Mr GUTWEIN** - Seeking advice?

**Ms O'CONNOR** - Something that must have happened in the last three months. Treasurer, are you saying that you didn't?

**Mr GUTWEIN** - The Attorney-General sought that advice, not me.

**Ms O'CONNOR** - That was not the question. Did you initiate the seeking of advice?

**Mr GUTWEIN** - No, I did not initiate it.

**Ms O'CONNOR** - You don't believe you did, or - so now you are saying that you didn't. So, you had no role in the process of undermining council's planning powers?

**Mr GUTWEIN** - Advice was sought and I did not initiate that advice.

**Ms O'CONNOR** - You did not suggest that it be sought?

**Mr GUTWEIN** - I did not initiate that advice.

**Ms O'CONNOR** - I think you are fundamentally dishonest and being misleading there. Why couldn't you just say no to start with?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - I am being absolutely clear.

**Ms O'CONNOR** - You are slippery. You could not say no to start with, you talked about your belief set, and you said you could not recall, which is the last defence of scoundrels.

**Mr GUTWEIN** - To the best of my knowledge I have just answered that question.

**Ms O'CONNOR** - You are the slipperiest sucker that has ever sat at this table.

**CHAIR** - Order. Ms O'Connor, that isn't appropriate.

**Ms O'CONNOR** - It might not be appropriate but it is true.

**CHAIR** - It is unparliamentary.

**Ms O'CONNOR** - First all Treasurer you do not believe you initiated a seeking of advice from the Solicitor General, then you said you couldn't recall if you did, then you said that you didn't, now you are shuffling through some papers. Do you want to share the information that you have been provided with for the committee?

**Mr GUTWEIN** - I am looking to be accurate in terms of this.

**Ms O'CONNOR** - You had three different answers to that really straightforward question.

**Mr GUTWEIN** - The Attorney-General sought that advice.

**Ms O'CONNOR** - The Attorney-General asked for the advice because the Attorney-General works to the Solicitor-General or vice versa. My understanding is that it was your idea.

**Mr GUTWEIN** - You are wrong.

**Ms O'CONNOR** - That is your fourth different answer.

**Mr GUTWEIN** - No, I have been clear, the Attorney-General sought that advice not me.

**Ms O'CONNOR** - You as the Minister for State Growth had no role in that?

**Mr GUTWEIN** - I have answered the question.

**Ms O'CONNOR** - I do not believe you.

**Mr BACON** - When did you decide to implement an efficiency dividend?

**Mr GUTWEIN** - In the budget process and the process to develop the Budget.

**Mr BACON** - When?

**Mr GUTWEIN** - During the process of developing the Budget.

**Mr BACON** - When during the process did you make that decision?

**Mr GUTWEIN** - I'm not going to go into that matter. During the process of developing the Budget.

**Mr BACON** - You cannot give us a ballpark idea about when you had this idea?

**Mr GUTWEIN** - I am not going into the machinations of budget development with you. During the process of developing the Budget we determined there would be an efficiency dividend applied.

**Mr BACON** - At the start of the process? At the end of the process?

**Mr GUTWEIN** - I am not going to go into it.

**Mr BACON** - Why don't you tell us what you are going to answer and we can talk about whatever you like.

**Mr GUTWEIN** - In the Budget there is an efficiency dividend. That was determined during the process to develop the Budget.

**Mr BACON** - You just said in the Budget there is an efficiency dividend. Why don't the budget papers use the term 'efficiency dividend'.

**Mr GUTWEIN** - I am not sure they don't. If the language is different, then the language is different.

**Mr BACON** - No thoughts on why?

**Mr GUTWEIN** - No.

**Mr BACON** - Do you concede that you have been dishonest by saying the efficiency dividend is just 0.75 per cent when, in fact, it rises to 2.25 per cent by the end of the forward Estimates.

**Mr GUTWEIN** - No, I haven't, I have been very clear. It is 0.75 of 1 per cent. As an efficiency dividend it is applied annually. In the first year, as I have said, in 2019-20 it will be 75 cents out of \$100.

**Mr BACON** - What is the efficiency dividend in the final year of the forward Estimates?

**Mr GUTWEIN** - The total savings, including returns from government businesses, that we are looking to achieve will be around \$150 million.

**Mr BACON** - What is that in percentage terms?

**Mr GUTWEIN** - If you are talking about the efficiency dividend itself that will be determined by the level of revenues from government businesses.

**Mr BACON** - In this first year you can tell us what the percentage is but you can't in the final year because you are going to squeeze more money out of GBEs?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - In terms of the savings in this Budget, we will look at whole-of-government savings in consultants and advertising and promotion, travel and transport. We will look at targeted vacancy control. We will look at natural attrition and we will also look at the returns from government businesses. The budget papers explain that.

**Mr BACON** - Can you tell us what the percentage of the efficiency dividend is in the final two years of the forward Estimates?

**Mr GUTWEIN** - The impact on the Budget in the final two years will be \$150 million.

**Ms O'CONNOR** - What is the percentage?

**Mr BACON** - Why is there a percentage term for this year, but not the final year? Why will you not talk about that?

**Mr GUTWEIN** - The level of efficiency dividend that agencies will pick up will be determined by what level, if any, of increased returns from government businesses.

**Mr BACON** - That won't happen in this financial year?

**Mr GUTWEIN** - I doubt that there would be a full-year impact in this financial year, but we will work through that.

**Mr BACON** - The efficiency dividend in the upcoming financial year won't include anything from increased returns from government businesses?

**Mr GUTWEIN** - There may be a part-year capture; there may be more of an impact. Until we have worked through that process, I would be very hesitant to try to land a particular savings level on a particular agency or across government. We need to work through the process and we will consider what role, if any, returns from government businesses can play. It will be perfectly clear at the end of the first quarter and it will be included in the mid-year after.

**Mr BACON** - Why can't you say 2.25 per cent?

**Mr GUTWEIN** - We expect savings, including the efficiencies, and returns from government businesses to have a bottom line impact of \$150 million on the budget in that third year.

**Mr BACON** - Why won't you talk about it in percentage terms? Why be dishonest about it?

**Mr GUTWEIN** - We are talking about the same thing.

**Mr BACON** - You can talk about it when it is less than 1 per cent, but you can't once it is over 1 per cent.

**Mr GUTWEIN** - If I was talking percentages, you would want to talk dollars. What I have explained, the efficiency dividend will be \$50 million and applied this year. It will include a review of government businesses. I would caution you against planning on certain percentages in terms of the impact on agencies.

**Ms O'CONNOR** - What are we supposed to believe?

**Mr GUTWEIN** - It is in the Budget. It explains in the Budget what the process is.

**Mr BACON** - When did you make the decision to bring in the efficiency dividend?

**Mr GUTWEIN** - During the process that we go through to develop the Budget.

**Mr BACON** - Who is going to be responsible for determining how these cuts will be applied, given that we have seen the Premier rule out certain areas of the budget paper in the last day or so? Who is going to be responsible for deciding where these cuts will take place?

**Mr GUTWEIN** - The decision will fall with the Cabinet.

**Mr BACON** - Is there a budget subcommittee of the Cabinet?

**Mr GUTWEIN** - I think you are aware that there is.

**Mr BACON** - Who is on that committee?

**Mr GUTWEIN** - I am not going to go into those matters.

**Ms O'CONNOR** - Why would that be a secret?

**Mr GUTWEIN** - I am not going to talk about Cabinet matters.

**Ms O'CONNOR** - It's not a Cabinet matter, you are talking about the membership of the expenditure review committee. Why is that a secret?

**Mr BACON** - When you bring in a new Cabinet, you announce it, it is not a secret.

**Mr GUTWEIN** - It is a sub-committee of Cabinet and I am not going to go into those matters.

**Ms O'CONNOR** - Why not?

**Mr GUTWEIN** - Because I'm not.

**Mr BACON** - What is the reason? Why is that a secret?

**Ms O'CONNOR** - Why should that be a secret?

**Mr GUTWEIN** - If the best that you have is trying to find who sits around a table, I am not going to play that game.

**Mr BACON** - Why wouldn't you tell us?

**Ms O'CONNOR** - It's not a game, it's a straightforward question. Who is on the razor gang?

**Mr GUTWEIN** - I am not going to play that game.

**Ms O'CONNOR** - It's not a game.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - It's not a game, you are here to answer questions. Why can't you answer?

**Ms O'CONNOR** - This is your default position. Your default position is to conceal, obfuscate, deceive.

**Mr GUTWEIN** - No, it's not, it's to provide as much information as I can -

**Ms O'CONNOR** - I was reading last year's Estimates in *Hansard*, you are as dishonest as the day is long.

**Mr BACON** - Who is on the budget committee, Treasurer?

**Mr GUTWEIN** - I am not going to go into that.

**Mr BACON** - Why not?

**Mr GUTWEIN** - It's not a matter for you.

**Mr BACON** - Pardon?

**Mr GUTWEIN** - That is a Cabinet matter and it remains a Cabinet matter.

**Mr BACON** - We know who is in the Cabinet, that is not a secret. Why is who is on the sub-committee of the Cabinet a secret?

**Mr GUTWEIN** - It's a Cabinet sub-committee. I am not going to go into the machinations or makeup of Cabinet sub-committees.

**Mr BACON** - Are you serious?

**Mr GUTWEIN** - I am being serious. I am not going to go into matters that relate to Cabinet or sub-committees of Cabinet.

**Mr BACON** - Are these cuts going to be evenly spread across the Budget or are you going to make specific decisions to target particular agencies?

**Mr GUTWEIN** - I have explained the process to you. We will look at whole-of-government savings across consultants, across advertising and promotion, across travel and transport. We look at targeted vacancy control and we will look at natural attrition and we will also look at the returns from government businesses. We will announce the application of these savings and all revenues from government businesses around the end of the first quarter and then they will be included in the mid-year update.

**CHAIR** - Mr Bacon, it is now 11 a.m. We said we would have a break at 11 a.m. so you can have that last question after the break.

**Mr BACON** - Are election promises quarantined from the efficiency dividend?

**Mr GUTWEIN** - I am taking a whole-of-government view here and our key aim, as I have said clearly, is to ensure that we protect the front line, that we protect essential services and we are working a process.

**Mr BACON** - So the election commitments are not quarantined from the cuts?

**The committee suspended from 11.01 a.m. until 11.06 a.m.**

**Ms O'CONNOR** - Shelter Tasmania has again called for the state to absorb the \$150 million Commonwealth State Housing debt into the public account to unburden Housing Tasmanian and allow it to spend all of the money it receives under the National Affordable Housing Agreement, increasing the supply of social and affordable housing. Have you given consideration to Shelter Tasmania's proposal?

**Mr GUTWEIN** - In terms of raising that matter with the Commonwealth, I do regularly.

**Ms O'CONNOR** - That is not the question.

**Mr GUTWEIN** - What we have done is to continue to invest in affordable housing.

**Ms O'CONNOR** - When you say 'continue to invest', what you really mean is that for the first three years of your treasurership you did not supply new money to Housing and it only came through in the last of your budgets. Now we have a 'bring forward' of housing funding which is not new money.

**Mr GUTWEIN** - As you are well aware, we announced the first action plan, I think that was three years ago. Its final year is this year and we have announced a new action plan which over the 10-year period is going to provide \$200 million worth of investment into affordable and social housing.

**Ms O'CONNOR** - Treasurer, first of all, to make sure the record is correct, by my recollection, funding to support the Affordable Housing Strategy did not arrive until the 2016-17 state budget. So there had been no extra state investment and increase in the supply of social and affordable housing until the last budget. Is that correct?

**Mr GUTWEIN** - I am not certain that that is the case. I don't have the Affordable Housing Action Plan here in front of me but I thought it was introduced in 2016-17, 2017-18, 2018-19.

**Ms O'CONNOR** - That is what I said.

**Mr GUTWEIN** - We are now doing the 2019-20 Budget and we now have a new plan in place through to 2023 as well.

**Ms O'CONNOR** - In the first three years of Liberal government there was no increase in funding for housing supply but my original question stands. Shelter Tasmania has asked that the state absorb the Commonwealth/State housing debt, as other jurisdictions have, and they have been paid out of the public account. They have unburdened the housing provider and enabled them to increase the supply of social and affordable housing. That would mean - and we have costed it in

## UNCORRECTED PROOF ISSUE

our alternative budget - an extra \$15 million a year that Housing Tasmania could invest in the supply of social and affordable housing. To compare and contrast your priorities, there is \$1.6 billion in the Budget for roads and bridges and a bit over \$212 million for housing. That says it all because you don't believe that social infrastructure creates jobs.

**CHAIR** - Do you have a question for the Treasurer?

**Ms O'CONNOR** - Thanks for your guidance, Chair.

**Mr GUTWEIN** - First, the first Housing Action Plan, that plan was for the period 2015-19.

**Ms O'CONNOR** - It wasn't funded in the first year.

**CHAIR** - Ms O'Connor, order.

**Mr GUTWEIN** - In terms of the new action plan, which is \$125 million over five again. We brought money forward into this Budget so I would argue very strongly that we are investing. We are doing a lot more than what you did when you were in government, I would make that point.

**Ms O'CONNOR** - Actually, we built 2200 new energy efficient homes and you people have built 200.

**Mr GUTWEIN** - Let me come to the point you make about roads and bridges -

**Ms O'CONNOR** - No, I want you to answer the question, which is about absorbing the debt.

**Mr GUTWEIN** - That is enabling infrastructure that will ensure that we can open up more affordable housing lots in this state.

**Ms O'CONNOR** - No-one is buying it. The state is going backwards socially under you.

**CHAIR** - Order, Ms O'Connor.

**Ms O'CONNOR** - I asked the Treasurer to answer my original question.

**CHAIR** - Well, if you stop interjecting on the Treasurer then he may be able to do so.

**Ms O'CONNOR** - Thank you, Chair, but the Treasurer repeatedly doesn't answer the questions.

**CHAIR** - That doesn't allow you the opportunity to interject on him while he is answering the question.

**Mr GUTWEIN** - In terms of the Budget sittings, they are what they are. We are putting more money into affordable housing than any government before us.

**Ms O'CONNOR** - What are the arguments against the state absorbing the housing debt which will not be paid off by Housing Tasmania until 2043? What are the arguments against that debt being absorbed into the Public Account, freeing up Housing Tasmania to invest the money it gets under the NAHA into the supply of affordable housing?

**Mr GUTWEIN** - What we are doing is putting more money into affordable housing.

**Ms O'CONNOR** - I didn't ask you that. I asked you what the arguments are against doing that as other jurisdictions have and paid off their housing debt.

**Mr GUTWEIN** - We are putting more money into affordable housing.

**Ms O'CONNOR** - Treasurer, earlier you refused to detail who was on your Cabinet Expenditure Review Committee. I am putting this on the record and asking you about it in the interests of highlighting to the committee and anyone who reads the *Hansard* in future, what a problem you have with the truth.

Mrs Petrusma, 2015 estimates, who was on the domestic violence Cabinet subcommittee: Police minister, minister for Education, minister for Justice and the Premier. Mr Hidding was set up to talk about the infrastructure subcommittee of Cabinet - the minister for Tourism, Premier, and you are on it, Mr Gutwein.

We have previous ministers who are open enough to tell us who is on a subcommittee of Cabinet but because it is your default position to be dishonest, you couldn't even do that at the table this morning.

**Mr GUTWEIN** - No, it is my default position to protect the sovereignty of Cabinet.

**Ms O'CONNOR** - Are you saying that Mr Hidding and Mrs Petrusma as ministers, betrayed the sovereignty of Cabinet?

**Mr GUTWEIN** - In terms of the budget processes, my view is that I won't be speaking about Cabinet budget processes.

**Ms O'CONNOR** - All we are asking is who is on the razor gang?

**Mr TUCKER** - Can the Treasurer update the committee on the strength of the economy, please?

**Ms O'CONNOR** - For God's sake.

**CHAIR** - Order.

**Mr GUTWEIN** - I would have thought you would have been interested in this.

**Ms O'CONNOR** - We are sick of your fibs.

**Mr GUTWEIN** - The economy drives opportunity and you know that.

**Ms O'CONNOR** - Tell us about the TasCOSS report card on your appalling social record.

**CHAIR** - Ms O'Connor, order.

**Mr GUTWEIN** - Where I should probably start -

**Ms O'CONNOR** - Is apologising to TasCOSS and other organisations for 2200 homes we built.

**Mr GUTWEIN** - is the mess you left when you were last in government and 10 000 jobs were lost.

**Ms O'CONNOR** - You are going to be borrowing more that we were coming out of a global financial crisis.

**CHAIR** - Ms O'Connor, order.

**Mr GUTWEIN** - How much opportunity did losing 10 000 jobs and people leaving the state provide for anybody in this state?

**Ms O'CONNOR** - Hang on a minute. In five years you have taken the state backwards socially.

**CHAIR** - Order. You don't have the call, Ms O'Connor. There has been a question put to the Treasurer.

**Mr GUTWEIN** - I thank Mr Tucker for that question. The Tasmanian economy is growing at its fastest rate in a decade at 3.3 per cent. The result is only the fifth time in a quarter of a century last year, that the Tasmanian economy grew faster than Australia's as a whole. Back on a per capita basis, the state economy grew the fastest in the nation in the last financial year.

The budget papers show that Treasury expects economic growth in 2018-19 to continue at 2.75 per cent and forecasts similar growth in 2019-20.

The most recent state final demand data to December 2018 quarter show that over the year Tasmanian state final demand grew at 4.5 per cent, which was the second fastest growing state in Australia, second only to Victoria from memory. This was underpinned by the fastest growth in household consumption at 4.1 per cent to December compared to a year earlier and the second highest growth in private investment at 4.8 per cent. Both of these figures demonstrate the confidence of our households and businesses.

It is important to make that point again in terms of what is occurring in respect of the national economy. Consumer sentiment has flattened. We have seen a loss of confidence in Victoria and New South Wales, largely driven by the housing market collapse. With this Budget, in terms of its setting, we have ensured that our economy can remain strong; that we invest in record amounts into infrastructure to underpin our economy and ensure that we can generate the revenues that we need for the essential services that we provide.

It is important to point out that our exports are booming. Tasmanian firms exported more than \$3.76 billion worth of goods in the year to March 2019, that is 6.6 per cent higher than the previous year. Our tourism sector is strong with more visitors to Tasmania than ever before, who are spending more. In the year to December 2018 the number of visitors grew 4 per cent to 1.32 million while visitor expenditure increased by 5 per cent to \$2.46 billion.

## UNCORRECTED PROOF ISSUE

Our retail sector is buoyed by spending at near record levels. Tasmania's consumption is growing at the fastest rate in the country, as I noted above.

I want to just touch on our housing market. In April of this year dwelling approvals increased 14 per cent compared to April 2018, whilst approvals across the country as a whole declined by 21.8 per cent.

**Ms O'CONNOR** - While the Housing Tasmania waiting list ballooned to its highest level in a decade.

**Mr GUTWEIN** - Tasmania led the nation in lending for the construction of new homes and the commencements for new houses grew 14.4 per cent in the year to December compared to the previous year. This was the strongest growth by any state over this period and far higher than the national growth of 2.4 per cent. Completions grew at a massive 28.3 per cent compared to the previous year, the fastest rate in the country and is obviously supporting our housing supply. In the year to March 2019 the total value of engineering construction building work grew by 15.3 per cent in real terms and this was the highest growth rate in the nation.

**Ms O'CONNOR** - Point of order, Chair, under standing order 48. The Treasurer has spoken for more than three minutes.

**Mr GUTWEIN** - In finishing my answer to Mr Tucker's question, our economy is growing very strongly and what this Budget seeks to do is continue that growth.

**Mr BACON** - Treasurer, can you tell which members of Cabinet are on the budget subcommittee?

**Mr GUTWEIN** - I have already said I am not prepared to release budget subcommittee details.

**Mr BACON** - This is not an acceptable way to treat the committee. We have seen in the past, as highlighted by Ms O'Connor, that other subcommittees have clearly outlined who was on those committees.

**Mr GUTWEIN** - That is a matter for other subcommittees.

**Mr BACON** - Why is there one rule for you and one for everyone else?

**Mr GUTWEIN** - I can only presume that those subcommittees had had a discussion about releasing the details of who was on those committees.

**Mr BACON** - So people on the committee don't want the public to know that they are on those committees?

**Mr GUTWEIN** - There has been no discussion and until I have that discussion with the budget subcommittee I am not prepared to release the details of who is on it.

**Mr BACON** - Why are we going through this process of budget -

**CHAIR** - Mr Bacon, Ms O'Connor went through that. You were late coming back.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - That is fine. Mr Bacon is entitled to ask any questions he likes.

**Mr BACON** - I appreciate the assistance.

**CHAIR** - I was not sure whether Mr Bacon was aware that question had already been asked and answered.

**Mr BACON** - What this highlights is the Treasurer's attitude when it comes to informing the Tasmanian people about what is going on. I don't understand why there is one rule for you and one rule for everyone else?

**Mr GUTWEIN** - No, what it highlights is that I am prepared to observe protocol and until I have spoken to the members on the budget subcommittee -

**Ms O'CONNOR** - There is no protocol around membership of a subcommittee.

**Mr GUTWEIN** - My intention is not to release it but I will have that discussion with the budget subcommittee and test their views.

**Ms O'CONNOR** - There is no protocol.

**Mr BACON** - Is it the same budget subcommittee as there was before the last election?

**Mr GUTWEIN** - I am not going to go into those matters.

**Mr BACON** - So give us a list of things we're allowed to ask and we'll ask them. I mean, what is the point of this process?

**Mr GUTWEIN** - As I have indicated, in terms of the budget subcommittee and other ministers' views in terms of releasing membership, I can only presume that they have tested that question with budget subcommittee members and that everyone was comfortable.

**Ms O'CONNOR** - Are there any women on your budget subcommittee?

**Mr GUTWEIN** - I am not going to go into these matters.

**Ms O'CONNOR** - Why wouldn't you just say yes or no?

**Mr BACON** - Why not? What is the secret?

**Mr GUTWEIN** - I will test with my Cabinet colleagues their views in terms of the release of who is on that committee and will be happy to get back to you.

**Ms O'CONNOR** - It says everything about you that you can't even tell us the membership of a budget subcommittee.

**Mr BACON** - Was the decision to bring in the efficiency dividend the final decision made through the budget process?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - I am not going to explain the processes of the development of the Budget. The decision to include an efficiency dividend was made during the development process of the Budget.

**Mr BACON** - Was it the final decision made in formulating the Budget?

**Mr GUTWEIN** - In terms of the budget process, the efficiency dividend and our strong investment into infrastructure were made during that process.

**Mr BACON** - So was that decision made at five minutes to midnight? Was it the final decision you made in putting the Budget together, Treasurer?

**Mr GUTWEIN** - It was made during the development of the Budget.

**Mr BACON** - So it is fair to say it was the final decision.

**Mr GUTWEIN** - No. You can verbal me all you like.

**Mr BACON** - The last cries of a drowning man.

**Mr GUTWEIN** - I am not going to go into the processes that we go through or the machinations in terms of the development of the Budget. There is a process and we work through that process and the end result is what we are discussing today.

**Mr BACON** - So you won't tell us anything about the process, you won't tell us who goes through the process, but we're supposed to now take you on your word that you're going to find these savings without cutting frontline jobs. It is just extraordinary.

**Ms O'CONNOR** - Do you think we're stupid or do you just hold us in as much contempt as you do the people of Tasmania?

**Mr GUTWEIN** - In terms of the questions you are asking, I am not going to go into the processes we go through developing the Budget other than that there is a process, the end result is here and you have the opportunity to ask me questions on it.

**Ms O'CONNOR** - But you don't give honest answers.

**Mr BACON** - Treasurer, you said before the break that election promises were not necessarily quarantined from the efficiency dividend. On page 2 of the Budget, one of the key outcomes is the ongoing implementation of all of the Government's 2108 election commitments. Do you stand by that?

**Mr GUTWEIN** - In terms of efficiency dividend, we will take a whole-of-government view. This Budget delivers all our election commitments and even though you have found it difficult to accept that in terms of infrastructure there is a process and we are building on a range of projects that were announced in last year's budget and were taken to the people at the last election, in terms of the efficiency dividend we will look at consultants, advertising and promotion, travel and transport, targeted vacancy control and natural attrition, and returns from government businesses. We will release that information in terms of where those savings will be made at the end of the first quarter of this financial year and include it in the midyear report.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - Election promises are not quarantined. In black and white on page 2 of the Budget it says 'ongoing implementation of all of the Government's 2108 election commitments'.

**Mr GUTWEIN** - They are forecast in the Budget to be continued.

**Mr BACON** - But you don't say where the \$450 million is coming from. Why won't you give a guarantee? I find that strange.

**Mr GUTWEIN** - We are working through a process. We will protect frontline services and ensure we continue to deliver essential services. We will work with the secretaries of each agency once we have determined the quantum of revenues we can generate from our GBEs.

**Ms O'CONNOR** - Do you regard child safety officers as frontline workers?

**Mr GUTWEIN** - Look, I'm not going to get into the process of ruling - it goes on and on and on.

**Ms O'CONNOR** - Why wouldn't they be frontline workers?

**Mr GUTWEIN** - In the time I have been in Government this question gets asked over and over, but I am not going to play that game.

**Ms O'CONNOR** - Why use the word 'frontline' if you won't tell us what it means?

**Mr GUTWEIN** - We will protect frontline and essential services. We will be talking to each of the individual secretaries to ensure we continue to protect essential services and the front line.

**Ms O'CONNOR** - But you won't guarantee quarantining child safety workers.

**Mr GUTWEIN** - I'm not going to start a game of ruling occupations in or out.

**Ms O'CONNOR** - It's only a game to you.

**Mr GUTWEIN** - We have hundreds of occupation routes across the public sector and I am not going to get into a game of ruling some in and some out.

**Ms O'CONNOR** - How can you not describe a child safety officer, whose responsibility it is to investigate allegations of child abuse and neglect and engage with those children and their families, as a frontline position?

**Mr GUTWEIN** - I am not going to play the game of ruling -

**Ms O'CONNOR** - It's not a game, we're talking about child abuse and neglect.

**Mr GUTWEIN** - No, it is. I am not going to get into this back and forth about who's in and who's out. We are working through a process. We will protect essential services and the front line.

**Ms O'CONNOR** - But you can't even confirm what a frontline position is. You throw the term around and yet you won't confirm that a child safety officer is a frontline worker or a nurse, for

## UNCORRECTED PROOF ISSUE

example, is a frontline worker. Is a nurse working in the RHH emergency department or a clinical setting a frontline worker?

**Mr GUTWEIN** - This is exactly where you will go. I am not going to play this game with you.

**Ms O'CONNOR** - It is not a game.

**Mr GUTWEIN** - It is a game you are playing.

**CHAIR** - Ms O'Connor, order.

**Ms O'CONNOR** - Chair, my frustration is that we have a Treasurer who in part of his Budget is protecting Tourism marketing and not protecting children.

**CHAIR** - Order. I will move on to Mr Bacon to ask the next question. You need to be asking the Treasurer questions.

**Ms O'CONNOR** - I am doing that on behalf of people in the community sector who believe -

**CHAIR** - You do not have to explain yourself to me, Ms O'Connor, all I am asking you to do is ask the Treasurer questions and then accept his answer and move on to your next question.

**Ms O'CONNOR** - No.

**CHAIR** - I move on to Mr Bacon.

**Ms O'CONNOR** - That's fine, I don't have to accept his answers.

**Mr BACON** - Once again, Treasurer, your Budget is being artificially propped up with raids from the government businesses. Can you reassure Tasmanians that these raids will not have significant consequences like when you attempted to rip \$75 million from Hydro Tasmania, which required them to try to flog off the Tamar Valley Power Station?

**Mr GUTWEIN** - In terms of the special dividends, we have received advice from the boards and through Treasury. It is perfectly reasonable for those special dividends to be paid. They will continue to go through that process as part of the review with our government businesses in terms of the revenue they might be able to provide in savings and efficiency measures.

**Mr BACON** - The Government policy at the moment is 90 per cent. Through the efficiency dividend you are looking to go beyond 90 per cent?

**Mr GUTWEIN** - In terms of the strength of our government businesses and the balance sheets, we will work with them and we will consider what is possible with those businesses providing more support to the state.

Nearly 20 years ago David Crean put in place a special dividend policy with the Hydro at a rate of \$50 million a year. He took \$280 million a year out of the Hydro over that period, if my memory serves me correctly.

## UNCORRECTED PROOF ISSUE

We will work with our businesses. We will look at their balance sheets. We will look at the financial position those businesses are in and we will make decisions as to whether or not government business are able to support the state.

**Mr BACON** - It is feasible that you will go beyond 90 per cent?

**Mr GUTWEIN** - The nature of the special dividends is it usually comes from retained profits or against their balance sheet.

**Mr BACON** - The increased dividends for the efficiency dividend will only be through special dividends, they won't come from ordinary dividends?

**Mr GUTWEIN** - We will work with our businesses to understand what they believe they can reasonably provide. We will make decisions once we have that information to hand. We have been quite open about this. There will be a review of the returns we are receiving from government businesses and we will make decisions as to whether or not they are able to provide more.

**Mr BACON** - How long is the review going to take?

**Mr GUTWEIN** - These matters will all be dealt with in the first quarter of this coming financial year. We will have more to say in an update at the end of the first quarter.

**Mr BACON** - This update at the end of the first quarter will include any changes to dividend policy and any increases in dividends for GBEs?

**Mr GUTWEIN** - In terms of the plan to achieve the savings across government, we will provide that detail then.

**Mr BACON** - How will that be provided?

**Mr GUTWEIN** - The same way it has been provided in the past. You were a member of a government where there was a package of nearly a billion dollars in savings and returns from government businesses put together.

**Mr BACON** - How are you going to make this information public? That is a fairly simple question.

**Mr GUTWEIN** - We will release it. I will provide an update at that time on the savings and efficiency measures at the end of the first quarter, and any dividends, if they are a part of it.

**Mr BACON** - It is unclear from what you have said today exactly when the ships are going to be delivered to the TT-Line. Will you continue to take dividends from the TT-Line after the ships are delivered?

**Mr GUTWEIN** - That will depend on the TT-Line's financial position at that time.

**Mr BACON** - How do you see it at the moment?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - That business has had a longstanding policy that it would not pay dividends other than to support the purchase of new ships, which is what it is doing at the moment. We will review our dividend policy with the TT-Line at the time of the purchase of the new ships.

My expectation would be that we wouldn't be looking to take a dividend ongoing from them post purchase. That is a matter that we will determine at that time, depending on the strength of their business.

**Mr BACON** - Is that where you have the TT-Line dividends stop in 2022-23, table 5.9 in budget paper 1? The TT-Line company has a \$43 million dividend in the Budget, \$26.4 million in 2020-21, \$12.6 million in 2021-22 and then nothing in the final year?

**Mr GUTWEIN** - If the boats are delivered in time under the current contract and expectations we have no advice from FSG or TT-Line that there will be a delay - the Budget countenances a final dividend in that year and the proceeds being paid in the fourth. If it is brought forward then we will readjust the budget at that time. In terms of the size of the surplus and where we are at with the budget, you would recognise that timing change will make very little difference.

**Ms O'CONNOR** - The financial position of Forestry Tasmania in budget paper 2, volume 1, talks about the community service obligation. Why is it not a subsidy that you have such a significant amount of funding allocated to Forestry Tasmania's CSO, including \$12 million this year?

**Mr GUTWEIN** - This has been talked about for the last couple of years regarding Forestry Tasmania. They receive a CSO for the non-commercial activities of the land and services that they provide.

**Ms O'CONNOR** - It is a substantially higher CSO than it was when we were in government wasn't it?

**Mr GUTWEIN** - I would have to check. I am sure that I have reduced it in this Budget.

**Ms O'CONNOR** - Thank you very much. That brings me to my next question. The footnote talks about Forestry Tasmania's improved financial outlook. Given that this mendicant GBE, which has been a leech on the public account for decades, in fact, for the entirety of its existence, has been heavily reliant on subsidies, what is Forestry Tasmania's improved financial outlook? What does that look like in real terms?

**Mr GUTWEIN** - Their most recent corporate plan indicates that they are able to generate a cash surplus across the forward Estimates.

**Ms O'CONNOR** - Have they delivered a cash surplus in this year's Budget?

**Mr GUTWEIN** - We took a special dividend last year. The business will be in surplus this financial year and moving forward. As a result, we have taken the view that we can reduce the level of support to the business and ask it to take on some more of its non-commercial activities.

**Ms O'CONNOR** - Have you had advice from the chair of Forestry Tasmania's board that they expect to deliver cash surpluses over the forward Estimates?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - We go through the corporate planning process. They provide four-year estimates and they were in a robust position, which is what enabled me to make this decision.

**Ms O'CONNOR** - What did the chair of the board in those discussions with you point to as the reason for Forestry Tasmania's apparent turn around in fortunes after decades of sucking on a public teat?

**Mr GUTWEIN** - You would have to speak to the forestry minister in detail.

**Ms O'CONNOR** - You are a shareholder minister.

**Mr GUTWEIN** - I am not the forestry minister. This business is a much smaller business than what occurred when you were in government.

**Ms O'CONNOR** - You gutted it, which was a good thing.

**Mr GUTWEIN** - We improved its efficiencies.

**Ms O'CONNOR** - You sold 90 000 hectares of its public plantation as well.

**Mr GUTWEIN** - It is in a more robust financial position than it has been and, as a result, we have asked it to take on some of its non-commercial activities.

**Ms O'CONNOR** - Do you expect to secure a special dividend from Forestry Tasmania this year or are you going to apply the GBE dividend policy of 90 per cent to Forestry Tasmania this year? What is the projection for the return to government from Forestry Tasmania over the next three years?

**Mr GUTWEIN** - In terms of supporting the budget over the next four years, the business provides us with \$2 million in the 2019-20 year and then \$4 million a year in each of the three out years on the basis that the Government won't be providing support for its non-commercial activities.

**Ms O'CONNOR** - It is not actually a dividend return, it is just a cut in the subsidy which you are spinning as a benefit to Government?

**Mr GUTWEIN** - It is a benefit to Government. There is a commercial side to the business and there is a non-commercial side to the business and Forestry Tasmania manages a lot of reserves it does not make a commercial return from. I might be corrected on this, but I think it manages about 14 000 kilometres worth of roads as well which in many cases aren't used any more for harvesting activity but provide access for locals and visitors alike and FT has a role to manage and maintain that upkeep.

**CHAIR** - I need to move on, Ms O'Connor. I indicated it was your last question before and you can come back to this line of questioning but I am going to go to Dr Broad next.

**Ms O'CONNOR** - I will be counting these questions. I know what you're doing.

**CHAIR** - I am sure you do, Ms O'Connor.

## UNCORRECTED PROOF ISSUE

**Dr BROAD** - Treasurer, how much money is currently left in the Mersey Community Hospital fund?

**Mr GUTWEIN** - I will ask the secretary of Treasury to get you that number.

**Mr FERRALL** - The expected balance at 30 June 2019 is \$606.9 [million?].

**Dr BROAD** - That means in the previous financial year there was \$124 million spent - that is the 30 June 2019 projection. What are the current projections for the time period before the fund runs out?

**Mr FERRALL** - It then goes into the tenth year.

**Dr BROAD** - How is that the case when across the forward Estimates getting to 2020-23 there will be much greater than 60 per cent gone?

**Mr GUTWEIN** - The fund generates interest along the way as well, and a return. As the secretary of Treasury said, on current projections the fund lasts into the tenth year which is broadly similar to -

**Dr BROAD** - Is that to 2027?

**Mr GUTWEIN** - I will have to check the number but it lasts into the tenth year.

**Dr BROAD** - At the current rate of expenditure?

**Mr GUTWEIN** - Based on the current projections on the fund and its investment return, less the dividend it pays, the projection is that it will last into the tenth year.

**Dr BROAD** - Yes, but you could take \$5 out of it a year and it would last. This is at their current projections.

**Mr GUTWEIN** - If you are asking whether it will meet the legislative requirement for that fund which, I think from memory, was 3.5 per cent increase per year -

**Dr BROAD** - Is that the return?

**Mr GUTWEIN** - No, that is the indexation rate.

**Dr BROAD** - What are the current returns on investment made on behalf of this Mersey Community Hospital fund?

**Mr FERRALL** - It is just over 3 per cent at the moment. Tascorp manages the Mersey fund effectively as a second component of its business and it is reported on each month. We monitor its returns and the latest returns were between 3 per cent and 3.1 per cent.

**Dr BROAD** - Is the Mersey going to require a top-up over and above the money that is in the fund?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Not for 10 years. The Mersey is receiving that indexed payment. In the tenth year the Government will have to absorb that funding on an ongoing basis.

**Mr BACON** - Can you explain the process of taking a special dividend from Tascorp?

**Mr GUTWEIN** - All of our government businesses are regularly kept under review in terms of their financial position. As part of the 2019-20 corporate planning process Tascorp recommended the payment of a special dividend.

**Mr BACON** - When was the timing of this process? When did this occur?

**Mr GUTWEIN** - Tony might have a view on the timing of that. It was on 12 December. As part of that process I wrote to the chair back in December, noted that it had strong financial performance and asked whether there was any capacity for a special dividend.

**Mr BACON** - What was the date?

**Mr GUTWEIN** - December last year.

**Mr BACON** - So you wrote to the board in December to see if there was any capacity to squeeze out a special dividend.

**Mr GUTWEIN** - Based on its strong financial performance it was quite a strong balance sheet position.

**Mr BACON** - Has there been a policy decision to change the dividend policy for Tascorp in the 2019-20 Budget?

**Mr FERRALL** - The Tascorp board made a recommendation for a different way of calculating its dividend going forward. Tascorp previously had a lump sum dividend and tax equivalent regime which effectively amounted to \$10 million going forward.

**Mr BACON** - So they effectively pay tax equivalents that is below \$10 million and then there is a top-up, and it gets to \$10 million - so it was a set figure of \$10 million?

**Mr FERRALL** - It was combined. Tascorp previously paid special dividends as well, I believe, at other periods of time. Where we moved to as a board was to a position where we pay a dividend, which is effectively our profit.

**Mr BACON** - So is that 90 per cent?

**Mr FERRALL** - It is basically 100 per cent. That was after Tascorp doing some extensive work to ensure it had an adequate capital base, and what we put to the Treasurer is that we will be paying effectively all of our profit across, subject to that capital base being maintained.

**Mr BACON** - And all of this flowed from the letter of December last year; it has all happened subsequent to that?

**Mr FERRALL** - Some of it was occurring earlier; Tascorp had been looking at its capital adequacy for some time prior to the letter from the Treasurer.

**Ms O'CONNOR** - Treasurer, under Communities Tasmania Disability Services, across the forward Estimates, there is a cut of about \$41 million to Disability Services. The footnote explains it by saying the variation in Disability Services primarily reflects Tasmania's contribution towards the NDIS and changes to Australian government funding during the transition and commencement of the NDIS full scheme from 1 July this year. That is on page 22. There is also the expiry of the NPA on pay equity for the community services sector and the cessation of funding from the Australian Government under the transition to the NDIS for older people in its specialist disabilities services. Are you able to explain what the state's contribution to the NDIS will be in each year of the budget? Is that what this is?

**Mr GUTWEIN** - I am sure we can. My recollection of the high level is that it is about \$1.1 billion over the four years. In this Budget we have actually added an additional \$27 million over the period.

**Ms O'CONNOR** - What is that \$27 million for, to your recollection?

**Mr GUTWEIN** - That was additional payments both to support the NDIS but also Tasmanians with disabilities who were not supported by the NDIS.

**Ms O'CONNOR** - This is what we are trying to get to the bottom of. The Minister for Disability Services and Community Development, during private members' time last week, made some assurances relating to advocacy services and we are seeking some clarity about those assurances. Do you want me to put that on notice?

**Mr GUTWEIN** - If you would. I am happy to provide you with that.

**Ms O'CONNOR** - What we need is the yearly breakdown of the contribution to the NDIS across the forward Estimates, the allocation for disability advocacy services, and whether or not there is an allocation for advocacy services that sit outside Advocacy Tasmania, Speak Out and the Association for Children with Disability.

**Mr GUTWEIN** - If you put that on notice I'll get you what detail I can.

**Ms O'CONNOR** - Have there been any representations made to you by the Minister for Disability Services and Community Development in relation to organisations that sit outside the NDIS like Tasdeaf, Guide Dogs for the Blind, Brain Injury Association of Tasmania and other systemic advocacy organisations that are not captured by the NDIS funding envelope?

**Mr GUTWEIN** - I would have to check. The minister is a very strong advocate and takes every opportunity during the budget development process to bring forward those things she would like to have funded. I need to seek some clarification.

**Ms O'CONNOR** - Do you have any recollection during the budget development process of concerns that have been raised by the minister for disabilities -

**Mr GUTWEIN** - I am not going to go into this.

**Ms O'CONNOR** - You haven't even heard my question. How about you hear me out?

**Mr GUTWEIN** - I think I know what your question is. You have asked it and you are now only repeating.

**Ms O'CONNOR** - So you don't have any recollection of the minister for disabilities advocating for extra funding for organisations not covered by the NDIS?

**Mr GUTWEIN** - The minister for Disability Services advocates very strongly on behalf of her sector.

**Ms O'CONNOR** - Has the minister for disabilities raised with you concern about Tasmanian organisations which she assured the House last week would be covered, to some extent, but we have no commitment from you here that they will be.

**Mr GUTWEIN** - As I have said, the minister is a very strong advocate for people in her sector. In terms of the question you propose putting on notice, I am happy to get you what detail I can.

**Ms O'CONNOR** - Can you explain why, across the forward Estimates, there is actually a cut to disability services funding of \$41 million, beyond the footnote? What it means in real terms.

**Mr GUTWEIN** - I will have to get you the answer on that. I am presuming it is part of the NPPs and the timing of those matter. I will get a breakdown and provide that detail for you.

**Ms O'CONNOR** - Do you know what the state's contribution to the NDIS will even be in this year?

**Mr GUTWEIN** - For 2019-20, a fixed cash contribution of \$233.3 million which will be escalated at a fixed rate which is set at 4 per cent per annum until 2027-28. An in-kind contribution of up to a maximum of \$20.1 million, which may offset the fixed cash contribution up to 2022-23, subject to actual in-kind usage.

**Ms O'CONNOR** - What does in-kind cover?

**Mr GUTWEIN** - That is a question more appropriately directed to the minister.

**Ms O'CONNOR** - I am seeking some clarity here. The Disability Services output budget is at, in this financial year, \$285 834 000. You are saying that the state's contribution to the NDIS - presumably that is a payment that the state makes to the Commonwealth - is \$233 million. What is the gap between \$285 million and \$233 million covering? What does that gap cover?

**Mr GUTWEIN** - I don't have that breakdown here in front of me. I am not the minister for Disability Services but I am happy to provide what information I can.

**Ms O'CONNOR** - I will put them on notice.

**Mr BACON** - Treasurer, can you guarantee that Tasmania will not receive a credit rating downgrade as a result of this Budget?

**Mr GUTWEIN** - The advice that I have received is we fit within the metrics and at this point I am certainly not expecting a credit rating downgrade.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - You can't give a guarantee?

**Mr GUTWEIN** - I can't speak for what is in the minds of Moody's and S&P. What I can tell you is in terms of the metrics we apply, we are not expecting a credit rating downgrade.

**Mr BACON** - So the metrics from this Budget, are they are a deterioration on last year's budget?

**Mr GUTWEIN** - The advice I have, is that I am not expecting a credit rating downgrade. In terms of the metrics we measure, we are in a position that one could reasonably expect that our credit rating would continue.

**Mr BACON** - Are the metrics you look at, are they worse now than they were 12 months ago?

**Mr GUTWEIN** - These matters are from a budget-to-budget assessment. The assessment I have received this year and the advice I have received, I am not expecting a credit rating downgrade.

**Mr BACON** - Your budget-to-budget assessment, as you just said, will this assessment be assessing this Budget as weaker than the last budget?

**Mr GUTWEIN** - I do not have that advice here in front of me. The commentary from the ratings agencies, you have seen what they have written. They were not suggesting it was credit positive but at the end of the day, based on our analysis, we are not expecting a credit rating downgrade. For obvious reasons, whilst we have strong operating surpluses the return to fiscal balance occurs over the four years but it is a year later than was proposed in the previous year's budget. I do not expect that there will be a credit rating downgrade.

**Mr BACON** - You just said that the change from last year's budget to this year's Budget was not a credit positive. Was it a credit negative?

**Mr GUTWEIN** - You have the rating agencies' press releases, I am sure. Based on the metrics that we apply, the Treasury applies, I am not expecting a credit rating downgrade.

**Mr BACON** - But based on those metrics there has been a deterioration since last year's budget?

**Mr GUTWEIN** - Look again, as I have said -

**Ms O'CONNOR** - It is just a statement of the obvious.

**Mr GUTWEIN** - Based on the metrics that I have looked at I am not expecting a credit rating downgrade.

**Mr BACON** - We have heard that answer, but the question has moved on.

**Ms O'CONNOR** - You did not expect the state to go into net debt either.

**Mr BACON** - Have those metrics deteriorated over the last 12 months?

**Mr GUTWEIN** - We lost half a billion dollars worth of revenue.

**Mr BACON** - You have a \$190 million increase.

**Mr GUTWEIN** - We lost half a billion dollars worth of revenue across the forward Estimates.

**Mr BACON** - Revenue is up \$190 million.

**Mr GUTWEIN** - The Government is investing more through its infrastructure program. Whilst we return to fiscal surpluses, it is not until 2022-23 and -

**Mr BACON** - What effect has that had on the metrics?

**Mr GUTWEIN** - and therefore, as I have said, the credit rating agencies have made their public comments but I am not expecting there to be a credit rating downgrade.

**Mr BACON** - You will give that guarantee?

**Mr GUTWEIN** - Based on the metrics we are not expecting a credit rating downgrade.

**Mr BACON** - But no guarantee?

**Mr GUTWEIN** - I cannot speak for Moody's or S&P.

**Dr BROAD** - In the budget you flagged increasing the foreign investor duty surcharge for acquisition by foreign persons of primary production land from half a per cent to 1.5 per cent from January next year. How much revenue are you projecting to get from this?

**Mr GUTWEIN** - We are going through the processes. It comes in on 1 January 2020. We have information from FIRB in terms of foreign ownership. If we need to consult with both the Law Society and -

**Dr BROAD** - The Law Society?

**Mr GUTWEIN** - Foreign ownership can be held by a variety of different vehicles. To ensure that we have the right definition for foreign investment we will interrogate the information that we have available from FIRB but also through the information that the Government would hold through, I would presume, land titles and other options that we have available.

**Ms O'CONNOR** - Would you put a surcharge on a sale of the Treasury building to a foreign entity?

**CHAIR** - Order. Treasurer, you do not have to answer that question. Ms O'Connor does not have the call. Dr Broad has the call.

**Dr BROAD** - Has Treasury modelled the impact of this as a disincentive to invest in Tasmania?

**Mr GUTWEIN** - I do not believe that they have, no. We have considered what has occurred in other jurisdictions and in terms of the residential foreign investor duty, we are well below what is occurring in other jurisdictions. We are bringing ourselves into line with that. I have spoken

## UNCORRECTED PROOF ISSUE

directly with the TFGA on this issue and the fact that we intend to bring it in. I was comforted that they saw no major concerns as a result.

**Dr BROAD** - Of that section, but developing a land tax surcharge to apply to foreign ownership of foreign production land why are there not any figures?

**Mr GUTWEIN** - We need to go through the processes and interrogate the data, understand from FIRB. They provide information of foreign ownership; but again, it is a matter of determining at a state level who exactly would be a foreign owner. You could have a corporation for example and FIRB, from memory I think if it is if there is more than 20 per foreign ownership on some metrics would consider it to be foreign-owned. We need to work through that process and arrive at what we believe is an appropriate setting for Tasmania. We will do that in the first quarter of this financial year.

**Dr BROAD** - Are there no figures because it was a last-minute decision?

**Mr GUTWEIN** - It was something that was considered through the budget process, but as I have said ad nauseam this morning, I am not going to go into the budget process.

**Dr BROAD** - You have figures for a foreign investor duty surcharge on purchases. Why don't you have the same figures for land tax?

**Mr GUTWEIN** - In terms of foreign investor duty surcharge, we now have 12 months' worth of the data. In terms of land tax, we need to interrogate the land titles base and we need to understand and discuss with the Law Society. The SRO will have a view on this as to who is a foreign owner that we would be capturing with the land tax.

**Dr BROAD** - For example, Dutch Mill owns a number of dairy properties in Circular Head. Will they be subject to what amounts to an investor tax? What impact would this have on the restart of the Edith Creek milk factory?

**Mr GUTWEIN** - In terms of the land tax, it would have minimal impact. Land tax in the state is based on a sliding scale, up to the top rate of 1.5 per cent, but we will work through it. We would need to understand, based on Dutch Mill's ownership and the termination of what is a foreign investor, as to whether they captured it all.

**Ms O'CONNOR** - Treasurer, you just referred to 12 months of data relating to foreign investment, do you want to share with the committee what that data's telling us?

**Mr GUTWEIN** - I could certainly explain how much revenue we have received.

**Ms O'CONNOR** - Does that data tell us the level of foreign ownership in Tasmania?

**Mr GUTWEIN** - No, what it tells us is the number of foreign owners that have purchased a property.

**Ms O'CONNOR** - Does it break down the properties by agricultural land and residential properties?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - What I can tell you is this: foreign investor duty surcharge has been assessed on 191 transactions. It is expected to collect \$2.1 million in revenue. That is the only breakdown I have here.

**Ms O'CONNOR** - You have information in front of you that point to 191 transactions. Are they purchases of agricultural land or residential properties?

**Mr GUTWEIN** - Primary production property makes up 14 per cent of acquisitions.

**Ms O'CONNOR** - Fourteen percent of the total of 191 acquisitions were primary production land?

**Mr GUTWEIN** - Yes.

**Ms O'CONNOR** - That means the majority of foreign buyers investing in Tasmania were buying residential properties last year?

**Mr GUTWEIN** - I can get you the breakdown.

**Ms O'CONNOR** - If a foreign buyer wanted to buy the Treasury building, would you put a foreign investor surcharge on that transaction?

**Mr GUTWEIN** - You're getting in front of yourself.

**Ms O'CONNOR** - Why, you'd sell the farm.

**Mr GUTWEIN** - We have a foreign investor duty surcharge at the moment. If it were a foreign purchaser, then that would apply.

**Ms O'CONNOR** - If a Chinese state-owned company or a business with close ties to the Chinese Government sought to purchase the Treasury building, what view would you take?

**Mr GUTWEIN** - I am not going to get into these hypotheticals. I have outlined a registration of interest process. We will have a look at the options and we will discuss those with the Tasmanian community. Divestment takes many forms.

**Ms O'CONNOR** - You can't rule out selling the Treasury building to a Chinese state-owned company or a company with close ties to the Chinese Government?

**Mr GUTWEIN** - I am not going to get into this xenophobic -

**Ms O'CONNOR** - It is not xenophobic. Today is the 30th anniversary of the massacre of 10 000 people in Tiananmen Square.

**Mr GUTWEIN** - You bring your views to this table and that is fine but at the end of the day we are working through a process.

**Ms O'CONNOR** - Who wouldn't you sell the Treasury building to?

## UNCORRECTED PROOF ISSUE

**Dr BROAD** - Treasurer, will agricultural properties owned by BRA in Ulverstone be subject to this investor tax?

**Mr GUTWEIN** - I have no details in regards to BRA before me.

**Dr BROAD** - They are owned by Sumitomo, a Japanese company.

**Mr GUTWEIN** - We will work through this process. We will determine what a foreign investor is and how we will apply it.

**Dr BROAD** - What about Clovelly Farms, Bushy Park hop farms, Lagoona Bay dairy farms in Circular Head, VDL?

**Mr GUTWEIN** - We will work through this process and determine the level of foreign ownership that is required to trigger the new foreign investor land tax.

**Dr BROAD** - There is a fair bit of uncertainty there.

**Mr GUTWEIN** - You might say 'uncertainty' but I have been clear in the Budget that we will work through a process, we will determine who are a foreign investor is.

**Dr BROAD** - You also said earlier that certainty is important. That was one of your statements. I wrote it down. Now we do not have any certainty. What about farmers who have relocated from countries like the Netherlands, England and New Zealand? Will they be subject to this investor tax?

**Mr GUTWEIN** - It will depend on residency. We will work through those processes. We have many migrants in Tasmania that are Australian residents and Australian citizens, so we will work through those processes.

**Mr BACON** - You could be paying the tax, become an Australia citizen and stop paying the tax.

**Mr GUTWEIN** - We will work through those processes.

**Dr BROAD** - Are you making a distinction between people who are residents but not citizens?

**Mr GUTWEIN** - I am not going to get into this level of detail now. We are going to work through a process with the SRO and the Law Society and we will ensure that we have absolute clarity when the tax is introduced.

**Dr BROAD** - Companies like SD Reid have international partners. Will they be subject to this investor tax?

**Mr GUTWEIN** - You are not listening to me. I said that we will work through a process, we will determine who will be captured by that process and we will provide clarity at that point.

**Dr BROAD** - What about forestry properties? Will big employers and plantation owners like Norske Skog and Forico be subject to this investor tax?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - I refer back to my previous answer.

**Dr BROAD** - That is a distinction that is quite easy to make. Do you consider those to be primary production?

**Mr GUTWEIN** - I am referring back to my previous answer, there is a process underway where we will engage -

**Dr BROAD** - Does that involve a distinction between agricultural primary production and plantations?

**Mr GUTWEIN** - We will work through this process to arrive at a suitable outcome in the definition of a foreign investor for the application of this new tax.

**Dr BROAD** - Between now and when any announcements are made about who is going to be targeted by this investor tax, are there any concerns that this may result in an investor drought until that uncertainty is cleared up?

**Mr GUTWEIN** - I don't believe so, no.

**Dr BROAD** - Do you have any modelling to show the impact on foreign investment of increasing land tax?

**Mr GUTWEIN** - Other states have introduced foreign investment land tax. There is nothing that I have seen that would indicate it dampens investor interest. We will work through this to make sure we get the settings appropriate.

**Dr BROAD** - Have you consulted with major land owners like Forico, Norske Skog, Clovelly Farms, BRA, Bushy Park hop farms, Lagoon Bay and so on?

**Mr GUTWEIN** - We will be consulting, beginning in a couple of weeks.

**Dr BROAD** - You will be. This is the first time that most people have seen that the Government was considering this. You didn't consult with anybody prior to making the announcement in the Budget?

**Mr GUTWEIN** - Do you think that foreign interests that own Tasmanian property should pay a level of state of tax?

**Dr BROAD** - I do not think there should be a disincentive for international investors to invest in Tasmania.

**Mr GUTWEIN** - You have made your position perfectly clear.

**Dr BROAD** - You are not being clear on who you are targeting.

**Mr GUTWEIN** - You do not support the policy by the sound of it.

**Dr BROAD** - Who should it target? Tasmanian agriculture has been wholly and solely reliant on international investment for a number of years. Why would you put up a disincentive?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - I have explained the process that we are working through and we will provide absolute clarity in coming months.

**Dr BROAD** - When will it be cleared up?

**Mr GUTWEIN** - We begin the consultation very shortly.

**Dr BROAD** - Isn't that the wrong way around? Shouldn't you have consulted beforehand? This has come as a surprise to people like the TFGA. You didn't even mention it to them.

**Mr GUTWEIN** - In terms of the TFGA and the issue of a foreign investor land tax, we will work through the processes with them.

**Dr BROAD** - So you did not consult with them prior to making the announcement in the Budget?

**Mr GUTWEIN** - I spoke to the TFGA. I certainly spoke to them prior to the Budget in terms of the foreign investor duty.

**Dr BROAD** - Not about this you didn't. Duty, not the land tax?

**Mr GUTWEIN** - I did. Absolutely.

**Dr BROAD** - Was it a last-minute decision?

**Mr GUTWEIN** - No, again, in terms of the processes of the Budget, I am not going to go into it.

**Dr BROAD** - It seems a bit odd that you have figures for the duty. You have consulted on the duty and you haven't consulted on the land tax. The first thing anyone knows about it is it has popped up in the Budget.

**CHAIR** - Do you have a question?

**Mr GUTWEIN** - That applies to transactions over the last 12 months. We have provided that detail. In terms of land tax, there is a body of work to be done to understand which land will be captured, what the level of foreign ownership is. As I said, the FIRB provides some indication but we need to go through and interrogate the data.

**Dr BROAD** - But the FIRB wouldn't provide an information on -

**CHAIR** - Order, Ms O'Connor has the next question.

**Mr GUTWEIN** - We need to see who has captured all that data.

**Ms O'CONNOR** - Treasurer, can you explain in the Finance General section of budget paper 2 volume 1 why there is quite a substantial increase in fleet management services? It is about \$1.8 million which is a significant unexplained increase in a relatively non-essential area at a time

## UNCORRECTED PROOF ISSUE

when you are asking agencies to make cuts. Why is there no footnote to explain why fleet management services is allocated an extra \$1.8 million, page 80?

**Mr FERRALL** - It is the whole-of-government fleet.

**Ms O'CONNOR** - The whole-of-government fleet of cars? So, it includes the ministerial cars? Are you able to explain, Mr Ferrall, through you, Treasurer, why at a time when all agencies will be required to make savings and when there will be very little new hiring from what we can gather, there is an extra \$1.8 million allocated to fleet management services?

**Mr FERRALL** - You also have motor vehicle registration expenses which is included in that. Also, depreciation on motor vehicles is part of that expense. Output 4.6 Fleet Management Services, is that correct?

**Ms O'CONNOR** - Yes, miscellaneous - Fleet Management Services - 4.6. Mr Ferrall, is the entire \$1.8 million, which is a jump in this financial year, is that all due to MAIB and depreciation?

**Mr FERRALL** - I don't have the details with me. I only have limited details I have here.

**Ms O'CONNOR** - Treasurer, have you any light to shed on that subject?

**Mr GUTWEIN** - I am happy to provide some more detail when it is to hand.

**Ms O'CONNOR** - It is a substantial increase in government fleet costs at a time when other agencies are being cut and you are saying the savings will be found from supplies and consumables, consultants, et cetera. But the government fleet is going to cost nearly \$2 million more this financial year.

**Mr GUTWEIN** - We will get you some further detail on that matter.

**Ms O'CONNOR** - I am seeking clarification on whether it is all down to increased registration premiums or depreciation?

**Mr FERRALL** - No, it wouldn't be. I don't have the full gamut of detail as to what the breakdown is of the complete change.

**CHAIR** - Before we go any further, Mr Ferrall and Treasurer, if you sit back in your chair it is difficult for *Hansard* to pick up exactly what you are saying so please be aware of that.

**Ms O'CONNOR** - Mr Ferrall, it is an increase in the allocation to fleet management in this financial year. It is a sharp increase and then the level of funding is sustained across the forward Estimates. Is it registration and depreciation?

**Mr GUTWEIN** - I will get you the details. What information I can provide is that the Government's light vehicle fleet as at 31 March 2019 was 2530 vehicles. This is down from a fleet size of approximately 3000 vehicles around 10 years ago.

The other detail you are looking for in terms of a breakdown of what increases are included in that, we will need to provide for you.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - Your Premier and the Government that you are part of, promised to reopen the tracks in the takayna/Tarkine at the expense of priceless Aboriginal cultural heritage. Are you able to tell the committee what it has cost your Government so far to try to reopen those tracks?

**Mr GUTWEIN** - I don't have that detail before me. That is more appropriately a question for the Premier or the development minister.

**Ms O'CONNOR** - Do you know where in the Budget it would be, the costs of trying to reopen those tracks five years after that promise was made? It is a broken promise, which we are very glad about - and so are the Tasmanian Aboriginal Centre and the Bob Brown Foundation - that you haven't been able to meet that promise. What has it cost you to fail to meet that promise?

**Mr GUTWEIN** - I don't have that detail of the costs with me at the moment. I am happy to take that question on notice and provide some further detail.

**Ms O'CONNOR** - Do you think it would sit with the Attorney-General or Parks?

**Mr GUTWEIN** - I would need to check.

**Ms O'CONNOR** - Is there any allocation anywhere in the budget that you know, dedicated to reopening those tracks in the Tarkine?

**Mr GUTWEIN** - I would need to seek some advice and I am happy to provide some information back in terms of what those costs would be.

**Ms O'CONNOR** - Another broken election promise and a magnificent one at that. Magnificent.

**Mr BACON** - Treasurer, did you write a letter to MONA encouraging them to lobby for federal funding for their hotel development?

**Mr GUTWEIN** - Yes, I did.

**Mr BACON** - Can you table that letter?

**Mr GUTWEIN** - I don't have it with me but I am happy to provide it.

**Mr BACON** - Would you be happy to make it public today?

**Mr GUTWEIN** - I am happy to table it to this committee which would be the appropriate thing to do.

**Mr BACON** - Why then did you throw MONA under the bus by encouraging them to lobby for that federal funding and then attacking that funding through the election campaign?

**Mr GUTWEIN** - I didn't attack them. In fact, the letter I provided to MONA was pre-election. My recollection is that it was addressed to the federal government of the day and supportive of them proceeding to make a request of the federal government. The election was then called sometime later.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - So you haven't written a letter to MONA to suggest they do it?

**Mr GUTWEIN** - I am not sure whether the letter was to MONA or to the federal government. I will need to check, but I certainly wrote a letter.

**Ms O'CONNOR** - So you can recall that letter?

**Mr GUTWEIN** - I certainly wrote a letter that was supportive of MONA and its development and seeking federal funds. It was before the election was called, from memory, and the letter was to MONA, yes.

**Mr BACON** - The letter was to MONA?

**Mr GUTWEIN** - I guess I should probably ask MONA if they are happy for me to release it.

**Mr BACON** - Effectively, do you see the development out at MONA as a benefit to the whole state, or do you see it as a southern issue?

**Mr GUTWEIN** - MONA has had benefits for the state. It is one of the reasons why we are funding MONA FOMA up in Launceston at the moment. It has been very strong driver as part of our tourism brand.

**Mr BACON** - Do you think it is unfortunate the way the Liberal Party conducted itself through the federal election campaign in terms of the way they treated MONA?

**Mr GUTWEIN** - The way that federal parties position themselves is a matter for federal parties, not for me.

**Mr BACON** - You don't have any concerns, not only as Treasurer but also as Minister for State Growth? You talked about the economy before and how important tourism is to the economy. Do you not have some regrets about what happened?

**Mr GUTWEIN** - As I have said, the way that federal parties position themselves in elections and the policies they take is a matter for federal parties.

**Mr BACON** - So they didn't seek advice from you on what you thought about the approach they took?

**Mr GUTWEIN** - No, not to the best of my knowledge. They make up their own policies themselves.

**Mr BACON** - With no input from you at all?

**Mr GUTWEIN** - No, not to the best of my knowledge.

**Mr BACON** - Not to the best of your knowledge, or no?

**Ms O'CONNOR** - Here we go again. Can't recall, don't believe, not to the best of your knowledge.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - The position I put to MONA in that letter was very clear, that as a state we supported the development they were engaged in and were looking at ways we could support them and I don't think that is any surprise to anybody. I think David Walsh announced publicly that he was seeking support from the state through some form of guarantee. We continue to work through that process with Mr Walsh. My letter is on the public record.

**Mr BACON** - Did you ever have discussions about this with your former deputy chief of staff, I mean the so-called architect of the attack on the south of the state through the campaign?

**Mr GUTWEIN** - I didn't sit round the table and engage in the political machinations or the setting of policy with what occurred at a federal level.

**Mr BACON** - Do you agree it was the appropriate thing for a party to do?

**Mr GUTWEIN** - That is a matter for the federal party.

**Mr BACON** - You don't endorse it?

**Ms O'CONNOR** - You were complicit.

**Mr GUTWEIN** - That is a matter for the federal party in terms of the policies it takes to the people and the way it presents itself.

**Mr BACON** - Did you campaign for the federal election in the seats of Bass and Braddon?

**Mr GUTWEIN** - I gave out how to votes on polling day. In fact I spent a very interesting day with Kevin Harkins.

**Mr BACON** - Always interesting. You were at the prepoll too.

**Mr GUTWEIN** - No, I wasn't at the prepoll.

**Ms O'CONNOR** - Why didn't you defend MONA from your federal colleagues?

**Mr GUTWEIN** - In terms of the position that is taken by federal parties, that is a matter for them.

**Mr TUCKER** - Treasurer, Tasmanian businesses are among the most confident in the nation. Can you outline how this flows through to private investment?

**Mr GUTWEIN** - Confidence is very important.

**Dr BROAD** - Unless you're from overseas.

**Mr GUTWEIN** - I think we understand where you stand on foreign investor duty.

**Mr BACON** - We just want some detail of your thought-bubble idea.

**Mr GUTWEIN** - It will be interesting to see where you stand on that.

**Mr BACON** - As soon as you've got a policy we will take a stand.

**Mr GUTWEIN** - You have made your views very clear. Anyway, that is a matter for you.

**Mr BACON** - You didn't make it very clear what your point of view was.

**Mr GUTWEIN** - In terms of confidence - and I thank Mr Tucker for his interest in this - we have had very strong business confidence throughout the Tasmanian business community, and it is reflected in the results and commentary from a number of reports. The April 2019 CommSec State of the State Report confirmed that Tasmania's annual economic growth is the second highest in the country and we jumped to third position overall. Deloitte's report for the March 2019 quarter pointed to a strong economy supported by good population growth, household consumption, public and private investment, and forecast strong growth in Tasmania's GSP and employment over the next four years, as well as reductions in unemployment. The report noted that this is the best the state's economy has managed since before the global financial crisis.

The ANZ Stateometer released in May shows that Tasmania's business confidence and private investment is booming. Private sector work yet to be done was at its highest on record, and this was reflected in the state's better business conditions. In contrast, the Australia-wide measure, when you look at the country as a whole, was lower than where the state stood.

National Australia Bank's monthly business survey for April 2019 showed that Tasmanian businesses continue to enjoy the strongest business conditions in the nation, five times higher than the national average, and according to Sensis, support for the Government's policies was the highest in the country for the seventh quarter in a row.

How does this flow through to private investment? I have made the point on a number of occasions that if business communities are confident, they are more inclined to invest. It is one of the reasons we are investing record amounts into infrastructure. We believe that will drive further private investment and as a result we will see increased jobs growth. The Budget countenances the creation of 10 000 jobs over the forecast and projected forward Estimates.

In terms of the unemployed, there are 900 more people on the long-term unemployment list who are now in work as a result of this Government's policies and 6500 more women who are now in work.

**Ms O'CONNOR** - Are they on the expenditure review committee? Are there any women on the ERC?

**CHAIR** - Ms O'Connor, order.

**Mr GUTWEIN** - You don't like hearing good news because it doesn't suit your narrative but at the end of the day, coming back to Mr Tucker, confidence is key and we have one of the strongest levels of confidence in the country. What this Budget aims to do is ensure we invest in our economy and keep confidence levels high. That will see investment flow. Private investment will come in off the back of that. It will create jobs and there will be more opportunities for Tasmanians.

**Mr BACON** - Treasurer, what did you say to people in the north of the state through the federal election campaign when they raised with you the Labor Party's promise around funding for MONA's hotel development?

**Mr GUTWEIN** - I can't recollect having many conversations at all about that. You would be cognisant of the fact that during the federal election campaign it was also the final stages of the budget development process, so I spent large parts of my time in Hobart.

**Mr BACON** - You talked about the request from MONA for a bank guarantee. Has the Government made a decision to provide that guarantee and is there a timeframe around making that decision?

**Mr GUTWEIN** - That is a process underway. I don't believe I have received any advice back on that matter yet.

**Mr BACON** - They have made a request and you have sought advice from Treasury on that?

**Mr GUTWEIN** - We have engaged Treasury and State Growth might also be engaged as well. It is a significant project so it is important that we understand the detail necessary for the Government to put itself in a position where it could either approve or not approve such a guarantee of that size.

**Mr BACON** - What would the impact be on the Budget of something of that nature?

**Mr GUTWEIN** - Obviously it would be viewed as a contingent liability. Again, from the point of view of a guarantee, there may be some costs associated with that which I would normally expect that a developer would meet if there were to be a guarantee put in place. It might be slightly revenue-positive but these are all matters that are being worked through.

**Mr BACON** - You see it as a whole-of-state issue, not a southern issue, the success or otherwise of MONA?

**Mr GUTWEIN** - In terms of brand and the view that people take of the state, both from interstate and internationally, I think it has been positive.

**Ms O'CONNOR** - It's a pity you couldn't say that during the election campaign.

**Mr GUTWEIN** - I was busy putting together the Budget. I make the point in terms of the positions taken by federal parties, whether they be Green, Labor or Liberal, that they are matters for the federal parties.

**Dr BROAD** - Treasurer, why are debt collectors being sent to young farmers when a land tax assessment is being disputed?

**Mr GUTWEIN** - I don't know the circumstances of what you are talking about. We go through a process. People are provided with an opportunity to pay. If they don't, then the normal collection processes would occur.

**Dr BROAD** - This occurs when there has been a dispute process put in place and the next thing they know a debt collector shows up and demands payment.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - If you want to provide me with details of that particular instance I am happy to look into them. To this point you haven't raised any of those with me. If there are matters that you want to raise for me to look at then provide me with the details.

**Dr BROAD** - Do you think it is fair that young farmers are required to pay for the debt collection agency fees, even if they are assessed as being primary producers and exempt from land tax?

**Mr GUTWEIN** - That is standard policy but without understanding the circumstances of who you are talking about I am not in a position to answer the detail of the question you are asking. If you want to provide me with those circumstances I am happy to look into it.

**Dr BROAD** - I will, but take a step back for a second. You said it is standard practice that the debt collection agency fees have to be paid, even if they are assessed as being primary producers and exempt from land tax. Is that a standard practice?

**Mr GUTWEIN** - I would need to seek some advice. The commissioner will come up and provide some detail on that. He is here with us and can explain that - Jonathon Root, from State Revenue.

**Mr ROOT** - Thank you, Treasurer. The Tax Administration Act allows for the costs of recovery of any debts to be recovered from the debtor. That is the standard practice across all of the taxpayer base where there is an outstanding debt. I don't know the particular circumstances of the examples you have but if you provide them through, we can have a look at that. From time-to-time we do remit those charges where that is the right thing to do but again, that is on a case-by-case basis.

**Dr BROAD** - I will provide further detail then. Treasurer, what is the motor vehicle fire levy?

**Mr GUTWEIN** - It is one of the components of the fire service funding.

**Dr BROAD** - It is in the Parameter Adjustments section, page 64 of budget paper 1. It starts, in 2021-22, half a million a year. It pops up out of nowhere.

**Mr GUTWEIN** - I will seek some advice.

**Mr FERRALL** - It is a parameter change. It is not a government policy change. It has been driven by something external to a government policy decision. I don't have the details of what that particular one is.

**Dr BROAD** - We can put it on notice?

**Mr FERRALL** - Yes. We can certainly get the details of what that particular one is and the details of why.

**Ms O'CONNOR** - Treasurer, what is your understanding of the impacts of the climate crisis on the Tasmanian budget?

**Mr GUTWEIN** - In an expenditure sense, we fund the Climate Change Action Plan 2020-21.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - Until 2020-21 and then there is no extra funding for climate mitigation or adaptation following the expiry of the action plan.

**Mr GUTWEIN** - We have a nation-leading bushfire mitigation policy on which we are spending \$9 million a year. In terms of climate, that is managed largely through our planning system and our planning scope.

**Ms O'CONNOR** - Does it concern you that Tasmania's response to climate change from a government policy point of view expires in two years?

**Mr GUTWEIN** - No, not at all.

**Ms O'CONNOR** - Do you think you will have fixed the problem by then?

**Mr GUTWEIN** - No. As you well understand, that plan, which was the first climate change action plan of this state Government.

**Ms O'CONNOR** - No, it certainly was not. We delivered Climate Smart which we worked with the major industrials on, that had buy-in from big business, small business community and scientists and actually had meaningful action.

**Mr GUTWEIN** - I am sorry. I have never heard of it.

**Ms O'CONNOR** - No, and your former not minister for climate change abolished it as soon as he came to government, as well as the Climate Action Council.

**Mr GUTWEIN** - The Climate Change Action Plan will be reviewed in the lead-up to the expiry of the plan. It runs over a period of years.

**Ms O'CONNOR** - It is expiring in two years.

**Mr GUTWEIN** - We will look at the actions that we would take from that point on.

**Ms O'CONNOR** - Can you point to extra allocations in the Budget that respond to the climate emergency? When we look at emergency management, state emergency services, funding declines and the footnote explains that is because the SES is moving into the TFS. Is there anywhere in the Budget that you can point to increased resourcing in order to respond to the climate crisis?

**Mr GUTWEIN** - In terms of ensuring that Tasmanians are safe both people and both people and infrastructure, then we are the first government that has actually introduced the mitigation policy in terms of the ongoing bushfire policy.

**Ms O'CONNOR** - No, that wasn't my question. It is not reasonable to be so opaque about the biggest challenge that is confronting you, me, everyone at this table, the entire Tasmanian community. Can you point to anywhere in your Budget where there is an extra allocation made to respond to the climate emergency, which has been acknowledged as such by leading scientists, 98 per cent of them?

**Mr GUTWEIN** - I have already pointed to the nation-leading bushfire mitigation strategy that we have.

**Ms O'CONNOR** - That is all you have is it not?

**Mr GUTWEIN** - It is a lot more than what you had, to be frank.

**Ms O'CONNOR** - That is a load of rubbish. If you have a look at the greenhouse accounts the reason that we are net zero emissions is because the forest that we saved and the conservation movement has saved over decades.

**Mr GUTWEIN** - Because you shut the forest industry down.

**Ms O'CONNOR** - I would like the Treasurer to answer the question and this is a question that is being asked by climate stakeholders.

**CHAIR** - Well, you ask the question.

**Ms O'CONNOR** - I have asked the question and he refuses to answer it.

**CHAIR** - And the Treasurer answered it.

**Mr GUTWEIN** - The Climate Change Action Strategy -

**Ms O'CONNOR** - Runs out in two years.

**Mr GUTWEIN** - which will be reviewed prior to then. We also have a nation-leading bushfire mitigation program.

**Ms O'CONNOR** - What you are confirming is there is no extra money in this Budget to deal with a rapidly accelerating climate crisis?

**Mr GUTWEIN** - I pointed to those areas where we are investing in this Budget.

**Ms O'CONNOR** - That is a yes, no new money to respond to climate change. Reckless.

**Mr TUCKER** - The Hodgman Liberal Government is very supportive of our export industries, agriculture, aquaculture and forestry and resources. How does the Budget support Tasmania's record export growth?

**Mr GUTWEIN** - A very good question, Mr Tucker. I mentioned this morning already that Tasmanian exports are at near record levels: \$3.76 billion worth of goods exported in the year to March 2019. That is a 6.6 per cent increase on the previous year. The 2018 calendar year represented the most that Tasmania had ever recorded since the ABS series began. Following the Premier's trade mission to Japan earlier this year, the Premier has launched Tasmania's first trade strategy, which aims to position Tasmania to be globally competitive and to assist our businesses to expand their presence in markets around the world, attract more investment and create more local jobs.

The 2019-20 Budget funds the trade strategy with \$4.4 million over four years which drives a comprehensive -

**Mr BACON** - Is that quarantined from the efficiency dividend?

**Mr GUTWEIN** - which drives a comprehensive long-term framework -

**CHAIR** - Treasurer, you just may have to slide forward a little there, you are sitting back.

**Mr GUTWEIN** - I was just comfortable there in my chair. The 2019-20 Budget funds the trade strategy with \$4.4 million over four years which drives a comprehensive long-term framework developed in partnership with Tasmania's exporters and producers to outline access to be undertaken and sets an ambitious target to grow our state's exports to \$15 billion per year by 2050.

We also know that in Tasmania's export facing economy it is vital to have an efficient road and rail network to transport our exports to market. We have been unashamed in our investment into infrastructure in this Budget. This Budget includes \$1.6 billion of enabling investment into better roads and bridges. It is a key part of our infrastructure Budget. In addition, the budget also invests a further \$256.2 million into rail which will enhance the efficiency of our export freight network to help us progress towards our goal and underpin the businesses of our exporters.

**Mr BACON** - Treasurer, will the savings for future wage claims have to come on top of the \$450 million efficiency dividend?

**Mr GUTWEIN** - We have been very clear in the Budget and in our discussions with the unions that if they are seeking above a 2 per cent increase that that will need to be offset by efficiencies and savings.

**Ms O'CONNOR** - Everyone but the police association.

**Mr BACON** - Over and above the \$450 million efficiency dividend?

**Mr GUTWEIN** - Yes.

**Mr BACON** - Did you take savings that had been put up by public sector unions to offset their wage claim and include them in your efficiency dividend?

**Mr GUTWEIN** - No.

**Mr BACON** - You did not do that?

**Mr GUTWEIN** - No, I do not believe the unions suggested that we look at consultancies or advertising and promotion.

**Mr BACON** - They did not bring forth any of those ideas?

**Mr GUTWEIN** - To the best of my knowledge, and correct me if I am wrong, the Secretary of Treasury was at the same meetings I was at, so we will target those discretionary areas.

In terms of other savings, it is well understood that we have a significant overtime bill in Health. That is something that has been discussed with the nurses' union when looking at their wage agreements.

## UNCORRECTED PROOF ISSUE

**Mr BACON** - Frontline health workers' wages are subject to the efficiency dividend?

**Mr GUTWEIN** - The point I was making is that nurses had raised overtime as an area that the Government could focus on and find broader savings across Health. That was raised during the discussions that we had with unions.

**Mr BACON** - If those savings are made, will that form part of the 450, or part of the wage claim?

**Mr GUTWEIN** - We will deal with each of those two component parts.

**Mr BACON** - Treasurer, is there going to be a windfall to the Government if you do not agree to a new wage agreement this financial year? You made threats on back pay.

**Mr GUTWEIN** - We would like to land a decision on back pay. We have informed the unions that we would like to get agreement on wages before the end of this financial year.

**Mr BACON** - If there is no agreement this financial year, will public servants get the back pay that they have forgone since December of last year?

**Mr GUTWEIN** - We have made it clear to public servants that we would like to see an agreement. If not, and the unions continue to frustrate us, then they do put it at risk.

**Mr BACON** - That will be a windfall to the Budget?

**Mr GUTWEIN** - If we don't have to pay backpay, then it would be a benefit to the Budget.

**Mr BACON** - Do you plan to pay backpay?

**Mr GUTWEIN** - We would like to get an agreement with the unions by 30 June.

**Mr BACON** - You are threatening public sector workers if they do not sign up before 1 July, they won't get their backpay from last year?

**Mr GUTWEIN** - No, I'm not threatening public sector workers. My understanding is it's standard operating practice across governments that once you pass a date of the expiry of a previous agreement, backpay is not something that is formally provided.

**Mr BACON** - So backpay is off the table if they don't sign up by 1 July?

**Mr GUTWEIN** - It obviously can be, which is why we are saying to unions that we would like you to sign up by the end of June.

**Mr BACON** - If they don't?

**Mr GUTWEIN** - If they don't then, very clearly, backpay is at risk.

**Ms O'CONNOR** - Treasurer, why are police treated so differently from other public sector workers? In the table 8.1 in budget paper 2, vol 1, you can see a very substantial extra allocation to Tasmania Police. Everyone agrees that Tasmania Police do a fantastic job in keeping our

## UNCORRECTED PROOF ISSUE

community safe, but it looks to us like, what the Tasmanian Police Association - which campaigned for the Liberals over two state elections - has been able to secure is a 5 per cent increase in salaries for police officers. Is that correct?

**Mr GUTWEIN** - Off the top of my head, I don't know.

**Ms O'CONNOR** - I'm not asking for anything off the top of your head.

**Mr GUTWEIN** - I am saying that you have asked me if police have achieved a 5 per cent increase. I would need to get some advice on that. Police did take an 18-month pay freeze, as you would all be aware, in the last term of government.

**Dr BROAD** - Yes, but then they were paid back. They got a loyalty bonus down the track.

**Ms O'CONNOR** - It is just like the THA.

**Mr GUTWEIN** - The table that you are looking at is the total level of salaries, as I understand it, for the increase of -

**Ms O'CONNOR** - That is a key deliverable, so -

**Mr GUTWEIN** - That was a policy that was announced at the election -

**Ms O'CONNOR** - Is it possible to get confirmation from Mr Ferrall? Is that the total salary costs of the Tasmania Police service?

**Mr GUTWEIN** - Of the new police.

**Ms O'CONNOR** - Of the new police. So additional funding (1) includes funding previously announced under the increased police numbers commitment. What is the extra allocation for police salaries?

**Mr GUTWEIN** - In 2019-20 it is \$1.4 million; 2020-21 it is \$2.1 million; 2021-22 it is \$1.6 million; 2022-23 year the total is \$14.9 million. That is the continuation of the policy into the future.

**Ms O'CONNOR** - Can you confirm that the wages agreement you have struck with Tasmania Police provides an extra increase for senior police officers over the rank and file?

**Mr GUTWEIN** - I would need to look at the - that has not been - that is an agreement that was put in place 18 months ago I think, so I would have to get some advice on that.

**Ms O'CONNOR** - Can you explain to the broader public sector workforce why their claim for wages is treated so differently from that of Tasmania Police, whose representative association campaigned for a Liberal Government over two elections?

**Mr GUTWEIN** - The police took a wage freeze for 18 months. There was a loyalty bonus that was paid in, I think, late 2017. Their headline wage increase across the new agreement would have been 2 per cent, in line with Government wages policy.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - What you are saying is the agreement you have reached with the Tasmania Police Association is in line with Government wages policy of 2 per cent?

**Mr GUTWEIN** - The one that was struck back in 2017 I presume would. I have no advice to hand that would indicate otherwise. They will be up soon. They will be looking for a new agreement. We are not currently negotiating with them because they are in -

**Ms O'CONNOR** - But you can confirm that senior police officers have had a wage increase of up to 5 per cent?

**Mr GUTWEIN** - I cannot confirm that because I do not have the detail before me.

**Ms O'CONNOR** - Can I put that on notice?

**Mr GUTWEIN** - Of course you can. I would need to seek advice from the Premier. I do not have that detail.

**Ms O'CONNOR** - I am not finished. When I asked before if you could explain to the broader public sector why one group of public sector workers, that is Tasmania Police, is treated differently in its wages negotiation from another, are you saying it is a loyalty payment to Tasmania Police?

**Mr GUTWEIN** - No, what I am saying, and it is on the public record, is there was a loyalty bonus paid to Tasmania Police in their last wages agreement largely as a result of those police officers taking an 18-month wage freeze when the Government was attempting to put a wage freeze in place for the broader public sector.

**Ms O'CONNOR** - So you do not think you have treated different groups of public sector workers differently?

**Mr GUTWEIN** - Every other public sector worker received 2 per cent wage increases through the period that police were receiving zero. If anything, it was a catch-up. My understanding is that the headline rate in the current police agreement is 2 per cent. How that applies to police at different levels of their career, I would need to seek advice.

**Ms O'CONNOR** - Can I put that on notice?

**Mr GUTWEIN** - I think you have.

**Ms O'CONNOR** - No, I haven't yet.

**Mr GUTWEIN** - Of course you can. I will provide what detail I can.

**CHAIR** - The Treasurer is not Police minister and the committee will have the ability to - we will have the Police minister in front of us on -

**Ms O'CONNOR** - Yesterday.

**Mr TUCKER** - Can the Treasurer update the committee on the importance of maintaining a fiscal strategy and the number of different fiscal strategies adopted by the previous Government?

**Mr GUTWEIN** - Funnily enough I can.

**Mr BACON** - The questions are supposed to be about this Budget, are they not? Have you not ruled those out of order in the past?

**Mr GUTWEIN** - It is important to understand that we have a fiscal strategy in this Budget and we meet -

**Mr BACON** - Chair, you are in breach of number one.

**Mr GUTWEIN** - the strategies that are outlined in it.

**Mr BACON** - Action strategy number one - you are in breach of it. Five per cent is the annual growth in expenditure.

**Mr GUTWEIN** - The fiscal strategy -

**Mr BACON** - Yes, tell us about number one.

**Mr GUTWEIN** - will lead to the achievement of the fiscal principles embedded in the Charter of Budget Responsibility Act 2007. The Government's fiscal strategy provides a strong and effective framework for the ongoing management of the state's budget position. Is focused on the achievement of long-term fiscal principles that reflect responsible financial management and aim to deliver long-term budget sustainability. At the same time the Government's fiscal strategy has been a key factor in providing the budget flexibility to achieve the Government's policy priorities, jobs and economic growth, health and education being appropriately supported and supporting Tasmanians most in need.

The fiscal strategy reflects our continuing commitment to deliver improved services to the Tasmanian community, maintains the Government's infrastructure investment, improves public sector efficiency and brings Government expenditure to within long-term average growth in revenue and maintaining tax competitiveness.

Over the term of the 2019-20 Budget and forward Estimates, the Government will continue to achieve all of its fiscal strategy and strategic actions. This Government's fiscal strategy is about managing the state's finances responsibly while providing for the future and allocating resources efficiently.

**Mr BACON** - Not true.

**Mr GUTWEIN** - These are sound principles that guide me and the Government in making decisions for the state. It is important that these principles are clear and stable to offer certainty to Tasmanians. When we came to Government, people were sick of Labor's chopping and changing of fiscal strategies. They had six different fiscal strategies in 15 years and they took another one to the 2018 election. In terms of this Budget, once again the Labor Party failed to announce an alternative budget.

**Ms O'CONNOR** - Do you recall, Treasurer, that when you were in opposition, you never delivered one either.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Actually, I did.

**Ms O'CONNOR** - No you didn't.

**Mr GUTWEIN** - I am pretty sure it was 2009-10, 2010-11 or 2011-12.

**Ms O'CONNOR** - No you didn't. You are misleading the committee. You never delivered an alternative budget.

**Mr GUTWEIN** - It is disappointing that you didn't outline an alternative budget.

**Mr BACON** - Can you outline, Treasurer, what the benefit to the Budget will be if no agreement is reached by 1 July?

**Mr GUTWEIN** - I am not going to deal with hypotheticals. I am hopeful that we get a landing with our public servants.

**Mr BACON** - If you get a landing, how much will the back pay payment be?

**Mr GUTWEIN** - You can do the math, I am sure. The broader public sector was due a 2 per cent uplift on 1 December, from memory.

**Mr BACON** - How much is the back pay?

**Mr GUTWEIN** - Around seven months of a 2 per cent uplift.

**Mr BACON** - What is that?

**Mr GUTWEIN** - Not all public servants are at that particular time frame as we have spoken about. Our police are still on agreement, our teachers came out of agreement in March.

**Mr BACON** - You have had no discussions about what that windfall will be?

**Mr GUTWEIN** - You can do the math and make up a number if you like. I am hopeful that we can get to a sensible outcome with the unions by 30 June.

**Mr BACON** - We have talked before about asset sales. There is the Treasury building and the sale of the Elizabeth Street Pier. Do you have any other plans for asset sales?

**Mr GUTWEIN** - The normal business of government in terms of disused police houses or education houses, I don't think there is anything else more significant than that. I will ask the Secretary of Treasury. The normal business of government will go on in terms of asset sales.

**Ms O'CONNOR** - Is the sale of the Treasury the normal business of government?

**Mr GUTWEIN** - Treasury has those assets that it no longer views as being strategic for its needs.

**Ms O'CONNOR** - Are you blaming Treasury and Finance rather than accepting responsibility yourself?

**Mr GUTWEIN** - No. I am more than happy to accept responsibility.

**Ms O'CONNOR** - You made that decision to flog a public treasure.

**Mr GUTWEIN** - That building is no longer fit for purpose.

**Ms O'CONNOR** - No longer fit for that purpose but it may well be fit for any number of public purposes, as you know.

**Mr BACON** - Has the Elizabeth Street Pier been sold?

**Mr GUTWEIN** - No.

**Mr BACON** - The Budget Papers suggest that the sale proceeds will be around \$25 million.

**Mr GUTWEIN** - Don't set the price too low. We worked with what is included with the government valuation, it would be around that sort of number.

**Ms O'CONNOR** - Can you confirm the Pier has concrete cancer?

**Mr GUTWEIN** - I don't have advice that it has concrete cancer. The Pier will be sold with all the usual disclosures, I am sure.

**Mr BACON** - You have previously said, Treasurer, that the relocation of the Macquarie Point sewerage treatment system will be funded with the proceeds of the sale of the Elizabeth Street Pier. Given that the relocation will cost upwards of \$140 million, can you

**Mr BACON** - Given that the relocation will cost upwards of \$140 million, can you explain where the rest of the money will come from?

**Mr GUTWEIN** - TasWater put a figure on it of about \$140 million. That hasn't been finalised as yet; whether it will come in below or above is a matter for them and their processes.

TasWater took the view that they would be spending around \$40-\$45 million. That is what they felt they could justify in terms of the benefit that it provides broader customers. They are working through that process. What we have included in this Budget is an additional \$100 million over the forward Estimates, over and above the -

**Mr BACON** - It's in the following five years, isn't it?

**Mr GUTWEIN** - No, we put \$80 million each year, which is \$20 million to bring forward the broader TasWater infrastructure plan to accelerate that. There is an additional \$100 million in this Budget which will be utilised to offset Macquarie Point, and we are working with TasWater in terms of Freycinet and Launceston as well.

**Mr BACON** - The figure that is in the budget speech of \$300 million, is that over 10 years or the four years?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - That is the total contribution, including \$20 million that is paid this year, \$180 million that is paid over the next four, and then with a further \$100 million for the period out to the end of the 10 years.

**Mr BACON** - Is that around the price cap or around the funding infrastructure?

**Mr GUTWEIN** - With the \$20 million per year, that provides equity into the business. As a result of that investment, they indicated that they will work to bring forward their infrastructure program. At the same time, they are in a strong enough position to provide a price cap as well.

**Mr BACON** - How much will the reduction in revenue be from the sale of the Elizabeth Street Pier over the forward Estimates?

**Mr GUTWEIN** - I think there is a note in the Budget. Table 4.5 Finance General, it is \$1.4 million, then \$2.5 million ongoing, \$2.6 million -

**Mr BACON** - Is that \$2.6 million a year? You don't think the \$25 million is a little bit undervaluing?

**Mr GUTWEIN** - That's what I was saying, don't talk it down.

**Mr BACON** - It is your Budget, the figures come from your Budget.

**Mr GUTWEIN** - All I can include in the Budget are figures that are in line with the government valuation. You would well be aware that government valuations don't tend to set the peak of the prices. I am hoping that there will be strong market interest in this asset.

**Mr TUCKER** - Can the Treasurer outline how a competitive tax regime is important for economic growth and jobs and how Tasmanian tax revenue is lower than the national average?

**Mr GUTWEIN** - The Government's fiscal strategy commits to a competitive taxation environment with an objective for state taxes to be efficient, fair, simple and sustainable. This is vitally important because in an increasingly connected country, to attract and retain businesses to the state is reliant on the competitiveness of the state, which includes taxation.

The most recent assessment by the CGC has rated Tasmania's actual to assessed tax revenue as the second lowest of all jurisdictions. In 2018-19, last year's budget, the Government implemented a range of taxation measures designed to promote increased employment and economic growth across the state, support more apprenticeships and traineeships in Tasmania, improve Tasmania's rental market and home ownership.

In 2019-20, the Government will be extending the land tax exemption for short-stay accommodation properties made available for long-term rental to 30 June 2023 and extending the land tax exemption for all newly-built housing that is made available for long-term rental to 30 June 2023. We will extend the eligible period for the duty concession for the first home buyers of established homes to 30 June.

**Ms O'CONNOR** - Paying landlords to lease their property?

**Mr GUTWEIN** - You don't like that one either? Extending the eligible period for the duty concession for eligible pensioners who down-size their home to 30 June 2020. I hope you can support that?

We will be increasing the foreign investment duty surcharge for acquisitions by foreign persons from 3 per cent to 7 per cent and primary production land from half a per cent to 1.5 per cent. We will be developing a land tax surcharge to apply to foreign ownership of residential and primary production land to apply from 1 July 2020. We are also looking at a point-of-consumption tax, which is something that is dear to your heart. I point out some of the erroneous numbers you were shopping around regarding the \$11 million. I remember the article in the *Mercury* in which you put a figure on it but were completely ignorant to the fact in that article of the long-term arrangement you put in place with our current betting agency.

**Mr BACON** - Have you legal advice on that?

**Mr GUTWEIN** - In terms of what?

**Mr BACON** - About this long-running agreement. What the obligations are.

**Mr GUTWEIN** - Absolutely.

**Mr BACON** - Are you telling the truth?

**Mr GUTWEIN** - I have advice that to introduce a point of consumption tax, we are going to have to unpick that.

**Mr BACON** - Right, so you have already gone to water on it.

**Ms O'CONNOR** - Who is on the expenditure review committee?

**Mr GUTWEIN** - I will speak to my colleagues.

**CHAIR** - Order. We haven't concluded as yet. As you would remember at the start of the session, I said we had to make up any time for morning tea, so we still have another six minutes left. The call is with Mr Bacon.

**Mr BACON** - What is the annual growth in general government operating expenses for the 2018-19 financial year? Annual growth, one year.

**Mr FERRALL** - Are you talking about from budget to estimated outcome?

**Mr BACON** - Yes. To the actual outcome, which you haven't got yet obviously, so the year before then. It doesn't matter which year it is, as long as it is a final figure.

**Mr GUTWEIN** - I don't have that percentage in front of me. Once the year is over we will calculate it.

**Mr FERRALL** - I can't do 2018-19 because it is not finished.

**Mr BACON** - So, budget 2017-18.

**Mr FERRAL** - So you want budget 2017-18 actuals?

**Mr BACON** - What is clear from the fiscal strategies, you are in breach of strategic action number 1. It says you are supposed to compare annual growth to the long-term average growth in revenue. Why don't you do that in the fiscal strategy?

**Mr GUTWEIN** - First, the year is not over. We had this discussion. The annual growth in general government operating expenses will be lower than the long-term average growth in revenue. The annual growth in general government expenses in this Budget, across the forward Estimates is 0.8 per cent. Long-term average revenue growth is 4 per cent.

**Mr BACON** - It is not annual growth. Why don't you call it long-term growth? It is deceitful.

**Ms O'CONNOR** - Treasurer, do you know or has analysis been done, for example, by the Office of Security and Emergency Management on the annual cost to the Tasmanian economy of all storms, floods, bushfires and coastal erosion in each year since 2014-15, since your Government was first elected?

Are you able to provide information on the average annual growth rate of that cost and how does the average annual growth rate of that cost of climate disruption compare with the average annual growth rate of the Tasmanian economy, not including the economic activity caused by the storms, floods, bushfires and coastal erosion?

**Mr GUTWEIN** - I haven't seen anything on the analysis you are seeking. That is a question that you should properly put to the office of Risk Management.

**Ms O'CONNOR** - It is a question you should properly put to the Office of Emergency Management.

**Ms O'CONNOR** - It's a question that as Treasurer you should and could address your mind to, because there are costs across every portfolio and, as you know, just this summer we had a massive blowout in costs to the state and the Commonwealth as a result of the bushfires. Do you have any analysis on the cost of unnatural disasters, because they are caused by climate change, since your Government was first elected?

**Mr GUTWEIN** - I do not have that in front of me, but I am certain we could provide you with details in terms of the costs associated with floods and fire over that period that we are aware of, and also I presume the support we would have received through the national disaster relief arrangements.

**Ms O'CONNOR** - I will put that on notice. Treasurer, responding to climate change required us to phase out our use of coal, oil and gas as quickly as practicable. This means that Tasmanians who have recently purchased fossil fuel-powered equipment may not be able to use them for their full lifetime, creating stranded assets. Has the Government considered the potential impact on the Tasmanian economy of this stranding of assets and what action is the Government considering to minimise the adverse impact of this entirely foreseeable outcome?

**Mr GUTWEIN** - What sort of assets are you talking about?

**Ms O'CONNOR** - We are talking about people who purchase fossil fuel-powered transport, for example - cars.

**Mr GUTWEIN** - Cars. When do you think they won't be able to use them?

**Ms O'CONNOR** - The foreseeable future is that there will be a rapid transition to electric vehicles, which even your Government has acknowledged.

**Mr GUTWEIN** - So what year would you say they won't be able to drive cars?

**Ms O'CONNOR** - Why are you asking me?

**Mr GUTWEIN** - You are the one framing up the question.

**Ms O'CONNOR** - The concern is that there is no planning in your Budget about people who are buying fossil fuel-powered vehicles now. Let the *Hansard* record show that the Treasurer is so bored by this question he is looking at the clock.

**CHAIR** - Order.

**Mr BACON** - Treasurer, what percentage of the supplies and consumables budget is spent at Australian Disability Enterprises? Can I put that on notice? Thank you.

**The committee suspended from 1.07 p.m. to 2.00 p.m.**

## **DIVISION 9**

(Department of Premier and Cabinet)

### **Output group 6 - Local Government**

**CHAIR** - First of all, I need to mention that Hansard is having some difficulties when we lean back away from the microphone. Also just a reminder as far as Hansard goes, as I always ask, please do not interject on the Treasurer when he is answering a question. Allow him to answer the question and then we will have another question from either the Opposition or the Greens or Mr Tucker. Questions on notice have to be agreed to by the Treasurer and in writing to the secretary.

Our deliberation now is on local government, so over to you, Treasurer, for an introduction of the members at the table and an opening statement.

**Mr GUTWEIN** - Thank you, Chair. To my right, I introduce Alex Tay, Director of Local Government and to my left, Andrew Finch, my chief of staff. I will make a short opening statement and then we can start.

First, I want to especially publicly acknowledge the significant amount of work that has been undertaken by the Local Government Division during the last year. In doing so I thank the staff of the division for their contribution under the guidance of the director, Alex Tay, who is with us

today. I would like to mention a couple of significant activities the division has undertaken which has consumed considerable time and resources over the last 12 months

In 2018 the division implemented the legislative amendments associated with phase 1 of the Burials and Cremations Act 2002 review. This was a complex exercise which was additionally challenging given the emotive mood of the community at that time. Understandably, many people were distressed by the announcements of the Anglican Church and this led to the Government taking swift action to legislate to protect the rights of family members by ensuring exclusive burial rights were maintained and public access to cemeteries continued. Phase 2 of the review is underway and is focusing on legislative provisions relating to crematoria and prescribed businesses.

At the Estimates hearings last year, I announced that the Local Government Act 1993 and associated legislation would be reviewed. That review is now well underway and has seen the development of an initial discussion paper from the first phase of consultation completed. It is planned for draft legislation to be introduced to the parliament for consideration in 2020.

The four-yearly local government elections were held in October 2018 which saw a record number of candidates stand for election in 28 councils. The Local Government Division plays a significant role in supporting the election process by undertaking pre-election information sessions for attending candidates and post-election training for newly elected councils. Aside from these three significant bodies of work undertaken over the last 12 months the Division has also provided support and advice to the Premier and me as minister on strategic policy legislative and regulatory reform matters. It supports the regulator responsibilities of the Director of Local Government under the act and undertakes compliance and enforcement activities including investigations in relation to breaches of the act. These are just some examples of the responsibilities and the activities that the Local Government Division carry out each year, and with that brief overview I am happy to take your questions.

**Ms DOW** - Treasurer, could you please explain to me where the efficiency dividend will be found within the Local Government Division?

**Mr GUTWEIN** - As I have said at all the Estimates hearings I have been at to date, at a whole-of-government level we are looking at consultants, advertising, promotions, travel and transport. There will be targeted vacancy control and we will look at natural attrition as well. Importantly, as the Budget also explains, we will also be doing a review of our government businesses in terms of what returns they might be able to provide. In terms of the efficiency dividend that might be applied to any government agency or department, as it stands at the moment, that has not been determined. I would caution people against applying a blanket 0.75 of 1 per cent against an output of a particular agency or a division because there are a number of matters to work through and increased revenues through our government businesses may play a part in this as well.

**Ms DOW** - How many people are employed in the Local Government Division?

**Mr GUTWEIN** - There are 15.7 paid FTEs.

**Ms DOW** - With the line item in the Budget, could you provide me a breakdown of the activities under that for this next year? There is the review of the legislation but what other activities of the division are accounted for through that item?

**Mr GUTWEIN** - In terms of the key activities, there is the review of the act; we are working through the second stage of burials and cremations, as we have discussed. The division supports and provides advice to support the Premier and the Minister for Local Government in policy and significant other regulatory reform matters. They undertake compliance and enforcement activities and work to ensure that we improve council transparency and accountability through enhanced performance reporting.

The other matter, and it is one aspect that is difficult to quantify, but with the engagement between local government and the division, in the main I would say that most councils are very appreciative and supportive of the work the division does. Work that is being completed to date but I am certain will be ongoing as well is ensuring that we work with new councils and new councillors in terms of understanding their roles and responsibilities and the challenges they face as well.

**Ms DOW** - On that with regard to professional development, could you outline the programs that are made available through the Local Government Division for newly elected representatives?

**Mr TAY** - With the elections last year there is a large focus around this. We participated with LGAT through their forums around pre-election candidate information sessions and they were done regionally. We also did, on request, a couple with some individual councillors as well. On the other side of the election LGAT has standard arrangements with induction training for councillors. We participated with LGAT as part of their broad program and individually, on request from particular councils, went and did individual sessions with them - that was just the division, not LGAT - around core functions and roles of councillors, training on the code of conduct and those sorts of things. We reached out, particularly to councils where there had been a significant change in the composition and had a lot of new councillors. I wrote to those councils offering an individual workshop should they so wish to take that opportunity up.

**Ms DOW** - So you only provide those on what you deem as an as-needs basis, you don't have a regular program of education and training that you engage with local government on, with LGAT or outside of LGAT's remit.

**Mr TAY** - Outside of the election process we do, and generally we work with LGAT to use the opportunity when they have their elected member weekends which they often have in Launceston as a central place, and I am thankful that LGAT gives me a spot to talk with the elected members. We will use that as a basis to undertake training on particular issues as they come up. With things like the code of conduct, for example, because that was reviewed in the last couple of years, training around that has been our recent focus. It really depends upon the particular issues but we do that. We also regularly reinforce the functions and roles of councillors and work with the general manager and those sorts of things as the act outlines.

**Ms DOW** - There has been in the media issues around planning and the role of councils as a planning authority. How many professional development opportunities have you been engaged with with local government around the issue of planning in the last 12 months?

**Mr TAY** - We have participated generally with LGAT on those ones. Planning isn't part of the Local Government Division's responsibilities. We do not have a lot of expertise in it, other than we do take the opportunity to remind councils that it is a different statutory hat that they put on. I can say that Dion Lester at LGAT does a good job at providing that training and we support LGAT in that process in terms of what they do. Something that has come up through the act review has

been a discussion around whether training should be mandatory or not, particularly around planning. We are at a point in the act review where recommendations have yet to be put to government about the directions it might take but that is coming soon and it is one of the things that has been regularly discussed and we will be talking with government about what it might do around that very shortly.

**Ms DOW** - One last question, through you minister, you are saying you work with LGAT. Is that in-kind support or do you provide any level of funding to LGAT around professional development? Any additional funding.

**Mr TAY** - It is generally in-kind support. We have a pretty good working relationship with LGAT. There are times on policy issues where they have a different perspective, but with things like the training there is very much a complementary approach. We talk about what we will present and talk about versus what LGAT might do. Generally, it is that recognition of that sort of in-kind contributions from both sides.

**Ms DOW** - Thank you, Minister.

**Dr WOODRUFF** - Minister, the Lake Malbena development appeal which is in train at the moment with the RMPAT, the Attorney-General sought advice from the Solicitor-General about whether LUPA applies to development applications within reserves. Why is your Government trying to silence the voice of councils to have a legitimate say in what happens in their local area?

**Mr GUTWEIN** - It is a legitimate question here that the Attorney-General is seeking to have answered. I can speak only from my background as the planning minister as this was developed. I remember my early discussions with the TPC back in 2014, where it was broadly agreed with the Launceston Interim Planning Scheme that Parks would be responsible for what went on in parks, and councils were responsible for the activities outside of parks. The Launceston Interim Planning Scheme was first of the interim planning schemes that was established on that basis.

The activities within parks is determined, as you would well be aware, through a Reserve Activity Assessment process and there are a number of different levels, up to four in terms of activities, and also the management plans that are put in place.

In many cases the consideration of matters of what can occur in a park has already taken place. In terms of council and its position in assessing the development application, the question has been asked as to whether or not it actually had jurisdiction, is my understanding of it.

I was asked this morning whether or not I had initiated that. I didn't. That was a question that was taken forward by the Attorney-General to seek clarity.

**Dr WOODRUFF** - The Premier has been on record and said so many times that the Lake Malbena development, which is so controversial being in the world heritage area, that private development is all about the due process and the due process will go through. The due process went through and the Central Highlands Council made a very difficult decision, and they lamented the difficulty of that decision, and the lack of support they had around it. Nonetheless, they made a considered and courageous decision to reject the development.

## UNCORRECTED PROOF ISSUE

At this point, it seems that with the encouragement of the Premier, the developers went to appeal and now it seems as though the government is weighing in behind the developer to give them more support.

Why is it now, after you have been in government for five years, that you have decided to ask this question of the Solicitor-General?

**Mr GUTWEIN** - It is a matter of clarifying the law.

**Dr WOODRUFF** - Why now? Isn't it because this is a development which your Government has committed to proceed with, regardless of whether the due process is followed or not?

**Mr GUTWEIN** - There is a question at law to be answered, and that is: where does jurisdiction lie? Is that with LUPA or is it through the Reserve Activity Assessment Process within Parks? It is important that that question is answered and that is what is occurring.

**Dr WOODRUFF** - Have you sought advice from the Solicitor-General about the implications for LUPA approvals of prior developments that have taken place should this RMPAT appeal be found to be the case?

**Mr GUTWEIN** - I haven't. No.

**Dr WOODRUFF** - And why not? Are you concerned about the potential that this is opening a huge can of worms? There has never been an indication that there is a question of law as you put it, before. Developments have been proceeding like this in Tasmania for many decades. Now that the politics don't suit your government, for having a pet project not furthered, why are you not concerned about the implications for other local councils and the developments?

**Mr GUTWEIN** - That is a question more appropriately put to the planning minister, which I am not -

**Dr WOODRUFF** - I am putting it to you as the Local Government minister because you are responsible for local government areas.

**Mr GUTWEIN** - What I have said is that there is a process underway and that question has been asked and it will be answered through the process.

**Dr WOODRUFF** - Will you seek advice from the Solicitor-General about the implications for other developments?

**Mr GUTWEIN** - Who I seek advice from is a matter for me to concern myself with.

**Dr WOODRUFF** - It is actually a matter for Tasmanians who are concerned about the role of councils and having a legitimate say, having a voice over what happens in their area.

**Mr GUTWEIN** - Regarding planning matters, you should appropriately put that question to the planning minister.

**Dr WOODRUFF** - I am talking to the Minister for Local Government about a local government matter.

**Mr GUTWEIN** - And the local government minister is suggesting -

**CHAIR** - Order.

**Mr TUCKER** - Minister, can you provide an overview of the outcomes of the 2018-19 local government election?

**Mr GUTWEIN** - I think I can, Mr Tucker.

**Dr WOODRUFF** - You just did in the introduction, that is what it was.

**Mr GUTWEIN** - The 2018 local government elections delivered some pleasing results in terms of participation in the democratic engagement occurred. The overall voter participation rate approached a record high with 58.73 per cent of the votes returned. In the 10 elections since the Local Government Act was introduced in 1993, only one - the election in 1996 - had a higher participation rate of only 59.48 per cent. A very good result as it demonstrates a significant level of engagement with residents in communities across all parts of Tasmania at these elections.

I won't comment on Mr O'Byrne's comments prior to the election saying that the vote was collapsing and that Tasmanians weren't turning up, because they actually did turn up. Voter participation rates in all 2018 elections were above 50 per cent with significant improvements in Hobart which improved by more than 10 percentage points, from 51.7 per cent to 61.94 per cent. The Southern Midlands who are up to 66.08 per cent, Clarence which improved from less than 50 per cent, at 45.71 per cent to 53.38 per cent.

Regarding participation and the turn out, across the board people did turn up. Importantly, there were - and I know Dr Woodruff would have a view in terms of the Huon - almost a brand-new council returned, eight of nine. The council seems to be a very good job and one that we have engaged in with the Director of Local Government facing the lead-up to the election with the candidates and then post, ensuring that those new councillors had sufficient support.

**Ms DOW** - Minister, I draw your attention now to the current review of the Local Government Act. What do you hope to achieve through this process?

**Mr GUTWEIN** - A fit for purpose act that will stand the test of time for the next 25 years, as the current act has stood the test of time for the last 25 years.

Regarding the engagement with local government - and you have both been members of local government, as has Mr Tucker. The act has served the sector well. It is a little clunky. There have been a number of amendments that we have introduced in recent years and it is time that the act was reviewed, importantly, with feedback from local government to ensure that we achieve an act that is fit for purpose for the next 25 years.

**Ms DOW** - Would you agree that the discussion paper that was circulated in that first part of the process was very vague and really didn't look at the legislation in each of its intricacies. It really was just about key themes and perhaps the future of the sector. They are two distinct things and I am interested in why you took that approach?

**Mr GUTWEIN** - I will get the director to make some comment on this as well.

The discussion paper wasn't about being prescriptive in terms of what could be looked at; it was more about ensuring that the sector was provided with an opportunity to outline its suggestions in regards to what it thought its future should be and the legislation that frames it. What we have tried to do is not be prescriptive. We ruled a couple of things out like amalgamation, for example, so it wasn't seen as being a stalking horse and we did not get bogged down on a particular issue like that. It was about providing an opportunity for the sector and the community broadly to raise those issues that were important to them without being prescriptive.

**Mr TAY** - Certainly when the steering committee the minister appointed considered this issue it was important to not be too leading initially but really go out and test with the sector and the community and various stakeholder groups who wanted to engage with the process what they want to see in terms of outcomes and the things that are important. That has been valuable and the minister has established a reference group to workshop some of that feedback as well. The intent of phase 1 of the review was very much to start with open questions and not be necessarily limited to what we already have in existing legislation. If we started with a basis of this is what we have, it potentially limits the feedback.

Now we are getting close to the end of phase 1 in the second stage of the review, the steering committee will be putting recommendations to Government around proposed reform directions and we will soon be asking the minister and Cabinet to agree on what we have been able to consult on and at that point we have the clear reform directions that the Government proposes to take forward, but again testing them for feedback and consultation before we draft legislation.

**Mr GUTWEIN** - It was interesting in my engagement with the reference group and then talking to people individually afterwards, the reference group has people on both ends of the spectrum on a number of different items.

**Ms DOW** - Can you outline for the purpose of the committee who is on that?

**Mr GUTWEIN** - Of course. In terms of the reference group, there is Doug Chipman; Peter Freshney; Kerry Vincent; Cheryl Arnol; Andrew Paul; John Brown; Lynette Wyle, who is the director of community and development services at Meander Valley Council; Claire Smith, director of organisational performance at Waratah-Wynyard; Karen Abey, a solicitor; Margaret Taylor, a community member, who I must admit when I met her informed me that her husband was a former schoolteacher of mine, which brought back some fond memories; Pamela Allen, an adjunct professor at the School of Technology at UTAS; Craig Perkins, the CEO of Regional Development Australia; Kym Goodes; Luke Martin; Brian Wightman; Michael Bailey; and Rhonda Skelton, who is the board director of the Northern Midlands Business Association.

The common theme I was getting was that there was a lot of people there with shared interests and a lot of common ground, albeit some in the development sector whose names I have mentioned have been clear on their views on amalgamation and what they want to do with local government. My understanding is that they have brought some good thinking to the table.

**Ms DOW** - You said why you didn't include amalgamations. You didn't include changes to municipal boundaries or the roles and functions of state governments and local governments and examining those and the roles of mayors, deputy mayors and councillors or, as others have said, the role of council as a planning authority, which are critical components of how the form and function of local government works. Why wouldn't you include those as part of the review process?

**Mr GUTWEIN** - As you say, you have noted yourself that they are pretty important in terms of the form and function of local governments. In terms of local government acting as a planning authority, something which I am comfortable with, interestingly enough one of the suggestions from the reference group was that they wanted to bring forward some additional advice in terms of the planning separate to the review. What I didn't want to do in terms of the review was get it bogged down on some of those key functions.

**Ms DOW** - To clarify, you are saying there will be another body of work that will be completed on those other issues that have arisen during the process that aren't confined to - so in fact you are looking at those other areas but indirectly?

**Mr GUTWEIN** - If they are brought forward. That was the commitment I gave the reference group. They raised a number of these matters and I said they don't form part of the broader body of work but if you have a view on certain matters and you feel strongly I would suggest that whilst we have this reference group you bring some of those matters forward.

**Ms DOW** - Will that additional body of work be published as part of the results of the review of the act? Will that be a report that will be pulled together so we can generally have a better understanding of what some of those other key things are and what the recommendations are from your panel that you have put together going forward?

**Mr GUTWEIN** - At this stage I haven't received any additional advice nor have I received the final outcome or advice from the reference group but I am happy to consider that. It is interesting, one of things that seems to a significant issue for a lot of councillors and a number of mayors, and it is certainly a topic of conversation that has been raised, is the opportunity for councils, should they wish, to be able to refer certain planning matters to a development assessment panel. A number of mayors, including Craig Perkins - I do not think he will mind me naming him up -

**Ms DOW** - He is not a mayor anymore.

**Mr GUTWEIN** - No, he is not a mayor. Interestingly enough, when we met with their council recently, post him being mayor, it was a matter that was raised with that council as to whether or not there should be a mechanism -

**Ms DOW** - So you are examining councils as well as a planning authority through this process? It is not excluded?

**Mr GUTWEIN** - I am waiting to see what advice comes up - and I hope you would agree with this - and if there were some sensible suggestions that came up that could be broadly supported by the sector the Government should look at them.

**Dr WOODRUFF** - Minister, regarding the Attorney-General's joining as an interested party to the RMPAT appeal for the Lake Malbena development, can you clarify what you understand as to why the Attorney-General is joining as an interested party? Is it because LUPAA may not apply to development areas in reserves or in reserves with management plans?

**Mr GUTWEIN** - That is a more appropriate question for the Attorney-General. I do not have that advice.

## UNCORRECTED PROOF ISSUE

**Dr WOODRUFF** - You would be aware that local councils have within their council area a huge range of different sorts of reserve areas, and one that is of much interest to people in eastern Hobart is Rosny Hill and the development application proposed for Rosny Hill which is a conservation recreation area and is subject to a complicated management plan where the council takes responsibility from management although it is owned by the Crown. Are these the sorts of development applications that are likely to be upturned if a finding was found?

**Mr GUTWEIN** - I have made the point that it is a question you should put to the Attorney-General. I do not have advice before me in terms of what the breadth of her interest is and you should put that question to her.

**Dr WOODRUFF** - Are you concerned about this as an issue for yourself as Minister for Local Government? Isn't this whole process a stalking horse for the cable car because your Government is desperate to push the cable car through and this is just another opportunity to have a go at the Hobart City Council, who have made it clear that they are standing up for a mountain that people ferociously defend the right to remain without a cable car, wild and beautiful, right in the centre of Hobart?

**Mr GUTWEIN** - That has not entered my thinking in terms of the implications for the cable car.

**Dr WOODRUFF** - Really? You are about the only person whose thinking it hasn't entered into who has any concerns about the cable car.

**Mr GUTWEIN** - As I have said, if you have questions on that issue you should put them to the Attorney-General.

**Dr WOODRUFF** - That would be an opportunity for you to remove the opportunity for the Hobart City Council to have what would be their right, which would be to have a say about a cable car development.

**Mr GUTWEIN** - I am not going to deal with hypotheticals. If you have questions in terms of the action the Attorney-General is engaged in then you should raise it with her.

**Dr WOODRUFF** - These are questions about your responsibility as Minister for Local Government, who ought to be caring about the development applications council currently have responsibility for approving or not.

**Mr GUTWEIN** - What I am suggesting is that you should put those questions to the Attorney-General.

**Dr WOODRUFF** - So you won't answer.

**Ms HADDAD** - Minister, I would like to ask about powers available to local councils, specifically a property at 55 Mount Stuart Road which was destroyed without a planning permit several years ago. It is within Hobart City Council's boundaries. The property was recklessly destroyed without a planning permit. The owner was warned several times by council officers and police that he was acting outside the law. He also removed two heritage-listed trees. He was ultimately fined a significant amount in the Magistrates Court. The magistrate described his actions as 'a spectacular disregard for planning laws and the safety of others'.

## UNCORRECTED PROOF ISSUE

The Hobart City Council general manager said that the penalty sent a strong warning and a deterrent and his actions were unacceptable. His actions were strongly condemned by all concerned. I have been told that in 2015 your government removed the powers available to councils to ban reckless developers like that one from continuing with work for 10 years. He has now passed the first hurdle to build four townhouses on that property at 55 Mt Stuart Road with the Hobart City Council Planning Committee voting three to two in favour of the development.

What were the reasons for removing the power for local councils to prevent development from continuing on a site where a developer has been reckless like that? Do you have any views on that in light of that recent example?

**Mr GUTWEIN** - That question is more appropriately directed to the Minister for Building and Construction or Minister for Planning. We didn't amend the Local Government Act -

**Ms HADDAD** - My understanding was it was the Local Government Act.

**Mr GUTWEIN** - There may have been a number of different acts that Hobart City Council could have -

**Ms HADDAD** - There were several fines.

**Mr GUTWEIN** - I can get some advice on that. I have deferred to the director who says not to his knowledge that there was a change in the Local Government Act. If you wanted to put that on notice, we could provide some advice back of which acts did apply.

**Ms HADDAD** - Yes, I can do that, thank you.

**Ms DOW** - With the monies allocated this year, \$450 000, towards the review of the Local Government Act, can you break down what that money will be used for?

**Mr TAY** - There are currently 2.8 FTEs currently working on it. It is soon to increase slightly to about 3.5 FTEs.

**Mr GUTWEIN** - The vast majority of that funding will be utilised for staffing costs.

**Mr TAY** - The rest of it is for supporting the consultation processes, the publications such as the directions papers and the discussion paper. To date we have held regional forums for the first phase. We will be doing that again, so additional costs around those sorts of things.

**Ms DOW** - Are you satisfied that the time frame for the review, particularly the first component given it was released over the Christmas period, was enough time for people to provide submissions? Were you happy with the number of submissions that you received?

**Mr GUTWEIN** - There were 382 submissions. I stand corrected, I don't believe that I have had any negative feedback on time frames. My view, based on that, would be that the time frame we have allocated would certainly seem to be reasonable.

**Mr TAY** - We allow for that Christmas period. We extended the time for submissions to a longer period than might otherwise have been the case. On both sides of the Christmas break there

were public advertisements in the daily newspapers advising of the ability to make submissions. Also, if people wanted to put their hands up for the reference group. They were done in December. Mid to late January was the next lot. The response rate of 392 submissions was high compared to the consultation we had previously done. We were surprised at the level of engagement that we had through that process. We were supported by some Facebook advertising as well. A lot of Tasmanians would have seen ads pop up through their Facebook feeds that directed them back through to the webpage.

**Ms DOW** - I want to take you now to the original local government reform process you undertook when you first came to government on feasibility studies. How much has been expended to date on those? Can you break that down across each individual study?

**Mr GUTWEIN** - We supported 25 of Tasmania's 29 councils to explore structural reform, improve service delivery opportunities through five feasibility studies and voluntary amalgamation and strategic shared service arrangements. All of the studies identified options that could deliver significant benefits to participating councils and their communities.

The state contribution to those studies was \$600 000. I will give you a breakdown across each of the different ones if you like. For greater Hobart councils, the state contributed \$153 557, the council contribution was \$100 000, therefore total cost of \$253 557. For the south eastern councils, the state contributed \$225 576 and the councils contributed \$65 000, a total cost of \$290 576. The northern councils, both parties contributed \$90 270 for \$180 540. Cradle Coast was \$89 494 each for a total of \$178 988. The Tamar Valley councils, where there was consideration of amalgamation between George Town Council and West Tamar, it was \$41 139 each, \$82 278 in total. The state's contribution was \$600 036, the council contribution across all of them was \$385 903. The total cost was \$985 939.

In terms of the benefits identified that could be provided to councils should they pursue some of the initiatives, which I understand a number of them are now doing, for the greater Hobart councils a wider benefit from 20-year strategic alliance opportunities, with a further cost to councils of about \$900 000 would bring benefits to transport, tourism and infrastructure. That was estimated to be \$295 million across those four councils. The south eastern councils -

**Ms DOW** - What progress has been made for those individual councils?

**Mr GUTWEIN** - We have just put in place the Greater Hobart Act which passed the upper House last week.

**Ms DOW** - That is about working strategically together. It is not about cost savings within the organisation.

**Mr GUTWEIN** - The wider benefits will come from being able to plan strategically for infrastructure and make major investments in transport, tourism. Other benefits are in active transport, health and environmental savings. The Greater Hobart Act brings them to the table in an important strategic alliance that was proposed. The four councils have agreed to being part of a legislative framework now that will enable that strategic approach to take place.

**Ms DOW** - There is not much progress in other areas though, is there?

**Mr GUTWEIN** - In terms of the south-east councils, the outcomes there have been disappointing. Tasman will face some challenges into the future. They are pushing against demographic change and there were some significant benefits that would have strengthened both that council and Sorell.

In terms of the northern Tasmanian councils and the savings that were proposed, I understand that they are currently going through a range of the outcomes of that feasibility study. It was proposed that around \$3.4 million could be saved. I understand those councils are looking at procurement and legal services, which surprised me, not that I have anything against lawyers. There was a benefit pointed to that if they went to a panel arrangement in terms of legal services across the northern councils, they could save around \$1.4 million.

**Ms DOW** - Do you think it was money well spent, the feasibility studies that were undertaken?

**Mr GUTWEIN** - You are from local government originally and what I would say is that if local government could grasp the opportunity that has been provided for them, it will be absolutely well spent.

**Dr WOODRUFF** - Minister, last year the King Island Council was subject to some problems that spilled over into relationships between the then mayor, local regional airline Rex and the local newspapers, and were subject to some media and there was quite a deal of controversy on the island. Following the local government elections, a new mayor was elected and some new councillors, but sadly the mayor stood down in February. He was only there for three months but felt he was unable to deal with the internal dynamics of the council itself and the councillors around the table.

I have asked a number of questions on behalf the community of you about your relationship and your support for the new council. Can you please provide some information to King Islanders about what the role of your office has been in terms of supporting this council? Is there still an acting general manager, or has that position been filled, and are the seats around the council table all filled and permanent?

**Mr GUTWEIN** - You said you have asked me a number of questions on this. In what form?

**Dr WOODRUFF** - I have spoken about it in parliament. I asked you a question, and I believe I mentioned it in an adjournment debate.

**Mr GUTWEIN** - You asked me a question on King Island?

**Dr WOODRUFF** - Yes, I challenged you about the fact that I didn't see that you were providing sufficient support for that council in their attempts to try to come up with a more just arrangement.

**Mr GUTWEIN** - If you believe that you did, I won't argue with you. I will check *Hansard*, though, because it does surprise me that you've raised questions.

**Dr WOODRUFF** - Yes, I did. It was in parliament.

**Mr GUTWEIN** - The Director of Local Government has been working closely with that council. We have provided additional support which the director can speak to in terms of providing

support for the acting general manager. It would be fair to say that they have been through a difficult time and in terms of the mayor, I have had some discussions with him.

**Dr WOODRUFF** - The previous mayor?

**Mr GUTWEIN** - Yes, Mr David Munday. I was surprised he left when he did, but ultimately individuals have to call things as they themselves see fit, and what is in their own interests.

**Dr WOODRUFF** - He used the words 'an onslaught of aggressive negativity' from council staff and some residents that he felt incapable of really dealing with. What support was provided to him? Did anyone from your area go to King Island? Have you been providing counselling and support facilitation?

**Mr GUTWEIN** - I met David and had a conversation with him in Launceston at the meeting that had been established for the new mayors directly post-election. Since then I have spoken on a number of occasions with the new mayor, Julie Arnold. Through the director, we have also provided support for that council with Greg Priest, an experienced general manager, to work with that council to help them through this transition period. Alex can talk to you more about the role of the director.

**Mr TAY** - Thank you, minister. There were clearly issues after the election and I had a lot of engagement with Mr Munday when he was mayor and the former general manager when he was there. He left council late last year as well. The focus has very much been around trying to assist that council in getting functional relationships going. When Mr Munday told me of his intention to step away, I asked him if he had made his mind up and at that time he said he had. He had the now mayor, who was deputy mayor at the time, at his side and we tested with him whether he wanted to make that call but ultimately he did. Since then the deputy mayor became the acting mayor, she stood unopposed as it was, and we have had a fairly close, regular engagement with her and the acting general manager.

One of the things I said to them very earlier on in the piece was that I thought the council would benefit by having someone with significant local government experience go in and help that council. There was a lack of established leadership in the staff side of things and also with new councillors around the table, and it was my suggestion that they get someone in like Mr Priest but ultimately it was their decision to engage him. The feedback I have had is that has been very warmly welcomed and he has helped sort through a number of issues in clarifying their position on a number of things and areas that they needed to work on. My understanding is that the position for general manager closes maybe today but certainly in the next couple of days. They have advertised and are going through that process at the moment. In recent times it has been a lot more settled than in the initial period after the election.

**Dr WOODRUFF** - What is the status of the mayor? Will Ms Arnold still be acting mayor?

**Mr GUTWEIN** - She stood unopposed and there was an election so she is now the appointed mayor. I would like to make the point that in the small councils especially, when there are troubles the community tends to write vociferously and I will get a lot of correspondence. It would be fair to say that since the initial change in the election of the new mayor and the assistance that has been provided through Mr Priest, things seem to be going along okay. I certainly have not any issues raised with me by any of the islanders or anyone in the council for a number of months now.

## UNCORRECTED PROOF ISSUE

**Ms DOW** - Minister, one of the key priorities of LGAT in the lead-up to this year's Budget was funding of a statewide waste action plan or waste management plan. This comes after a forum that was held last year with widespread support for such a plan. Can you confirm when funding will be available to implement a statewide waste action plan for Tasmania?

**Mr GUTWEIN** - My understanding is that the Minister for the Environment will have something to say on that soon. It is a great question to put to the Minister for the Environment.

**Ms HADDAD** - So you are not able to confirm whether or not the recommendations of LGAT have been considered by government in the lead-up to the Budget?

**Mr GUTWEIN** - I am certain they were considered and in terms of the statewide waste plan the Minister for the Environment will have something to say soon.

**Ms DOW** - Getting back to the local government reform, the original process, with the benefit of hindsight, would you have undertaken the process differently, given the outcome?

**Mr GUTWEIN** - You were a member of local government. You were there when we started that process. The majority of councils went into it with goodwill but where the rubber hits the road and the buck stops is that councils now need to take that information, that data and evidence that was provided, and they need to do something with it. You were a mayor. I don't think you would like it if we compelled you to do something and to compel a council to pick up what seemed to me to be some good ideas out of these reports. I don't have the power to do that, nor would I want it. At the end of the day, councils acting in the best interests of their ratepayers were provided with information, extensive as it was, now have an obligation to their ratepayers to make best use of that. It will be interesting to see which ones do.

**Ms DOW** - One of the barriers to the implementation of some of those recommendations was around access to funding to do that and resources internally within those local government organisations. I am wondering whether any local council or local government authority has made representations to you about some co-funding?

**Mr GUTWEIN** - I think you know full well that Cradle Coast has. My view is that Cradle Coast and the councils that they represent, cognisant as they are of the benefits that would flow, need to prioritise their funding to ensure they can progress some of these initiatives. Across the state we have provided the lion's share of the funding in terms of the studies that have been done. We have identified with councils where the opportunities are and it is now up to councils to prioritise and manage themselves appropriately to gain those benefits for their ratepayers, in my view.

**Ms DOW** - Do you acknowledge that each of those councils will have their own individual competing priorities within their budget that may make it difficult for them to do that without some assistance from government?

**Mr GUTWEIN** - You can either suggest that councils are mendicant and they can't manage themselves and they can't manage themselves - which it appears that you are -

**Ms DOW** - I am not. I am saying they have a lot of competing demands.

**Mr GUTWEIN** - I making the point that it is part of governance. We have provided the lion's share of the funding for those studies. They have identified significant wins for local government if they are prepared to act on them. My advice to local government is, in the interests of their ratepayers, they should prioritise. They should act on the recommendations. In light of what I have seen in terms of the outcomes of those studies, there are significant benefits for local government. It is there before them. Whether they grasp it or not is a matter for them.

**Ms DOW** - On the matter of budgets, I might let Rosalie go because I have a line of questioning along that one.

**Dr WOODRUFF** - Minister, there is a provision in the Local Government Act to establish model by-laws. This is something that the Greens have raised as an issue because it has come to our attention through what happened in Clarence City Council last year. They proposed a model by-law and we had some legal advice that it would have contravened a number of fundamental rights, particularly about the right to protest and the right to assemble in a public place. The council subsequently went back and reviewed that model by-law. The police commissioner also weighed in and gave his comments where he felt that there was, and his words were, 'overreach that impinges against people's civil liberties' and he also said it doesn't properly define the operation, or scope or limitations of such a strong new power or how its application may be enforced.

There is an opportunity to establish model by-laws in the act and this hasn't happened. You would have been supportive of some level of consistency and legality to by-laws - some of which may not be made with the full access to constitutional legal advice and all the other things that are required, things have developed over time. Are you supportive of the idea of enabling councils, working with councils, providing some resourcing for councils through LGAT, to take carriage of developing model by-laws for the state?

**Mr GUTWEIN** - The by-laws are something that have been considered. In terms of councils implementing of by-laws, there is a process they need to go through. Rightly, as you say, they initially brought forward a draft. There was a lot of public discussion; that was then modified. My understanding is that with a by-law there needs to be a Regulatory Impact Statement prepared. That needs to be presented to the Director of Local Government. It is a disallowable instrument of parliament so the Subordinate Legislation committee gets to look at it as well.

**Dr WOODRUFF** - That is right. That is where it got to.

**Mr GUTWEIN** - There is quite a process to work through in terms of by-laws.

**Dr WOODRUFF** - To clarify, my point is there is quite a process but because these things go through and there are a number of ex-councillors, myself included, around the table, and I can say having sat on a council, being given model by-laws by staff who say, this is a really long, complicated thing. This is just nothing. There is a lot of legal detail in these things and I am not suggesting councillors try to get snowed by staff.

What I am saying is there is an assumed 'there is not very much to look at here' approach to these things. It seems like it would be a good time, given what happened at Clarence City Council, to have a fresh look at exactly what are in the by-laws.

I am not proposing that they are the same, but do you support that process of helping LGAT go through that work?

**Mr GUTWEIN** - Regarding the review - and the Director can chip in here if he sees fit - we are not proposing to review all by-laws that have been introduced. It is interesting the point you make because I recall in parliament some of the offending clauses from Clarence, reading back the by-laws that were in place in the Huon that were there when you were a councillor.

As we work our way through the act and we consider the issue of how by-laws are made, whether it is appropriate to have a set of model by-laws as guides, it is something that councils probably, in terms of their own communities, could look at as part of an ongoing review process. I am presuming these by-laws normally time out, but councils have that opportunity on a rolling schedule anyway.

**Dr WOODRUFF** - I am talking about doing something consistent, systematic and organised across the state. Otherwise it is more of the same.

**Mr GUTWEIN** - Different councils, depending on their size, geographic location, the community they service, will have different needs to other councils. We either accept they are a third sphere of government and the people who are elected have a role to play in determining the governance arrangements within their community or we don't.

I am a strong supporter of local government and the people around the table having the opportunity to implement policies and by-laws that serve their community. We have to be careful that we don't have a one size fits all.

**Dr WOODRUFF** - I am not proposing that. I am saying that -

**CHAIR** - Do you have another question, Dr Woodruff?

**Dr WOODRUFF** - Yes, I am asking the minister. It is the situation we have with the Department of Justice providing rules of incorporation. They are not required to be adopted in that form but they provide a basic starting point so that there is a consistency, a legality. I can say that the reason I probably didn't pick up in the Huon Valley that issue about protest is that your Government hadn't brought in those draconian anti-protest laws that were found to be unconstitutional. These things come to light when we realise how laws can be used against us. It is time to have a good overhaul, don't you?

**Mr GUTWEIN** - I am not going to take advice from that side of the table on these matters. We will look at model by-laws and the way that by-laws are framed through the review.

In terms of councils reviewing the bylaws that are in place, that example of -

**CHAIR** - Minister, you have slipped away from the microphone. You have a very soft voice on today and *Hansard* is battling to pick you up.

**Mr GUTWEIN** - I will do my best, Chair.

Unless the Director wants to add something, I hadn't considered asking councils to review all of their by-laws. They come on a rolling cycle. I would be expecting councils to ensure that they review them as and when they come up.

## UNCORRECTED PROOF ISSUE

**Mr TAY** - Thanks, minister. That is the process. It is not the case if there has been an existing by-law in place when it was due to renewal. It is simply a tick and flick exercise. In my role as described under the act, there are certain provisions that says the regulatory statement must contain.

I go back to councils and say to them that they need to improve some of the information within that regulatory impact statement before they can go to consultation.

This year, talking with general managers at one of the general managers' forums, I said to make the process efficient for councils as well, that I'd welcome an officer-level engagement of the drafting of their by-laws prior to them bringing it to their councils for endorsement. That would aid any issues I might have when it formally comes to me and be able to inform the officers, at least before they put their advice forward, what some of the issues might be in the approach they take with the regulatory impact statements. There is a much smoother process for them.

It is not the case that there are no checks and balances at the moment in the system. When it comes to model by-laws, it has been raised through the act review process. The reference group has had some discussions on it. Advice will go to government on some of the ideas that were tested regarding model by-laws through that process.

**Mr TUCKER** - Minister, the Tasmanian councils' net worth and working capital snapshot has recently been released. Can you provide an overview of the financial health and financial capacity of Tasmanian councils?

**Mr GUTWEIN** - I am sure I can, Mr Tucker. Thank you for that question and your interest in this matter. The net worth and work capital snapshot that we released considers the overall value and financial capacity of Tasmania's 29 councils and tracks changes to key financial indicators over time. Have you guys seen it?

**Ms DOW** - Yes.

**Mr GUTWEIN** - As at 30 June 2018, Tasmanian councils had a collective net worth of more than \$11 billion, collective working capital of nearly \$300 million, and an average working capital ratio of \$4.7 million, ranging from a low of negative 0.7 in the Glamorgan-Spring Bay to 12.1 in Tasman.

The snapshot also shows the following trends. With exception of Central Highlands Council, councils have experienced a steady increase in net worth over the period from 2009-10 to 2017-18. Tasman Council experienced the greatest compound annual increase of 19.2 per annum. The current average net worth for Tasmanian councils is nearly \$380 million, ranging from \$1.866 billion in Launceston, to \$58.8 million for Flinders.

The average amount of working capital held by Tasmanian councils has risen by nearly 30 per cent in the period. They have an average of \$12.3 million in working capital, ranging from \$0.7 million in Glamorgan Spring Bay to \$58 million in Clarence. The average working capital ratio for Tasmanian councils has remained relatively stable. They are only rising by 0.2 points.

The analysis in the snapshot complements work being undertaken by the Auditor-General whose most recent report on local government financial statements examines the cash expense cover ratio of councils to assess whether the level of unrestricted cash held by each council is appropriate. Unrestricted cash obviously makes up a component of the councils' working capital.

## UNCORRECTED PROOF ISSUE

In aggregate, and this is a point that I have made to councils on many occasions, councils held approximately \$400 million in cash as at 30 June 2018 after adjusting for early Financial Assistance Grant payments and had working capital of around \$300 million. Sixteen of the 29 councils held free cash equivalent to more than six months of operating expenditure.

The review showed the vast majority of our councils are in a solid financial position. It comes back to the issue that gets raised with me regularly by the business community that amalgamation should be pursued at all costs. I do not agree with that.

In Tasmania one of the key things we should be very proud of is the representation that is provided. We are very lucky with the communities we have. I think amalgamation should be considered where there are strong benefits for communities or there are opportunities to improve the strength of the financial unit. That was one of the reasons why I thought that Tasman and Sorell councils provided an opportunity. We allowed the community to have its say and it chose not to go down that path. It will be interesting to see what the outcome is in coming years as a result.

**Ms HADDAD** - My question relates to a lot of the data that you just read out. I understand the local government data report is produced each financial year and contains a lot of really useful information about council activities, including some of the financial data you just shared with the committee. For the Government, to what purpose is that data collection put? Does it inform whole-of-government planning decisions or policy decisions? How is the data now held by the Government used to inform decisions, either in the Local Government division or more broadly across all government portfolios which will have a role to play in what happens at local government level?

**Mr GUTWEIN** - The new strategic growth initiative of \$6 million included in this Budget ensures we can share the benefits of a growing economy across the state. That data set will be useful in that discussion, ensuring we have an understanding of the level of services that have been provided across what is a regionally dispersed but dislocated set of communities in the state. The data shows things like the average rate that is charged and the growth in rates over time. I hope it informs councillors around the table on the financial decisions they are making on behalf of their community.

When you start to cross reference and look at what your council is doing and where it is investing compared to what it is charging, for those who want to be informed about their council and can look at the level of revenue generated by rates as opposed to grants, you get some understanding of the financial sustainability of that council. That information is helpful. From a whole-of-government point of view the real opportunity will come as a result of the funding that we have put into this Budget to now look at how we link local communities with the decision making that is occurring in government. How do we best understand what's occurring in those local communities?

**Ms HADDAD** - I agree.

**Mr GUTWEIN** - One of the best ways we can do that is to understand what is happening within our local council. One of the most salient points I have ever had made was at one of the Treasurer's conferences by the representative of ALGAI can't think of the gentleman's name but he sat there with all of the state treasurers including the Commonwealth Treasurer and said, 'If you want to know what's going on in a local community go and talk to your council', and I think that is spot on.

**Ms HADDAD** - That is a really important point you raise. I agree with that person's characterisation of that knowledge being really important to gain from local government. Government holds a lot of data in all sorts of ways across agencies, including data that is gathered from the community, including local government. Are there any formal ways government communicates that information and data that they hold across agencies? Are there formal mechanisms through working groups, heads of agency meetings or other officer-level meetings to share that data across agencies and learn from what is gathered and stored by government?

**Mr GUTWEIN** - In terms of strategic growth there is a subcommittee of Cabinet that has been established by the Premier of which I am a member. That will look across government. In terms of the types of data we hold in Local Government, or State Growth for that matter, that information will be utilised by that committee in terms of the broader strategic growth initiative. The other thing I want to do as well is look at what the opportunity is to present more data in a better format publicly that can be used by local communities, local councils and the firms and businesses that engage with those local communities and how we can provide a better platform.

**Ms HADDAD** - I would encourage that.

**Mr GUTWEIN** - I will remember that when we get around to talking about it.

**Ms HADDAD** - I am all for open data.

**Mr GUTWEIN** - We are looking at making that information more widely available in a more palatable and digestible way than is currently available. If somebody wants to build a picture of what is occurring across any part of the state, you can go to the Auditor-General's website, the local government website or State Growth's website. What we want to look at is how we can provide some of that data in a more digestible way.

**Ms HADDAD** - I would love to see that. Don't share if you can't but are you able to tell us which portfolios are represented on that Cabinet subcommittee?

**Mr GUTWEIN** - I don't know whether I have a note here.

**Ms HADDAD** - I can put it on notice if that is more efficient for the committee.

**Mr GUTWEIN** - I am happy to respond.

**Ms HADDAD** - What is the name of that committee?

**Mr GUTWEIN** - Strategic Growth. If you put it on notice I will respond, otherwise I will be chasing through -

**Ms HADDAD** - Okay, will do. Thank you.

**Dr WOODRUFF** - Minister, unfortunately we have seen three cases at least in the last 12 months in the George Town Council area around Low Head of deaths of penguins, presumed to be from dog attacks. There were 12 penguin carcasses found dumped in a rubbish bin last June, 58 penguins were killed in October and another 12 were found dead at the Low Head Lighthouse only three months ago. It seems as though there is no respite in the dog attacks and they are

## UNCORRECTED PROOF ISSUE

presumed, from the autopsies, to have been caused by dogs. It is obviously a tragedy in terms of the risk to the survival of the penguin colony in that area. As an offshoot of that, it jeopardises the future of the Low Head penguin tours, the penguin tourism and the joy penguins bring to anyone who wanders along a beach and happens to see them or just know they are there.

The George Town Council has had quite a number of conversations about how to manage this and different things have been floated, along with banning dogs altogether, taking surveillance measures like fencing and putting up cameras and other surveillance activities. The question is about resourcing and whether you have been approached by the council and are considering looking at providing grants to local councils to assist them with protecting penguins.

**Mr GUTWEIN** - I don't believe I have had any requests for grants at this stage that I am aware of, but what I can say is that the Minister for Primary Industries and Water has recently engaged with the Local Government Division and me in having DPIPWE staff work with local government staff with a view to looking at the penalties and the way the act deals with these sorts of matters. We are giving it some consideration but at this stage I do not think I have had any requests from any council in terms of seeking assistance.

**Dr WOODRUFF** - What is your view about councils banning dogs from these areas?

**Mr GUTWEIN** - It is a matter for councils to make decisions locally as they see fit. We have recently raised another dog issue with local government in terms of greyhounds. We are having a look at options we can provide for greyhounds to be allowed to run off-leash in exercise areas that are made available for other dogs. In terms of dog control we are looking at a range of matters. In terms of councils, my expectation would be that they would make decisions locally where people can or can't allow dogs off leashes.

**Dr WOODRUFF** - The problem with simply increasing penalties, as councils have pointed out, is that unless you can catch the dog owners and get the evidence you can have the highest penalties potentially able to be exacted in the world and it won't really stop anybody doing anything. It is about having surveillance and having either staff or cameras able to catch the offending dogs and also to have large clear signs so that people can have no excuse for not understanding they are not allowed to have dogs off-lead, all of which costs money. So some support from the state Government to keep our penguin colonies alive and existing is the bottom line.

**Mr GUTWEIN** - As I say, we are looking at the legislative framework but in terms of local government, and I am sure as a result of you raising this matter, I might get some correspondence from local government, but nobody has raised with me, to the best of my knowledge, needing support to assist them to implement measures around these activities at this stage.

**Dr WOODRUFF** - Would you be open to giving them support if they raised it with you?

**Mr GUTWEIN** - It would depend. I would need to look at it on a case-by-case basis.

**Dr WOODRUFF** - But possibly? If you are not it is a bit of a hollow gesture asking them to write to you.

**Mr GUTWEIN** - I never say no but I come back to the point that we have just made in terms of the studies that were undertaken to look at ways that councils could improve their efficiency. The Government very willingly invested in that but the outcome of that is now councils need to

take some responsibility. If councils have challenges, and we talk to them all the time about a range of different things, if they bring them to our attention we would consider them through the normal course.

**Ms DOW** - Minister, can you define 'frontline' and 'backline' staff in the Local Government Division?

**Mr GUTWEIN** - I made the point this morning that I am not going to get into that game. Frontline and backline staff have been discussed ad nauseam since I became a member of parliament. What the Government has said in terms of the efficiency dividend is that we will protect the front line and essential services. We will look to ensure that Tasmanians are not disadvantaged by any of the efficiencies we introduce. Across government I have made it clear that we will look at consultancies, advertising and promotion and travel and transport. We will look at targeted vacancy control and we will look at natural attrition. We will also be looking at what revenues we can generate in an additionally from our government businesses. That will all be part of the package. I am not going to get into that front line versus back line issue. As soon as I name one occupation group, and we have 100s, you will run through them and I do not think that is fair nor reasonable.

**Ms DOW** - Would you define those that are here today providing you with advice as front line or back line staff?

**Mr GUTWEIN** - I'm not going to get into that discussion.

**Dr WOODRUFF** - It's your definition though. You are making it up, we just want to know what you mean.

**Mr GUTWEIN** - We will ensure that essential services are not impacted and in terms of savings measures that we need to introduce, I will come back to what I said to Treasury Estimates this morning, we have lost \$535 million worth of revenue. As a large part, that is as a result of what is occurring at a national level because of the slowing of the economy and the fact the GST pool is not as large as it was. We have also seen the engine rooms of Melbourne and Sydney impacted by a loss of confidence and we have seen property crashes in those areas. That has impacted on stamp duty and it has slowed the property market across the country.

We have lost money through stamp duty as well. Our economy is growing strongly, we need to ensure that we can continue with that strong economy that will create jobs because that will generate the revenues that we need to invest into essential services. As part of this Budget we are looking to implement that efficiency dividend. The point that I have made continuously is that nobody should be running a percentage against either a division or an agency. At the end of the day, the thing that needs to be taken into account is that we will be reviewing the government businesses and the revenues that we can generate from them as well, which will form part of the overall package that we will take forward.

**Ms DOW** - Minister, the Mayor of Dorset wrote to our leader, Rebecca White, very recently and I would like to read you a paragraph from that letter if you allow me the indulgence. He said:

While no targeted loss of jobs were expected there is clearly massive scope within the middle and upper management levels of the public service to reduce the

## UNCORRECTED PROOF ISSUE

number of staff as many of the public servants in these roles, in all honesty, do not have a real job.

Would you agree with him?

**Mr GUTWEIN** - I have not seen the context of his letter; it surprises me that he would write but obviously if he has an interest in those matters, that is a matter for him.

**Ms DOW** - Will you undertake to follow it up with him?

**Mr GUTWEIN** - Now that you have raised it I will probably have a conversation with him. As I say, I was not aware that he had written on that matter.

**Ms DOW** - A number of matters actually.

**Mr GUTWEIN** - It is interesting the Dorset Council, which is, and I have to say, a very good council but they do have a range of very firm views on a number of matters.

**Ms DOW** - They do, that is one that I would ask you to follow up and let us know if you agree with him.

**CHAIR** - I put it to the committee that we are dealing with the Budget issues and local government.

**Ms DOW** - That is what that letter was about, Mr Chair, with all due respect.

**Ms HADDAD** - Returning to Ms Dow's previous question about how the efficiency dividend will be found across government, it is a reasonable fear that many public servants have that the areas that you have identified being travel, consultancies, advertising, promotion, voluntary redundancies and natural attrition will not be sufficient to reach that \$450 million efficiency dividend, or cut, in other words. I understand that what you said just now that you will also be looking to boost revenue from government businesses but there is a lot of guesswork in that. What would you say to people who are fearful that ultimately if that dividend is not reached it will mean job cuts?

**Mr GUTWEIN** - The point that I have made is that I feel that we can comfortably achieve that efficiency dividend and with the measures that we have outlined. I'd point out that your shadow treasurer, a couple of weeks ago, came out and made some very strong statements about how much fat there was in consultancies and advertising and promotion. Across government we spend around \$140 million a year on -

**CHAIR** - *Hansard* is still struggling, Treasurer. I love the fact that the tone in the committee is this way but you need to be a little closer to the microphone.

**Mr GUTWEIN** - The point that I was making is that across those areas in government we spend around \$140 million a year. I made the point a couple of weeks ago, because you pointed directly to consultants that we spent \$4 million less in the last year than was spent in the last year that he was in government, as minister for finance. That is a significant amount of spending.

## UNCORRECTED PROOF ISSUE

In the coming year we have set a target of achieving \$50 million. We will look firstly to those discretionary areas. We will look at targeted vacancy control to ensure that where vacancy control is applied that it doesn't impact the front line, or damage or affect essential services. We will look at natural attrition as well.

In terms of the public sector turnover, and my Chief of Staff will correct me if I am wrong, but my understanding is that in any given year, usually around 4 per cent of the public sector leaves, and is then replaced. With a public sector of around 26 000 people, that is a considerable number of people every year that are leaving and restarting in the public sector. I think we can sensibly manage our way through this: targeted vacancy control, natural attrition, but also with a review of the returns we can receive from our government businesses.

**Ms HADDAD** - I understand what you are saying, but it comes back to that worry about what constitutes front line and what doesn't. I understand why you don't want to go down that line, but I highlighted the points that I wanted to make on that in my budget reply.

The question is: everyone would agree that a nurse, a teacher, a doctor, is a frontline worker. People who are directly delivering services are frontline workers. Those workers should feel confident in your statements, Treasurer, that their jobs won't be at risk.

But, there are a whole lot of people who support the work of those frontline workers, and having worked in the public sector and seeing job cuts that happened in the first term of this Government, they did have an effect ultimately on frontline service delivery. We are starting to see the results of some of those cuts now.

Jobs that others might characterise as backline jobs, or white-collar jobs, or jobs that are outside of direct service delivery were ripe for the picking, and we are paying the price for that now as a state. Those jobs that people would consider back line, do support those frontline workers.

There is a reasonable amount of worry about what that means for those workers who know that their work supports the work of frontline workers.

**Mr GUTWEIN** - We will look at targeted vacancy control, and there are no sackings that come with that. We will look at natural attrition, and again, there are no sackings that come with that. We will work through this sensibly.

From when we came to government to now, the size of the public sector was around 2000 FTE larger than what it was only a handful of years ago. Included in that, there is a mixture of front line and back line but there is a larger component of what people would view as being frontline services in that 2000. Looking the other day, it is around 1400 of the 2000 were either nurses or doctors or allied health, teachers, teachers' assistants, or police.

I understand for a nurse to do her job, somebody has to provide the other services that ensure that there is a bed available, that there are the services that are required. We understand and accept that, and that is why I have said we will look only at targeted vacancy control, or natural attrition, and that will need to be targeted.

When combined with the opportunity to look at revenues from government businesses, I believe we will be able to manage through this without any impact on the front line, or essential services.

**Ms HADDAD** - When it comes, not to targeted redundancies, but to WRIPs and to other ways to target positions through national attrition. Can you guarantee the Government won't put a blanket stop on recruiting to positions after people leave through retirement, or in any way other than a redundancy, which extinguishes the position?

**Mr GUTWEIN** - Targeted vacancy control is effectively what that means. There won't be a blanket one size fits all approach to this. We have taken that into account but if you look at those discretionary areas of spending that your shadow treasurer seemed to think that was an enormous opportunity to get involved in, that is \$140 million worth of spending across government each year. I do not expect that we will see the lion's share come out that but I think we will see savings able to be made in that area which will have no impact at all on any staff or position. We will manage targeted vacancy control, natural attrition and we will look at revenues as well.

**Dr WOODRUFF** - Minister, looking at the budget statement on page 216, the operating services expenditure for Local Government declines between this current year's Budget 2018-19 and in two years' time in 2020-21. Next year, the year of this Budget 2019-20, it increases to \$2.304 million. The budget papers say that increase reflects the local government legislation review and the work that will be done on that, but in the following financial year 2020-21 the budget for the Local Government Division is less than in the current financial year, quite substantially less when you take into account the fact it does not have a 2 per cent CPI as well as the fact it is actually \$34 000 less. It looks to me something like in the order of one full-time position that would be lost between this current financial year and in two years' time in terms of equivalent staff. What is going on?

**Mr GUTWEIN** - In 2018-19 there was an additional resource included in last year's budget. About \$100 000 was included in that year to begin the work on the targeted review and then obviously as the targeted review finds its end it rebases itself.

**Dr WOODRUFF** - How much money was put into the targeted review?

**Mr GUTWEIN** - In 2017-18 there was an additional \$200 000 and \$100 000 in 2018-19. We then move to 2019-20 where there is an additional \$450 000 for the targeted review and in 2020-21 those reviews will have all timed out so we move back to the base. There is no cut, it is just that the project work that is underway is concluded.

**Dr WOODRUFF** - It still does not look like there is a CPI increase in the year on year.

**Mr GUTWEIN** - There is growth from 2020-21 to 2021-22 and likewise from 2022-23.

**Dr WOODRUFF** - I know but that is a fair way down.

**Mr GUTWEIN** - But we needed to go back and look at the base in 2017-18 before we provided additional funding in that year as well. There is no cut built into this Budget. It is simply that there is a work program that comes to an end for a specific piece of work that we have been discussing today.

**Dr WOODRUFF** - One of the roles of the Local Government Division is to provide expert policy advice on local government matters. Can you tell me if you see a role for the division to step up and provide support for mayors in particular in relation to climate emergency events that happen?

## UNCORRECTED PROOF ISSUE

I am thinking of the experience of the Huon Valley Council when Mayor Bec Enders stepped up after only a couple of months in that position being on-call for three weeks with the evacuation centre and did a great job. It sounds as though there is an opportunity for the division to enable mayors to have more learnings about how to respond in extreme crises that go on for a long time.

**Mr GUTWEIN** - The Office of Security and Emergency Management provides support through those periods. With what occurred in Dunalley and the Huon, that office steps in very early in the piece. I am not sure if there is any other level of support you are looking for. I was in contact with Bec through that period. Every time I spoke with her - or the Premier spoke with her, who was in the Huon more than I was - we were always asking if there was anything more we could do or any more support she would require, I have to say I got the sense that the level of support that was provided by OSEM, by the Government more broadly through State Growth as well through that period, that she did feel as a mayor quite well supported.

**Dr WOODRUFF** - I agree; that is the experience I have heard her speak of. That was good but it was reactive as opposed to proactive. These experiences will happen on a regular basis; that is what we have to come to understand. Do you see a role for your division in being proactive in providing that sort of training and education support for mayors in particular?

**Mr GUTWEIN** - The framework and structure to assist us with emergency management response is in place all the time. It gears up when there is an issue or an instance like the bushfires that we faced earlier this year.

**Dr WOODRUFF** - That is at the operational level though, isn't it? I am talking about leadership and the mayoral role.

**Mr GUTWEIN** - If you are asking should there be some training provided to mayors over and above what is currently provided through LGAT to ensure they are able to deal with and lead through a crisis, that is a different matter. I am not sure if we have ever addressed it or if it has been raised.

**Mr TAY** - Not directly through the Local Government Division. Again, most of these things happen through the Office of Security and Emergency Management. With regard to Mayor Enders, I am aware that through the recovery taskforce process led by Michael Stevens some support was provided to her through Kerry Vincent, who had gone through a similar bushfire situation.

**Dr WOODRUFF** - Yes, but that is reactive. I guess I am pushing you to think proactively rather than waiting for these things to fall on us.

**Ms DOW** - I want to touch on your new investment with TasWater and how you think your relationship with the TasWater board, CEO and chief representative is going, following all the change that has been undertaken over the last little while.

**Mr GUTWEIN** - Swimmingly.

**Ms DOW** - Why would I think you would say anything different? With regard to the three projects you have outlined, and I specifically want to talk about the capital projects and the accelerated infrastructure program, can you please provide to me the timeframe for the decommissioning of TasWater's Macquarie Point wastewater plant and the amount of money that is allocated towards commencing that in this upcoming financial year?

**Mr GUTWEIN** - In terms of the timeframe, we don't have that yet, other than the original position put by the chair, Miles Hampton, about 12 months ago that it would take four years. At the moment, there is a joint program underway. Through Macquarie Point there have been some funds provided to assist TasWater with the scoping. The view of TasWater last year was that it would take about four years to sort. We don't expect capital works to start in the coming financial year but if they do it is a shared project with TasWater.

I think the terminology is a P90 costing, so at this stage there is 90 per cent surety in terms of what the costs might be and TasWater costed that up to about \$140 million, so it could be 10 per cent lower or 10 per cent higher, but that hasn't been finalised as yet, nor have they gone out to tender. My expectation is that once they have completed the scoping work that they will be able to start pretty much straight away, whether that is this financial year or the next, in terms of our funding, what we provided, bearing in mind that we don't have a final price on this job yet, nor on Freycinet or Launceston, we have put an additional \$100 million into this Budget over the four years on the basis of 30, 30 and 40 in additional funding.

They are currently looking at what the solution might be for Freycinet. I met with the council recently. There is work going on with TasWater and the council. I met with mayor Debbie Wisby about a fortnight ago to discuss this. The first step with Freycinet is to do a desktop audit of the ETs, equivalent tenements, the sewerage systems -

**CHAIR** - Estimated tenancies.

**Mr GUTWEIN** - It sounds close.

There is a desktop review underway to look at and get an understanding of what the waste water treatment systems are like, that is the sewerage systems that exist in Coles Bay.

The scoping of the project for Freycinet will largely be determined by the outcome of what the community wants and what the council finds.

If TasWater were to decide, or the Government decide that we are going to put reticulated sewerage through Coles Bay, I think there would be an uproar. I am not certain it is necessary. I think what is necessary is that those septic tanks that were put in place 30 years ago to deal with a shack that was used intermittently but is now a property that is being utilised eight days out of seven for Airbnb or for other purposes are brought up to standard in terms of their waste water and sewage treatment.

The council is starting that process. Once that is completed and we have the desktop audit that will feed into TasWater's planning, they will start to scope that project up as to the outcome. My view, and I have expressed this to Debbie Wisby, is that the council has available to it three acts that can ensure compliance is met. One is the Local Government Act in terms of the uses, there's the Environmental Management and Pollution Control Act for environmental issues and the Building Act. There are tools to ensure that we can get better outcomes for Coles Bay. Then we they will scope up what the cost is and what that looks like.

**Ms DOW** - Of each of those projects, which is the highest priority for your Government?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - It would depend on TasWater's timing and scaling. In Launceston they have already announced as part of their 10-year plan circa a \$300 million investment in the Launceston integrated sewerage plan, which will bring six waste water treatment plants into one.

TasWater has suggested it needs to scope out the stormwater and combined system in Launceston first of all because there will be some cross-overs in the combined system. We can ensure that we take forward a program that does not see a stormwater program being rolled out adjacent to a wastewater treatment program where there are crossovers and there could be efficiencies achieved. TasWater are scoping that up at the moment. There is \$300 million in its 10-year plan for that project. There is also \$47 million from the Commonwealth government that has been committed. The state has begun \$10 million of its \$47 million commitment already. We have said to TasWater that it scopes the project up and then we will ensure that the Commonwealth and further state investment for the stormwater aligns with their program. We are in TasWater's hands at the moment.

**Ms DOW** - My other question in relation to TasWater is about the uptake of the industry free loan scheme for grease trap upgrades. Do you have that information on the number of uptakes?

**Mr GUTWEIN** - I don't have that information but I did speak to Mike Brewster last week. I am catching up with Mike this week to get more information on that.

My understanding was that they would provide 80 per cent of the cost or up to \$10 000, effectively \$8000 interest-free, repaid back over either a three- or four-year period. There has been some take up around the state but it hasn't been as strong on the north west coast. Mike assured me the other day that it was his intention to engage with all the affected businesses and discuss with them the options to solve their waste water treatment issues, to work with them. When this occurred in Launceston there were a number of businesses that were told they had to have a \$10 000 to \$15 000 grease trap and then were able to install a \$1500 to \$2000 under-sink system that did the same thing, but for whatever reason wasn't offered in the first instance. I will be meeting with Mike later this week and I understand he will be working through these issues with his customers over coming weeks.

**Ms DOW** - Do you think the Government could have done more to support those small businesses given a lot of them are small family owned and operated businesses? A substantial cost like that makes or breaks them in many instances. We have seen a lot of that happening lately on the north west coast?

**Mr GUTWEIN** - Until Dr Broad raised that matter three weeks ago I thought it was under control. The reason I say that is I hadn't heard of an issue. All I had heard was good feedback from businesses following their engagement with TasWater and some outcomes that were far better than they originally thought they would be. When Dr Broad raised that matter on the north-west coast, while I was aware that the loan arrangements were in place, my understanding was that in some cases landlords with longer leases were comfortable taking on the TasWater interest-free loan option and funding and paying for the improvement to their property. Where there are shorter leases they haven't been as inclined to do so. My understanding is that has been one of the issues affecting some of the north west businesses.

**Ms DOW** - My understanding was that Leonie Hiscutt was working with the local chamber of commerce on some of these issues so she may be able to provide you with some more information.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Shane raised it within the last month and I know she is working with the chamber of commerce. I think TasWater was going to engage with Leonie but Mike informed me he would be engaging directly with the businesses.

**Ms DOW** - It would be good for him to speak with the chamber of commerce as well because we have been doing a lot of work with them.

**Mr GUTWEIN** - As Mike said to me, at the end of the day we want to see better compliance but we don't want to shut businesses down. I couldn't agree with him more on that. He seemed to be in the right frame of mind to be working through this in a positive way.

**Ms DOW** - You wouldn't consider a similar policy to what we announced last week in our Budget reply as a Government?

**Mr GUTWEIN** - I am not sure exactly how your policy was going to work.

**Ms DOW** - I can provide you with a copy if you like.

**Mr GUTWEIN** - One of the things I did take into account is that the south and the north appear to have found ways to solve these issues. I am not sure whether it is the same TasWater approach in each of the three regions. It might need to be tailored more specifically for the north west in terms of some of these shorter leases and challenges that have been placed there. Let us see what happens with Mike's engagement and the processes and then we can reassess after that.

**Dr WOODRUFF** - Minister, the Greater Hobart Act, which I think is still in the Legislative Council?

**Mr GUTWEIN** - No, it passed the Legislative Council.

**Dr WOODRUFF** - It has received some funding to support it in the Budget, page 268 of the budget paper No. 2 volume 1 has an item for the Hobart City deal and the Greater Hobart Act, \$1.6 million over 2019-20 and the forward Estimates to establish the Greater Hobart Act, which has occurred, and implement government's arrangements to build strong relationships that promote strategic planning outcomes and service delivery that considers the impact on and benefits for the greater Hobart region. What is that \$400 000 for the coming financial year going to be used for in particular? Is that all going to go towards the support for the Greater Hobart Committee and the committee's work or is there going to be staffing money in there?

**Mr GUTWEIN** - It will provide the resources necessary to manage the act and the processes engaged under the act but also for the implementation of the Hobart City Deal. The northern City Deal, including the work that is going on in Burnie at the moment and is captured under the Launceston City Deal and the relocation of the university into Launceston and also the Burnie build, is managed internally by the Coordinator-General's office through a number of resources he brings to bear. In terms of the implementation of the Hobart City Deal and the arrangements under the act, the \$400 000 will provide the resources and the people to do the work that is necessary.

**Dr WOODRUFF** - So it is not going to provide any funding to support the Greater Hobart Committee because they are all paid public servants already, as is the advisory committee because they are paid general managers and department secretaries in the other bodies?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - It will provide the secretariat work and also the implementation of the Hobart City Deal.

**Dr WOODRUFF** - So it's going to go towards the City Deal - \$400 000 into the City Deal.

**Mr GUTWEIN** - And to support the act as well.

**Dr WOODRUFF** - How much will go to supporting the act?

**Mr GUTWEIN** - They go hand in glove, to be frank.

**Dr WOODRUFF** - Doesn't the City Deal have particular costed projects that are going to be funded, or is it just a bucket of money?

**Mr GUTWEIN** - Somebody has to do the work. For example, in terms of the projects involved in the Hobart City Deal, there will be work engaging with Kingston in terms of the congestion money that was set aside, the \$20 million. There will be work involved in working with the Hobart and Glenorchy city councils in terms of the \$25 million for the first stage that was set aside for the northern suburbs corridor.

**Dr WOODRUFF** - Is this money for consultants?

**Mr GUTWEIN** - No, it is money that will support a unit within government to do that work.

**Dr WOODRUFF** - So is it going to be in the Local Government Division?

**Mr GUTWEIN** - State Growth will manage this in the same way that State Growth through the Coordinator-General manages the implementation of the Launceston City Deal.

**Dr WOODRUFF** - So it is all money to get new public servants to do the work in State Growth, but not money for actual on-ground infrastructure or any work to be done for the City Deal?

**Mr GUTWEIN** - It drives the on-ground infrastructure. The funding is there already through the City Deal and this is to provide the resources to manage that to ensure it delivers what the deal proposes.

**Ms DOW** - Minister, in recent times there has been representation from the local government sector and the social services sector around the charitable rates remission which is currently a clause in the Local Government Act. I am today seeking an update from you of where you are at with that around the call from local government on amending that. I understand also that the social services sector wants to understand better how that is applied differently by different local governments across the state. I am seeking an update from you as to where that is at and how it has progressed and whether you will be looking at amending the legislation.

**Mr GUTWEIN** - This is a particularly vexing issue, I have to say. I said to the mayor of Kingsborough almost two months ago that I didn't see we would have it fixed before they set their rates for this year; I gave him an early heads up on that. We need to engage, as we have done, with the not-for-profit sector and also LGAT. At this stage we have received their initial response. I believe the division went out to get some further clarity in terms of matters in their responses. I think there are two meetings set up over the next couple of weeks. My aim with this would be to

## UNCORRECTED PROOF ISSUE

try to get an equitable landing and I am sure coming from a local government point of view you have an understanding of the challenges local government faces and their desire to rate, but then the charitable and not-for-profit sectors are designed not to be rated, so trying to find the right equitable balance is the challenge.

What has complicated matters is that whilst the act allows for charitable exemptions, and we would normally accept those as a church or education facilities, et cetera, different councils have applied it differently and have exempted different things in different areas which have all been captured into the mix. In the main, if you strip the act down mostly people have applied the main charitable exemption quite reasonably but then you have these other policy decisions that have been made. We are working with both parties at the moment and it would be my aim that we would have clarity in the next six months of this year with a view that if there were to be any changes we could introduce them and they would be in the act before local government starts to rate in the coming year. At this stage I have made no decision in terms of what it looks like because we are still working with the two parties to understand that. It has a few moving parts to this, as I am sure you would be well aware.

**Ms DOW** - The other question I wanted to ask was around the valuations of properties in some municipalities and the fact that the current data was not available in some municipal areas and they have had to use estimated data to set their rates. Could you provide some context to that please and a bit of an update and why that was the case? While you are looking for that I will ask another question around LGAT's requests in the lead-up to the state Budget. They were wanting some additional funding for capacity-building initiatives, professional development and the like. We have talked about that and Rosalie has also talked about that from the point of view of additional support for mayors or others who perhaps are requiring that in their role. You did not fund that additional funding, did you?

**Mr GUTWEIN** - No, in terms of this Budget and the revenue loss we faced and the circumstances they were not able to be funded. I will get Alex to give you an update on that.

**Mr TAY** - As I understand it, West Tamar Council's valuations were not provided in time and so the Valuer-General has basically agreed with West Tamar that they will do an adjustment factor for this year. The other eight councils, as I understand it, now have their data. It is a bit later than they ordinarily would. In terms of councils' capacity to strike their rates, they are able to take up until 31 August 2019 to do that. I have certainly been in touch with a range of general managers affected by this to ask what the impact is for them and to reiterate that they have till 31 August to strike the rate and they understand that. I think it is mostly a practical issue with them in that it does commence a little bit their budget setting and rates that are in process compared to what they ordinarily would, but most expect to get their rates notices out to their ratepayers pretty much in line with when they ordinarily would. They may be a week or two later than they otherwise would but not materially different.

**CHAIR** - The time for deliberation of Local Government has now concluded and we need to swap over to State Growth but we will have a five-minute break

**The committee suspended from 4 p.m. to 4.06 p.m.**

## **DIVISION 11**

(Department of State Growth)

### **Output group 1**

#### **Industry, Skills, Development and Business Growth**

**CHAIR** - We will head into the last two-hour session on State Growth. I will give the minister the opportunity to gather his thoughts there and his papers, introduce the officers at the table and an opportunity for a short opening statement.

**Mr GUTWEIN** - To my right is Kim Evans, the Secretary of the Department of State Growth, to my left my Chief of Staff, Andrew Finch, and to his left, John Perry, the Coordinator-General, and we have other officers with us who will provide advice should we need to bring them to the table. In terms of an opening statement I will make some brief remarks.

Chair, the Tasmanian Government is committed to growing our economy, in turn creating jobs and opportunities for Tasmanians. In April CommSec State of the State reports show that Tasmania is leading the nation in population growth and business spending. Just weeks ago, NAB's monthly business survey revealed that Tasmanian businesses are the most confident in Australia, with business conditions for them five times higher than the national average. This shows that Tasmania is providing a business environment that inspires the confidence to invest, driving growth and creating jobs.

Earlier this year we signed the Hobart City Deal in partnership with the Australian Government, Hobart, Clarence, Glenorchy and Kingborough councils. The Hobart City Deal represents \$1.4 billion invested over 10 years. Through the city deal we are implementing a shared vision, and guiding and encouraging investment leveraging Hobart's natural amenity and building on our capital city's position as a vibrant, liveable and connected place to live, work and invest.

Our visitor economy is thriving, with international tourism growing at the fastest rate of any Australian state. Work on building Tasmania's brand as the best place in the country to live, work, invest and raise a family is continuing, and the world wants more of our produce and services, with exports the highest on record, and growing faster than any other Australian state. Over the past year we have delivered a number of key strategies aimed at building the resilience and capability of our businesses and industries. We are continuing to build on our population growth strategy attracting people to live, work and study in Tasmania. Growing our population is one of the many ways we can help ensure we have the people with the right skills to provide the products and services we need to drive innovation for job creation.

The Office of the Coordinator-General has again produced significant outcomes in promoting and attracting investment, facilitating major projects and reducing red tape. Each investment brings more money into our economy and creates new jobs. The office is assisting local projects looking for investment with over a billion dollars in total, and is also working on attracting other projects to Tasmania with a worth of around \$1.2 billion. As well as putting growth in the Tasmanian economy, the Tasmanian Government continues to step in when things go awry. We helped local businesses who are impacted by the devastating fires earlier this year, implementing grant and loan programs providing one-on-one assistance for those in need.

## UNCORRECTED PROOF ISSUE

It is only with a strong economy that our local businesses will remain confident and continue to invest to provide more Tasmanians with a chance to get a job. I hand over to you, Chair and the committee, for questions.

**Ms O'BYRNE** - Treasurer, were you involved in the process of giving the grant to the Laughs of Launnie Comedy Festival?

**Mr GUTWEIN** - It was first raised with me, it was brought to my attention and I handed it over to the department and Events to assess.

**Ms O'BYRNE** - Did you personally promise this money to the Laughs of Launnie organisers before handing it over to Events?

**Mr GUTWEIN** - No, I did not. My understanding is that the Laughs of Launnie had originally proposed a \$215 000 event package and went through the process and there was advice provided back to me of a grant program of \$100 000, with the capacity for a further \$20 000 subject to the outcome of the event.

**Ms O'BYRNE** - The funding didn't come through Events. You referred them to Events but, as I understand it, Events didn't fund them and State Growth decided to directly fund them?

**Mr EVANS** - Events is part of State Growth.

**Ms O'BYRNE** - As I understand it, it didn't meet the requirements of Events and it was funded anyway?

**Mr EVANS** - I would have to recall the details of their assessment but they did provide some advice. The original request was not something we believed would be supported. There were several discussions between Events Tasmania and the event organiser in coming to some advice that we provided directly to the minister.

**Ms O'BYRNE** - Was it approved as part of Events funding, or was it a separate piece of funding that Events was involved in?

**Mr EVANS** - I would have to check. I don't know what the source of funds were.

**Ms O'BYRNE** - Can I put that on notice, Treasurer?

**Mr GUTWEIN** - It is fair to say I received advice and accepted that advice. We provided a level of funding for the start-up event.

**Ms O'BYRNE** - Did you have informal discussions with the organisers or only formal discussions with the organisers?

**Mr GUTWEIN** - I am trying to think. After it was brought to my attention it was passed on to State Growth during the process of gaining an understanding of what the event was about and what level of support. I don't think I had any conversations at all, nor was I involved in any of the negotiations with regard to the funding of it.

**Ms O'BYRNE** - No direction to State Growth to make it work?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - No, no direction to State Growth other than to look at it. I don't mind saying, in terms of where it fits in the national comedy schedule between the Adelaide Fringe and the Melbourne Comedy Festival, it was a great opportunity to be tested for Launceston.

**Ms O'BYRNE** - It turns out that it hasn't been a great opportunity to be tested for Launceston because the performers still haven't been paid. You talked before in your introduction about the confidence and the reputation that Tasmania has as a place for business and engagement.

There are professional comedians now who haven't been paid and are quite disparaging of the Tasmanian comedy market. Those are people who are experts in the running of comedy festivals in Launceston were concerned about the project. They, along with other people, have been told not to worry because the project organiser says that the project is government guaranteed. What does that mean?

**Mr GUTWEIN** - That is a question you should ask the project organisers.

**Ms O'BYRNE** - I am suggesting, Treasurer, that you might like to ask them. They are supposed to have submitted ongoing reports to you. Can you table all of those reports that indicate that they were on track and therefore deserved the \$100 000 you have given them?

**Mr GUTWEIN** - In terms of advice the department has requested of them, I am sure Mr Evans can provide some update on that.

**Mr EVANS** - The last report I had was that they still had \$10 000 to be paid out on their \$100 000, subject to a final report. That may well have been provided now.

**Ms O'BYRNE** - I am advised they got the \$10 000 on the final report. Can you table the final report? Can we seek the final report from you?

**Mr EVANS** - Yes, I can take that on notice.

**Ms O'BYRNE** - None of the artists have been paid and many Launceston businesses are out of pocket as a result of this.

**Mr GUTWEIN** - Yes, I can take that on notice.

**Ms O'BYRNE** - What I will be seeking is a copy of the contract, the original deed and the final report.

**Mr EVANS** - I am not sure about the final contract. I would have to look at the contract terms.

**Ms O'BYRNE** - I am happy for it to be redacted if there is something confidential in it but I would be surprised if you had a funding deed with them that didn't require them to actually meet their commercial obligations, such as paying the artists. That would be part of the process he went through, the contractor. You would expect anyone we give a contract, to actually pay the people they engaged.

**Mr GUTWEIN** - We can take your question on notice and we can see what we can provide.

## UNCORRECTED PROOF ISSUE

**Ms O'BYRNE** - Minister, given that they said that they have a particularly close relationship with you and that was very beneficial in them gaining the ground, do you have any intention to use your close relationship to ensure that the artists get paid?

**Mr GUTWEIN** - I have asked State Growth to assess the progress report from Laughs of Launnie and to deal with it appropriately.

**Ms O'BYRNE** - As I understand it, minister, they have submitted a final report and been given the last \$10 000 to take it up to \$100 000. That clearly isn't happening.

**Mr GUTWEIN** - In terms of any contact that I have had with them, they made contact. I have referred them to the department. I have had no further contact with them.

**Ms O'BYRNE** - None at all? They made it very clear that they had a very close relationship with you, which -

**Ms O'BYRNE** - None at all? They have made it very clear that they have a very close relationship with you which is the reason they were able to get to the grant, the reason they can say quite confidently to the artists that it is government guaranteed.

**Mr GUTWEIN** - Again as I say, you should ask them about that because that is not something they have been provided with.

**Ms O'BYRNE** - No, but I didn't give them \$100 000, minister, you did.

**Mr GUTWEIN** - You can sit there and deride this particular event but in terms of its potential, it was very clearly one that had the opportunity to find a place in the national comedy market. As to how it was managed and what is occurring with artists, that is a matter for the proponents of the program.

**Ms O'BYRNE** - My final question, other than the ones I have put on notice, is what due diligence was conducted to work with people who have never conducted a comedy festival, that has now damaged the reputation of Launceston as a destination for senior and well-recognised comedians.

**Mr GUTWEIN** - That is a fairly bold claim you are making there. The matter was dealt with by State Growth, not by me.

**Ms O'CONNOR** - Minister, the Budget allocates \$1.1 million as part of an overall assistance package of up to \$2.6 million to Norske Skog. Can you confirm that Norske Skog has been sold and has changed hands?

**Mr GUTWEIN** - Oceanwood acquired ownership of Norske Skog last year.

**Ms O'CONNOR** - What is the name of the company?

**Mr GUTWEIN** - Oceanwood.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - Have you negotiated with Oceanwood, or directed your quango in the Office of the Coordinator General, or your secretary, to negotiate with the new owners of Norske Skog to protect those local jobs?

**Mr GUTWEIN** - I haven't directed anybody to do anything in terms of the ongoing operations.

**Mr EVANS** - I am aware that, as a new owner, they have initiated an internal review across the region. The company has made contact with me, and I understand, others within government, to brief us on that, and to assure us that they were very confident that it would not impact on the Boyer plant. They brought it to our attention because they were keeping their own staff well and truly briefed. In fact, they gave us copies of the correspondence that they were making to their own staff about the review process.

Simply, all that really said was, you'll see people wandering around the site, i.e. the owners, from time to time. That is part of a process they are going through to undertake an internal review of the assets they have just purchased. Don't be alarmed.

**Ms O'CONNOR** - What is your knowledge of the new owner of one of the five major industrials, minister?

**Mr GUTWEIN** - Only what I've been briefed on, and the level of detail I have here is not all that extensive. No issues have been raised with me by the department or by the Coordinator-General in regard to the new owners. My advice remains it is business as usual at Boyer whilst there is a review underway.

**Ms O'CONNOR** - Is this the same Oceanwood Pty Ltd that was recommended for proposed deregistration by ASIC in 2016?

**Mr GUTWEIN** - I have no advice.

**Ms O'CONNOR** - Perhaps your secretary or your quango in the Coordinator-General's office could answer that question on the new owners of Norske Skog. It is a matter of some concern in relation to transparency that there has been no information come out of yourself or any arm of government about the fact that one of our major industrials has changed hands.

There is an allocation of \$2.6 million to this private company and you -

**Mr GUTWEIN** - I thought that was reported publicly, to be honest.

**Ms O'CONNOR** - It was probably reported through ASIC but nothing was said by you guys, was there, that Norske had been bought and sold?

**Mr GUTWEIN** - Would there be any reason for us to do so?

**Ms O'CONNOR** - People who were working at the Boyer mill, who are loyal local workers -

**Mr GUTWEIN** - Don't you think they would know?

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - That is where some of our information has come from but I am wondering if there has been any assurance sought or given about the protection of those local jobs at the Norske mill at Boyer?

**Mr GUTWEIN** - As I have informed you, my advice is that it is business as usual at the mill.

**Ms O'CONNOR** - On what basis is the taxpayer providing a total of \$2.6 million to a foreign company, whether it be the original owners of Norske or anyone else to prop up a major industrial?

**Mr GUTWEIN** - The Coordinator-General can talk more broadly about the project but my understanding is that it is about Cyrene which is a biodegradable solvent that can replace a lot of fuel-based or petroleum-based solvents.

**Ms O'CONNOR** - It is bacteria-based, isn't it?

**Mr GUTWEIN** - It is promoted as being something that is very green.

**Ms O'CONNOR** - I have been out there and I have seen it in operation, thanks, Treasurer. Was the decision to allocate this funding made before or after the Boyer mill changed hands?

**Mr GUTWEIN** - From a timing point of view it was subsequent.

**Ms O'CONNOR** - So following the change of ownership of the Boyer mill, a decision was made to allocate \$2.6 million to the new owners. Was that on the request of the owners?

**Mr GUTWEIN** - There had been some joint work that had been conducted with the previous local management of the mill. In terms of this project -

**Mr PERRY** - It has been ongoing.

**Mr GUTWEIN** - Ongoing for some period of time. It was one that transitioned across the change in ownership.

**Ms O'CONNOR** - Minister, as you are well aware, and it is part of the reason that government's putting money into Norske Skog, there have been legitimate questions about the ongoing viability of that operation for some time. It used to concern the previous managing director and now we have a new owner and another allocation of public funds.

Are you absolutely confident that the new owner is going to operate the mill as a going concern and that those local jobs will be protected?

**Mr GUTWEIN** - I have absolutely no advice to the contrary. One of the reasons why we continued with our investment program was should that be proved up, it allows for the opportunity for further investment to strengthen the Tasmanian proposition.

**Ms O'CONNOR** - Further public subsidy you mean?

**Mr GUTWEIN** - No, further investment.

**Ms O'CONNOR** - By the new owner?

**Mr GUTWEIN** - We are assisting in getting this Cyrene product to a point where it is being proved up. I would expect that if they can demonstrate that the product can work then there is a market for it. Potentially that would lead to additional investment at the local site.

**Ms O'CONNOR** - Was there any due diligence done on Oceanwood Pty Ltd which ASIC I believe recommend for deregistration in 2016? If you are giving public funds to them.

**Mr GUTWEIN** - This transitioned the sale process. I will seek advice from either Mr Evans or Mr Perry if they want to add anything on this matter.

**Mr PERRY** - The projects that we worked with, we worked with a local organisation in relation to developing the funding programs.

**Ms O'CONNOR** - When you say a local organisation, is that a local entity, is that a local company, is that a local workers representative?

**Mr PERRY** - The local company.

**Ms O'CONNOR** - The local company through you, minister, what is the name of the local company?

**Mr GUTWEIN** - The local management, I think it what Mr Perry is suggesting.

**Ms O'CONNOR** - Mr Evans looks like he wants to say something?

**Mr EVANS** - With the transfer, they were due to pay stamp duty liability on the transfer and the local management sought support to offset that through the Office of the Coordinator-General.

**Ms O'CONNOR** - It is called corporate welfare, isn't it, minister?

**Mr GUTWEIN** - It is called jointly investing in a project that might underpin Tasmanian jobs. That is what it is called.

**Ms O'CONNOR** - It is called corporate welfare, where you sought no guarantee on the local jobs at Boyer that you have pumped public money into.

**Mr GUTWEIN** - We have invested into a project to see whether or not we can prove up a process that could underpin further investment and local jobs at Boyer.

**Mr EVANS** - Through the Office of the Coordinator-General, we worked with the company and the local management. What we agreed - and we put a paper through the Tasmanian Development Board with regard to this - is that we would fund a series of projects aimed at improving the efficiency and prolonging the lifecycle of the Boyer Mill, with the Cyrene project highlighted as the priority because they still were liable for that stamp duty payment. Through the board, we saw that that was a good investment to shore up the longer-term future of the plan and ensure it is competitive as part of the sale transaction.

**Ms O'BYRNE** - Minister, the decision around South32 and Temco and that process, what engagement have you had with them on how the Government might be able to support and transition

## UNCORRECTED PROOF ISSUE

them? For instance, we have been told that one of the things that caused a significant difficulty was their relationship with TasPorts and that TEMCO was interested in purchasing a new crane which would have secured the plant for a longer period of time. They had budgeted for that but there were issues around the upgrading of the wharf at their cost and the increase in rental. Did you have any conversations with them that indicated that to you?

**Mr GUTWEIN** - I met with representatives of TEMCO and South32 last week and those matters were not raised. The Government has offered any support and the opportunity to have discussions for any support that might be necessary, or required, to ensure the ongoing liability of that plant.

In terms of where they are at, they told us, and I use their terminology, that they were conducting a review. That review hadn't started; they were in the process of standing up their review team and that would take a number of months. They would engage regularly with government as they worked through that process.

**Ms O'BYRNE** - You don't think there is anything to do with the relationship with TasPorts that would have had a bearing on their overall decision?

**Mr GUTWEIN** - We raised with them last week, were there any issues that the Government should be aware of, any support that was required or that we could offer. Those matters were not raised.

**Ms O'BYRNE** - Minister, can we turn to Macquarie Point? It has been a very long process, since 2012. I do not know if you have someone else you need to bring to the table. How much money do they have left? How much money do they have now still available to them, given that I was the original - livable cities funding in 2012? Where are they now?

**Mr GUTWEIN** - In terms of cash, the total that they hold at the moment is around \$28 million. That was, as you would be aware if you were the original minister, that it was an original \$50 million, but that offset by around \$5 million that supported the Brooke Street Pier. Out of the \$45 million, they now have \$28 million left.

**Ms O'BYRNE** - As I understand, the master plan is still with Hobart City Council. They will have to go through consultation. You don't have any further update on how that is progressing?

**Mr GUTWEIN** - Sorry, in terms of the -

**Ms O'BYRNE** - The master plan development and the community consultation.

**Mr GUTWEIN** - My understanding is that it was approved by council last night. There is one final step and that is that it goes to the TPC, and the TPC will make a determination as to whether it meets the requirements of LUPAA, and the Regional Land Use Strategy and state policies. That process will now take place.

**Ms O'BYRNE** - You might want to take some of these on notice. We are interested in some of the staffing and consultancy costs. You may not be able to answer these so I might run through them and if there are ones you can answer and ones you want to put on notice, I am happy either way. Why has the staffing increased from last year and what the turnover has been for the last 12 months and how many staff have left in that period?

**Mr GUTWEIN** - I don't think I have that.

**Mr EVANS** - Are we talking about the department?

**Ms O'BYRNE** - Macquarie Point. Could we ask that?

**Mr GUTWEIN** - The number of FTEs at the beginning of the financial year, the number of FTEs at the end and what the turnover was in the middle?

**Ms O'BYRNE** - Yes, and why the staffing may have increased as well, and whether or not the [redundancies are?] entitled to a payout, and if so what they were. Is that an on-notice one and then see how you go?

**Mr GUTWEIN** - The only point I make is that they are a stand-alone corporation that is supported through the department. I am on the board.

**Ms O'BYRNE** - I am sure that you are able to ask. I realise you are in a difficult position being on the board but if we table that, minister, if there are some challenges then you can let us know?

**Mr GUTWEIN** - If you table it and if I give you an undertaking that I will provide what I reasonably can.

**Ms O'BYRNE** - The other question then, you may be in a similar position, about the number of consultants that they have engaged in the past 12 months or the past two years. As well as the value and purpose of those consultancies and the percentage of those that were Tasmanian businesses. If I put both of those on and what you can answer.

**CHAIR** - A reminder on questions on notice. The questions have to be put so what is written down has to be what has been communicated then.

**Ms O'CONNOR** - Minister, it was recently announced that the Eden Project is prepared to invest \$150 million in a disused coal mine in Victoria at Alcoa. Can you confirm that Tasmania has lost the opportunity to have an Eden Project at Macquarie Point?

**Mr GUTWEIN** - My understanding is that in terms of the Eden Project is that we had been waiting on and requesting a business plan. I understand that received some attention in the press recently. I understand that on Wednesday of last week as a result of what I can only presume was publicity, the CEO of the Eden Trust contacted Macquarie Point to ensure that we understood that they were still interested. I understand that the engagement is continual.

**Ms O'CONNOR** - I thought that it had fallen off the agenda because it was too green for your Government. It sat in minister Groom's in-tray for seven months. Have you got anything else that is meaningful?

**Mr GUTWEIN** - No not really, other than I understand that two Eden project managers visited the site and walked the site last week.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - Minister, at a recent public meeting on 16 April, the secretariat of the Department of State Growth said in an answer to a question in relation to the Cable Car Facilitation Act that the act was passed after the proponent came to the Government with a proposal. What was that proposal?

**Mr GUTWEIN** - Again that happened under the previous minister. In terms of the facilitation act, it was minister Groom that brought that act through. My understanding is that the project did have an assessment through the TD board at one stage. Also, that the minister formed the view that the appropriate way forward was the facilitation act, which is neither project nor proponent specific.

**Ms O'CONNOR** - You can say that, but we know that it is both project and proponent specific and it had the support of your Government and the Labor opposition.

**Mr GUTWEIN** - I don't mind saying that I am a supporter of a cable car on the mountain, but in terms of that project we have consistently said that it needs to go through the appropriate processes. Which it is.

**Ms O'CONNOR** - That's very interesting. Minister, you've talked about the cable car having to go through the appropriate processes. How do you define the appropriate processes when you are part of a government that is moving, through court action, to remove the power of councils over reserved lands that have management plans, as Kunanyi does?

**Mr GUTWEIN** - I will say what I said earlier today, the Attorney-General is taking that action forward, and you should ask those questions of the Attorney-General. In terms of this project, my understanding is that there is both a PPA in terms of the process that will need to be undertaken by the park, and there is also the planning process with the Hobart City Council. That is in the hands of the developer to take their project through both of those processes.

**Ms O'CONNOR** - Unless you win the court case. Minister, can you rule out introducing amendments to the State Policies and Projects Act or another separate piece of legislation to allow for a project of regional significance in order to facilitate the building of a cable car on kunyani? I saw Mr Evans seek to give you some advice there but that is a question that is specific to your portfolio and responsibilities.

**Mr GUTWEIN** - That is his job. Actually, it is not. Both the acts you have mentioned are in other ministers' portfolios. My position has been that this project would need to meet and go through all of the necessary planning processes.

**Ms O'CONNOR** - That includes the Hobart City Council?

**Mr GUTWEIN** - It includes the Hobart City Council as the planning authority. I have not taken forward any view or approach to any of the ministers responsible for those acts in terms of making any amendments.

**Ms O'CONNOR** - We have asked this question before. Can you categorically rule out the further use of public funds to subsidise the proposed cable car? Obviously in this instance we are not talking about the human resources in the Department of State Growth that have been allocated to this specific project and this specific proponent. Can you specifically rule out ever providing public funds to the company behind the cable car, including in-kind support and the cost of associated infrastructure such as roads?

**Mr GUTWEIN** - Our view on this has been that the cable car project needs to wash its own face. We have never said that or committed -

**Ms O'BYRNE** - Did you just make that phrase up? Wash its own face.

**Mr GUTWEIN** - I thought it was an understood term. At the end of the day we have never offered financial support.

**Ms O'CONNOR** - You have offered the support of parliament and a government agency.

**Mr GUTWEIN** - We have not offered Government support.

**Ms O'CONNOR** - Well, yes you have.

**CHAIR** - Order. Ms O'Connor, order.

**Mr GUTWEIN** - I will not be verbally by you. In this case there is an act of parliament, the Facilitation Act, which is open and available to any project or any proponent.

**Ms O'CONNOR** - Yeah, right. Say that with a straight face.

**Mr GUTWEIN** - It is not project nor proponent specific. It facilitates the process to enable the cable car project to go through the normal planning processes.

**Ms O'CONNOR** - It is legislation that alienates public land and a reserve and the Wellington Park.

**Mr GUTWEIN** - That might be your view. It is not mine.

**Ms O'CONNOR** - No, it is just a straightforward assessment of the facts.

**Mr GUTWEIN** - Do you have a question?

**Ms O'CONNOR** - My question is what do you see as being the appropriate process should your Government be successful in joining as a party to the Lake Malbena appeal and removing the rights of the Hobart City Council in relation to any DA for the cable car?

**Mr GUTWEIN** - To be honest I have not considered that deeply.

**Ms O'CONNOR** - Rubbish.

**Mr GUTWEIN** - Again, that is a matter for the court.

**Ms O'CONNOR** - Well, what would happen?

**Mr GUTWEIN** - That is a matter for the court.

**Ms O'CONNOR** - Have you not thought forward?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - That is a matter for the court.

**Ms O'CONNOR** - If you remove those planning powers from council what is the process?

**Mr GUTWEIN** - It is a matter for the court.

**Ms O'CONNOR** - It is a matter you have directly made sure is happening.

**Ms O'BYRNE** - Minister, five years ago in May you advertised the position of the Coordinator-General for a five-year contract. I am assuming we are getting very close to the end of that contract. Does the contract allow an extension, or are you commencing the process of seeking a new Coordinator-General?

**Mr GUTWEIN** - Under the terms of that contract notice needs to be provided six months before the end of that contract. My understanding is that six-month period starts around July, end of this month.

**Ms O'BYRNE** - End of June.

**Mr GUTWEIN** - Going through a process now with the Coordinator-General in terms of what occurs from here.

**Ms O'BYRNE** - Do you anticipate that you would increase the salary or negotiate an increase in the conditions on salary for the Coordinator-General?

**Mr GUTWEIN** - We have not discussed that. My view is, and John may have a different view, that he is remunerated well for the position he has.

**Ms O'BYRNE** - Quite well.

**Mr GUTWEIN** - I don't think anybody can argue that we are not getting good value for that position given his role and the investment he has generated for the state.

**Ms O'BYRNE** - Let us talk a little bit about some of the role. We were interested to see just on the eve of Estimates the production of the Coordinator-General's diary. I guess I am wondering what constitutes a meeting to be placed in this? The Coordinator-General is attending Estimates Committee. He would have met with you prior to brief you. Is that a meeting or is that a briefing? Where would that sort of thing come in this?

**Mr GUTWEIN** - I have had nothing to do with the preparation of the RTI. If Mr Evans wants to provide some further details, it is a matter for him.

**Ms O'BYRNE** - I am interested in what would constitute any of these events?

**Mr GUTWEIN** - It has been completely done at arms-length from me, which is appropriate.

**Mr EVANS** - I am happy to provide some advice on this. It was done at arms-length from me too, by the way. It was done totally independently by an RTI officer who engaged with the applicant on a number of occasions to refine and further define the application. Simply asking for a copy of

## UNCORRECTED PROOF ISSUE

the diary is a very broad request, particularly given the number of appointments that John would have throughout the year.

**Ms O'CONNOR** - You can print-out the Outlook calendar, Mr Evans.

**Mr EVANS** - The nature of some of those appointments, a significant number involve meetings with external parties of a commercial nature through John's office where confidentiality around commercial-in-confidence discussions have been guaranteed.

The RTI officer, quite rightfully in my view, made a judgment that because of the need to undertake third party reviews with potentially hundreds if not thousands of individuals, that officer needed to further refine and define the application. It is through that process that the RTI officer has made an assessment. It is a very detailed assessment which covers each of the relevant parts of the legislation. I won't go through all of those now.

The final decision represents a balance between Right to Information held by government, the appropriate use of public resources to deal with the request and in this case, to have simply released an Outlook calendar would have required an extraordinary use of public resources -

**Ms O'CONNOR** - Commitment to transparency, that's what it would have required.

**Mr EVANS** - And the rights of individuals to engage with government within a mutually understood confidentiality framework that John operates within without risk of information being disclosed.

**Ms O'CONNOR** - Honestly you have degraded government. I have been here long enough and seen what you people are doing. If only we had a healthy functioning integrity commission.

**CHAIR** - Order.

**Ms O'BYRNE** - Sorry, I couldn't hear the last bit of Mr Evans' statement.

**Mr EVANS** - The last bit was around the right of individuals to engage with government, in this case the Coordinator-General, with a mutually understood confidentiality framework without the risk of that information being disclosed without prior knowledge.

John deals with a lot of confidential discussions, as you would expect he would do, in trying to secure investment into the state and progress a number of difficult projects. We rely on ensuring that those discussions remain confidential.

**Ms O'BYRNE** - I believe that taxpayers pay the Coordinator-General a substantial salary to do this work, work that has been undertaken in previous governments, it is not that we never had investment before the Coordinator-General was appointed.

The question was, what constitutes a meeting? If the Coordinator-General has a coffee with someone, is that a meeting? Or are there actually processes we could go through here that we could identify those that did have a level of confidentiality and those which are absolutely appropriate to be shared with the Tasmanian people?

This is a highly paid individual in a role that was created by the former minister in order to meet a political end. I know that Mr Perry works very hard, however, it is not that we failed to get investment prior to Mr Perry's arrival in Tasmania.

**Mr GUTWEIN** - What are you arguing?

**Ms O'BYRNE** - I am arguing that you should have been able to provide a greater level of detail as to what Mr Perry is up to. That is important because we know the community has concerns about some of the operations of your Government. If you are hiding some of those conversations and some of those engagements behind the Coordinator-General, then, minister, you need to be responsible for them. Who are these meetings with and why don't you want to share?

**Mr GUTWEIN** - In terms of the outcome of any of these meetings, if there is public investment, if there is engagement by government and support then that will be declared and is on the public record. You understand that.

**Ms O'CONNOR** - No it is not, the whole expressions of interest process does not work that way.

**CHAIR** - Order.

**Ms O'BYRNE** - What I understand is that the taxpayers' dollars and engagements and the work the taxpayers spend on staff in government should be subject to a greater level of scrutiny than this office allows. Your deliberate decision to make an Office of the Coordinator-General has in fact obscured the information and the work that is done. We only know the outcomes that are successful. We only know the outcomes you wish to tell us. What we want to know is what is the day-to-day work of the Coordinator-General and we want you to share it.

**Mr GUTWEIN** - Again you have a copy of his diary.

**Ms O'BYRNE** - I have a copy of a list of documents that say 'Meeting event - seminar'. 'Meeting event - conference'. I would like you to tell us what the Coordinator-General actually does.

**CHAIR** - Order, let the minister answer your question.

**Mr GUTWEIN** - The point that I would make is that John provides a focus for your activities.

**Ms O'CONNOR** - John? Or Mr Perry?

**Mr GUTWEIN** - Prior to John undertaking his role as Coordinator-General there were many -

**Ms O'CONNOR** - Does he call you Peter?

**Mr GUTWEIN** - Now you are just being silly and childish. I know it is late in the day.

**Ms O'CONNOR** - No I'm not.

**Ms O'BYRNE** - As women often are.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - Here we go.

**Ms O'CONNOR** - Shall I make you a nice cup of tea?

**Ms O'BYRNE** - There have been a couple of times, minister, that you have referred to questions by women on this side of the bench as silly. I will call it out when I hear it even if you won't.

**CHAIR** - Order, Ms O'Byrne. The minister was answering, and you will allow him to.

**Mr GUTWEIN** - I would like you to point to those, to be frank.

**Ms O'BYRNE** - I will get the Hansard for you later on.

**Mr GUTWEIN** - Well I think you might need to. In terms of the broader entry point for investors, those interested in engaging with government. Prior to Mr Perry, they would come in via a range of different portals into the Department of State Growth or into other agencies. John Perry is the lead in terms of where investors would go in terms of approaching the state. I think as a result of that we have had some excellent successes. I think it actually provides more transparency, to be frank.

**Ms O'CONNOR** - You are like something straight out of an Orwell novel: 'war is peace', isn't it?

**Ms O'BYRNE** - Minister, can I ask you whether or not it would be possible, not through an RTI process but through the good transparency of government, for you to identify the groups and organisation that Mr Perry has been meeting with? If not why not?

**Mr GUTWEIN** - No, in many cases there will be matters of commercial-in-confidence. If you have investors that are looking to engage here, there may be investors that are looking for a competitive advantage against those in their particular industry sector. If we were to provide all of those details nobody would knock on the door of government. Mr Evans might want to add something further.

**Mr EVANS** - I would add that as well as releasing the summary of the diary we have also released a list of stakeholder engagement areas. But they don't identify which meeting relate to which individual stakeholder engagement area, nor do we identify who within those areas the Coordinator-General was meeting.

**Ms O'BYRNE** - The Budget papers indicate an increasing in funding to the Office of the Coordinator-General. What is that to be spent on?

**Mr GUTWEIN** - John, this area received an additional \$250 000 in this budget area. John, you can talk about how that will be applied. In terms of the projects that he currently has underway at the moment, obviously the Northern Cities project is one that is taking up a significant amount of time and one that has been brought to fruition. Mr Perry might like to add some further detail.

**Mr PERRY** - We would work our budget for the coming year as to how we deploy those funds. It is too early to give you a breakdown for that.

## UNCORRECTED PROOF ISSUE

**Ms O'BYRNE** - Do you have an intention of what it might be used for sorry?

**Mr PERRY** - We apply it for a whole range of different purposes. It would obviously include where we get particular work done around specific projects. It might be around a consultancy. It could be in relation to background work. We have done some work in the past benchmarking Tasmania to assist us in promoting the state. It is a range of different areas that we would look at.

**Mr GUTWEIN** - John brought forward, what I would have to say is a substantive budget request this year. He has been provided with a fraction of the funding that he requested, and he will spend that across those areas that he determines are the highest priority, based on what he brought forward.

**Ms O'BYRNE** - Is the Office of the Coordinator-General exempt from finding savings as part of your share of the \$450 million, which is to come from consultants and travel and as we have heard, are very large parts of the money that is spent by the Office of the Coordinator-General. I understand there was a million dollars spent on travel, so is the Office of the Coordinator-General expected to find savings in those areas?

**Mr GUTWEIN** - I think you're erroneously quoting a number that was inadvertently listed on *The Examiner* website. That travel equates to the entirety of the State Growth travel. In terms of Mr Perry's budget, my understanding is it's about \$104 000 in total for the office, not a million dollars as been erroneously -

**Ms O'BYRNE** - Is the Office of the Coordinator-General exempt from finding those savings?

**Mr GUTWEIN** - No.

**Ms O'BYRNE** - Is anyone in State Growth? Is there any area in your portfolio that is exempt from finding them?

**Mr GUTWEIN** - No.

**Ms O'BYRNE** - As I understand so far, TAFE and Tourism that have been identified as being protected.

**Mr GUTWEIN** - Across the whole of government I will make this point, and I made it this morning at Treasury Estimates and I made it again at local government Estimates. The 0.75 of 1 per cent efficiency dividend next year, we will initially focus on consultants, on travel and transport, on advertising and promotion, we will look at targeted vacancy control and natural attrition, and we will also look at returns from Government businesses.

**Ms O'BYRNE** - One of the standard questions is, when were you made aware of the savings efficiency dividends. The question is when was your department made aware of the efficiency dividend?

**Mr GUTWEIN** - In terms of departments, no one has been allocated, nor has the budget subcommittee engaged with departments as yet. We are going through a process, and as I have said, one of the key things that we need to look at is the opportunity for additional returns from Government businesses. Once that process has been undertaken, we will look at what the level of efficiency dividend is that will be applied.

**Ms O'CONNOR** - We have a copy here of the Wellington Park Management Trust minutes, and it is clear that under the management plan for Wellington Park, proponents for private development bear any costs associated with the preparation of documentation required for the assessment of use and development proposals, and where relevant the assessment of such proposals. Yet, in the Park minutes it is very clear and noted at point 18: 'members noted that the trust needs to be prepared to undertake an assessment of a level 3 PAA for a cable car and will need to secure the necessary funding from the state Government as well as any expertise not available in the WPO'. Can you confirm that the Mt Wellington Cableway Company has come to Government seeking support to prepare documentation for the trust?

**Mr GUTWEIN** - No, they have not sought support to prepare documentation for the trust, in fact, I think the trust may be wanting to have a conversation with Government about how we might support the trust in terms of the PAA.

**Ms O'CONNOR** - Now that you have removed their veto power. In the infrastructure Estimates I asked the Minister for Transport and Infrastructure for an update on negotiations around a potential pilot school at Devonport Airport. The Secretary of State Growth confirmed that the Coordinator-General had met with proponents representing Chinese airlines or the Chinese Government aviation industry five or six times. Can you confirm that negotiations are well in train, and can you update the committee, or can the Coordinator-General update the committee, on where those negotiations over a potential pilot school at Devonport Airport are at?

**Mr GUTWEIN** - I think you might have been verballing the secretary.

**Mr EVANS** - I was just making it clear I did not identify who the proponent was.

**Ms O'CONNOR** - Thank you, Mr Evans. What I intended to cite from you was that the Coordinator-General you thought had met with the proponent five or six times.

**Mr EVANS** - What I actually said was that I had met with John half-a-dozen times to discuss where we were with this project.

**Ms O'CONNOR** - Thank you Mr Evans. As we know, the Coordinator-General's diary is not shared with the people who pay his salary, but is it possible, minister, for you to update the committee on what is the progress of those negotiations over the use of Devonport Airport?

**Mr GUTWEIN** - Mr Perry might be able to add further detail in terms of this particular matter, but I am aware of -

**Ms O'CONNOR** - Don't you know about it?

**Mr GUTWEIN** - I have a full briefing note here in front of me and I have been kept informed along the way. Mr Perry has been engaged and is doing his very best to attract investment to Devonport, and jobs, which is something that I would have thought you might have supported in regional Tasmania. He might provide some further detail.

**Mr PERRY** - Thank you, minister. Discussions are ongoing. They are progressing well. There are a number of parties involved, which include the University of Tasmania and some other

## UNCORRECTED PROOF ISSUE

stakeholders. But it hasn't been reduced to any sort of agreement, and we are continuing to have those discussions.

**Ms O'CONNOR** - Can I ask who those discussions are with, representing the Chinese government or the Chinese aviation industry?

**Mr PERRY** - We are talking to a proponent that is not the Chinese government or the Chinese aviation industry.

**Ms O'CONNOR** - China Southern Airlines?

**Mr PERRY** - I am not at liberty to disclose the proponent that we are talking to.

**Ms O'CONNOR** - Why?

**Mr PERRY** - Because those discussions are ongoing. It is a competitive environment. There are number of places around Australia that are looking to attract pilot academies, and it would be inconsistent for the way we approach our work with proponents to disclose that at this point in time.

**Ms O'CONNOR** - Even though, with respect, Mr Perry, we are talking about a publicly owned airport?

**Mr PERRY** - In relation to the Devonport Airport, it would be commercial negotiations for use of that airport, and that would be a matter for Devonport Airport.

**Ms O'CONNOR** - The Coordinator-General is not prepared to say who the negotiations are -

**Mr GUTWEIN** - Are you attempting to up-end this?

**Ms O'CONNOR** - I am not attempting to do anything. I want some clarity.

**Mr GUTWEIN** - I think you should be called out on this.

**Ms O'CONNOR** - Here we go.

**Mr GUTWEIN** - The Coordinator-General has explained he is involved in confidential discussions that might bring economic activity and positive outcome for Devonport, one of our regional cities. He has explained it is a competitive space.

**Ms O'CONNOR** - Was there some other company that wants to have an airport training school at Devonport Airport?

**Mr GUTWEIN** - I imagine there are many other locations in this country that would like the economic benefits that might flow as well.

**Ms O'CONNOR** - It mightn't be as close to the belt and road centre at Melbourne Port.

**Mr GUTWEIN** - Therefore, all I can presume from your questioning and attitude is that you want to attempt to up-end this.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - No, we are looking for transparency. It is interesting, isn't it. I had conversations with the Minister for Transport and Infrastructure over this issue. They were congenial and reasonable and we were simply seeking information. You have turned this into an attack, as you do, and I don't understand why the secrecy. Yes, I do understand why the secrecy, because it involves the Coordinator-General.

**Mr GUTWEIN** - As Mr Perry has explained, it is a competitive space, and all I can presume is that you want to up-end the opportunity to land some investment in Devonport.

**Ms O'CONNOR** - No, what I am concerned about is potential security.

**CHAIR** - Order, moving on. Ms Dow has the next question.

**Ms DOW** - In the Government's one-year agenda document there was a program that was being administered through the Coordinator-General's office around work with local government to attract business to regional Tasmania. Can you update me on how many businesses over the last financial year have in fact migrated to regional Tasmania as a result of this incentive?

**Mr GUTWEIN** - I can provide an overview before Mr Perry. My understanding is that six businesses have been engaged. That was the last briefing I received.

**Ms DOW** - Can you detail those?

**Mr GUTWEIN** - Mr Perry might have details with regards to businesses that we're dealing with. I understand there is one significant one at Bell Bay that we've been working with, if that comes to fruition, that would more than likely benefit from the payroll tax exemption. I just make this point. One of the things that governments of all persuasions in this state have done for a long period of time is negotiated a payroll tax as one of the incentives to attract business.

What we have attempted to do, is to formalise that arrangement by allowing for up to three years of the payroll tax exemption to be provided in regional Tasmania with a view to attracting businesses to the regions.

As part of the process, the Parliamentary Secretary engaged with a number of councils over the course of the last 12 months to speak with them about what incentives they may be able to provide. I note that a number of councils, Dorset for one, has a very strong program in place whereby they look at a range of incentives that they can offer to attract people into the north-east. George Town are looking at a similar package. Mr Perry might like to share more in terms of where he is at with these businesses.

**Mr PERRY** - Thank you, minister. There is one company that has set up in Tasmania that we have discussed this incentive with. There are a number that are considering Tasmania but haven't yet set up in Tasmania.

**Ms DOW** - So there is one?

**Mr PERRY** - Yes.

**Ms DOW** - Moving on then to the payroll tax incentives for small business around taking on apprentices and trainees, how many have done so over the last financial year, and could you break those up across the regions for me please?

**Mr GUTWEIN** - In terms of payroll tax scheme, as at 28 February, 141 employers are currently claiming under the scheme. In terms of employee numbers, this equates to 1568 apprentices and trainees that are supported, as well as 264 youth employees. We estimate the scheme will cost around \$4.9 million for the current year just ending, and \$6.1 million in total over the 2019-20 Budget and forward Estimates period. I don't have a regional breakdown. This is the broader payroll tax rebate that is provided.

**Ms DOW** - Can I put that on notice for you?

**Mr GUTWEIN** - In terms of the regional breakdown? I will see what we can do. I am presuming that we can ask SRO for that detail.

**Ms DOW** - The other question I wanted to ask is around the recently released small business growth strategy, which is a collaboration between yourselves and the TCCI and Small Business Council. It is quite a lengthy strategy, but there doesn't appear to be any timelines in it or any drilled-down actions. I am wondering how much money is allocated in the upcoming financial year around the implementation of that strategy and its key objectives, and whether there will be an action plan publicly available, or how you are measuring progress against the strategy.

**Mr GUTWEIN** - First, I should thank the TCCI and the Tasmanian Small Business council for their work. I attended some meetings in terms of the engagement that State Growth had with employers and employee groups.

The Budget contains \$1 million - \$250 000 per year to support the strategy. My understanding is that it will be reported on annually. I will ask the secretary if there is anything that he wants to flag to it. What was quite interesting in terms of the state-wide round table we had, and I note that there were quite a number - over 70 small business participants shared their ideas. There were five key actions that came out to support the strategy:

- Providing supportive programs and services to enable growth and increased productivity.
- Enable an operating environment for business growth.
- Enabling business growth through reducing the compliance burden and dispute resolution.
- Providing market expansion opportunities for business and growth.
- Empowering business growth through skilled development and support mechanisms.

Under each priority area, actions for both government and industry have been developed. These actions include both the development of new initiatives and the review of current programs and services.

The \$1 million that has been committed over four years will support the establishment of a small business-to-business network program to improve business connectivity and build business capability. The development of new and innovative industry focus coaching and mentoring

program in association with Enterprise Tenders Tasmania and Business Tasmania. A new digital check-up assessment tool which will identify the specific areas small businesses can improve their digital presence. The development of tailored seminars to increase business' knowledge of the visitor economy and help them leverage the value of online visitor platforms in partnership with industry. A new program that supports business growth to financial literacy for business owners and those seeking expansion. A new program to assist business branding and marketing to enable and enhance market penetration and growth. Investigation of a best practice payment policy to encourage key Tasmanian buyers to adopt payment times and practices that best support the small business supply chain and to investigate the development of a small business-friendly councils' initiative to encourage local government to lift their small business procurement spend to improve payment terms and practices to small business.

**Ms O'CONNOR** - Minister, under the administrative arrangements, as I understand it, you now have responsibility for the 'workplace (protection from democracy) amendment bill 2019'. Is that correct?

**Mr GUTWEIN** - I believe Ms Courtney has.

**Ms O'CONNOR** - I'm not sure about that.

**Mr GUTWEIN** - I think I can say with confidence, it is not me.

**Ms O'CONNOR** - Are you certain about that? Who has it then? I understood that under the administrative arrangements, it had moved from -

**Mr EVANS** - I think you might be right. The Department of Justice has the lead carriage but -

**Ms O'CONNOR** - The minister responsible is?

**Mr EVANS** - I think it might be Ms Courtney, but I would have to check.

**Ms O'CONNOR** - Ms Courtney.

**Mr GUTWEIN** - We will take that on notice and find advice.

**Ms O'CONNOR** - You do not know anything about the workplace (protection from democracy) bill mark 2 after the first one was smashed down by the High Court?

**Mr GUTWEIN** - I don't believe I have carriage of it.

**Ms O'CONNOR** - Treasurer, under your Government's opaque expressions of interest process for exploitation of public lands, the Tasmanian Wilderness World Heritage Area, and other protected areas, as we understand it, there are a number of proponents that are through to lease and license as a result of stage one of your call for commercial developments in public protected areas. How many proponents have put forward proposals under what we now know is the open-ended round two of the program to exploit public protected areas?

**Mr GUTWEIN** - I have some advice on the overall, but Mr Perry can provide some details.

**Mr PERRY** - Twenty-four new submissions in round two.

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - Twenty-four new submissions in round two which is an open-ended round. What level of transparency is there about those submissions to government to develop inside public protected areas from the wilderness?

**Mr GUTWEIN** - You understand the process, I am just not sure what the question is? We seek expressions of interest, we go through a process -

**Ms O'CONNOR** - Which is not a transparent process.

**Mr GUTWEIN** - We assess them and then if they move to lease and licensing and engagement with the planning process, then it follows the normal course.

**Ms O'CONNOR** - Are you able to explain to the committee - perhaps you can ask Mr Perry - where is the information about those 24 new proposals for private profit from public protected areas? How did the owners of those protected areas, primarily the Aboriginal community, have any path to understanding what your Government is trading in, and with whom?

**Mr GUTWEIN** - We would go through a process. Not all of those that would come through an expressions of interest process are acceptable or have proposals that -

**Ms O'CONNOR** - Will they be published on a website?

**Mr GUTWEIN** - Mr Perry can talk about -

**Mr PERRY** - When a proposal proceeds through the assessment process and goes to lease or licence negotiations, it is published on the website.

**Ms O'CONNOR** - Can you confirm, Mr Perry, that that is a departure from the practice of round 1, where proponents were listed on the website during negotiations and at the preliminary stage when expressions of interest had been submitted.

**Mr PERRY** - There is a change from stage 1 to stage 2. That was completed because, in round 1 there were two phases and we had significant feedback from proponents that it was bureaucratic and unwielding. When we moved the second round, we simplified that process.

**Ms O'CONNOR** - Thank you, Mr Perry. It has just been confirmed to the committee, Treasurer, that you have made already opaque process to exploit public protected areas, even more opaque. You have embarked on stage 2 of an expressions of interest process where there will be negotiations made between government and private entities and there will be no transparency with the people of Tasmania in relation to those proponents. Is that correct?

**Mr PERRY** - That is not correct. As I explained before, when a proposal goes through the EOI process, if it proceeds to negotiate lease or licence, it is then made public on the website.

**Mr GUTWEIN** - So people understand exactly who we are negotiating with -

**Ms O'CONNOR** - Minister, by then the deal has been struck. It has because it has proceeded to lease and licence. How can you scoff at that? By then there's been internal processes.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - It proceeds to negotiation on lease and licence. The deal has not been struck.

**Ms O'CONNOR** - Exactly. Treasurer, how do you justify making an already secretive process even more opaque, with public protected areas that you don't own, with wilderness that you don't understand.

**Mr GUTWEIN** - Anybody that proceeds to lease and licence negotiations. It is publicly available.

**Ms O'CONNOR** - You are a disgrace. You are trading in public assets with absolutely no transparency like they belong to you, and they don't. They belong to the Aboriginal people and the people of Tasmania.

**Mr GUTWEIN** - Thank you for those comments.

**Ms O'CONNOR** - I didn't think you could be any more dodgy but you are.

**CHAIR** - Order, Ms O'Connor.

**Ms O'BYRNE** - Minister, it seems very odd that when the Coordinator-General attends a meeting with the state government, or a board or panel meeting with his own staff and the state government, that they are secret. It seems very odd to me that we can't be told the conferences the Coordinator-General has attended. There seems to be a few of those. It also seems interesting that some of these events do look more like social occasions.

Minister, how many football games did the Coordinator-General attend?

**Mr GUTWEIN** - In terms of his licence, and your view on that, and in terms of his diary, and your view on that, that was assessed by an RTI officer at arm's length from me, therefore in terms of the information you have, I am in no position to be able to provide any input.

**Ms O'BYRNE** - Minister, will you advise how many conferences were attended by the Coordinator-General, the meetings that are identified in this document that are purely with state government, and the football games the Coordinator-General attended, that are identified in this document. All of those on notice?

**Mr GUTWEIN** - If you want to put a request on notice, we will have a look and see what we can do.

**Mr TUCKER** - Minister, can you please inform the committee how the Macquarie Point development is progressing.

**Ms O'CONNOR** - Tedious repetition. Could you find a different one? We've already heard that.

**CHAIR** - As Chair, I have heard similar questions asked many times through the last two days, so to use it as an excuse now from the opposition -

**Ms O'CONNOR** - The difference is this time Mr Tucker will get an answer.

**Mr GUTWEIN** - There is plenty of repetition in the questions. I thank Mr Tucker for his interest in this project. This is a once in a lifetime development opportunity. It is one of the last remaining vacant urban infill locations in any of Australia's capital cities. I am pleased to advise that progress is being made at the site.

The legislation I foreshadowed at Estimates last year has now passed parliament and came into effect last December. It updates the existing Macquarie Point Development Corporation Act to reflect the transition in the corporation's focus from remediation to development. It provides a planning framework for Macquarie Point which will support the development and accelerated investment in the site.

As you would be aware, the Macquarie Point Development Corporation has commenced work to amend the Sullivans Cove Planning Scheme and importantly I understand that the Hobart City Council voted last night, as I have already informed the committee, to support the officer's recommendation to approve the proposed planning scheme amendments unaltered. Importantly, the Hobart City Council will remain as a planning authority to deal with all applications for the site.

The Tasmanian and Australian governments along with key organisations continue to work closely on the development of the Antarctic and sciences precinct at Macquarie Point. The implementation board has met twice since the signing of the deal and discussions are progressing well. The first portion of the site has been provided with certification from the independent environmental auditor that it is suitable for permanent development, which is a significant milestone.

Work is underway on the decommissioning of the existing wastewater treatment plant, as I have already informed the committee. Funding has been provided and we are working jointly with TasWater in the initial steps on that project.

The site continues to enjoy increased visitation with hundreds of thousands of people using or visiting the site over the past year. There are now 21 tenants at the site, up from two. Contrary to what has been reported in the media recently, two representatives from the Eden Project visited the site last week and have indicated they are still very interested in Hobart as a complementary site to Victoria.

As I have explained, Mr Tucker, Macquarie Point is beginning to take shape. The legislative amendments that we have moved and the reset of the master plan has now been completed. I understand that the next steps will be for the TPC to consider the role that it was provided with in the final signoff on the planning amendments, and then away we go.

**Ms O'BYRNE** - Minister, back to Macquarie Point if you wish to go there. You have listed some of the things that have been going. What else have we spent \$17 million on?

**Mr GUTWEIN** - Predominantly remediation but I will get that breakdown if we can find that. Capital expenditure of \$6.3 million, remediation of \$4.4 million, a \$5 million grant to Brooke Street, that is all the detail I have.

**Ms O'BYRNE** - The \$5 million, was that out of the \$45 million? So that is in addition to the \$17 million. I was only counting the \$17 million that you spent other than the \$5 million on Brooke St. There is \$17 million - \$6.3 million capital expenditure and \$4.4 million in remediation. Where has the rest of the \$6 million gone?

**Mr GUTWEIN** - I can provide you with some further detail on that. It is in the annual report.

**Ms O'BYRNE** - We have been to the annual report and it was not clear. That is why I have asked the question.

**Mr GUTWEIN** - What would you specifically like to know and I will ensure that I can provide that.

**Ms O'BYRNE** - I would like to know exactly where the money has gone. How clearly do I need to define that? A full budget on the expenditure since 2012 at Macquarie Point?

**Mr GUTWEIN** - I will provide you with a breakdown if you put a question on notice.

**Ms O'BYRNE** - Thank you very much. I have another question if you don't mind me continuing? I was spending a bit a time in annual reports lately, it has been hilarious fun. I looked particularly at the key achievements of the Office of the Coordinator-General, which is different from the major projects.

I am comfortable the Hermal Group and Dutch Mill have progressed. I would be interested to know if they have delivered the number of jobs that were identified. That is 220 jobs for Hermal Group and 112 FTE jobs for Dutch Mill. Also, I am interested in the Thomas Cook Money initiative because I am not sure if they were then captured in the 'Thomas Cook quitting Australia after nightmare year' issue. Are those 40 jobs actually deliverable jobs, or are they separate from the Thomas Cook withdrawal? So Hermal, Dutch Mill and Thomas Cook.

We did not get the planned pilot academy which is listed as a key achievement as well.

**Mr GUTWEIN** - I will touch on Hermal. This project is underway. My understanding is the overall investment has a total cost of \$190 million and \$135 million is forecast to be invested within the first three years. Then there are a number of construction jobs, 160 followed after the build period by employment of another 100 FTEs.

Hermal has secured the preferred site for the new mill in Hampshire and has been preparing the information required for the development approval. It has engaged local consultants to undertake work on the Hampshire site for the purpose of the required Environmental Protection Authority notice of intent, which has already been submitted. They have opened an office in Burnie, leased milling space in Wynyard to undertake final testing for their cross-laminated timber products. They have ordered the machines for the timber pressing and cutting to enable early market entry of their products while they progress through the approval process and build at the Hampshire site. They anticipate having initial products coming off production at Wynyard before the middle of this calendar year, so I am presuming shortly. They have been working with a range of forest industry companies operating in Tasmania on the development of a bioenergy generator which will convert the plant's wood fibre fines into electrical and heat energy. By all accounts it appears to be progressing reasonably well.

**Ms O'BYRNE** - And the jobs there, minister?

**Mr GUTWEIN** - I only have the total number of jobs at this stage. I don't have the current level but I understand they are on track.

## UNCORRECTED PROOF ISSUE

**Mr PERRY** - It is early stages for Hermal. They have a temporary site and they filed their notice of intent to the EPA so their actual ultimate planned site is not yet underway.

**Ms O'BYRNE** - Do you anticipate that will be 2020 still? There is no change to that?

**Mr PERRY** - Yes.

**Ms O'BYRNE** - The minister is still working through the three projects.

**Mr GUTWEIN** - Dutch Mill, Mr Perry might be able to provide more detail than I have; I know he has been working closely with them. I understand that they have reopened the facility and commenced some production but I will let John provide detail there.

**Mr PERRY** - Dutch Mill has been working on the site. They are not at full production yet but when they reach full production it will be 112 FTEs.

**Ms O'BYRNE** - When do you anticipate full production will be achieved?

**Mr PERRY** - I believe it is next year but I will have to get back to you if you want specific dates.

**Ms O'BYRNE** - Did you need that on notice, the date that they expect full production?

**Mr GUTWEIN** - If you want to put that on notice we can come back to you.

**Ms O'BYRNE** - The last one was the Thomas Cook Money initiative because I think Thomas Cook had trouble. That is 40 jobs.

**Mr PERRY** - Thomas Cook Money is operating. It has been underway for some time in Hobart. It is a different corporate structure from the other Thomas Cook. It is the same group but it is a different organisation that is operating.

**Ms O'BYRNE** - Through you, minister, and interrupt if it is not an appropriate question, the key achievements and investment traction document says there will be 14 new skilled jobs. The press release from Mr Tarring indicates that it will be five jobs in the Hobart office - which is where we expected the 40 - and 40 extended staff. I am wondering what means? Are there 40 people working there?

**Mr PERRY** - I can't tell you at the moment at what stage they are of their ramp up so we will have to take that on notice.

**Ms O'BYRNE** - Weren't they supposed to receive a payroll tax incentive? Did they qualify for that? The Premier's press release at the time welcomed and indicated that payroll tax assistance of up to \$300 000 would be made available. I am not sure. Was there ever a point where that was deliverable before it changed or not?

**Mr GUTWEIN** - They have to get to a point where they would be paying payroll tax before they would receive a payroll tax offset.

**Ms O'BYRNE** - I am wondering whether or not there was a point that they were and then it changed? Given that I don't know what an extended staff person is, unless you do know?

**Mr GUTWEIN** - Mr Perry said we would get you some further details.

**Ms O'BYRNE** - I can ask about whether they got to that point? Thank you.

**Ms O'CONNOR** - Minister, has the Coordinator-General had any discussions with UPC Renewables about the Robbins Island wind farm and the proposed transmission line through numerous regional reserves, including Leven Canyon?

**Mr GUTWEIN** - I will have to ask Mr Perry if he has an update.

**Mr PERRY** - We have had discussions with UPC, not specifically about a transmission line.

**Ms O'CONNOR** - Minister, has there been Government support for UPC Renewables' plan to take the transmission line through multiple regional reserves, including the Leven Canyon?

**Mr GUTWEIN** - I don't think we provided any support, no.

**Ms O'CONNOR** - What about guidance to the company? There is an existing transmission corridor, as I understand it, from the Woolnorth Wind Farm.

**Mr GUTWEIN** - Regarding UPC, the Minister for Energy is best placed to direct those questions to. I have not had very much engagement at all with UPC.

**Ms O'CONNOR** - Your Coordinator-General clearly has had some engagement with UPC Renewables. You would be aware that it is now highly contentious.

**Mr GUTWEIN** - Mr Perry indicated that it is not about the transmission line. I suggest you speak to the Minister for Energy.

**Ms O'CONNOR** - Okay. Minister, you claim your Government and your infrastructure spend, which we have some very serious doubts about you being able to get out the door on your record, will create 10 000 jobs. TasCOSS asked the question yesterday, which we asked on their behalf, about how many of the 17 000 unemployed Tasmanians will have access to those 10 000 jobs.

Budget paper no 2 vol 1 Table 11.3 shows that, under the performance measure of supporting access to a skilled workforce through state nomination of skilled migrants, there is a total of a little under 6000 projected skilled migrants coming to Tasmania. Will they fill 6000 of the 10 000 jobs that your Government is promising to create?

**Mr GUTWEIN** - I refer you to budget paper No 1. It is clear in there that the forecasts and the projections included in the Budget support the creation of 10 000 jobs over the four years.

**Ms O'CONNOR** - Yes, but six-tenths of them might be skilled visas.

**Mr GUTWEIN** - I would caution you in terms of the 10 000 figure. That is based on a forecast for the coming year, as you well know. Treasury only forecasts for the 12 months. They have forecast economic growth at 2.75 per cent and the associated outcome in terms of employment is a

result of that. Then we return back to the long-term trend of 2 per cent growth because we only project based on long-term trend. I expect that the Budget will support more than 10 000 jobs over that time. If our economy continues to grow in line with where it is, above trend, those figures will be significantly increased.

**Ms O'CONNOR** - Minister, are you able to provide the committee, as we asked last year, for a detailed breakdown of the skilled visas by country and by skill shortfall? By business area. Remember we had Ms Buttermore in last year who went through that in some detail and provided that information.

**Mr GUTWEIN** - Ms Buttermore is here again. Would you be okay if she came to the table and provided some figures?

**Ms O'CONNOR** - Sure, I would be delighted. It would be like respite. Ms Buttermore, thank you for coming to the table. This question is basically the same question we asked last year in these Estimates. It relates to the breakdown of the skilled workforce entrants in the most recent actual year by country of origin and area of skill shortage.

**Mr GUTWEIN** - For the benefit of *Hansard*, Erin Buttermore, is the acting general manager of Business and Trade -

**Ms BUTTERMORE** - Executive director of Trade and International Relations. Correction.

The information I have to hand is for the financial year ended 2019, which we haven't quite completed yet. These are data up to 22 May. So far, we have nominated 649 people under the 190 sub-class, which is the permanent skilled visa; 1155 under the 489 skilled regional visa, which is the provisional with a pathway to permanency -

**Ms O'CONNOR** - Did you say 1155, Ms Buttermore?

**Ms BUTTERMORE** - Yes, I did.

**Ms O'CONNOR** - For which visa?

**Ms BUTTERMORE** - The 489.

**Ms O'CONNOR** - That's the pathway visa, yes.

**Ms BUTTERMORE** - We have nominated 61 under the 187, which is the regional sponsored migration scheme visa. Those are an employer nominated visa. We have nominated 132 under the business talent visa, which is a permanent business visa, and we have nominated 11 under the 188 subclass, which is a provisional business visa with a pathway to permanency.

**Ms O'CONNOR** - Are you happy, minister, as was the case last year, for me to put that question on notice because the other part of the question is 'country of origin'. Ms Buttermore, that is for the year that is now described as the 'target year', 1750 in the performance indicators?

**Ms BUTTERMORE** - That is right, so we have already exceeded that target.

**Ms O'CONNOR** - Clearly, yes. I do not think we have the information about the 2017-18 actuals, which were 1626 skilled migrants coming to Tasmania.

**Ms BUTTERMORE** - My understanding is that we did follow that up at the end of the financial year once that was completed and we supplied that to your office.

**Ms O'CONNOR** - All right, I stand corrected. I will put that question on notice, minister.

**Ms O'BYRNE** - Chair, I have a question before Ms Buttermore leaves the table. Do we track the length of time that our skills migrants stay? One of the concerns has been raised by the business community of Launceston is that we go to a lot of trouble to attract them, then don't support them to actually get work. I know your job is not to do that, it is simply to assist them getting here. Do we track how long people stay for, and how many leave within one year, two years, three years?

**Ms BUTTERMORE** - Part of their commitment is to stay in Tasmania for at least two years. We issue surveys at six-monthly intervals for that two-year period. As with many surveys, the response rate is fairly low, so it is very difficult to get an accurate picture of where they end up. Because of people's privacy considerations, we can't, of course, track them very well.

**Ms O'BYRNE** - One of the concerns is that they don't find work and leave. It has been raised by the chamber in Launceston. They don't feel that we are necessarily supporting people to transition once they have arrived here through the process. Can I put a question on notice, and let me know what you do have? I recognise that it is voluntary information and the information might be quite limited.

**Mr GUTWEIN** - We will see what we can provide. I would be interested in any further feedback on that issue as well.

**Ms O'BYRNE** - A unique insight to it, as well.

**Mr TUCKER** - Minister, how is the Government progressing towards its population growth strategy which aims to increase Tasmania's population to 650 000, by 2050?

**Ms O'CONNOR** - What are you doing to provide homes for all the people who are coming here to live in the middle of a housing crisis?

**CHAIR** - Order.

**Mr GUTWEIN** - The answers to both of those questions, we have extended the first home owner grant, we are providing taxation concessions on duty for people purchasing their first home and for pensioners downsizing. There is also land tax incentives for new builds, for up to three years, I think it is, land tax free, or for properties that come back out of the short-term stay market.

**Ms O'CONNOR** - How many is that? Three?

**Mr GUTWEIN** - I know that you don't view infrastructure such as roads and bridges as enabling, but I have said on a number of occasions in places such as Brighton, Sorell, Kingston - which are three out of the four fastest growing areas in the state - the transport links that this Budget funds, the support and other government services provided to those areas in terms of new schools and health facilities, will ensure that those areas will continue to grow and that the availability and

supply of affordable land will continue to be provided to the market and all of those factors that I have outlined will help housing affordability.

The Government has set a target of having a population of 650 000 by 2050. Treasury and ABS have both recently modelled Tasmania's projected population over the next 50 years. Based on a range of growth estimates, the state's future population - and it depends on whether it is the high, low or medium - will either shrink or exceed the population target. The state's strong economy is having a positive effect in a range of ways, not least of all on our population growth. Tasmania is currently experiencing population growth of 1.15 per cent, well above the 0.66 per cent target required to achieve the 2050 target figure of 650 000 and well above Treasury's high growth figure of 0.6 per cent.

This is one of the reasons we have established the 10-year \$13.9 billion Tasmanian Infrastructure Project Pipeline to ensure that businesses that are operating in that space have the confidence to know that they have work in front of them outside the government cycle, up to a 10-year period. The minister for Infrastructure is working on a 30-year infrastructure vision where not only is the state government lifting its eyes to the horizon but we are looking over it as well.

We need people with the right skills to provide the products and services that we need. There is a challenge across the country. On the eastern seaboard, a significant infrastructure spend is occurring in the states of Victoria and New South Wales and South Australia has a significant spend as well. Business and skilled migrants from overseas and interstate are important contributors to Tasmania's growing economy and our population. Our business and skilled migration program, as we have just heard, has enabled Tasmania to expand its national share of business and skilled migrants from around 238 nominees in 2014-15 to around the 1500 number so far this year, in fact more than that.

**Ms O'CONNOR** - More than 2000.

**Mr GUTWEIN** - To ensure that we have the skills that are necessary at a local level, this budget contains an additional \$2.9 million to TasTAFE focusing on ensuring that we provide support and training for apprentices in the areas where we have significant skill shortages, primarily in building and construction. The Payroll Tax Rebate, which we have discussed, currently is supporting more than 1500 apprentices and trainees. The small business program we are rolling out is supporting another 500 trainees and apprentices. We are addressing the challenge of ensuring we have the right people with the right skills to do the work that is in front of us.

**Ms DOW** - Minister, can you explain to me the strategic growth initiative and what activities will be undertaken by government for the \$6 million that is allocated in the Budget across the forward Estimates?

**Mr GUTWEIN** - I think I still have a brief.

**Ms DOW** - If you have time lines that would be useful too, minister. As well as tangible actions that we will see as a result of the initiative.

**Mr GUTWEIN** - I do not have the strategic growth initiative here as it falls within the Premier's portfolio. I can speak broadly about it. The objective of the strategic growth initiative is to ensure that with a growing economy, especially with a significant infrastructure spend that reaches into the regions and it is not just roads and bridges. We are talking about the building of

schools, health facilities, courts and additional houses as well. It is crucial we take a whole-of-government approach to ensure we link those communities and those individuals into the program where building will be underway. It will be multifaceted and the Premier has provided more detail on this. As I discussed with you, it will take in some of the information we have available at a local government level. It will be about ensuring that we have the right data matching to enable us to target those areas, those local communities to provide people with an opportunity to take part in the growing economy.

**Ms DOW** - Would you be happy for me to put it on notice anyway to get some more detail?

**Mr GUTWEIN** - I can ask the Premier for some further detail.

**Ms O'BYRNE** - Can you advise how much money is available to loan through the Tasmanian Development and Resources board? Given that we will probably be in the same piece of paper, I am also interested in how many projects they have loaned to in the 2018-19 year? Whether or not that is different to the year prior, the value of the loans, whether they are on commercial rates and some understanding of the activity of the board in terms of frequency of meetings? The remuneration I should be able to find in the report unless you have it there.

**Mr EVANS** - The board comprises Brian Scullin as the chair, Brett Torossi, Janelle Allison, Mark Ryan, Naomi Edwards and Greg McCann from the north of the state, and me. We meet on a monthly basis.

**Mr GUTWEIN** - Can I interrupt for one minute. I understand the Audit Office is here, we finish at 6 p.m. Are you looking to inquire into the Auditor-General?

**Ms O'BYRNE** - I am conscious of that, if you finish this answer.

**Mr EVANS** - I can provide you with a lot more information about how the board operates.

**Ms O'BYRNE** - How regularly are they meeting? How much money are they dispersing?

**Mr EVANS** - It meets on a monthly basis as a board but it has a subcommittee, the financial assistance committee, which meets more frequently and virtually on an 'as needs' basis. That committee operates a number of loan scheme programs on behalf of the board.

As at 31 March 2019 TDR had 143 loans outstanding with balances in the order of \$65 million. In addition, loans totalling \$55 million have been approved but remain undrawn.

**Ms O'BYRNE** - Would that be because they have only recently been made or that the project has simply not got to fruition?

**Mr EVANS** - No, not necessarily. There will be some that are recent and some that are waiting for conditions to be right for a developer to commence.

**Ms O'BYRNE** - But they won't draw down until such time as they are?

**Mr EVANS** - They will not draw down until such time as they are ready.

## UNCORRECTED PROOF ISSUE

**Ms O'BYRNE** - The 143 that are outstanding and the 55 that are approved, over what period of time? That is not just within the last 12 months.

**Mr EVANS** - No, that will be the legacy of our loan book. Some of loans extend back over a number of years.

**Ms O'BYRNE** - Are you able to give the yearly break up? Is that another question on notice? I do not want to take your time.

**Mr EVANS** - We can provide you with more detail.

**Ms O'BYRNE** - How would you need me to phrase that?

**Mr GUTWEIN** - Can I ask you a question? I do not have the minute with me but, for example, the heritage. Do you have the value of the loans and the amount that has been drawn down with you or not?

**Ms O'BYRNE** - We were looking for it on an annual basis to get a picture of that. I can put that on notice if that is easier and we can move on.

**Mr GUTWEIN** - I am happy to provide the value of loan program and the amount that has been drawn down.

**Ms O'BYRNE** - There is a \$65 million balance at the moment.

**Mr EVANS** - Briefly speaking, we operate a number of loan programs on behalf of the Government: the AgriGrowth Loan Scheme, the Heritage Places Renewal Loan Scheme, the Tourism Accommodation Refurbishment Loan Scheme, Fruit Fly Concessional Loan Scheme and a number of other loan schemes which have now closed, including flood relief and bushfire relief.

Until recently we have also operated, on behalf of the federal government, agri-business loan schemes.

**Ms O'BYRNE** - It might be easier, Mr Evans, if I put in a question asking you to detail the types of loans and the draw down that has been made over a certain period. Is that easier?

**Mr EVANS** - We can do that.

**Ms O'CONNOR** - Minister, given that you are responsible for the process to exploit the wilderness and other public protected areas, are you able to give the committee an update on Mr Johnson's plan to build huts along one of the last great coastal wildernesses on the south coast?

**Mr GUTWEIN** - I don't have any detail. Mr Perry might?

**Ms O'CONNOR** - Given that, as I understand it, \$2 million was gifted to Mr Johnson by your federal colleagues.

**Mr GUTWEIN** - We will see what information Mr Perry has.

**Mr PERRY** - I don't have a note on that here.

**Ms O'CONNOR** - It is good to have Ms Sugden come to the table. We want an update on the South Coast Track, where it is in terms of what we would call an assessment process, but it is not a proper statutory process, where it is in terms of negotiating with the Government.

Also, could we have an update on the Walls of Jerusalem Lodge Walk from the Tasmanian Walking Company, the Overland Track Experience and the Cradle Base Camp Experience and Frenchmans Cap Walk, all of which are proposed by Tasmanian Walking Company who conveniently have had their CEO put on the new AFL mission for Tasmania.

**Ms SUGDEN** - Thank you, Ms O'Connor. First, I would like to put on record that the first stage of the process before proponents are invited into lease and licence negotiations is managed by the Office of the Coordinator-General. The second and quite separate stage is when projects go through to PWS to begin moving through all the statutory approvals that they need and to commence lease and licence negotiations.

The update I have in front of me is from Parks and Wildlife Service. I am able to read that and I have a good overview of where that is at.

Maria Island Walk lodge has two separate EIOs. One of those was to construct six huts on the East Coast track for walkers and the second proposal is a hut on the South Coast Track between South Cape Bay and Cockle Creek. Both have been approved to lease and licence negotiation and both were deemed to be consistent with the TWWHA plan, subject to further approvals being completed and approved.

**Ms O'CONNOR** - Can I ask, Ms Sugden, do you have information about what reserve activity assessments have been lodged by the proponent?

**Ms SUGDEN** - I understand that the proponent has not yet submitted any RAA for assessment. I understand the proponent is working on those. The RAA will consider, as you would imagine, many issues, including environmental impacts and most importantly the impacts on the World Heritage values.

**Ms O'CONNOR** - Thank you. Are you able to give an update on Tasmanian Walking Company's four proposals in stage 1?

**Ms SUGDEN** - I can. I would have to go back and get some of my notes. As I said, they are PWSs projects.

**Ms O'CONNOR** - Are you happy for me to put that on notice?

**Ms SUGDEN** - Yes.

**Mr GUTWEIN** - And we will see what we can provide you.

**Ms O'CONNOR** - Minister, do you accept that the current process for developing inside the Tasmanian Wilderness World Heritage Area and other protected areas is not a statutory process that allows for public consultation at any point unless and until a level 4 RAA is lodged with the Commonwealth?

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - It is not my area of expertise but I have a broad understanding of the Reserve Activities Assessment process. It is in place. It is a process. We expect our proponents to go through it.

**Ms O'CONNOR** - Can you explain to the committee, lay out your understanding of what the public's opportunity for feedback, comment or input on any particular expression of interest is?

**Mr GUTWEIN** - It is not my responsibility. As you have just been informed, Parks and the Parks minister have oversight.

**CHAIR** - We have been down this path before today, Ms O'Connor.

**Ms O'CONNOR** - Point of order, Chair. We have not been down this path.

**Mr GUTWEIN** - Parks have oversight of that part of the process, not me.

**Ms O'CONNOR** - We have certainly not been down this path. These are questions that I asked last year of the minister in this Estimates about the opportunity for public comment on any one of the proposals. It is a matter of public interest and he should answer it.

**Mr GUTWEIN** - You should appropriately put that question the minister responsible for Parks.

**Ms O'CONNOR** - No, last year in these Estimates you talked about public opportunities to comment on the expressions of interest process. This year you are avoiding the question. Why is that?

**Mr GUTWEIN** - I am suggesting that you should put it to the appropriate minister.

**Ms O'CONNOR** - You are the minister overseeing the expressions of interest process through the Department of State Growth and you can't explain where the public participation opportunities are?

**Mr GUTWEIN** - It has just been explained to you, that is a process that is conducted within Parks with a -

**Ms O'CONNOR** - No, it ends up in Parks after starting through your agency.

**Mr GUTWEIN** - Again, but you have just heard that post the EOI process they engage with Parks and they go through the relevant process. It is a matter for the Parks minister, not me.

**Ms O'CONNOR** - Do you accept that it is not a proper statutory process?

**Mr GUTWEIN** - These are questions that you should appropriately put to the minister for Parks.

**Ms O'CONNOR** - It is as fruitless as talking to you about this because you know the price of everything and the value of nothing.

## UNCORRECTED PROOF ISSUE

**Mr TUCKER** - Minister, can you please inform the committee how the Government is progressing with its Hobart City Deal?

**Mr GUTWEIN** - With the Hobart City Deal, where I should start is the more than \$400 million that is included for the upgrade of the Antarctic bases. In large part that money will flow through Hobart. That money will purchase supplies and provisions, construction materials out of Tasmania. That money will be spent in our economy, from those Tasmanians that will be engaged to work on the upgrading of those bases. The last time I looked there aren't too many hotels or Woolworths or other shops that you can spend discretionary funds on in Antarctica.

**Ms O'BYRNE** - Last time I was wandering down past Mawson's Hut, the great explorer, Peter Gutwein.

**Mr GUTWEIN** - In the main those wages will be spent in the Tasmanian economy. There will be a significant benefit from that. The City Deal includes significant investment in the Hobart International Airport to ensure that we can establish border services on site.

**Ms O'CONNOR** - That is all about Antarctica, isn't it? That extension to the airport?

**Mr GUTWEIN** - The Hobart airport? You don't think that should be an international airport, is that what you are suggesting?

**Ms O'CONNOR** - No, I am suggesting that the money is connected to Antarctica, rather than the Hobart City Deal.

**Mr GUTWEIN** - In terms of the international airport, and I don't have the number here, my recollection was it was \$80 million to be spent across 10 years ensuring that there were border services.

**Mr EVANS** - That is \$82.3 million.

**Mr GUTWEIN** - Thank you, \$82.3 million to be spent at the airport, enabling us to move to a full international Hobart airport, which will be of significant benefit to the state. Investment in transport system, or as the federal government liked to call it, congestion busting. There is \$25 million set aside to begin work on the northern suburbs transport corridor. There will be a study undertaken.

**Ms O'CONNOR** - There have been studies.

**Mr GUTWEIN** - In terms of the most appropriate mode of transport on that corridor.

I have asked that we have trackless trams considered, as well as light rail to see what is the most appropriate long-term transport solution for that corridor.

Importantly, as part of the Greater Hobart Act, which was captured under the Hobart City Deal, the four major councils as well as the adjunct councils, where it impacts on them, will now take a strategic approach to planning, which is something that is long overdue in the Hobart area.

The Greater Hobart Act was a suggestion on behalf of the four Mayors, brought forward by the then former Hobart Lord Mayor, Sue Hickey. It is a very sensible suggestion, in ensuring that four

## UNCORRECTED PROOF ISSUE

of the major cities in Tasmania actually work together in ensuring the strategic approach that they take to providing services, to providing infrastructure, is done with a view to what is over a municipal boundary, whereas in many cases currently they are not.

In terms of Kingston and Kingborough, \$20 million to -

**Ms O'CONNOR** - Seriously. It is now close to 4 minutes again, and your rule was 3 minutes.

**CHAIR** - With your interruption in the middle of it, Ms O'Connor.

**Mr GUTWEIN** - I cannot understand why you are not interested in this.

**Ms O'CONNOR** - I can read all the garbage that you talk about in *Hansard* any time.

**CHAIR** - You are only extending it, Ms O'Connor. You are only extending the time. Treasurer, if you could wind up.

**Mr GUTWEIN** - I will just touch on a couple of other matters, whether Ms O'Connor thinks they are garbage or not: \$30 million to partner with community housing providers to deliver affordable housing. I would have thought you could have supported that.

**Ms O'CONNOR** - I totally support it. It is about 120 new homes.

**Mr GUTWEIN** - In terms of Kingborough and the \$20 million of state investment to ensure that we can improve transport to Kingston.

With the three fastest growing areas in the state being Sorell, Kingborough and Brighton. Two of them adjunct to councils to the greater Hobart area. They can be considered a part of the strategic process as we move forward.

**Ms O'BYRNE** - I have three questions. One of them is to clarify. The question on notice I am putting on TDR actually talks about legacy projects. I don't have the list for the last however many years. Just so there is clarification on that. Are they given a commercial loan -

**Mr EVANS** - They are a mixture.

**Ms O'BYRNE** - So I can put that in the question as well as to how that works.

Minister, my other question goes back to Laughs of Launnie. Given they were originally promised \$120 000, that they somehow managed to convince you to give them \$100 000, which we will have a look at later. The \$20 000 that is left, do you think, given the damage that is done to our reputation with national comedians, that it might be a gesture of good faith that the \$20 000 be used towards payment of the artists - none of whom I understand have actually been paid yet? There are local people who are severely out of pocket as a result of this, plus local high-profile acts and national acts, national performers who are out of pocket. Would that be a good spend of the remaining \$20 000 that you committed to buy us a bit of goodwill?

**Mr GUTWEIN** - In terms of the process, they are engaged with State Growth. In terms of that -

## UNCORRECTED PROOF ISSUE

**Ms O'BYRNE** - Those individual artists are, or the provider?

**Mr GUTWEIN** - The provider, in terms of providing the report, and satisfying the terms of the grant deed. At this stage I think Mr Evans said they have been provided with \$100 000. There is a further \$20 000, which again there were requirements they needed to meet.

**Ms O'BYRNE** - Does the requirement include paying the artists?

**Mr GUTWEIN** - I have always presumed that the additional \$20 000 was provided as support should they require it, should attendance or other matters not have been to the level that they were -

**Ms O'BYRNE** - I understand the reason they haven't paid any of the artists is because the attendance was not to the level. I am not sure that giving more money to the organisers, and not actually paying the artists who performed, is necessarily helping us in terms of our reputation. Is there a capacity to ensure that the artists get paid?

**Mr GUTWEIN** - In terms of the grant -

**Ms O'BYRNE** - Could Mr Evans provide some advice on doing that? Do you need me to write whether or not it is possible to get some information.

**Ms O'BYRNE** - Do you need me to write whether or not it is possible that that \$20 000 is used to ensure that artists have some capacity to be paid. Some of them are significantly in debt. Given the nature of this industry they are paid contracting job to job and many of them are saying that they will never come to Launceston again. That is a real problem for us.

**Mr EVANS** - I know the Director of Events Tasmania has had discussions with Laughs of Launnie around this issue.

**Ms O'BYRNE** - But are we talking to the artists that haven't been paid?

**Mr EVANS** - We don't have a relationship with the artists. We have a relationship with Laughs of Launnie.

**Ms O'BYRNE** - It does appear that Laughs of Launnie doesn't necessarily either. Other than to say, 'it is all fine; we are government guaranteed'. Clearly, they are not government guaranteed. There is no capacity for government guarantee. Collaboratively how do we resolve this issue of the damage that has been done because the artists have not been paid?

Is there a capacity for those artists to work with the department to get some access or commitment on payment? Some of them are significantly out-of-pocket.

**Mr GUTWEIN** - I have no line of sight on the grant deed. In terms of the Secretary, I am sure he can look at the matters that you have raised.

**Ms O'BYRNE** - If we have given them \$100 000 and we know they have not paid the artists then we are a little complicit in them not doing the right thing.

**Mr EVANS** - I don't think you need to put a question on notice but I am happy for the Director of Events Tasmania and myself to engage directly with you around that.

**Ms O'BYRNE** - That would be fantastic, I would appreciate that.

**Ms O'CONNOR** - Minister, last year in Estimates, we had a discussion in some detail about the EOI process and the reserve activity assessments. For example, in relation to the RAA process, you said, 'decisions are made in establishing the management plans based on the criteria that applies. It is either one, two, three or four in terms of the activity or use that can be conducted on that particular piece of land'. I asked you where is the public consultation in there? You said, 'it is perfectly transparent'.

Can you explain what level of transparency there is about the expressions of interest process, particularly now that we have moved into an open-ended stage two where no details of a proposal will be publicised until they are through to lease and licence negotiations?

**Mr GUTWEIN** - One, I don't accept your proposition that it is not transparent; it is absolutely transparent.

**Ms O'CONNOR** - How?

**Mr GUTWEIN** - If you don't mind, I'd like to finish the point that I am making. You can be so very rude. You really can.

**Ms O'CONNOR** - You are mistaking me for someone who cares what you think of me. I don't care what you think of me.

**CHAIR** - Order, Ms O'Connor.

**Mr GUTWEIN** - To be frank, the way that you are behaving actually fits within the context that I have put you.

**Ms O'CONNOR** - Is that right? At least I am transparent.

**CHAIR** - Order, Ms O'Connor.

**Mr GUTWEIN** - You just cannot help yourself.

**Ms O'CONNOR** - I just find what you are doing to this island depressing and bordering on corrupt.

**Mr GUTWEIN** - I'm sorry you feel that way.

**Ms O'CONNOR** - So where is the transparency in the reserve activity assessment process now?

**Mr GUTWEIN** - Do you actually want to hear me explain?

**Ms O'CONNOR** - Yes.

**Mr GUTWEIN** - You do? Are you sure?

## UNCORRECTED PROOF ISSUE

**Ms O'CONNOR** - You're just buying time, now are you?

**Mr GUTWEIN** - No, I am sick to death of the childish way that you behave at times, to be frank.

**Ms O'CONNOR** - Have you watched the footage of yourself in parliament?

**CHAIR** - Ms O'Connor, please stop your interjecting and allow the Treasurer to finish his answer.

**Mr GUTWEIN** - You cannot help yourself. In terms of the management plans, the point that I was making is that they go through a process and there is public consultation on the management plans.

**Ms O'CONNOR** - But stage two is off the back of a management plan that is already decided.

**CHAIR** - Ms O'Connor, Order.

**Mr GUTWEIN** - As those management plans are constructed and put together, my understanding is that decisions are made in terms of what level activity sits where in those management plans.

**Ms O'CONNOR** - There is no transparency about the EOI process.

**Mr GUTWEIN** - In terms of the EOI process, we call for expressions of interest any proponent that has considered to move to lease and licensing; it is perfectly transparent.

**Ms O'CONNOR** - It's not. You are being dishonest.

**Mr GUTWEIN** - I am not. If Mr Perry wants to add something.

**Ms O'CONNOR** - How is it transparent not to publicise the details of proponents at any stage until you are through to lease and licence?

**CHAIR** - Order, Ms O'Connor, you are constantly interjecting on the minister.

**Ms O'CONNOR** - Someone's got to defend the TWWHA; no-one else at this table will.

**Mr GUTWEIN** - I don't think it would matter, Chair, what I said in this regard. It has been explained that at the point that lease and licensing negotiations are entered into that the proponents are public.

**Ms O'CONNOR** - And you have confirmed it is a change in policy. Stage one at least publicised the proposals as they were going through the process. You have changed the policy to make it less transparent.

**Mr GUTWEIN** - Any proposal that is going to move to lease and licensing is 100 per cent transparent.

**Ms O'CONNOR** - No it is not.

## UNCORRECTED PROOF ISSUE

**Mr GUTWEIN** - It is.

**Ms O'CONNOR** - There is no opportunity for public input.

**CHAIR** - Treasurer, I am sure you will regret me saying this but the time for deliberation has concluded. I thank you very much for presenting here to the committee. I am sure you wish to thank the members you have at the table and around you before we conclude.

**Mr GUTWEIN** - I thank everybody involved for what has been an interesting and at times an entertaining afternoon. Thank you.

**CHAIR** - I thank everybody for today. We continue tomorrow at 9 a.m.

**The committee adjourned at 6.06 p.m.**