

UNCORRECTED PROOF ISSUE

Tuesday 26 June 2018 - Estimates Committee A (Gutwein)

HOUSE OF ASSEMBLY

ESTIMATES COMMITTEE A

Tuesday 26 June 2018

MEMBERS

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

SUBSTITUTE MEMBERS

Mr Bacon
Ms Dow
Mr O'Byrne
Ms Woodruff

IN ATTENDANCE

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

Department of Treasury and Finance

Tony Ferrall, Secretary
Jane Beaumont, Deputy Secretary, Corporate and Governance
Jonathon Root, Deputy Secretary, Revenue, Gaming and Licensing
Anton Voss, Deputy Secretary, Economic and Financial Policy
Andrew Finch, Director, Procurement and Property
Craig Jeffery, Director, Government Finance and Accounting

Tasmanian Audit Office

Rod Whitehead, Auditor-General
Ric De Santi, Deputy Auditor General
Patty Johnson, Director, Corporate Support Services

Department of State Growth

Kim Evans, Secretary

Bob Rutherford, Deputy Secretary Industry and Business Services
John Perry, Coordinator-General
Mark Bowles, General Manager Business and Trade Tasmania
Erin Buttermore, Executive Director Trade and International Relations
Peta Sugden, Director Investment Attraction
Brett Stewart, General Manager Strategy Policy and Coordination
Anne Beach, Director Policy and Coordination

Business Services

Amanda Russell, Deputy Secretary, Business Services
Glen Dean, Director Finance

Local Government

Alex Tay, Director, Local Government Division, Premier and Cabinet
Ruth McArdle, Deputy Secretary, Department of Premier and Cabinet
Luke Murphy-Gregory, Senior Policy Analyst, Local Government Division

Ministerial Office

James Craigie, 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 9.00 a.m.

DIVISION 12

Department of Treasury and Finance

CHAIR (Mr Shelton) - I welcome the committee members, the minister and all the advisers.

Treasurer, I ask you to introduce all your officers and if you do have other officers come to the table if you could introduce them for *Hansard* purposes that would be fantastic. We will have a short morning tea break at 11 o'clock.

The other issue is to remind everybody of the process. I know it is a little bit mundane. As far as questions on notice, the question does have to be put verbally to the Treasurer, the Treasurer has to agree to take that on notice and then a written notice goes to the secretary. At the end of that session the secretary will type it out and give the Treasurer, in this case, a chance to certify or verify that that was the question that he took on board. That is the process we are using.

A few other reminders the microphones are set up by IT so that we can leave them alone and they are there somewhere. They do tend to stick in your face a little bit, if you could be very

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cautious of the microphones for *Hansard* purposes, particularly when you are moving books around the table not to flick the microphone, clipping of binders and rattling of papers also because they are very sensitive and that can create some issues.

I will hand over to the Treasurer for an opening statement and to introduce the officers at the table. Thanks, Treasurer.

Mr GUTWEIN - Chair, to my left is Tony Ferrall, Secretary of Treasury, Anton Voss, the Deputy Secretary; and to my right James Craigie, my Chief of Staff.

Let me start by saying that the 2018-19 Budget is about taking Tasmania to the next level and building Tasmania's future. It builds on the hard work of our first term and lays the foundation for what I believe will be a new golden age for Tasmania.

Four years ago I delivered the first Liberal budget in 16 years. We delivered our promises and began the task of fixing the financial circumstances we inherited. This Budget delivers our election commitments and delivers our plan to build Tasmania's future infrastructure and deliver a stronger economy and more jobs, invest in health, education and Tasmanians in need, to act on the cost of living, keep Tasmanians safe and protect the Tasmanian way of life.

This Budget has at its centrepiece a record \$2.6 billion spend on job creating and productivity enhancing infrastructure. Its pipeline of investment will form the backbone of Tasmania's economic future. It includes \$1.1 billion into roads and bridges right around Tasmania, \$475 million for redevelopment works and upgrades to hospitals and ambulance stations and over \$192 million will be invested into school and TAFE infrastructure.

A total of \$100 million of our \$125 million Affordable Housing Strategy will be invested over the next four years, more than doubling the investment into affordable housing from 1 July for the coming financial year.

It is important to note - and I want to stress this - while we will make record investments into infrastructure we will continue to remain net debt free and hold net cash investments across the forward Estimates.

The Government knows in order to pay for health and education you need to have a strong economy, which grows opportunities and jobs. Tasmania has come a long way over the past four years with 13 400 new jobs created and an unemployment rate of around 6 per cent. Our economy is one of the strongest in the country with the highest growth in the nation in exports, quarterly state final demand and private investment. Retail trade is strong and population is growing with the fastest growth in nearly eight years now. The tourism economy is going from strength to strength.

Importantly, Tasmania businesses are the most confident in the nation. We know that more needs to be done and there will always be work to do. This Budget includes a number of initiatives to encourage investment and take jobs growth to the next level. A range of measures were passed last week by both Houses, which will improve business circumstances, support apprentices and trainees, as well as providing payroll tax relief and other measures to ensure their businesses remain competitive.

The Hodgman Liberal Government has made a strong commitment to take action on the cost of living and this Budget includes measures worth more than \$300 million to do so. We have also

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set a plan to make Tasmania the safest state in the nation and set a target to have the lowest serious crime rate. To do this we will recruit a further 125 frontline police officers over the next four years.

We have also set a plan to make Tasmania the safest state in the nation. We have set a target to have the lowest serious crime rate. To achieve this we will recruit a further 125 frontline police officers over the next four years and the Budget provides additional funding as well for our seniors, for our key non-government organisations as well as investing in sporting and fishing infrastructure and providing free parks passes for seniors, among other initiatives.

The Budget has a strong focus on supporting the most vulnerable in our society including those affected by child sexual abuse. The Budget contains the first tranche of our \$70 million redress commitment to assist survivors of these acts as well as providing additional investment in new safe homes, safe families and increased support to assist our most vulnerable people.

The Budget forecasts net operating surpluses every year across the forward Estimates with a surplus of \$161.9 million in 2018-19 and sensible but modest operating surpluses across the forward Estimates. While unashamedly an infrastructure budget, we remain net debt free and will return to a fiscal surplus in 2020-21. This Budget charts the path we will take over our second term to manage our finances responsibly, to grow our economy, to create revenues that our growing state needs to invest in essential services and public infrastructure, which Tasmanians expect and deserve.

Ms WHITE - Treasurer, there is no doubt that in your budget papers and in conversations the changes to GST is the biggest risk to your Budget. I was concerned to read in the paper today comments that you made yesterday. Essentially, it sounds like you have changed your language when it comes to standing up for Tasmania's fair share of GST. Previously, the argument has been around horizontal fiscal equalisation and making sure the distribution model doesn't change and Tasmania is not left worse off. Now you are saying your Budget can absorb an 8 per cent reduction in GST. Have you seen that Productivity Commission report? Have you been briefed on it?

Mr GUTWEIN - No.

Ms WHITE - Why haven't you been briefed on it?

Mr GUTWEIN - Because the federal Treasurer will be briefing the states, as I understand it, shortly, once the federal government has considered their position on it.

Ms WHITE - So what's made you change your language?

Mr GUTWEIN - Nothing has changed my language. The point that I was making and the context that I was speaking about yesterday, was that our Budget is in a strong position. I made the point yesterday that we will fight tooth and nail for every dollar, for every cent of GST. But in terms of our Budget, it's fair to point out that we do have strong operating surpluses across the forward Estimates.

Ms WHITE - When the Prime Minister was in Tasmania on Budget day, he said:

I know my Treasurer Scott Morrison spoke to Peter Gutwein last night and will be presenting the PC report later this month together with our proposed way forward.

Did you speak to the Treasurer Scott Morrison the night before the Prime Minister made that statement?

Mr GUTWEIN - I spoke to Scott Morrison before the Prime Minister made that statement, yes, in that week. I put it on the record, I formed the view as a result of that conversation that it would be business as usual.

Mr BACON - So what do you mean by business as usual?

Mr GUTWEIN - In terms of our revenue position, I don't expect there to be any impact in terms of the outcome of this Productivity Commission report. As the Prime Minister said on that day, he expects Tasmania to be very happy with the result. No discussion that I have had with Mr Morrison or interaction between my office and his has convinced me otherwise.

Ms WHITE - Would you be concerned if they changed the distribution methodology?

Mr GUTWEIN - Again, the situation with GST, and we need to understand this, is that we have five yearly rolling reviews, in terms of the GST. Every year, the Commonwealth Grants Commission does an assessment and considers what relativities will be applied to the states and every year there is uncertainty in terms of our GST moving forward. In terms of the outcome of this PC review and the federal government's position, I formed the view that it will be business as usual.

Ms WHITE - What confidence have you been given that helps you form that view because you have confirmed that you haven't been briefed on the Productivity Commission review, and while relativities might change horizontal fiscal equalisation and the distribution methodology remains Tasmania's favoured distribution methodology. It is the fair and equal way to distribute revenue across the states so they can provide essential services to all citizens no matter where they live. So while relativities change that is not HFE.

Mr GUTWEIN - As I have said in the parliament, and I will repeat that, horizontal fiscal equalisation has been applied for decades, and I expect the principles of horizontal fiscal equalisation will continue into the future.

Ms WHITE - So that has not changed every five years? You say that you expect that but what guarantee have you got to an effect?

Mr GUTWEIN - Ms White, we have a guarantee from the Prime Minister, not one dollar less, not one cent less. Now that is a far cry from any guarantee that Bill Shorten has provided to Tasmania.

Ms WHITE - He has guaranteed not to change the distribution methodology which is a much greater guarantee than the Prime Minister has given.

Mr GUTWEIN - What he has guaranteed is that he is going to look after Western Australia and he has provided a guarantee to Western Australia.

Ms WHITE - Treasurer, I dispute that, but the point is that the federal Treasurer and the Prime Minister have not given any confidence to us that the distribution won't change.

CHAIR - Order, Ms White. Treasurer, if I could just butt in early on in the piece. For Hansard's benefit as well as everybody in the room. The process of the Estimates committee is that the members on my left get an opportunity to ask a question, and then we must allow the Treasurer, in this case, to answer it. Until the Treasurer has finished answering, I would appreciate if members don't cut in. There will be plenty of opportunity this morning to ask a number of questions of the Treasurer. If you are not happy with the answer you can ask another one. Please do not interject, for everybody's benefit.

Mr GUTWEIN - As I was saying, it is indisputable that Bill Shorten has provided confidence to Western Australia, yet has not provided the same level of confidence to Tasmania. I think that you have been derelict in your duty in terms of seeking a guarantee.

Ms WHITE - What have you done? Have you been to Canberra?

CHAIR - Order, the Treasurer hasn't completed his answer. If you do not like what he has said, you'll have a chance to rebut it and ask another question as soon as the Treasurer has finished.

Mr GUTWEIN - I met with the Prime Minister on budget day. My understanding is that when Bill Shorten was in the state, you didn't even bother to meet with him. I think you should explain why you didn't.

Ms WHITE - You could explain why you had not been to Canberra. Yesterday Victoria and New South Wales both went to Canberra to lobby on behalf of their states for no reduction in GST. What have you done on behalf of Tasmania?

Mr GUTWEIN - My understanding is that they were there to provide a seeder speech. If you read the article and if you don't verbal treasurers, my understanding is that is what they were doing, they were presenting its seeder.

Ms WHITE - Why did the Western Australia chamber of commerce go to Canberra and stand with the Treasurer and have a photo?

Mr GUTWEIN - Why didn't you bother to go to the north-west coast to meet with Bill Shorten to have a discussion?

Ms WHITE - I am confident in the fact that it is not Labor that is threatening Tasmania's share of GST here. It is the Liberal Party and the Liberal government.

Mr GUTWEIN - I do not know how you draw that conclusion.

Ms WHITE - Because you referenced the Productivity Commission for a review of it.

Mr GUTWEIN - You have Bill Shorten who is making very strong statements in terms of Western Australia and very little, if anything, in terms of Tasmania.

Ms WHITE - Are you nervous to talk about the fact that your Government is the one that has commissioned the review? You keep deflecting.

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Mr GUTWEIN - Again, the Productivity Commission will provide a report to the government. Federal Labor will have an opportunity to respond to that as well. At this stage, the facts of the matter are that we have a guarantee from the Prime Minister, not one dollar less, not one cent less. We will hold him to that guarantee. You have no such guarantee from Mr Shorten, as I understand it.

Ms WHITE - Treasurer, is that guarantee of 'not one dollar less, not one cent less' money that is in the state Budget or in the federal budget?

Mr GUTWEIN - As I have said, I form the view that our revenues will be business as usual.

Mr BACON - From which figure?

Mr GUTWEIN - I am talking about our Budget. My view is that it will be business as usual. We will receive a briefing from the federal government soon, then everybody will know where this matter stands.

Ms WHITE - Do you agree that an 8 per cent reduction, which is what you acknowledged yesterday, could be the impact felt if there is a change to the distribution methodology which would be the equivalent of a \$200 million cut?

Mr GUTWEIN - Our Budget is in a very strong position. Our operating statement indicates that we have surpluses of around 7 per cent to 8 per cent of our GST. The worst case outcome that was flagged by the Productivity Commission was an impact of around 8 per cent. The point I was making yesterday is that our Budget is in a strong position. In terms of the outcome of this current process, I form the view that our revenues will be secure.

Ms O'CONNOR - The Federal monopoly deed effectively expires on Sunday. Have you written to the Federal Group or the Tasmanian Hospitality Association?

Mr GUTWEIN - Sorry, have I written to?

Ms O'CONNOR - The Federal Group or the THA or any of the other significant players, but particularly the Federal Group.

Mr GUTWEIN - I don't know. I haven't written to them. You are under the erroneous assumption that I needed to take some action by 30 June this year. I will point you to the ministerial statement that I made on 17 March. The point I made was that -

'under the deed that if no action is taken by the minister responsible for the Gaming and Control Act currently the Treasurer before 30 June 2019, the period of exclusivity under the deed will extend by one year to 30 June 2024.

In terms of ending the deed that needs to occur in the coming financial year by 30 June 2019. There is no need to write to Federal to inform them that the deed is ending at this point in time. I will take the appropriate action in the coming financial year in the time frame that is allowed.

Ms O'CONNOR - What communications have you had with either the Federal Group or representatives of the Tasmanian Hospitality Association about your individual licensing.

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Mr GUTWEIN - I have had one meeting with the Federal Group since the election. I have informed them that the Department of Treasury would be in contact and begin the discussions and negotiations about our policy.

Ms O'CONNOR - What would be the substance of those negotiations in terms of communicating with the Federal Group and THA representatives who will receive the big windfall game as a result of your policy.

Mr GUTWEIN - In terms of the Federal Group and pubs and clubs, we indicated in our policy that we would negotiate appropriate taxation rates and fees associated with the deal, based on benchmarking against other jurisdictions specifically in the case of casino licences. That process is underway.

Mr BACON - Do you mean taxes as well as licences?

Mr GUTWEIN - I can refer you to our policy. What will be negotiated is in line with our policy. What I said in that was that

In terms of the casinos taxes, license fees and region fees for Federal Group's licence and gaming activities will be benchmarked against comparable casino operations interstate to ensure returns are competitive and fair for community players and the casino operator.

Mr BACON - Is that effectively comparable with the Hobart one with the other capital cities, Launceston and the regional casinos?

Mr GUTWEIN - I will be taking advice from the Department of Treasury but if you considered the Launceston casino operation, that is definitely a regional casino. I will get some advice from Treasury in terms of what they believe are comparable casino operations, taking into account scale and size and other matters. In the pubs and clubs we have indicated that the details of the individual licence model transition arrangement, in turn, will be developed following expert advice and consultation with stakeholders. Treasury will be leading that process.

Ms O'CONNOR - What role will parliament have in this?

Mr GUTWEIN - Ultimately we will need to bring in legislation before the parliament.

Ms O'CONNOR - What will the legislation be? Will it be an alteration to the deed, the Gaming Control Act?

Mr GUTWEIN - I haven't received advice on that as yet. Once they are in a position to, Treasury will provide me with advice in respect to the acts that will need to change and what we would need to legislate. I will then be in a position to inform people but, ultimately, we will need to bring a package to parliament.

Ms O'CONNOR - At what point during the election campaign did you agree to fund the Tasmanian Hospitality Association an extra \$4.8 million?

Mr GUTWEIN - I know you asked that question of the Premier yesterday and he provided you -

Ms O'CONNOR - He had no idea.

Mr GUTWEIN - My job as Treasurer is to ensure that the policies were costed in line with our financial policy. I do not believe I had any role in terms of the development of that policy. It was about growing and training the workforce in an industry that, at the moment, is growing at a very fast rate.

Ms O'CONNOR - Treasurer, did the Tasmanian Hospitality Association ask for an extra \$4.8 million?

Mr GUTWEIN - Not to the best of my knowledge.

Ms O'CONNOR - Did they or didn't they?

Mr GUTWEIN - They certainly didn't ask me.

Ms O'CONNOR - So how was the figure of \$4.8 million arrived at?

Mr GUTWEIN - Policies are under construction for a long period of time.

Ms O'CONNOR - How was the \$4.8 million arrived at?

Mr GUTWEIN - You would need to go back to the policy. You had the opportunity to speak with the Hospitality minister yesterday and I refer you back to that debate. I am not the minister for Hospitality.

Ms O'CONNOR - I understand that, but you well know that you drove the poker machine policy, it is largely your work, and the Tasmanian Hospitality Association has been gifted with an extra \$4.8 million after the election. It is important that we understand what thinking went into deciding that the THA needed an extra \$4.8 million after chipping so much into re-electing your Government.

Mr GUTWEIN - The policy is about developing the workforce in one of our fastest-growing industries and my role was to ensure that we could fund it.

Ms O'CONNOR - That wasn't the question. Who made the decision to fund the THA an extra \$4.8 million, and when was it made?

Mr GUTWEIN - I have made it perfectly clear that my role was to ensure that the policies that were developed and announced could be funded. That is the role I undertook through the election campaign.

Ms O'CONNOR - So it is a mystery gift to the THA. You cannot explain whether it was a request or an offer and who did the negotiating, but suddenly after the election that was bought for you, there is \$4.8 million going to the body that backed you most.

Mr GUTWEIN - In terms of the development of hospitality policies, I am not the minister responsible for that.

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Ms O'CONNOR - But you are the minister responsible for gambling machine policy.

Ms WHITE - Treasurer, you would be aware of the modelling that economist Saul Eslake has done. If you take a literal interpretation of the Prime Minister's guarantee that Tasmania will not be a cent or a dollar worse off, it demonstrates that in 2021 it is a \$229 million loss, which equates to 1400 paramedics or 1700 firefighters or 1650 nurses or 1800 police. Do you agree that it is a substantial risk and that your failure to advocate for no change to the distribution methodology and accept on face value a vague guarantee that Tasmania will not be a dollar or a cent worse off puts us at enormous risk in order for us to continue to provide our essential services?

Mr GUTWEIN - No, I do not. In terms of the process involved in this, you are well aware that as a government, and you as an opposition, we put very firm positions forward in terms of retaining the state's GST. I was a little surprised yesterday to be asked a question by one of your Labor members in terms of the paper we provided to you and why he would be inquiring of me as to whether or not that had been circulated. I don't know what you did with it, but I pointed out that I had written to you and provided a body of work to enable you to inform your own position. It surprised me that -

Ms WHITE - We both went to that hearing. You were there and you know that we made our contribution on behalf of Tasmania. We stood up for the state.

Mr GUTWEIN - It surprised me that you didn't share that information with your team. I am not sure why you would take that course of action.

Mr Eslake has looked at a theoretic model and that is his right to do so. I formed the view in terms of our revenue that it will be business as usual.

Ms WHITE - Can you indicate clearly for the committee that when you say Tasmania will not be a dollar or a cent worse off, does that mean the figures in the budget papers in the state Budget will not be altered because we will not be a dollar or a cent worse off?

Mr GUTWEIN - I have answered that already this morning. The shadow treasurer asked me that.

Ms WHITE - So the guarantee from the Prime Minister is of the state Budget dollar figure?

Mr GUTWEIN - My expectation in terms of our revenues is it will be business as usual.

Mr BACON - There won't be a change to the distribution?

Mr GUTWEIN - I have made it perfectly clear that my expectation is it will be business as usual. As I have said, we will hold the Prime Minister to account in terms of his 'not one dollar, not one cent less' guarantee.

Mr BACON - Yes, but from what figure?

Mr GUTWEIN - Again, as I have said, our revenues in the Budget -

Mr BACON - Across all four years?

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Mr GUTWEIN - across all four years, I expect it will be business as usual.

Ms WHITE - So the dollar figure the Prime Minister references is the dollar figure that is in the budget papers before us?

Mr GUTWEIN - My view is that our revenues in the Budget will be business as usual, and I have made that point.

Mr BACON - Will the distribution method change?

Mr GUTWEIN - Again, I have not been briefed on the PC report, nor do I know what is in the mind of the federal Treasurer, other than my expectation is that our revenues will be secure and it will be business as usual.

Mr BACON - What do you mean by 'business as usual'?

Mr GUTWEIN - From the point of view of our revenues it will be business as usual.

Mr BACON - Yes, but what does that mean?

Mr GUTWEIN - Exactly what I just said.

Mr BACON - No, what does 'businesses as usual' mean?

Mr GUTWEIN - I expect in the context of the Prime Minister's guarantee of not one dollar and not one cent less, that it will be business as usual and we will receive the revenues that we expect over the forward Estimates.

Ms WHITE - Do you feel confident that the Prime Minister's word can be taken as such a strong guarantee, given that on budget day he said many times that the Productivity Commission report would be released by the end of this month. Federal Cabinet met last night and have now decided to delay the release of that report by a fortnight. Can we take the Prime Minister's word, given that he has already broken it?

Mr GUTWEIN - What is important here is that the Prime Minister meets the guarantee he has provided to the state. In terms of the timing of this, my understanding was that the original commitment was to ensure that the PC report and the Government's response was available before Super Saturday.

Ms WHITE - He said before the end of the month.

Mr GUTWEIN - If they are taking a couple of weeks that is a matter entirely for them.

Ms WHITE - Have been informed by your federal colleagues when you will receive a briefing on the Productivity Commission report?

Mr GUTWEIN - My understanding is before they make it public. I am expecting a briefing soon.

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Ms WHITE - Will that be face-to-face, on the phone, are you going to Canberra or are they coming here?

Mr GUTWEIN - I have yet to have that conversation with Mr Morrison.

Ms WHITE - Since the Productivity Commission came to Tasmania and heard submissions, to which you and I both made presentations, what advocacy have you undertaken on behalf of Tasmania to ensure that the distribution method is not changed?

Mr GUTWEIN - I have spoken with the federal Treasurer and the Prime Minister in recent times and the Premier has made the state's position perfectly clear as well to the Prime Minister. They understand our position very clearly.

Ms WHITE - My concern, Treasurer, is that despite all of that, given now that the Prime Minister has shown he is not a man to keep his word, the state, according to you, can 'cop a hit to the GST', as reported in the *Mercury* today. You have changed your language and rolled over on this, which will subject Tasmanians to less revenue effectively if the distribution methodology is changed.

Mr GUTWEIN - I reject that completely. Our position has not changed. We will fight tooth and nail for every dollar of GST and we intend to hold the Prime Minister to account for the guarantee he has provided.

Ms WHITE - How would you do that if it changes?

Mr GUTWEIN - In terms of the statements I made yesterday, the context in which I was making those statements was that we have a very strong operating balance moving forward and I think it was right and appropriate to make that point. We can withstand future financial shocks. I do not expect we will see one from the GST.

Ms WHITE - The Prime Minister has indicated, as we have gone over and over again this morning, that the state will not be one cent or one dollar worse off. For how long has he guaranteed that?

Mr GUTWEIN - I formed the view that our revenues will be secure.

Mr BACON - For how long?

Ms WHITE - What kind of guarantee have you received? Is it just a verbal one?

Mr GUTWEIN - I have formed the view from my discussions with the federal Treasurer in line with the Prime Minister's guarantee that our revenues will be secure. It will be business as usual moving forward.

Ms WHITE - How have you received that advice? Has it been just verbal conversations, have you received anything in writing?

Mr GUTWEIN - I have spoken to Mr Morrison about this issue and I am satisfied that Tasmania's interests are being very carefully considered through this process and I form the view that our revenues, moving forward, will be business as usual.

Ms WHITE - Have you any written guarantee from the Prime Minister or the federal Treasurer that Tasmania will not be left any worse off?

Mr GUTWEIN - A public guarantee, as has been widely reported from the Prime Minister -

Ms WHITE - He has already broken his word on when the report will be released. It is not very much to go on, Treasurer.

Mr GUTWEIN - That is a matter you can take up with the Prime Minister if you want.

Ms WHITE - I am taking it up with you. I do not think that the guarantee that you received is very good. It is not good enough on behalf of all Tasmanians.

Mr GUTWEIN - You are going to have to wait until the PC report is released. You can do your very best at the moment to raise issues and to try to damage confidence. In my mind, I am very clear in my thinking on this. It will be business as usual as far as our revenues are concerned moving forward.

Ms WHITE - Then why have you even contemplated the fact that the state could lose 8 per cent of GST if you are so confident?

Mr GUTWEIN - Again, the point that was being made yesterday, we have a significant net operating surplus across the forward Estimates and the budget is in a strong financial position and we can withstand shocks.

Ms O'CONNOR - Treasurer, back to the question of the significant extra allocation to the Tasmanian Hospitality Association. Are you aware of when that commitment was made to the Tasmanian Hospitality Association that there would be increased funding?

Mr GUTWEIN - It was made prior to the election. I am not sure what date it was released but I understand it was well before the election. Any discussion about the policy would be a matter for the Hospitality minister, not me.

Ms O'CONNOR - The Hospitality minister, the Premier, when I asked him yesterday did not seem to know very much at all about the THA monies. You can shrug as if that does not matter so much but fobbing the committee off to a minister who sat here yesterday and did not have the information is not good enough.

Mr HIDDING - Yes he did, he gave dates.

Mr BACON - He suggested you talk to the Treasurer.

Ms O'CONNOR - There was a bit of that. This is an important question because as you know, Treasurer, the THA was responsible for marshalling the forces and the millions to help your Government be re-elected. It is a matter of public interest to determine when and who made the agreement with the THA for an extra \$4.8 million over four years.

Mr GUTWEIN – First, and let us be clear, this is a very sensible investment into workforce development. I don't think that anybody could argue against that. It would surprise me if you were arguing against that.

Ms O'CONNOR - I am arguing that it is in the public interest for you to be transparent about when that agreement was made in the middle of a bought election.

Mr GUTWEIN - As I have explained, my role throughout the campaign as Treasurer is to make sure that we can afford our promises. That is the role that I had, ensuring that policies, whether they came from the Hospitality minister or they were in the mining sector or they were in respect to payroll tax, was to make sure that we could fund our policies. In terms of policy development I have not looked at the *Hansard* from yesterday. I am not sure what information the Premier provided you with. You had the opportunity to question the Hospitality minister yesterday and I have nothing further to add.

Ms O'CONNOR - So we have a Right to Information document which makes it clear that your office was working closely with the Tasmanian Hospitality Association. This was to the extent that when the THA's representative, Steve Old, got in touch with your office concerned about the contents of an Anglicare report, they sought some help from you and your office in debunking the contents of that report. Further, on 9 January, your office emailed the final copy of the gambling policy to the THA. On what day was the agreement made with the THA to fund an extra \$4.8 million? Your office was working extremely closely with the THA and undermining the social services sector in the process.

Mr GUTWEIN - First, I will deal with the RTI. The THA wrote to me asking for my views in terms of a report -

Ms O'CONNOR - To debunk Anglicare's report. Your office went, yes, we will get back to you.

Mr GUTWEIN - I receive lots of requests from people about a range of matters to provide my views on, which I do. The time frames around the policy with the THA, you would have to ask the Hospitality minister. I am not sure. I have provided what information I can. It was developed before the election. My role was to ensure it would be funded as part of the financial policy. You need to ask questions of the Hospitality minister.

Ms O'CONNOR - Do you not think it is a significant matter of public interest to understand how your Government, in caretaker mode, developed policy while millions of dollars are pouring in from the Tasmanian Hospitality Association members in order to back in the status quo on pokies? It is a significant matter of public interest to understand when the agreement was made with the THA to almost triple their funding.

Mr GUTWEIN - I have explained to you the information and my understanding.

Ms O'CONNOR - Who negotiated the THA policy?

Mr GUTWEIN - I can't provide you with any more detail than what I have at the moment. In terms of the significant public interest, this policy was announced before the election.

UNCORRECTED PROOF ISSUE

Ms O'CONNOR - The \$4.8 million? Can you provide evidence of how that was made public before the election?

Mr GUTWEIN - I am sure there would be a press release of some date associated with it. I can get that information for you. I do not have it to hand.

Ms O'CONNOR - It is hard to suspend disbelief here because according to the Right to Information documents we have, your office was working very closely with the THA and now you are sitting here at the table saying, 'It had nothing to with me'. It is disingenuous in the extreme. It is dishonest.

Mr GUTWEIN - My job is to fund our policies.

Ms O'CONNOR - No, your office was negotiating with the THA.

Mr GUTWEIN - No, you are taking a stretch there that is not true.

Ms O'CONNOR - Your office and the THA were like that.

Mr GUTWEIN - That might be your view.

Ms O'CONNOR - No, it is in the documents.

Mr GUTWEIN - You have had the opportunity to talk to the Hospitality minister and I refer you back to him.

Ms O'CONNOR - No, I will keep asking these questions.

Mr HIDDING - Moving on from that group of more long bows than the Battle of Agincourt, could you inform the committee precisely how strong the economy in Tasmania is? What is the strength of our economy in Tasmania as we sit here now?

Mr GUTWEIN - Without referring to a note, one of the very good outcomes we have had with our economy was in the March quarter with state final demand. We led the country in terms of growth. Over the 12 months leading up to that, we were equal second, I think, only to Victoria in terms of growth. Our economy is growing strongly. Evidence of that is with confidence levels we are seeing across the broader economy.

Ms O'CONNOR - Not if you are living at the Showgrounds.

Mr GUTWEIN - Sensis has Tasmanians as being very confident, certainly above the Australian average. The National Australia Bank survey indicates we were the most confident jurisdiction in the country. Right across the state we are seeing now growth in areas that did not rise as quickly as Hobart. If you look at the north-west coast, confidence levels in Burnie, Devonport, and Launceston are increasing and we are seeing additional investment. The Devonport City Council's Living Cities project has now led to Fairbrothers being the proponent for a new \$40 million hotel. In Launceston we are seeing a range of investments that are coming out of the ground. I was speaking with the Dorset mayor recently and he was indicating that his community was very positive as well.

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In terms of the strength of our economy, we are in very good shape. As much as some would like to damage that confidence, it is important that we work very hard to maintain high confidence levels because that is leading to increased investment and, importantly, it is leading to great jobs outcomes as well.

Ms WHITE - Going back to the topic we were on around GST, you said yesterday that the state Budget's net operating balance had already factored in the changes over the forward Estimates and could absorb the worst-case scenario of an 8 per cent drop. Calculating an 8 per cent drop is equivalent to about \$212 million, so looking at your net operating balance, which is forecast in 2021 to be \$148.3 million - part of your fake surplus - minus \$212 million is a deficit of \$64 million. How can you be confident that the state's operating balance is in a position where it can deal with such hits?

Mr GUTWEIN - I would need to refer to the *Hansard* from yesterday, but my understanding is that I pointed out that the surplus in the final year was about 7 per cent of our GST.

Mr BACON - Can I just understand one thing here? If there is going to be a change in methodology, when will it kick in - in 2021?

Mr GUTWEIN - No, I was just pointing out the strength of our Budget yesterday. If you want look for a fight that is not there, knock yourself out. At the end of the day, we have a strong budget position -

Ms WHITE - There is a real fight - it's actually a fight for our GST share and I will fight for Tasmania, unlike you, who seems to cop a guarantee from the Prime Minister that's not worth anything.

Mr GUTWEIN - You have no guarantee from Bill Shorten.

Ms WHITE - You have no guarantee from the Prime Minister.

Mr GUTWEIN - And for some reason, you kept other members in the dark in terms of the paper that we provided.

Ms WHITE - Stop deflecting, Treasurer. Look at the issue before us right now and answer the question.

CHAIR - Order, Ms White.

Mr GUTWEIN - I know you want to get on telly and look like you're tough and standing up for the state.

Mr BACON - We just want an answer to a question.

Ms O'CONNOR - Could you be any more patronising?

Ms WHITE - We want you to do your job.

Mr GUTWEIN - I have made our position perfectly clear. We have a guarantee from the Prime Minister of not one dollar and not one cent less. I have spoken -

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Ms WHITE - For how long and what actual dollar figure is he referencing?

Mr GUTWEIN - I have spoken with the federal Treasurer and formed the view that it will be business as usual in terms of our revenues. I am confident in the Budget we have brought down.

Ms WHITE - Can you indicate for the committee what that dollar and cents figure is that the Prime Minister has guaranteed?

Mr GUTWEIN - He said not one dollar and not one cent less.

Ms WHITE - What is the dollar figure?

Mr GUTWEIN - I have formed the view that it will be business as usual.

Ms WHITE - What is the dollar figure?

Mr GUTWEIN - I formed the view in terms of our revenues that it will be business as usual.

Ms WHITE - How can we have any confidence in that if you don't actually know what the dollar and cents figure is? What is it?

Mr GUTWEIN - You have the Budget sitting in front of you. I formed the view -

Mr BACON - So point us to the page and the figure.

Ms WHITE - Which number? There are lots of numbers in it. Just help me out.

Mr GUTWEIN - I formed the view that in terms of our revenue moving forward it will be business as usual.

Ms WHITE - Which number exactly, for which year - this year?

Mr GUTWEIN - I formed the view -

Mr BACON - But what is this view you formed? Tell us what this view is? It's inside your head, now explain it for the committee.

Mr GUTWEIN - I have explained it clearly.

Mr BACON - Okay, what is the figure?

Mr GUTWEIN - In terms of our revenues moving forward I formed the view that it would be business as usual, and I have made that point clearly.

Ms O'CONNOR - You are asking the committee to take it on faith that there is something in your brain that gives you magical powers to make everything good.

UNCORRECTED PROOF ISSUE

Mr GUTWEIN - As I have said, I have had a conversation with the federal Treasurer, we have had a guarantee from the Prime Minister and I have formed the view, very firmly, that it will be business as usual in terms of our revenues.

Ms WHITE - If you are so confident in the view you have formed, if there is a change to the distribution methodology and Tasmania is worse off, will you resign?

Mr GUTWEIN - That is a ridiculous question.

Ms WHITE - Then help us understand how you can be so confident.

Mr GUTWEIN - I formed the view that in terms of our revenues moving forward it will be business as usual.

Ms WHITE - I have asked a very straightforward question, Treasurer. What is the dollar and cents amount that the Prime Minister has guaranteed?

Mr GUTWEIN - He has said not one dollar and not one cent less.

Mr BACON - Less than what?

Mr GUTWEIN - My expectation is that our revenues across the forward Estimates will be business as usual.

Ms WHITE - Don't you actually know, because you have nothing in writing, you've confirmed that already? It is a verbal guarantee that means nothing, because the Prime Minister has already proven he breaks his word.

Mr GUTWEIN - That is your view. He has provided a guarantee and we will hold him to that guarantee.

Mr BACON - What is his guarantee?

Ms WHITE - But what are you holding him to, because you don't even know what the dollar and cents figure is?

Mr GUTWEIN - You have the Budget, you have the forward Estimates, and you know what the GST and our revenues look like over the forward Estimates. I formed the view that it will be business as usual in terms of those revenues.

Ms WHITE - Even if you are confident in that very feeble guarantee from the Prime Minister that the revenues forecast in this Budget before us right now will not change over the forward Estimates, what happens in year 2022-23?

Mr GUTWEIN - In terms of the Budget over the forward Estimates, my view is that it will be business as usual with revenues. I have made that perfectly clear.

Ms WHITE - What happens for the future of our state beyond the forward Estimates?

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Mr GUTWEIN - My view is that our revenues will be business as usual. You have no guarantee.

Ms WHITE - Don't flick it over to me, mate.

Mr GUTWEIN - Don't call me mate; let's be serious. You would not even get in the car and travel to the north-west coast. The Prime Minister came to Tasmania -

Ms WHITE - Can you remember where you've been or are you a bit like our friend the Premier, or do you record details of where you have had conversations with people?

Mr GUTWEIN - Where were you when you should have been on the north-west coast? Where were you when Bill Shorten was here?

Ms WHITE - I have met with the shadow ministers and the Leader of the Labor Party many times and I am confident in the guarantee they have given not to change the distribution methodology. You have no guarantee.

Mr GUTWEIN - You would not meet with him when he was here in the state. Ms White, you can continue to spin your wheels on this. We have a guarantee from the Prime Minister of not one dollar and not one cent less, and in terms of the revenues over the forward Estimates I formed the view that it will be business as usual.

Ms WHITE - I am not confident in that at all. You have given no evidence to the committee that you have anything in writing or anything that signifies a dollar amount. You said you have formed a view and I make the point again that if your view is incorrect, you should resign.

Mr GUTWEIN - That may be your view but I certainly will not be resigning. In terms of the GST, I am confident in the Prime Minister's guarantee and as a result of the conversation I had with Mr Morrison I am confident it will be business as usual in terms of our revenues.

Ms WHITE - Very flip-floppy. You have changed since last year when you were such a staunch advocate for horizontal fiscal equalisation and you don't even mention the word anymore.

Mr GUTWEIN - If you look back at my contribution from this morning I spoke about horizontal fiscal equalisation.

Ms WHITE - You haven't today.

Mr GUTWEIN - You can spin your wheels on this and do your very best to damage confidence, but at the end of the day we have a guarantee from the Prime Minister of not one dollar and not one cent less. In terms of our revenues moving forward I formed the view that it will be business as usual.

Ms O'CONNOR - Treasurer, can you guarantee that no person in your office negotiated with the Tasmanian Hospitality Association over the extra \$4.8 million allocation?

Mr GUTWEIN - I can certainly guarantee that I did not and I do not believe that my office was involved in the negotiations.

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Ms O'CONNOR - Can you guarantee nobody in your office negotiated the extra payment to the THA?

Mr GUTWEIN - I do not believe my office was involved in the negotiations for that policy.

Ms O'CONNOR - It is yes or no. Whether or not you 'believe' or formed a view about something is not the stuff of Estimates. Was your office involved or not?

Mr GUTWEIN - I have just said I do not believe my office was involved.

Ms O'CONNOR - Treasurer, that is dismissive and disrespectful of the committee process. The question is straightforward. Did anyone in your office negotiate the extra \$4.8 million to the THA? It is not good enough to sit here and say, 'I do not believe they did'. Did they or didn't they?

Mr GUTWEIN - I do not believe they did.

Ms O'CONNOR - That is contemptuous of the Estimates process. Could you please make some enquiries and find out?

Mr HIDDING - This is rubbish, you are making up the Estimates process. He has to answer to the best of his ability.

Ms O'CONNOR - The question is did or didn't his office negotiate with the THA? Can you take that on notice? Are you prepared to answer that on notice?

Mr GUTWEIN - I provided my answer; I do not believe that they did.

Ms O'CONNOR - That is a dishonest answer, Treasurer.

Mr GUTWEIN - That is not a dishonest answer.

Ms O'CONNOR - It is.

Mr GUTWEIN - I am answering honestly. I don't believe that my office was involved in the negotiations with that policy. That policy was about workforce development in the hospitality area and in that sector. My office's role was to ensure that we could fund the policy.

Ms O'CONNOR - Treasurer, your senior adviser is sitting right next to you. You could ask your senior adviser, in this instance, at the committee table, whether your office was involved in negotiations with the THA over the extra \$4.8 million.

Mr GUTWEIN - I have provided you with my answer to that.

Ms O'CONNOR - You are hiding something here. If your office was completely hands off about the sweet deal to the THA, you would say, 'We had nothing to do with it'.

Mr GUTWEIN - I have said that I don't believe we were involved in the negotiations. Estimates is not about taking aim at people in my office.

Ms O'CONNOR - Estimates is about seeking answers.

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Mr GUTWEIN - I am providing you with an answer; to the best of my knowledge, we weren't involved.

Ms O'CONNOR - It's clear that you do not want to ask your senior adviser because you don't not want the answer given at the table.

Mr GUTWEIN - You are making that up. You are putting rubbish on *Hansard*.

Ms O'CONNOR - You have to put absolute clarity on that question. Right now you could provide absolute clarity, but you are choosing not to.

Mr GUTWEIN - I have provided you with my answer on that.

Ms O'CONNOR - No, you have not. A number of your answers today have been based on your belief set. You 'believe' everything will be fine with the GST, you don't 'believe' that your office is involved in the THA sweet deal. Estimates is not about your belief set. Estimates is about providing honest answers to the questions that are asked of you by people sitting on this side of the table.

Mr GUTWEIN - I am answering honestly, I do not believe that my office was involved.

Ms O'CONNOR - But you know that is an obfuscatory answer. Whether or not you believe something -

Mr HIDDING - It's not even a word.

Ms O'CONNOR - 'Obfuscatory' is a word. Let me put it this way, when was the -

Mr HIDDING - I'll have to look it up in dictionary.

Ms O'CONNOR - Obfuscation means hiding the truth through tricky language.

Mr GUTWEIN - I have answered to the best of my knowledge.

Ms O'CONNOR - When was the costing for the THA deal presented to your office?

Mr GUTWEIN - I would have to check.

Ms O'CONNOR - Will you take that on notice?

Mr GUTWEIN - In terms of election costing, I will see what I can find.

Ms O'CONNOR - Will you take that on notice?

Mr GUTWEIN - If you put it on notice, I will see what I can find.

Ms O'CONNOR - To be really clear, you have not given an honest answer to the committee about whether your office was involved in negotiations with the THA.

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Mr GUTWEIN - No, that is not correct. I have provided you with an honest answer: to the best of my knowledge, I do not believe that they were.

Ms O'CONNOR - You have a capacity here, at the table, to provide the facts, whether your office was involved in negotiations with the THA for a sweet deal that tripled their funding after the THA tipped so much into your re-election.

Mr GUTWEIN - As I have said, I do not believe that my office was involved in negotiations or with the development of that policy.

Ms O'CONNOR - Do you think that is an adequate answer? That really says something.

Mr GUTWEIN - If you want to put it on notice, as I have said, I will have a look. I have provided you with an answer to the best of my ability.

Ms O'CONNOR - Wow. So you have chosen not to know what your office was doing in relation to the THA deal.

Mr GUTWEIN - You can make stuff up and run conspiracy arguments -

Ms O'CONNOR - It is not a conspiracy theory; that is the only place to go.

Mr GUTWEIN - The role of my office is to ensure that we can adequately fund our policies, whether they come from the hospitality sector, or they come from other sectors or other ministers.

Ms O'CONNOR - The role of your office apparently also is to debunk the social services sector's report on the impact of poker machines on people.

Mr GUTWEIN - The role of my office is to respond to constituents when they raise issues.

Ms O'CONNOR - But not to members of parliament when they raise issues in an honest way.

Mr GUTWEIN - I provided you, to the best of my understanding, with an answer.

Ms O'CONNOR - It is not an honest answer.

Mr GUTWEIN - I believe it is.

Ms WHITE - Treasurer, can you confirm that the GST revenue estimates are based on no changes to the GST distribution methodology?

Mr GUTWEIN - They are based on the current distribution methodology.

Ms WHITE - In the budget papers, it details the GST revenue that Tasmania is expecting to receive for 2018-19, 2019-20, 2020-21 and 2021-22. Which of these dollars and cents amounts is the one that the Prime Minister has guaranteed will not be changed?

Mr GUTWEIN - I form the view that our revenues over the forward Estimates, it will be business as usual.

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Ms WHITE - For 2018-19 the Tasmanian GST revenue, the Budget says it will be \$2.487 billion. You are confident that will be delivered?

Mr GUTWEIN - Sorry, in which year was that?

Mr BACON - 2018-19

Mr GUTWEIN - As I have said, over the forward Estimates I formed the view that it will be business as usual in terms of our revenues.

Ms WHITE - Is that the figure that will be delivered for in 2018-19?

Mr GUTWEIN - Obviously. They are the numbers that are in the Budget.

Mr BACON - Is there a confusion between you and the Prime Minister? He'll come back and say that this is the dollar figure -

Mr GUTWEIN - I don't think there is any confusion in respect of the Prime Minister's view; that Tasmania wants to ensure that it receives every dollar, not one dollar less, not one cent less than we are expecting.

Ms WHITE - That we 'want' to. So that is what you think he knows, but that is not a guarantee.

Mr GUTWEIN - Of course he understands that. We have said loud and clear that we will fight tooth and nail for every dollar of GST to ensure that Tasmania receives every cent that is due. In terms of the Prime Minister's guarantee, he has committed to not one dollar, not one cent less.

Ms WHITE - Then these dollar figures that are in the Budget on page 76 -

Mr GUTWEIN - As I said, I form the view that in terms of our revenues moving forward it will be business as usual.

Ms WHITE - Can we take it on record then that on budget page 76 that Tasmania's share of the GST for the years 2018-19, 2019-20, 2020-21 and 2021-22 will not change.

Mr GUTWEIN - As I have said, I form the view that it will be business as usual in terms of the revenues that are in the Budget.

Ms WHITE - If there is any kind of reduction to that, your view will be proven false. Are you concerned by that at all?

Mr GUTWEIN - Again, I form the view, and I have made it perfectly clear that my view is that it will be business as usual in terms of our revenues moving forward. I have been clear about that. I know that it does not suit the political argument that you want to make.

Again, the PC report will be released when the federal government get to that point. I will be briefed along with state treasurers when the federal government is in a position to do so prior to that release. In coming weeks, I think the concerns you have been raising will be unfounded.

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Ms WHITE - Given that the Prime Minister stated that the Productivity Commission Review will be released by the end of this month and given that you've said that you would be briefed before it was released, did you have a briefing set up for this week that has been cancelled?

Mr GUTWEIN - No, it would have been my expectation that if that report was going to be released before the end of the month that I would have received a briefing on it before the end of the month. If the time has changed, it is the Commonwealth Government's purview to change the time of a release of this report should it see fit. As long as, as I say, in my mind they were release this report before Super Saturday, then we will get our briefing when the federal government is in a position to do so.

Ms WHITE - Has anyone within your department been briefed on the Productivity Commission Review?

Mr GUTWEIN - Not to the best of my knowledge, no.

Mr BACON - Have you had a date set for a briefing?

Mr GUTWEIN - At this stage no.

Mr BACON - It hasn't been set?

Mr GUTWEIN - No.

Ms WHITE - The guarantee, as we have well established, from the Prime Minister is not really worth very much. Given that the worst case scenario has been modelled by yourself and the department to be approximately an 8 per cent hit on the Budget -

Mr GUTWEIN - No, you are taking some licence there. The point that I made yesterday is that the PC report makes that point. The point that I was making is that our Budget is in a strong position, which you seem to be doing your very best to tear down. Again, that's a matter for you

Ms WHITE - It is not my fault that you put together a funny looking budget, Treasurer.

Mr GUTWEIN - I think it is a fantastic looking budget.

Ms WHITE - Given the Productivity Commission Review, the worst case scenario would have been modelled as an 8 per cent reduction in GST to Tasmania. Have I got that right?

Mr GUTWEIN - That is one of the models that the PC report had.

Ms WHITE - Applying that as a worst case scenario to the budget papers as presented and using the measurement of the underlying net operating balance, do you concede that any changes from 2020-2021 of an 8 per cent reduction would mean there is an underlying net operating deficit?

Mr GUTWEIN - Again, you can deal with hypotheticals all you like. You can make up numbers and go down that path.

Ms WHITE - I am not making anything up. You agreed that they were the dollar figures and numbers from the Productivity Commission review and that is why I checked them with you.

CHAIR - Order, Ms White.

Mr GUTWEIN - You can deal with hypotheticals. I will come back to - and I will repeat ad nauseam today - in terms of our revenues across the forward Estimates, I formed the view it will be business as usual.

Ms WHITE - Do you regard the work that has been done by economist, Saul Eslake, to be credible?

Mr GUTWEIN - Mr Eslake has a view. He has provided one view and it is an absolute view. I do not agree with that. Mr Eslake is a very considered and well thought of economist. He has taken a view and I do not agree with that view.

Ms WHITE - Why don't you agree with that view?

Mr GUTWEIN - He has made a point and it is a point in absolute terms where, what he has done is applied forward a fixed number. I do not believe that will occur. The point he is making, he is quite within his rights to attempt to make that point. I do not believe it will be one that will come to fruition.

Ms WHITE - Based on a verbal guarantee that means nothing from the Prime Minister?

Mr GUTWEIN - It would not matter what guarantee the Prime Minister provided, you would not be happy with it. I make the point, we have a guarantee and you have naught.

Ms WHITE - I would be satisfied if there was a guarantee not to change the distribution methodology but you do not have that guarantee. You have not been able to secure that guarantee for Tasmania and that is not good enough.

CHAIR - That is a statement, Ms White. Do you have a question for the Treasurer?

Ms WHITE - Why hasn't the Treasurer been able to get a guarantee from the Prime Minister that the distribution methodology will not change?

Mr GUTWEIN - We have a guarantee from the Prime Minister and we will hold him to that guarantee.

Ms WHITE - You do not even know what it is.

Ms O'CONNOR - Treasurer, we are trying to get past your belief set. I point out to you that the Premier did not believe he was in the room when there was a debate and a vote on the sale of the ABC. The belief set of you or the Premier is worth nothing. What we are looking for here at the Estimates table is the truth or something close to it.

In the Right to Information documents we have here, there is an email on 9 January from your senior adviser to, I would say, Mr Steve Old, although that is redacted. It says, 'Further to our phone call, please find the attached policy paper.' What was the nature of the communications and negotiations between your office and the Tasmanian Hospitality Association?

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Mr GUTWEIN - I think that was the first time the policy was provided to them on that day. It was the date of public release.

Ms O'CONNOR - The first time your office communicated or negotiated with the THA over your gaming policy in this year was on 9 January 2018?

Mr GUTWEIN - We provided them with the policy document then. Over time I have had a range of conversations with stakeholders in terms of our gaming policy. I would be expected to do that. In terms of the release of that policy in full, that was the first time it was provided to them.

Ms O'CONNOR - Was the decision to allocate an extra \$4.8 million to the THA made after 9 January?

Mr GUTWEIN - The policy we communicated to them was our gaming policy.

Ms O'CONNOR - It was the final version of the gaming policy?

Mr GUTWEIN - If you want to ask questions about the hospitality policy you should have asked that of the Premier yesterday.

Ms O'CONNOR - As you know, we asked the Premier and he had a belief set of his own that was not fruitful to examine. That is why we are here because you are the Treasurer and the allocation of funds to the industry falls directly within your area of responsibility.

Mr GUTWEIN - There was a media release on 19 February.

Ms O'CONNOR - On 19 February, that the extra \$4.8 million would go to the THA?

Mr GUTWEIN - It appears so.

Ms O'CONNOR - Did the Hospitality minister speak to you about the sweet deal for the THA?

Ms O'CONNOR - That's not an honest answer. I have sat on your side of the table and I know that is a deflection. Did the hospitality minister talk to you about a \$4.8 million extra allocation to the THA after the election during the campaign?

Mr GUTWEIN - I can't recall. I am being serious. My role is to ensure that we can fund our policies and that was my role. Now -

Ms O'CONNOR - You have no recollection of a conversation with the hospitality minister about an extra \$4.8 million to the THA during the campaign where there was millions of dollars being splashed around towards re-electing your Government by THA members, including the Federal Group.

Mr GUTWEIN - I cannot recall whether we had a discussion on that issue.

Ms O'CONNOR - 'I cannot recall', the oldest and weakest defence. You cannot recall. Did you or didn't you? Let's get this really clear. You don't believe your office was involved in negotiations with the THA but you can't say yes or no. You cannot recall whether you had a

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conversation with the Premier or the Hospitality minister over the THA deal. Are you okay? I mean you don't seem to be able to -

Members interjecting.

Ms O'CONNOR - Why can't you give a straight answer to that?

Mr GUTWEIN - During the election campaign you are running at a very fast pace and on most days I would have spoken to ministers across a range of portfolios. I cannot recall whether or not I spoke to the Premier about that policy prior to its release. It was released by the Minister for Justice and it was included, but now -

Ms O'CONNOR - It is quite extraordinary how little information you retain when we are talking about an extra \$4.8 million to your major industry backers during the campaign.

Mr GUTWEIN - This was a workforce development policy announced in the hospitality portfolio.

Ms O'CONNOR - Sure it was a workforce development policy but it was a handy quid pro quo, wasn't it?

Mr GUTWEIN - I am pleased that you are prepared to acknowledge that this was a workforce development policy -

Ms O'CONNOR - I am prepared to acknowledge that's what you are calling it and you are wrapping it in the legitimacy of a title when people have formed a view that it was a quid pro quo.

Mr GUTWEIN - You can form that view if you wish.

Ms O'CONNOR - Plenty of other people have formed it too.

Mr GUTWEIN - This is about supporting one of the fastest-growing sectors in Tasmania.

Ms O'CONNOR - My question is, were you completely unaware of the extra \$4.8 million to be awarded to the THA before the announcement of the policy?

Mr GUTWEIN - We would have costed it and it would have been part of our election commitments.

Ms O'CONNOR - That's not the question and that's not the answer. Were you completely unaware of the extra \$4.8 million to go to the THA before it was announced publicly?

Mr GUTWEIN - Before it was announced publicly we would have costed it and it would have been included in our financial statements.

Ms O'CONNOR - So you had knowledge of the extra \$4.8 million to be allocated to your major donor body?

Mr GUTWEIN - Regarding the policies that we took to the election, my role was to ensure that we could fund them appropriately and in that context I was aware of what we were spending.

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Ms O'CONNOR - At what point did you become aware that there would be an extra \$4.8 million allocated to the THA?

Mr GUTWEIN - At some point through the campaign we would have costed that policy.

Ms O'CONNOR - So it wasn't through a conversation with the Premier and the Hospitality Association. You don't believe it was through a conversation with your office. Did you get it by osmosis?

Mr GUTWEIN - I don't believe my office was involved in the development of the policy. In terms of the costing of this policy, my role is to include that as part of our financial policy.

Ms O'CONNOR - What were those costings based on then? Were they based on a request from the THA? This is my last question on this matter. Were they based on a request from the THA?

Mr GUTWEIN - They would have been interrogated by those who put the policy together. As I have said I don't believe - well again -

Ms O'CONNOR - Who put the policy together?

Mr GUTWEIN - You had the Premier in front of you and I am sure he provided answers to the best of his knowledge and ability, and I am doing the same today.

Mr BACON - Treasurer, are you in breach of any part of your fiscal strategy this financial year?

Mr GUTWEIN - No.

Mr BACON - Are you in breach of strategic action number one this financial year?

Mr GUTWEIN - I don't believe so.

Mr BACON - What is the annual growth in expenditure for the 2017-18 financial year?

Mr GUTWEIN - That is under Strategic Action. Annual growth and general government operating expenses will be lower than the long-term average growth in revenue. I think we have met that.

Mr BACON - So we are using 3.7 as the long-term average growth in revenue. What is the annual growth in general government operating expenses for this financial year?

Mr GUTWEIN - As I was pointing out when I raised that Strategic Action, that is a long-term measure.

Mr BACON - Where does it say that in the fiscal strategy?

Mr GUTWEIN - It is comparing against the long-term average growth in revenue.

UNCORRECTED PROOF ISSUE

Mr BACON - If you read directly from Strategic Action 1, it doesn't say 'long-term', it says 'annual growth'.

Mr GUTWEIN - In the numbers I have here, if we look at the 2017-18 estimated outcome out to 2021-22 - so over a four-year period - it is revenues 2.1, expenses 1.6.

Mr BACON - The annual figure?

Mr GUTWEIN - We can calculate that.

Mr BACON - We can get that later on; we have a few hours to go so there is no pressure.

In the past there has been a provision made for unallocated infrastructure spending, and I think in last year's budget it was \$335 million. When was that measure introduced?

Mr GUTWEIN - It has been in the budget for some time.

Ms WHITE - That is really vague.

Mr BACON - I am not trying to be difficult.

Mr GUTWEIN - I can ask Treasury to look at when that was introduced. I get the sense of what you are going to do. In past years you have attacked me because we have had one and you called it all sorts of things.

Mr BACON - Don't worry about how I attack you, worry about answering the questions.

Mr GUTWEIN - This year because we have allocated it you're going to have a different view. That is what I am expecting.

Mr BACON - All we want is an answer.

Mr GUTWEIN - I do not know whether Mr Ferrall can provide me with an answer in terms of when that unallocated infrastructure provision started. It has been there for a while.

Mr BACON - We can put that one on notice.

Mr FERRALL - I would say it would be about seven years.

Mr GUTWEIN - Since 2010-11 from the note I got.

Mr BACON - So it has been in there for seven or eight years. In last year's budget papers it said:

In accordance with established budget management practice it also includes an unallocated provision for future infrastructure investment. A general provision of \$335 million has been set aside over the 2017-18 Budget and forward Estimates period to be allocated to future infrastructure investment projects or used to provide capacity to meet cost variation and the impact of the rescheduling of projects.

UNCORRECTED PROOF ISSUE

In terms of an established budget management practice, have there been changes around budget management in the past 12 months that have led to this?

Mr GUTWEIN - I would have to go back to 2009-10 to see why it was included in 2010-11, but in terms of the allocation moving forward, as I have indicated, this is a record infrastructure spend budget and we have allocated the capacity that was in the Budget to that.

Mr BACON - From last year's budget papers, in providing capacity to meet cost variation and the impact of rescheduling projects, if you have the largest infrastructure package of all time in Tasmania, wouldn't you need a provision to deal with those cost overruns and rescheduling of projects?

Mr GUTWEIN - Because we have such a rich suite of investments, some infrastructure projects will take longer, some shorter. Within the suite of infrastructure policies we will manage them appropriately.

Mr BACON - So you don't think in the way you manage the Budget that there is a requirement to have that?

Mr GUTWEIN - In this Budget we have a suite of infrastructure projects moving forward. One of the criticisms you have made in the past is that because we have had a non-allocated infrastructure component to the infrastructure budget, we were building up a war chest and we were planning to do -

Ms WHITE - And we were proven right, weren't we?

Mr GUTWEIN - You used a significant part of it as well.

Mr BACON - If I could read from this year's budget papers in terms of whether there was a build-up for an election war chest, it says:

In recent budgets funding has been allocated to a provision for future infrastructure investment. In this Budget, as identified during the 2018 state election, the Government will implement election commitments by utilising this provision.

Mr GUTWEIN - What year?

Mr BACON - This is the Budget you just brought down that you told me to read - over and over again.

Mr GUTWEIN - Sorry, I thought you said 2008.

CHAIR - You actually did say 2008-09.

Mr BACON - I apologise; I meant to say 2018-19.

UNCORRECTED PROOF ISSUE

Mr GUTWEIN - I am not sure where you are taking that from the Budget. In terms of infrastructure, we are in the rich position of having a significant number of infrastructure projects available to us. We have funded them appropriately across the forward Estimates.

Mr BACON - When you say that I accused you of building up an election war chest, your own budget papers say that is true.

Mr GUTWEIN - What our budget papers say is that we have allocated that infrastructure allocation to fund a range of infrastructure projects.

Mr BACON - It says election commitments.

Mr GUTWEIN - They were funding commitments made in the election and they were very sensible commitments - as you actually allocated in your financial policy.

Mr BACON - The question is, in this Budget, as identified during the 2018 state election, where did you identify that given that it does not appear to be identified in your financial policy statement that you put out?

Mr GUTWEIN - I thought there was a second page that covered infrastructure in the financial policy. The financial policy indicates that the full allocation is to be allocated to new infrastructure commitments.

Mr BACON - That is the war chest. On the front page of that it goes to -

Mr GUTWEIN - In the Budget there is a statement in terms of meeting the infrastructure and equity commitments we made.

Mr BACON - In the same pre-election financial policy there are increased government business dividends in the 2019-20 and 2020-21 financial years of \$22 million additional and \$60 million. The note says that this will be done by increasing the GBE payout ratio from the MAIB up to 90 per cent. Why didn't this happen?

Mr GUTWEIN - We had more revenue than we were expecting so there was no need to alter the dividend policy. As you are well aware, the revenue circumstances of the Budget as a result of a strong national and local economy were such that there was a significant difference between the revised Estimates report and the Budget we have just handed down.

Mr BACON - In terms of the agreement that you had with the MAIB to revert to a 50 per cent dividend policy that Mr Challen talked about in GBE scrutiny last year, were there discussions with the MAIB about changing to a 90 per cent dividend policy?

Mr GUTWEIN - As you well understand, in terms of Treasury or government business involvement it would not be right or proper to take advice in terms of election policies. I made a judgment about revenues; that the MAIB could provide more during the election campaign. Subsequently, in framing this year's Budget, we are in a position where we have had significantly more revenue and there has been no need to alter the dividend policy.

UNCORRECTED PROOF ISSUE

Mr BACON - Can I ask what the nature of the agreement between the MAIB and the shareholder ministers was, to revert to a 50 per cent dividend? Was it in writing or a verbal agreement?

Mr GUTWEIN - I imagine that is a matter that is discussed through the corporate planning process.

Mr BACON - In the development of the corporate plan -

Ms O'CONNOR - Are you writing these questions down, Chair? Are you counting?

CHAIR - Always.

Mr BACON - In terms of the corporate planning process for the MAIB, would their corporate plan have been submitted to government after the election?

Mr GUTWEIN - They come in at different times. I couldn't say exactly; some businesses bring them forward earlier, some bring them forward later.

Mr BACON - What is the dividend ratio in the corporate plan?

Mr GUTWEIN - It will be the same ratio as last year, I would imagine.

Mr BACON - So it will still be at the 60 per cent rather than returning to 50 per cent.

Mr GUTWEIN - It will.

Mr BACON - So the agreement that you had with the MAIB was done through the corporate planning process?

Mr GUTWEIN - No, let me be clear about this. In the lead up to the election -

Mr BACON - The agreement is well before the election.

Mr GUTWEIN - In respect of the election we took the view that MAIB was in a very healthy position. In terms of the election policy, we took the view that MAIB was in a very strong financial position. A 90 per cent dividend policy, in line with the policy that we have with other government businesses was appropriate. In terms of moving to that, post-election, there was no need to implement a different dividend policy on the MAIB as a result of the stronger revenue position that the state was in.

Ms O'CONNOR - Chair, can I ask when I will be allocated a question?

CHAIR - Yes, you have sought the call.

Ms O'CONNOR - There have been 21 questions from Labor.

Mr HIDDING - And you asked 21 questions in your last turn.

Ms O'CONNOR - No, I didn't, I asked six.

UNCORRECTED PROOF ISSUE

Mr BACON - When you went to the election with that policy, it was in the full knowledge that you would be breaking the agreement you had with the board of the MAIB?

Mr GUTWEIN - Not a matter of breaking an agreement. It was about setting a new dividend policy.

Mr BACON - Can you just explain the nature of the agreement then, what that was about?

CHAIR - I remind the committee that we are here under an Estimates process to talk about the Budget. We seem to be being dragged into the election and so on. As Ms O'Connor said yesterday, I am sure that you can use an argument to bring all these questions back into the Budget.

Ms WHITE - That's not true. There are all their election commitments recurrent right there.

Ms O'CONNOR - It is all in here, so -

CHAIR - I need to remind the committee about the process. We are supposed to be talking about the Budget, line by line as per the standing orders. We have not got out of overview and into outputs yet. I remind the committee about what we are meant to be doing here. When Mr Bacon has had another question on the MAIB, I will give the call to Ms O'Connor.

Mr GUTWEIN - During the election campaign, we took the view that the MAIB could provide a different dividend profile. Post the election, the revenue circumstances were vastly different to what you and I were both working on as a result of the ARIA and there was no need to change the revenue profile for the MAIB.

Mr BACON - So during the last financial year, you made an agreement with the MAIB to change the dividend ratio from 60 per cent back to 50 per cent where it had been in the past - that's an agreement you made.

Mr GUTWEIN - They provided their corporate plan in late March. They proposed a 50 per cent of the five-year average. We are currently in discussions with the MAIB about their dividends profile moving forward, as we would normally do with government businesses on an ongoing basis.

Mr BACON - To be fair -

Ms O'CONNOR - This is the last one - so the last one that was supposed to be the last one is actually the second last one.

Mr BACON - I still don't have an answer.

Ms O'CONNOR - That is not the metric; you never get answers.

CHAIR - We are talking about MAIB and ratios. I remind the committee that the ratio is three to the Opposition, one to the Greens, and one to the Liberals.

Ms O'CONNOR - I am well aware of the ratio; I am counting.

CHAIR - I am sure you are. We are at that ratio at the moment. In fact, by my calculations, the Greens are still in front.

Ms O'CONNOR - I think you write down every question we ask and half what Labor asks. It's lovely the way they look after each other.

Mr BACON - When you made that decision during the election campaign, it was in the full knowledge that you were going to break that agreement.

Mr GUTWEIN - During the election campaign I took the view that because of the strong balance sheet position and strong financial position of MAIB, we could move into the standard government dividend policy. Post-election we are in a position where we have much stronger revenues than was expected, as I think you would accept.

Ms O'CONNOR - Why are you flogging the Treasury building then?

Mr GUTWEIN - We made a decision that there was no need for a different dividend policy from MAIB. That being said, we are currently discussing with MAIB its dividend policy moving forward.

Ms O'CONNOR - Treasurer, the revenue to the state from gambling taxes is detailed on page 82. I refer you to the correspondence between you and the Tasmanian Hospitality Association where you very kindly helped them debunk the report of Professor John Mangan, which was presented to the joint select committee. You make specific reference to the social and economic impact study.

I will go now to some of the details in the study: 56 per cent of people in a lounge in a Tasmanian hotel at any one point in time are problem gamblers according to SAS. That was also the figure cited in the 2010 Productivity Commission study. The 2011 SAS study found that around half of pokies losses - that's 47.7 per cent - come from those experiencing adverse consequences.

Isn't a fact, Treasurer, that of the revenue the state will obtain from gambling taxes, almost half of it will come out of the pockets of some of our poorest people? The state Budget is increasingly reliant on at-risk gamblers because, as the number of people playing poker machines declines, the revenue is coming more from people who have a problem? Does that worry your conscience?

Mr GUTWEIN - The budget papers indicate that we are seeing a reduction in taxes across the forward Estimates from gaming. You and I both well know that last study pointed to the fact that there has been very little change in the level of problem gamblers. Generally, I guess it would be fair to say, there are positive impacts from the mandatory code and measures that have been put in place.

Ms O'CONNOR - The SAS study, as you know, determines the level of problem or at-risk gambling in the community, is a phone sample study. What it counts on is people who respond to a telephone call at random to confess to being a gambling addict or otherwise. It is widely acknowledged the numbers in the SEIS report are arbitrary at best. How does it sit with you to know that a significant proportion of the gambling revenue the state will take as a result of taxes on poker machines and gambling companies comes out of the pocket of some of the poorest Tasmanians?

UNCORRECTED PROOF ISSUE

Mr GUTWEIN - You can attack the methodology.

Ms O'CONNOR - It is not attacking the methodology. I am stating what the methodology is.

Mr GUTWEIN - You are.

Ms O'CONNOR - The methodology is known. It is a phone call.

Mr GUTWEIN - You are raising a concern you hold in terms of the methodology.

Ms O'CONNOR - It is not about the methodology; it is about the people.

Mr GUTWEIN - It is the process that was undertaken under your government and under previous governments. It provides a longitudinal view of what is occurring with gaming and gambling in the state.

Ms O'CONNOR - The difference is that your Government is extending the harm caused by poker machines out to the year 2043. There will be lives lost and livelihoods lost as a result of your policy.

Mr GUTWEIN - The difference between the Government and those on that side of the table is that we believe Tasmanians should choose how they spend their money.

Ms O'CONNOR - The difference between you, as Treasurer, and the Greens is we acknowledge addiction is not a personal choice and people who are addicted to poker machines do not choose to spend the last of their grocery money at the poker machines. Do you acknowledge addiction is not a choice?

Mr GUTWEIN - The difference between this side of the table and that is we believe Tasmanians should have a choice. We should put in place support mechanisms, which we do through the CSL, which we will double as a result of the work and the changes we are proposing.

Ms WHITE - Funded through the taxes on poor people who have lost their money through a poker machine.

Mr GUTWEIN - Do you still have a gambling position? You do, and -

Ms O'CONNOR - Do you acknowledge gambling addiction is an illness? Chair, the Treasurer is deflecting and asking questions of the Opposition Leader in order to avoid answering my question about whether he understands gambling addiction is an illness, it is not a personal choice. Again, you will repeat the inane answer you gave me a moment ago.

Mr GUTWEIN - I will not even bother if you are going to be as discourteous as that.

Ms O'CONNOR - Do you understand, Treasurer, according to all the medical evidence that gambling addiction is an illness, it is not a personal choice and that your Budget counts on revenue gained from some of the pocket of some of our poorest, most unwell people?

Mr GUTWEIN - I will come back to the difference between this side of the table and that is that we believe Tasmanians should have a choice as to how they spend their money. We should

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put in place the necessary frameworks and support and information to ensure people can gamble responsibly and that is what we do. The mandatory code has been introduced to ensure that occurs.

Ms O'CONNOR - How about a yes/no answer? Do you agree addiction is an illness?

Mr GUTWEIN - We will always have a difference of opinion across this table. Our policy positions are what they are: you will have your view, we have our view.

Ms O'CONNOR - Do you believe addiction is an illness or a personal choice?

Mr GUTWEIN - You can repeat the question -

Ms O'CONNOR - I am narrowing the question. Do you believe addiction generally is an illness or a personal choice?

Mr GUTWEIN - I am not a doctor.

Ms O'CONNOR - So you believe people who are alcoholics or drug addicts or gambling addicts make a personal choice to be sick?

Mr GUTWEIN - I am not a doctor. What I can do is talk about our policy. The difference between our policy and your policy is that we believe Tasmanians should be free to choose how they spend their money and government should ensure we put in appropriate frameworks and safeguards, which is what we do.

Ms O'CONNOR - To be clear, the difference between our policy, the Greens' policy and your policy is that we would extinguish the deed.

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

Ms O'CONNOR - Yes, I do. We would extinguish the deed, remove poker machines from pubs and clubs and end the profound social harm caused by poker machine addiction. Do you acknowledge the policy you took to the election, which is now embedded in the Budget, will cause suicides, family breakdown and violence, child abuse and neglect, the loss of income, the loss of assets?

Mr GUTWEIN - The policy that is embedded in the Budget over the next four years is exactly the same policy that was in place when you were minister.

Ms O'CONNOR - I beg your pardon. That is a complete misrepresentation.

Mr GUTWEIN - No, it is not.

CHAIR - Order.

Ms O'CONNOR - Your Government made the decision to individually licence venues and your Government has made the decision -

Mr GUTWEIN - and nothing will occur until 2023.

UNCORRECTED PROOF ISSUE

Ms O'CONNOR - Your Government has made a decision to extend poker machines in the community to 2043.

Mr GUTWEIN - Chair?

Ms O'CONNOR - Go on get some help from the bouncer.

CHAIR - Order.

Mr GUTWEIN - The point that you conveniently want to sidestep is that the policy, as you call it, that is embedded in this Budget over the period of the forward Estimates is exactly the same policy.

Ms O'CONNOR - That is a lie.

CHAIR - Order.

Mr GUTWEIN - It is exactly the same -

Ms O'CONNOR - That is an absolute lie, because your policy is to take poker machines, extend them in pubs and clubs under an individual licensing model that will give the industry an extra \$150 million in value out to 2043.

Mr GUTWEIN - With the greatest of respect you can try to dig yourself out of this, but the policy going forward over the forward Estimates is exactly the same policy that was in place when you were a minister as well, until 2023.

Ms O'CONNOR - No, you can deflect and again be dishonest here.

CHAIR - Order, Ms O'Connor, order.

Mr GUTWEIN - No, it is a statement of fact. I reject that assertion.

Ms O'CONNOR - Do you acknowledge that your policy - okay, here we go that is fine.

Mr GUTWEIN - Embedded in the Budget - the policy that this Budget -

Ms O'CONNOR - You can reject what you like, but a fact is a fact.

Mr GUTWEIN - The policy that this Budget reflects is exactly the same policy that was in place when you were minister, albeit, with some improvements to the mandatory code. In fact, when you were a -

Ms O'CONNOR - Treasurer, do you acknowledge that your policy will lead people to take their lives, families to break down -

CHAIR - Ms O'Connor, order.

Ms O'CONNOR - child abuse and neglect will increase.

UNCORRECTED PROOF ISSUE

CHAIR - Order. We are going to Ms White for the next question.

Ms O'CONNOR - Why don't you talk about the human impact of your policy. You don't want to, do you, because it is all about the money to you.

Mr GUTWEIN - When you were a minister -

CHAIR - Ms O'Connor, Treasurer, order.

Ms O'CONNOR - Forget the people. It is all about the money.

Mr GUTWEIN - When you were minister and held the balance of power you did nothing.

Ms O'CONNOR - That is absolute rubbish. We moved in here to get CSL on casinos. We moved on a \$1 bet limit, which was your policy before 2010 and you voted against a \$1 bet limit.

CHAIR - Order, Ms O'Connor.

Ms O'CONNOR - Do not give me that garbage. We gave your party an opportunity to support a \$1 bet limit and you squibbed on it.

CHAIR - Ms O'Connor, order.

Mr GUTWEIN - As minister you took the view that locking up forests was more important than this matter that you now raise.

Ms O'CONNOR - What a load of utter garbage. I moved for the CSL to be on casinos and a \$1 bet limit.

CHAIR - Order, we are moving on. Ms O'Connor, order.

Ms O'CONNOR - The Treasurer is so dishonest.

Ms WHITE - Has Treasury provided you with any advice on the Government's 90 per cent dividend payout ratio?

Mr GUTWEIN - When it was implemented, yes.

Ms WHITE - Are you able to provide that advice to the committee?

Mr GUTWEIN - No. You know that we don't release Treasury advice. In terms of the dividend policy when we moved to the 90 per cent I took advice at that particular time.

Ms WHITE - Have you sought additional advice on coming back into government on that policy?

Mr GUTWEIN - No, I discussed dividends and returns from the businesses as we framed up the Budget and formed the view that there was no need to make a change to the MAIB's dividend policy on the basis that we were in a much stronger revenue position.

UNCORRECTED PROOF ISSUE

Ms WHITE - Is it your view that the 90 per cent dividend policy is appropriate for all GBEs and SOCs excepting MAIB?

Mr GUTWEIN - I rely on advice from Treasury in terms of that 90 per cent.

Ms WHITE - Is it Treasury's advice to you that that is an appropriate dividend policy for all the GBEs and SOCs?

Mr GUTWEIN - I do not believe I have any advice to the contrary.

Ms WHITE - With the implementation of a price cap by the Parliament to power prices, is that able to be absorbed within Hydro Tasmania's budget?

Mr GUTWEIN - Yes. In terms of the intervention in the wholesale electricity price, in the previous year the linkage to Victoria would have exposed Tasmanians to significantly higher electricity prices. If we had allowed that to remain there would have been around a \$70 million impact that would have needed to be paid by Tasmanian consumers.

In making the change what we have effectively done is protected consumers against those double-digit increases that occurred on the mainland. For our businesses it is revenue foregone and there is an opportunity cost to that, but our businesses are sustainable and have factored in the lower wholesale price.

Ms WHITE - Has Treasury provided advice on the election commitments you made that will affect Hydro Tasmania's bottom line?

Mr GUTWEIN - In terms of?

Mr BACON - Changes to the wholesale price.

Mr GUTWEIN - The wholesale price has been captured in their forward planning. I listened to Mr Davey only last week or the week before when he explained that prior to the 2017-18 year and the change that was made by the parliament to ensure the wholesale price could be set at a lower level, obviously there was an opportunity cost in terms of that, but the business is sustainable and, broadly speaking, across the forward Estimates their modelling is in line with the wholesale electricity prices it has now set.

Mr BACON - When the budget papers say it has not been possible to quantify their potential impact at this time in the risk to the Budget, it includes a range of things such as the delinking of Tasmanian wholesale electricity contract prices from mainland pricing. When it says it has not been possible to quantify the potential impact of that change, has that been factored into Hydro's calculations?

Mr GUTWEIN - The wholesale electricity price that we now set, obviously that is in line with Hydro's forward Estimates.

Mr BACON - And they have been provided to you?

UNCORRECTED PROOF ISSUE

Mr GUTWEIN - Through the corporate planning process they provide the information that we then draw from in respect of dividends and tax equivalents into the Budget. As you can see, across the forward Estimates our businesses are profitable and earning.

Mr BACON - Who is the other shareholder minister of Hydro Tasmania?

Mr GUTWEIN - That would be Mr Barnett.

Mr BACON - So Mr Barnett would be fully aware of the costs of this policy on Hydro's financial performance?

Mr GUTWEIN - Are you talking about setting prices in line with CPI moving forward? One of the difficult things to quantify is the opportunity costs of revenue forgone. The business is sustainable and returning profits and solid tax equivalents over the forward Estimates. You can see that; it is there in front of you. The opportunity cost is linked to the national price, so from the point of view of the potential upside of what revenue might be in the future, that will always vary depending on the price in the national market. You can't put a finger on it and say over the forward Estimates it is \$25 million a year below what they could have charged because the wholesale electricity price will rise and fall.

Mr BACON - You have enough information to put the figures in the budget based on what you expect Hydro's outcomes to be over the next four years. Does the Minister for Energy have that same information?

Mr GUTWEIN - I am provided with it and through the corporate planning process he would be made aware of it.

Mr BACON - So he is fully aware of those impacts.

Mr GUTWEIN - Talking about impacts, the point we made last year when we reduced the wholesale electricity price for the first time for regulated customers was that there was a \$70 million cost and that was effectively revenue forgone across the businesses. In terms of additional support that was provided then, Hydro also made a change in terms of their wholesale electricity price and brought prices forward one year on the curve to what was being forecast, and that was a \$15 million impact on the Hydro's returns. We then provided as well a \$20 million subsidy that was available to contract customers to ensure we could bring them down to a level that was broadly in line with the wholesale electricity price and not have shocks. Moving forward, the revenue forgone can only be calculated by applying the wholesale electricity price applying in Tasmania and what the market price might be, and that is either up or down.

Mr BACON - But it's forgone anyway, so are you just going to sit around and dream of what could have been - is that what you mean?

Mr GUTWEIN - What could have been is that Tasmanian consumers suffer a 10, 15 or 20 per cent increase. That is the financial impact; it is an opportunity cost.

Mr BACON - There wouldn't be any point calculating that revenue forgone.

Mr GUTWEIN - You could only calculate it at a point in time.

Mr BACON - And there would be no reason.

Mr GUTWEIN - Well, it is revenue forgone, which is more money in Tasmanians' pockets because they are not paying those increases.

Ms O'CONNOR - Are you able to help us understand what is happening with the TT-Line money? In budget paper 1, footnote 3 on page 52 it says:

This is partly offset by an increase for TT-Line Company Pty Ltd of \$79.9 million, reflecting the return of funds held in TT-Line Vessel Replacement Fund.

When was this money returned to the TT-Line?

Mr GUTWEIN - That was to pay the deposit on the ships. Over the forward Estimates we build up cash of \$40 million per year, and we have recently returned \$80 million plus some interest to the TT-Line so they can pay the deposit. They will continue to save and then we will provide them with the balance of the fund, including \$20 million from the state that we included in last year's budget to the TT-Line when they need to make the final purchase.

Ms O'CONNOR - Has the TT-Line paid the deposit or is the \$80 million still sitting on the books?

Mr GUTWEIN - No, it has been paid. We paid it out of the funds to TT-Line. We will just check that they have but they certainly have the money to pay the deposit.

Mr FERRALL - To clarify on the deposit, there are certain preconditions that haven't been met.

Mr GUTWEIN - But they've got the money to pay the deposit.

Ms O'CONNOR - So the money is sitting back where it started in the TT-Line's account. Interesting bookwork.

Mr GUTWEIN - As I indicated, TT-Line are experts at running a shipping company, and Treasury and Tascorp are experts at investing money.

Ms O'CONNOR - Okay, but it was supposed to be a fund that was set aside and that you advertised was locked away so that Labor, for example, could not get their hands on it, and it has moved straight back into the TT-Line's account.

Mr GUTWEIN - The money can only be utilised for the purchase of new ships.

Ms O'CONNOR - What will TT-Line be contributing towards the vessel replacement fund each year?

Mr GUTWEIN - It is \$40 million.

Ms O'CONNOR - If the money is for the 2020-21 replacements why is there not an \$80 million outflow in the budget papers?

Mr GUTWEIN - Final year.

Ms O'CONNOR - In the final year that is not in the budget papers?

Mr GUTWEIN - It is equity provided back to TT-Line for the purchase of the ship.

Ms O'CONNOR - Where is that in the budget papers? While we are talking about the TT-Line, is the TT-Line money sitting with Tascorp? Where is it sitting? Is it in the con fund to make the books look better or is it earning money?

Mr GUTWEIN - TT-Line has been managing a separate account.

Ms O'CONNOR - With Tascorp?

Mr GUTWEIN - Yes.

Ms O'CONNOR - What is the total cost of the vessel replacement?

Mr GUTWEIN - It would depend on exchange rates. I am not sure what number, if any, has been put out publicly.

Ms O'CONNOR - The locked account that you made so much of in the last term of government doesn't exist anymore, does it?

Mr GUTWEIN - Just checking. Sorry?

Ms O'CONNOR - Is there a TT-Line vessel replacement fund?

Mr GUTWEIN - Yes.

Ms O'CONNOR - How much is in that account now?

Mr GUTWEIN - We have paid the deposit and the exchange rate will have an impact. The bills contract is worth approximately €219 million per vessel.

Ms O'CONNOR - Half a billion dollars basically. Could you confirm how much is in the TT-line vessel replacement fund?

Mr GUTWEIN - It will be in the hundreds of thousands: \$198 828.93.

Ms O'CONNOR - \$195 000 left in the vessel replacement fund.

Ms WHITE - What was the deposit paid for the vessel?

Mr GUTWEIN - It was €87.68 million.

Ms O'CONNOR - When do you or Treasury expect that money will be paid as a deposit?

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Mr GUTWEIN - They are working out some final matters on the contract. We provide it back to them because they have asked us to pay the deposit. They are working through the final conditions in respect of that contract.

Mr BACON - Yesterday when you were talking to the upper House, you were talking about the total state sector net debt and the impact the ships will have on that figure. The Premier trumpeted at the Committee of Economic Development of Australia that for the first time ever it was going to be positive. Can you explain the deterioration in total state sector net debt of around \$1.5 billion so that by the time we get to 2022, the total state sector will be in \$1.1 billion of debt?

Mr GUTWEIN - As we indicated yesterday, we undertook to provide advice to the committee so that there was a breakdown. A large part of it is purchase of the ships. They will have some cash. The total amount of borrowings will depend on what the value is of the ships that are sold at that time.

Mr BACON - The \$673 million figure you used yesterday -

Mr GUTWEIN - I can read to you what the borrowings will be.

The total movement in borrowings across the government businesses is going to be just less than \$1 billion, \$903 million in total; \$673 million for the TT-Line; TasNetworks is investing around \$200 million; Irrigation Tasmania, \$8.3 million; \$7.6 million for Metro, and around \$18 million for Hydro. There are some ons and offs as well.

Mr BACON - In terms of the \$673 million for the ships, you talked about the sale of the existing ships. Is the net figure taking that into account?

Mr GUTWEIN - We have factored in what their borrowings will be without the -

Mr BACON - That may occur beyond the forward Estimates?

Mr GUTWEIN - We need to check.

Mr BACON - The large part of the deterioration in the total state sector net debt is the two ships, but then there is TasNetworks, \$200 million and a few others. When it comes to the general government deterioration in net debt, can you -

Ms WHITE - Before you move on, shadow treasurer. The deterioration is greater than the \$903 million that you have broken down. What else contributes to that deterioration?

Mr FERRALL - We gave you the borrowings of a PFNC sector.

Ms WHITE - You don't know where \$600 million of debt is attributed to?

Mr GUTWEIN - No, this is the total state sector; the PFNC is only one component of it. Total state sector position is 1.498. The PFNC -

Mr FERRALL - Because you are talking about net debt, you have changes in cash and you also have borrowings. You need to look at the change in cash holdings as well as the borrowings to reconcile the figures. You can't just utilise the borrowings figures.

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Ms WHITE - The deterioration can be explained fully by the explanation that you have just given, but there is still the \$600 million and I am unclear about what that is referenced to.

Mr GUTWEIN - Over the course of the forward Estimates our net debt position, whilst positive -

Ms WHITE - Deteriorates. Well, negative in a net debt sense. We still hold net cash investments above the level of debt that we hold. We are spending the cash on our infrastructure investment. You have increased borrowings in the PFNC sector. We are investing our cash across the forward Estimates in a general government sense.

Mr BACON - The general government net debt is due to deteriorate over \$600 million over the four years, effectively.

Mr GUTWEIN - Around \$570 million.

Ms O'CONNOR - Cuts to services.

Mr GUTWEIN - No, there won't be cuts to services; it is the net debt position. What that means is that whilst we will be net debt positive, we are investing cash that we have built and hold into infrastructure over that period.

Ms O'CONNOR - The Budget identifies 23 budget risks, any one of which could - did you have a line of questioning you were following? You just seem to be very quiet.

Mr BACON - I was trying to ask the Treasurer a question.

Can you give us a breakdown on this \$570 million deterioration in the net debt position of the general government? What is actually contributing to that \$570 million deterioration?

Mr GUTWEIN - We are spending our cash on investing in infrastructure largely.

Mr BACON - This is a result of running cash deficits?

Mr GUTWEIN - If you look at the cash flow statement, in an operating sense we throw significant cash surpluses each year. You'll come to the bottom line below the infrastructure spend. In an operating sense we are throwing half a billion dollar surpluses in a cash sense each year rising up to almost \$600 million in the final year. Importantly, we keep our net debt position in a net cash and investments position right across the forward Estimates.

When we look at the general government balance sheet - I am sure you will focus on the fact that in a net debt sense we are in a positive position net cash investments, but it is not as strong as it currently is because we are spending that cash on infrastructure. In being net debt negative, or net cash positive, on the balance sheet we still hold significant amounts of cash. In fact, we hold more cash and investments than we do debt, which puts us in a strong position.

Mr BACON - What is the lowest that position will get to over the course of the forward Estimates?

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Mr GUTWEIN - In terms of the amount of cash that we will hold?

Mr BACON - No, in the net debt position?

Mr GUTWEIN - It remains positive, doesn't it?

Mr BACON - It gets down to that buffer.

Mr GUTWEIN - Net cash and investments; you have the number in front of you, I am sure that you can -

Mr BACON - Why don't you want to say it out aloud?

Mr GUTWEIN - Because I understand the game that you are playing.

Mr BACON - It's not a game; we are just asking questions.

Mr GUTWEIN - It's a game that you are playing.

Mr BACON - Why is it a game?

Mr GUTWEIN - It is, because what you want try to pick a number in the Budget and turn it into a negative.

Mr BACON - This is a negative. It is negative 14.8.

Mr GUTWEIN - It's not.

Mr BACON - It is.

Mr GUTWEIN - It demonstrates positive net cash and investments. If you look at gross debt in that particular year from 2021, the gross borrowings are around \$987 million, which means we hold more than \$1 billion in cash.

Mr BACON - By 2021 the net debt position will be negative \$14.8 million. Can you tell us the last time the state was in that position?

Mr GUTWEIN - I would have to look back over the period and I have not looked back that far. We are in a net cash and investments positive position. You can agree with that, can't you?

Mr BACON - I agree it is going to get down to negative \$14.8 million.

Mr GUTWEIN - Which means how much cash we hold -

Mr BACON - The net debt position is what we are talking about here. Why can I say it but you can't? That is the bit I do not get.

Mr GUTWEIN - Our net debt position demonstrates that we hold positive cash and investments, which means that if our borrowings at that time are around \$987 million, we hold over

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\$1 billion of cash and investments. The point you were trying to make is we are getting skinny in terms of net debt.

Mr BACON - Do you agree with that? Why can't you agree?

Mr GUTWEIN - In terms of cash we hold over \$1 billion worth of cash and investments at that time.

Ms WHITE - Do you agree we are getting skinny in terms of net debt though, Treasurer?

Mr GUTWEIN - That is the point you are trying to make.

Ms WHITE - It is the point you just made. Do you disagree with that?

Mr GUTWEIN - We will hold around \$1 billion worth of cash, which is more cash and investment than we have debt.

Ms White - Do you disagree that we are getting skinny with net debt?

Mr GUTWEIN - Yes. In term of our net debt position we remain positive.

Ms WHITE - You can't, because we are.

Mr GUTWEIN - We remain confident.

CHAIR - Ms O'Connor will have the first question after the morning tea break. If we could cut it down to not much over five minutes that would be appreciated.

The committee suspended from 11.02 a.m. to 11.13 a.m.

Ms O'CONNOR - One of your fiscal strategies is that Tasmanian government infrastructure investment will maintain existing assets, respond to economic and population growth and reflect the changing needs of the community. The comments against this strategy make no mention of housing investments. The Housing waiting list was at 3500 as of December last year, and I note that under your Government it reached its highest level in a decade. Homelessness was already rising at the time of the 2016 Census and has increased by 21 per cent under your Government's watch and rapidly escalating rental prices are resulting in housing stress. Why have you not included discussion of social housing in the fiscal strategy? Is it because you failed to deliver on it?

Mr GUTWEIN - You know that is patently untrue. In this Budget we begin the rollout of the first \$100 million of the \$125 million Affordable Housing Strategy 2. From 1 July this year there is more than a doubling with respect to the investment into affordable housing. Rolling over from strategy 1 there is \$20 million in the Budget, this puts a further \$25 million in and -

Ms O'CONNOR - But no new money into Housing.

Mr GUTWEIN - There is \$25 million.

Ms O'CONNOR - That is a bring-forward.

Mr GUTWEIN - How can you claim it is a bring-forward? We announced a five-year policy beginning on 1 July of this year, which included in the Budget is the first \$25 million, so it is not a bring-forward, it is actually delivering on the policy.

Ms O'CONNOR - Why is it not included in your fiscal strategy? Do you agree that housing is social infrastructure?

Mr GUTWEIN - It is and I would have to refer myself to what is in the fiscal strategy but that talks about infrastructure broadly of which affordable housing would be a part.

Ms O'CONNOR - The data confirms your Budget is very heavy on the services to industry and when you have a look at a graph prepared by Saul Eslake, Tasmania spends about 6 per cent or \$335 million less on service provision than it would need to provide services at the average level of the other states and territories. When you look at this graph, we spend substantially under the national average on post secondary education, health, housing, welfare, community services, justice, roads, and transport.

The one area of the Budget where we spend substantially more than the national average is services to industry. That is the services to industry section. You can see the only other area where we are slightly above the national average is in school education and partly that would be because of the federal Gonski funds. Your Government has been more about providing corporate welfare to industry than it has providing for the social services and the health and wellbeing of Tasmanians, on the evidence.

Mr GUTWEIN - I do not have that chart in front of me.

Ms O'CONNOR - I am happy to table that chart, Chair.

CHAIR - That is okay but we can't table any documents - or we can. In order to do that we need to clear the chamber and go into a committee meeting.

Ms O'CONNOR - I have never experienced that before. Can you confirm, Treasurer, on the evidence and by Saul Eslake's own understanding, your Government spends more on services to industry in relation to the national average than it does in any other sector including health, housing, welfare, community services and justice?

Mr GUTWEIN - Without having a copy of it and getting some advice -

Ms O'CONNOR - I have offered you a copy and you did not want it.

Mr GUTWEIN - You sat it on the table and then you withdrew it.

Ms O'CONNOR - There you go, it is all yours.

Mr GUTWEIN - I am not going to make judgments or comment on something that has just been put in front of me.

Ms O'CONNOR - It is a Saul Eslake document.

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Mr GUTWEIN - A strong economy provides you with the growing revenues to invest.

Ms O'CONNOR - You are investing more in industry than you are people.

CHAIR - Order, Ms O'Connor.

Mr GUTWEIN - Without knowing the time series that has been -

Ms O'CONNOR - 2016-17.

Mr GUTWEIN - I have not looked at that graph before. Saul may have sent it through and it may be in my office, I do not know.

Ms O'CONNOR - But isn't that graph striking? How much more -

CHAIR - Ms O'Connor, you have put a question, allow the Treasurer to answer please.

Mr GUTWEIN - I come back to the point and I am sure you will understand this -

Ms O'CONNOR - Do not patronise me.

Mr GUTWEIN - No, I am not. I am being perfectly reasonable in saying that I am certain you certain you understand. You know the economy generates the revenues to spend on those areas you just outlined. You know that in Tasmania's case it is not that long ago we were in recession.

Ms O'CONNOR - That is right, a global recession. I know you try to deny it as true.

Mr GUTWEIN - We were the only state that went into recession in that 2010 to 2014 period.

Ms O'CONNOR - Because we were the state that was most dependent on exports and the state of the dollar.

Mr GUTWEIN - You can explain it any way you want.

Ms O'CONNOR - You can rewrite history any way you like.

Mr GUTWEIN - In terms of investing and ensuring we can grow our economy, I make no apologies for that. In terms of what is in that chart, I have not had a good look at it.

Ms O'CONNOR - Do you agree with the assessment of Saul Eslake that in the level of service provision ratios for specific areas of operating expenses in Tasmania in 2016-17, we spend far more than the national average in only one area and that is services to industry?

Mr GUTWEIN - That is a chart that has been put in front of me and I am not going to comment on that.

Ms O'CONNOR - It is work that is done by Saul Eslake, Corinna Economic Advisory.

Mr GUTWEIN - I am not sure if the chart has been sent to me or not. Today is the first day I have seen it in that format. In respect of our broader economy and the state as a whole, having a

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strong economy is important, being able to generate the revenue that you need at a state level to invest in those other areas that you have outlined.

Ms O'CONNOR - Treasurer, can you see that in community services, which is the heavy green bar running south, that we spend significantly less than the national average, and that is the choice that your Government has made to prioritise services to industry over services to the community?

Mr GUTWEIN - I can see on that chart you are talking about, 2016-17, not the 2018-19 Budget. In the 2018-19 Budget, I am sure you would welcome it, although you seem to have difficulty doing it, the significant additional investment we're making into affordable housing.

Ms O'CONNOR - There is no allocation for emergency housing.

Mr GUTWEIN - In fact, claiming that it was a bring forward when what we are doing is rolling out our five-year plan.

Mr BACON - The 2018-20 Budget confirms that by the year 2020-21 we will be in a net debt position of just under \$15 million, which is the worst position the state has been in since 2005. Can you confirm that 23 risks to the Budget have been identified in the budget papers?

Mr GUTWEIN - I can confirm that there are always risks that we need to manage and Treasury have named those in the budget papers.

Mr BACON - Can you confirm that it is the second most number of risks in the last 10 years that Treasury has identified in any budget?

Mr GUTWEIN - I am not aware of that.

Mr BACON - The only year when more risks were identified was last year when there were 24, and the risk that seems to have dropped off is the risk of overspending at the election. It looks like you have cashed that risk in, it cost you \$1.4 billion, Treasurer. Can you outline any of the 23 risks that are identified in the Budget that are less than \$15 million in terms of the hit that they will have on the Budget?

Mr GUTWEIN - I do not have that advice in front of me. The nature of a risk is that it may or may not eventuate. Every year, Treasury provides a range of risks that we might have to face up to. In terms of being able to deliver services and to have the capacity to deal with risks across our operating statement, the modest and sensible surpluses that we have included across the forward Estimates places us in a strong position. If you look at the cash flow statement -

Mr BACON - We are trying to talk about net debt, Treasurer.

Mr GUTWEIN - We are throwing operating surpluses in a cash sense of around half a billion dollars a year rising to \$600 million over the course of the forward Estimates. The fiscal balance is impacted and our net debt position, whilst remaining positive on cash and investments, the position changes because we are drawing down cash to invest into infrastructure.

Mr BACON - Are any of the 23 risks identified in the budget papers that you would have looked at in terms of how much the quantity of that risk is that you would expect to be below \$15 million?

Mr GUTWEIN - Without going through them one by one -

Mr BACON - Let us go through them one by one. We want to know any that are less than \$15 million.

Mr GUTWEIN - There are risks that are named up. In terms of whether or not they will actually ever impact on the budget - Treasury, as they did for your previous government and previous governments, raises a suite of risks that the government and the people should be aware of. We have a strong operating position; we have strong revenues. My expectation is, and I said this on budget day, the investments that we are making in infrastructure will generate more revenue than this budget captures. We will see significant additional investment occurring in the state as a result of the program that we are rolling out. We will be in a stronger position over the four years than this budget forecast, albeit we are in a very strong position currently, holding net cash in investments across the four years.

Mr BACON - You are going to run that right down to \$15 million? In terms of identifying risks in the budget, are there criteria that the Treasury Department uses?

Mr GUTWEIN - What wouldn't you invest in?

Mr BACON - Is there a criterion that the department uses when identifying risks to say whether or not they are in or out of the Budget?

Mr GUTWEIN - That is a matter of judgment for Treasury. They go through that every year and they raise those risks that they think are appropriate to be included.

Ms WHITE - Can we go through them one by one, Treasurer?

Mr GUTWEIN - I am not going to put numbers on each of the individual risks because by their nature they are risks. They may or may not materialise but from a point of view of being responsible and transparent, Treasury, every year, names risks.

Ms WHITE - You do not have to put an exact number on them. If we have a look at each of them you would be able to say whether they are greater or less than \$15 million as an estimated risk.

Mr GUTWEIN - I'm not going to play a silly game with you in terms of a series of risks that may and may not materialise. What we have done is brought down a budget that in a cash sense throws around half a billion dollars worth of cash surpluses each year in an operating sense. We have a significant investment program in terms of our infrastructure that I believe will increase activity in our economy. We will see better and increased revenue flows over the period of the Budget.

Ms WHITE - You are not going to go through each of the risks?

Mr GUTWEIN - As I have said, I'm not going to play that game. It is a silly game. They are risks that may or may not materialise; they are named. We have been transparent but I am not going to put numbers on the risks there may or may not be.

Mr BACON - Page after page, nine pages, 23 risks identified, you do not want to talk about them. Why is that?

Mr GUTWEIN - I am not going to put numbers around them because, at the end of the day, they may or may not materialise.

Ms WHITE - You've put numbers next to risks in the risks report. Why not numbers next to these risks?

Mr GUTWEIN - As I have just been pointed out, one of them does have a risk number next to it, which is the wages policy.

Ms WHITE - That's one. You have 22 to go.

Mr BACON - You are into net debt.

Mr GUTWEIN - It depends on whether you want to cheer for a 3 per cent wage increase or not. I have raised this in the parliament and I raised it again yesterday. If we look at the wage price index in terms of Tasmania's performance against the national average leading up for the March year, I have some detail here which I think is useful.

Ms WHITE - While you are looking for that, what about health expenditure? That is a risk you have named in the Budget. We saw an additional allocation made to this financial year to Health, which was greater than \$15 million. Extra allocations have been provided to Health every year you have been in government because you have chronically under-funded Health. You can assume that there will continue to be a need to provide more funding to Health. Each year you have been in government it has been greater than \$15 million. That will have an impact on net debt, isn't it Treasurer?

Mr GUTWEIN - As I have said, I fully expect that our economy will grow strongly; that the investment in infrastructure we are making will generate increased revenues.

In terms of Health, you know well that last year we faced the worst flu season in our history, which meant we needed to significantly invest at that particular time.

Ms WHITE - Even the Commonwealth Grants Commission agrees that you chronically underfund health.

Mr GUTWEIN - In terms of our Budget, in this current year, we are funding Health. The increase into Health in a recurrent sense is around \$350 million more than it was when we came to government. We have significantly invested.

Ms WHITE - You keep making the argument that you need to have a buffer there for shocks such as floods and fires. What was the quantum amount spent on floods and fires response this financial year? Was it greater than \$15 million?

Mr GUTWEIN - We will get that number for you.

I make the point that it makes the argument that I have been making. In terms of our budget position, you well understand that we are forecasting a larger surplus this current financial year

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after meeting some of these risks, including floods and fire as you have just raised. The Budget position has actually strengthened.

Mr BACON - Is that just from increasing revenues? You said that yourself earlier today.

Mr GUTWEIN - Across the forward Estimates in managing the Budget, we plan for our expenditures below the long-term average of revenue. Therefore we do not spend than we earn.

Mr BACON - How have you gone with that?

Mr GUTWEIN - Therefore we are in a stronger budget position this year.

Mr BACON - Why is net debt running down in the 'golden age'?

Mr GUTWEIN - I will make this point with the media in the room.

We will hold more cash and investments than we do debt. That means that we have net cash and investments over and above debt. In doing that we have around \$1 billion worth of cash over, which offsets the debt that we hold.

Mr BACON - Why is net debt deteriorating in the 'golden age'? Just explain that to us. Why are you running it down? By the year 2021 we will be in a position we haven't been in since 2005.

Mr GUTWEIN - Over that period we will have invested \$2.6 billion into infrastructure. As I have said, we will get the opportunity every six months at the RER and at next year's budget to see whether I am right or not. My expectation is that we will see revenue growth stronger than we have seen in the Budget and that our position will improve over and above what is forecast in the Budget. That may or may not be the case, but we will find out.

Mr BACON - The Treasury Department does not share that view, though, do they?

Mr GUTWEIN - Treasury by their nature are conservative. I was pleased with their economic summary in the Budget, which I think was one of the more positive that we have ever seen out of Treasury.

Mr BACON - And look at this, and yet still -

Mr GUTWEIN - You can hold it up, Scott. Why don't you tell the whole story? We actually hold over \$1 billion.

Mr BACON - Net debt's not important? I could tell the whole story We had the Liberal debt paid off by the Labor Party, then we had a global financial crisis and then we hit the 'golden age' and things continue - what is going on?

Mr GUTWEIN - Now you are really reaching back, aren't you?

Ms WHITE - It does paint a story.

Mr BACON - You don't want to talk about the future; you do not want to talk about the past.

Mr GUTWEIN - Is that 20 years ago?

Mr BACON - It's back to 1999.

Mr GUTWEIN - Twenty years ago.

Mr BACON - It shows \$1.5 billion in net debt, paid off by the Labor Party, the global financial crisis. We got nearly down to \$200 million and you are going to get us down to \$15 million in the 'golden age'?

Mr GUTWEIN - Point out anywhere in the Budget where it indicates that we will be back in net debt?

Mr BACON - Twenty-three identified risks, second most ever, nine pages of risk and not one of them is going to be bigger than \$15 million.

Mr GUTWEIN - Again, across the forward Estimates we remain in a net cash and investment positive position.

Mr BACON - What is the key word there? 'Estimates'.

Mr GUTWEIN - As we work our way through over the next four years, we are investing a significant amount in infrastructure. Even you understand that if we spend on infrastructure that has an impact on our economy. It will attract further investment; it will create jobs and it will generate more revenue.

Mr BACON - Can you guarantee that we won't go back into general government net debt in the next four years?

Mr GUTWEIN - That is a commitment that we have made; we don't want to go back into net debt.

Mr BACON - Can you guarantee today that we will not go back into net debt on your watch?

Mr GUTWEIN - We will work very hard to ensure that it doesn't occur.

Mr BACON - Can you make that guarantee?

Mr GUTWEIN - We are committed to not going back into net debt.

Mr BACON - Make that guarantee for us, Treasurer?

Mr GUTWEIN - I have just provided you with a commitment that we won't go back into net debt over the forward Estimates. That is what the Budget is telling me.

Ms O'CONNOR - On 25 January you signed an authority for the Mount Wellington Cableway Company to undertake exploration works on the pinnacle. On 27 January you wrote to Carlton and United Breweries allocating \$1 million to them. The election was called the following day.

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Why did you sign the authority for the Mount Wellington Cableway Company to begin exploration works two days before the election without informing anyone who was concerned about the future of kunanyi/Mt Wellington that you had done so?

Mr GUTWEIN - In terms of the authority it was well understood through Parliament that the minister had the role of making a decision as to whether or not exploratory works to inform a DA could occur. I just followed that process.

Ms O'CONNOR - On the eve of the election you gave an approval for a highly controversial project and proponent to begin exploratory works on the summit of kunanyi after both the Liberal and Labor parties supported the Cable Car Facilitation Bill. Why wasn't there some public announcement made, given it was on the eve of the election and this is a matter of significant public interest?

Mr GUTWEIN - My view, informed by the debate and the passing of the legislation by both Houses of parliament, was that it was well understood that the minister would have a role in providing the authority for works to be undertaken. I want to make the point here that the legislation passed by both Houses was not project- or proponent-specific.

Ms O'CONNOR - You can say that, but it is very hard to accept when there is one proponent, one project and this legislation was specifically introduced to support the project.

CHAIR - I remind the committee that we are dealing with Treasury and Finance and are limited to four hours with this section with the officers at the table. This would, in my view, fit better under Local Government and Planning. I am happy for the committee to ask whatever questions they like but I just raise the point that you are taking up time with these officers which would be more appropriately spent on Treasury and Finance rather than Planning. I am in the committee's hands.

Ms O'CONNOR - I will go specifically now to a question that relates to money, which is the language the Treasurer understand best of all. In the right to information documents we received in relation to any correspondence between the Treasurer's office and Carlton United Breweries in relation to a government grant between 1 January 2017 and 23 March 2018, why have the terms of the \$1 million been redacted?

Mr GUTWEIN - My view would be an RTI officer, at arm's length from me, took the view they were commercial-in-confidence or there was some other part of the act that applied.

Ms O'CONNOR - Given that presumably you and the Premier made a decision to give \$1 million of taxpayers' funds to an extremely wealthy multinational brewery company, do you not think the public has a legitimate right to understand what the terms of that grant are?

Mr GUTWEIN - I did not make the decision in terms of the RTI request.

Ms O'CONNOR - Okay, then tell us what the terms and conditions of the grant were?

Mr GUTWEIN - An RTI officer has made a determination and I am happy for that determination to stand. The Government made a decision to support CUB and the investment will underpin their craft brewing and export operations out of Tasmania.

Ms O'CONNOR - Yes, they really need \$1 million.

Mr GUTWEIN - When you look at what was originally proposed and as I indicated to the upper House yesterday, this was as a result of a long period of negotiation where the asking contribution by the Government was significantly high and over time that was negotiated to a point where we were in a position to agree to that investment, which provides for and underpins job security for the people at CUB. Importantly, it also establishes Tasmania as a significant base for its craft brewing operations.

Ms O'CONNOR - Tasmania is already established as a significant base for its craft brewing operations; we have a reputation globally for our craft beers. Treasurer, given that you signed this letter to Carlton United handing over \$1 million in taxpayers' funds to a multinational corporation, perhaps you could tell the committee what the terms of the grant were.

Mr GUTWEIN - Again, an RTI officer -

Ms O'CONNOR - No, you're deflecting again.

Mr GUTWEIN - I am not deflecting again.

Ms O'CONNOR - You have the capacity here to explain to the committee on what basis your Government decided to hand \$1 million of taxpayers' funds to a multinational corporation. You can tell the committee what the terms were.

Mr GUTWEIN - Ms O'Connor, you fully understand that that is a door I am not going to open.

Ms O'CONNOR - So you are not going to explain to this committee - and therefore the taxpayers who made possible the million dollars to a multinational corporation - the terms of that grant?

Mr GUTWEIN - I am going to abide by the law, and that is that a request was made under right to information and it was judged by somebody at arm's length from me that that is the information it was appropriate to release in terms of that investment.

Ms O'CONNOR - In broad terms, then, and without going into specific detail that might be in breach of an individual officer's interpretation of the Right to Information Act, could you explain the conditions of the grant?

Mr GUTWEIN - I am not going to take those steps. Somebody independent from me -

Ms O'CONNOR - Why can't you just explain the broad conditions of the grant?

Mr GUTWEIN - Let me explain where you want to get to. You want me to put on record information that has been determined by an independent RTI officer is not able to be released. If I do that, any time in the future an RTI officer makes a decision, you will expect a minister of the Crown to provide further information when it has already been assessed.

Ms O'CONNOR - So you are hiding behind an RTI officer's interpretation of the act and refusing to provide any information to the committee, and therefore the Tasmanian people, what the conditions of the grant were.

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Mr GUTWEIN - What I am saying is that an RTI officer has made that independent decision under the law, and that decision has been made.

Ms O'CONNOR - How far does this culture extend in your Government where you think you can hand over taxpayers' money, public funds, and not have to provide information on what the conditions are? It is almost as if you think it is your money, like with the Treasury buildings. It is almost as if you think it is yours to sell. People actually find that a revolting concept.

Mr GUTWEIN - The point I am making is that an RTI officer has made an independent judgment and they have released that information which you have available to you.

Ms O'CONNOR - The record will show you are refusing to provide details on a million-dollar grant to a multinational corporation.

Mr GUTWEIN - There was a point I wanted to make in terms of the 90 per cent dividend policy. There are other businesses that are not on a 90 per cent dividend policy other than MAIB, to clarify for the record. Tascorp is not and the TT-Line is on a separate policy as well.

Ms WHITE - What is their policy?

Mr GUTWEIN - The TT-Line? We take a \$40 million special dividend each year into the ship replacement fund, so there is no ordinary dividend from the TT-Line payments.

Ms WHITE - On dividends, can you explain why the \$15 million from Sustainable Timber Tasmania was not paid in the 2017-18 financial year?

Mr GUTWEIN - Yes, I can. The dividend will be paid this year. When we announced we would be taking a special dividend from STT, the thinking was that we would not require that revenue in the current financial year. We had significantly increased revenues, as you are aware, plus the dividends as a result of the change of policy that we made in terms of special dividends needs to be laid before both Houses in a disallowable instrument. As a result of the timing, it was decided to move it forward one year.

Mr BACON - Making the books look good rather than -

Mr GUTWEIN - The books would have either -

Ms WHITE - You could have done it for this financial year.

Mr GUTWEIN - It would have pushed the operating surplus up to around \$90 million. In terms of the Government's decision to receive that special dividend amount, this policy position did not change. With the election and the time we had in the parliament and the need for a disallowable instrument, we informed STT that we would be moving forward one year.

Ms WHITE - Is STT still operating under a letter of comfort?

Mr GUTWEIN - They have no borrowings so they do not have a letter of comfort.

Mr BACON - Do you expect them to need one soon?

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Mr GUTWEIN - As they work their way through, I certainly have no indication that that is the case.

Mr BACON - I do not know if you have had time to do the calculation around the annual growth in the general government operating expenses. Are you still talking about the letter of comfort?

Mr GUTWEIN - No, you were going on.

Ms WHITE - It was a question that we asked earlier that we can put on notice, but you indicated you would come back to the committee with the information.

Mr FERRALL - I missed the question, sorry.

Mr BACON - It is around the Strategic Action 1 in the fiscal strategy and the annual growth in general government operating expenses for the 2017-18 financial year.

Ms WHITE - We can come back to it.

Mr GUTWEIN - Five per cent revenue and five per cent expenditure growth.

Mr BACON - Just to be clear, the Strategic Action 1 in your fiscal strategy says that:

Annual growth in general government operating expenses will be lower than the long-term average growth in revenue.

The long-term average rate of revenue growth is 3.7 per cent?

Mr GUTWEIN - That is the one for the period that is chosen. I do not know if we have -

Mr BACON - I am reading from the budget papers. You are in breach of your fiscal strategy when you come to Strategic Action 1 because long-term revenue growth is 3.7 per cent and the annual growth in general government operating expenses was 5 per cent in this financial year. In this financial year you are in breach of your fiscal strategy.

Mr FERRALL - If you are using the estimated outcome for 2017-18 and you look for the period of government the revenue growth is 5.4 per cent.

Mr BACON - Yes, I know.

Mr FERRALL - From 2014-15 to 2017-18.

Mr BACON - I am just working off the Strategic Action, which is around annual growth in general government.

Mr FERRALL - The reality is you can cut and divide different periods of time and get different measures. If you are going to look at the measure that you asked to look at, which was 2016-17 to 2017-18, then it would be appropriate to look at the revenue period from 2014-15 to 2017-18 estimated outcome, which is the term of the government. The revenue growth over that period is 5.4 per cent.

Mr BACON - If you look at the Strategic Action that actually talks about annual growth in general government operating expenses will be lower than the long-term average growth in revenue.

Mr GUTWEIN - As the Secretary of Treasury has just explained, over the period of that four years revenue growth was higher than expenditure in the 2017-18 year.

Mr BACON - I know that is not your Strategic Action. That is not the way it has worded.

Ms WHITE - It is table 3.1 if you want to check it.

Mr BACON - Are you in breach this financial year of your fiscal strategy, Treasurer, yes or no?

Mr GUTWEIN - In terms of the number that the Secretary of Treasury just provided in terms of the revenue growth over that period, no.

Mr BACON - It is not, it is long-term average growth in revenue in your own Strategic Action.

Mr GUTWEIN - It depends on -

Mr BACON - It doesn't depend on anything.

Mr GUTWEIN - It depends on what period and I would need to check.

Mr FERRALL - The fiscal strategy in the budget papers looks forward, because you budget for forward Estimates, so you are picking up the period. The expenses growth you are quoting is 2014-15 through to 2021-22, which picks up the forward Estimates. If you want to pick up the period, the immediate preceding year of actual growth, I don't think you would look forward into the forward Estimates to measure the period of growth of expenditure in a past period by picking up the forward Estimates.

Mr BACON - This is the criteria you have set yourself for a pass or failure, Treasurer, and you have failed it this financial year.

Mr GUTWEIN - The Secretary of Treasury just explained that we passed that.

Mr BACON - I can read it to you again:

Annual growth in general government operating expenses will be lower than the long-term average growth in revenue.

We are talking about one year compared to a long-term average.

Mr GUTWEIN - You are talking about the current financial year -

Mr BACON - It is not me, I am reading from your budget papers.

Mr GUTWEIN - and the strategy moving forward uses the 3.7.

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Ms WHITE - How would you measure it then?

Mr BACON - Table 3.1 summarises the current progress that has been made. You have failed on Strategic Action 1 and not for the first time. You failed the year before as well.

Mr GUTWEIN - In terms of the Strategic Action 1 and it points to it in the notes associated with it. Since the 2014-15, the compound annual growth expenditure over the period 2014-15 to 2021 is 2.9. That is the compound growth and expenditure.

Mr BACON - I know but this year it is 5 per cent Treasurer. This is the point.

Mr GUTWEIN - This is below the long-term average revenue growth of 3.7 per cent. As you are well aware, as we have just pointed out, in 2017-18 revenue and expenditure growth netted themselves out. I am not sure what point you are trying to make.

Mr BACON - We are comparing one year to a 10-year average. This financial year you are in breach of your own Strategic Action, number 1.

Mr GUTWEIN - Revenue growth this year has netted out that growth and expenditure, as we have just explained.

Mr BACON - What you are saying is that Strategic Action should be, long-term annual growth in general government operating expenses will be lower than long-term average growth in revenue. Is that what it should read?

Mr GUTWEIN - What I am pointing out -

Mr BACON - I don't want you to point out. I want you to answer the question.

Mr GUTWEIN - I am answering the question. The 2017-18 year, as the point has been made, we have had equivalent revenue growth to expenditure growth and in terms of the -

Mr BACON - Can you read out Strategic Action 1 from table 3.1.

Mr GUTWEIN - I am happy to read the note. I am not going to be berated by you. This year, as the point has been made -

Ms WHITE - Why set yourself targets if you are going to ignore them and when you breach them you play stupid games?

Mr GUTWEIN - I am not playing a stupid game. I am explaining that revenue growth this year equalled expenditure growth.

Mr BACON - Explain to me this. This financial year compared to this financial year, what is this financial year look like compared to the long-term average.

Mr GUTWEIN - It is not a valid comparison.

Mr BACON - Annual growth and general government operating expenses will be lower than the long-term average growth in revenue. Not valid?

Mr GUTWEIN - What we have had is a net sum game in terms of the last financial year.

Mr BACON - We are talking about annual growth compared to a 10-year average from your own budget papers but that is not valid. Do you want me to take that out?

Mr GUTWEIN - We can take the long-term average over any period that you like but in terms of the Government's performance if we look at from 2014-15 through to the end of -

Mr BACON - It is a failure. Is it below the long-term average.

Mr GUTWEIN - It is not a failure. In terms of what has occurred this year it is a zero sum game.

Mr BACON - What has occurred this year compared to the long-term average?

Mr FERRALL - The period of time from 2014-15 to 2017-18 estimated outcome revenue growth was 5.4, expenditure growth was 4.6 so on the basis of the actual outcomes plus the estimated outcome for 2017-18, the expenditure growth has been below the revenue growth.

Mr BACON - Is that a long-term average?

Mr GUTWEIN - It is the period of the government.

Mr BACON - Why don't we have period of term of government rather than long term? Why do you use that 3.7 per cent figure to compare to the annual growth figure?

Mr GUTWEIN - If I had used 5.4 you would be arguing about that.

Mr BACON - You wrote the Budget. You set yourself this target and you failed it.

Mr GUTWEIN - This is a Budget looking at the 2018-19 period onwards. It makes it perfectly clear in the notes that we will meet that fiscal strategy. As the Secretary of Treasury has just explained, over the period of the term over the last government we met that commitment.

Ms WHITE - Can we expect this to change next year considering that you do not like your own -

Mr BACON - You just said it is not valid. Are you going to take it out next year?

Mr GUTWEIN - If long-term averages change then we will update. You can pick any period you like.

Mr BACON - Yes but we are picking this financial year because that is what the Estimates are about aren't they?

Mr GUTWEIN - No, they are about the 2018-19 year onwards, that is what they are about.

Mr BACON - It is always about your forecast and never about your performance? You failed your own strategic action.

CHAIR - Order.

Mr GUTWEIN - In terms of the performance, the secretary of Treasury has clearly explained that revenue growth is 5.4 per cent and expenditure growth was 4.6 per cent.

Mr BACON - Okay, so why does it say annual growth in general government operating expenses will be lower than the long-term average growth in revenue? Then you said 3.7 per cent as your past fail and then you fail. Just admit it or take it out next year.

CHAIR - Order. Mr Bacon, you have put the question, allow the Treasurer to answer.

Mr GUTWEIN - In terms of the Budget, 5.4 per cent has been the revenue growth over the course of the last term under the stewardship of this Government, and expenditure growth has been 4.6 per cent. When we look at the 2018-19 Budget, it clearly says that expenditure over the period is forecast to be 2.9 per cent and long-term expenditure growth 3.7 per cent.

Mr BACON - No, actually it doesn't say that because you're looking backwards and forwards at the same time in that 2.9 per cent figure. You are going back to 2014-15 and forward to 2021-22 to get 2.9 per cent, so you're looking backwards and forwards at the same time.

Mr GUTWEIN - In terms of this Budget and the estimated outcome for 2021-22, we are looking at 2.1 per cent revenue growth and 1.6 per cent.

Mr BACON - That's not the target you have set yourself. You have set yourself a target and you have failed - just admit it.

Mr GUTWEIN - Mr Bacon, we have explained that we have not failed. No matter how much you rant and rave about it -

Mr BACON - I get upset when you can't tell the truth.

Ms O'CONNOR - Gee, you must be in a state of constant upset-ness.

Mr BACON - I am; that's how I live my life - constant disappointment.

Mr GUTWEIN - Scott, I am telling the truth, and I have explained 5.4 per cent is the revenue growth after the term of the Government and 4.6 per cent has been our expenditure rate, so we have spent less than what we earned. I am sorry that you get upset.

Mr BACON - Just tell the truth, help me sleep at night.

CHAIR - Order. Ms O'Connor has the next question.

Ms O'CONNOR - Treasurer, earlier you refused to provide any details on the grant to Carlton & United Breweries and said it was on the basis of a decision made by a right to information officer. Section 12.1 of the Right to Information Act states:

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This act does not prevent, and is not intended to discourage, a public authority or a minister from publishing or providing information, including exempt information, otherwise than as required by this act.

Will you now confess to the committee that it is a choice you have made not to provide public information about how public funding will be spent on a multinational corporation?

Mr GUTWEIN - An RTI officer has made a judgment that is obviously commercial-in-confidence. Without being able to understand or having knowledge of the reasons behind that, they have made that judgment and that is all I am prepared to say on the matter.

Ms O'CONNOR - But do you accept it is a choice now you are making not to apply that section of the act which gives you the authority and the power and, in fact, encourages disclosure? It is a choice you are making to be secretive.

Mr GUTWEIN - I am being guided by the actions of an independent RTI officer. They have released that information and I am not prepared to provide further information than what was released.

Ms O'CONNOR - As it is with Carlton & United Breweries, which for some reason you think the disbursement of those public funds do not have to be explained publicly, could you explain to people who are proud of our heritage and recognise the central place the Treasury building has in our history and governance, why, if your Budget is in such good shape, you are making a cash grab to sell the Treasury building in the year after an election, hoping the people will have forgotten by 2022?

Mr GUTWEIN - Let us be clear that discussion about the future of the Treasury building has been ongoing for a long time and before we came to government. In terms of the decision that has been made by the Government to proceed to a sale of the Treasury building, I do not mind saying it has been an evolution for me.

Ms O'CONNOR - Yes, we've heard all that and we don't care how you feel personally about it. We are talking about public asset.

Mr GUTWEIN - Let me just explain. If you look at the office accommodation that is provided for public servants in this building, it is light years in advance of what is provided in the Treasury building.

Ms O'CONNOR - It's a false paradigm.

Mr GUTWEIN - In terms of that asset, regardless of whether it is sold or not, that building will remain in its current location and the current precinct will remain. It was there for 100 years and it will be there for another 100 years.

Ms O'CONNOR - Well, duh! For heaven's sake, Treasurer, don't treat me like an idiot. The principle here is that -

CHAIR - Ms O'Connor, you put a question and the Treasurer is still answering.

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Mr GUTWEIN - I am still answering, so if I could just finish. The opportunity to repurpose and breathe new life into that fantastic asset is available.

Ms O'CONNOR - Why didn't you lease it? Why aren't you committing to leasing it?

Mr GUTWEIN - Because we believe a sale will provide a new owner with the confidence and the backing of their financiers to invest into that building. We have to frame up -

Ms O'CONNOR - You always put private profit over public interest, don't you?

Mr GUTWEIN - Again, it is simply about ensuring that you have a balance sheet that can provide the investment -

Ms O'CONNOR - So it is a cash grab.

Mr GUTWEIN - No, it is not. I am not talking about our balance sheet here, I am saying that any investor who looks at that building is going to need to make a significant investment in the heritage aspects of that building and any repurposing. We will go through a process, Treasury are beginning it now, where an EOI will be provided in the coming financial year and we will get proposals brought forward in terms of that building.

Ms O'CONNOR - Why no public consultation process?

Mr GUTWEIN - In terms of engaging the public, the secretary of Treasury wants to provide an overview of the process that will take place and I will allow him to do so.

Mr BACON - Can government organisations like TMAG participate in that process or is it restricted to non-government entities?

Mr GUTWEIN - I am certain that TMAG and the board might have a view. The National Trust certainly has a view.

Mr BACON - And you welcome that?

Ms O'CONNOR - The fully state-funded National Trust, which resides in the St John Street offices in Launceston with you.

Mr GUTWEIN - I want to be clear that the Government has made a decision that we will be divesting that asset.

Ms O'CONNOR - Without consulting the owners.

Mr GUTWEIN - In terms of the owners, at the moment they get no access to that building.

Ms O'CONNOR - But that's a false paradigm. At the moment they are government offices. Are you saying that a private hotel developer will allow open and public access?

Mr GUTWEIN - Am I allowed to finish?

CHAIR - Ms O'Connor, the Treasurer was answering the question; please do not cut in on him.

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Ms O'CONNOR - With respect, Chair, every time Mr Bacon cut in on the Treasurer you kind of let it go, but that is all right, I understand the rules are different.

CHAIR - No, I have been indicating to Mr Bacon that he should also not interject on the Treasurer. I like to think I am fair in the way I handle this. You have put the question and as I have said for the last day and a half, it is the responsibility of those members on my left to ask the question so please allow the Treasurer to answer that question before I allocate the next question.

Mr GUTWEIN - I will ask Mr Ferrall to outline the process we will be going through.

Mr FERRALL - We intend to run a similar process that was run for Parliament Square, so it will be a multistage process, including public consultation. I don't envisage it will happen quickly because it will take time to go through the consultation process. There is also a range of issues with the site that we need to work through. These are effectively due diligence issues such as establishing what the services are and what those services the building would or would not support so that a potential purchaser has all the relevant information they need to make a binding bid and understand what they are purchasing.

Similar to Parliament Square, I envisage that it will be run with the first stage of an EOI. We will get multiple parties who will come forward with high-level concepts, they would be short-listed and we would end up with a subsequent round with a limited number of parties who would need to invest significantly in their tender process. Again similar to what was put forward in this scenario, they would need to invest quite heavily in terms of their own design and approach, and then from those limited short list of parties, there would be a final chosen outcome which we would take forward and recommend to government.

Ms O'CONNOR - I didn't hear you detail any of the public consultation processes in that framework.

Mr FERRALL - I can talk about how we dealt with Parliament Square. You probably may recall that we had a long period of public consultation in relation to Parliament Square. There was also, effectively, a 'public beauty parade' in respect of the three final designs that were brought forward for Parliament Square. There was public consultation on those final designs, with that public consultation forming an input into the final recommendation that went forward.

Ms O'CONNOR - Treasurer, who will be on the panel that oversees the expressions of interest and public consultation process? Who will make the final decision on the private developer who will own the Treasury building?

Mr GUTWEIN - I will take advice from Treasury on of the panel and its constitution. Ultimately, the final decision will be made by government.

Ms O'CONNOR - The final decision is made by you?

Mr GUTWEIN - Can I come back to Cascade for a moment? My understanding is that the reason the deed has not been signed as yet, I have just been informed -

Ms O'CONNOR - There are conditions in the letter you wrote to CUB.

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Mr GUTWEIN - That is being negotiated. Once that deed has been finalised, as with any government assistance, we will release what we can at that time.

Ms O'CONNOR - A final question on the Treasury building for now. I am looking at a newspaper article from 21 January 2013. It quotes you as the shadow treasurer saying that you were concerned the potential offloading of the building was a metaphor for the government's financial mismanagement. A quote from you:

It says it all that the Premier has wrecked the Budget to such an extent that she has to sell the Treasury building itself to try to plug the budget black hole.

What is your justification for selling the Treasury building?

Mr GUTWEIN - As I have said, I do not believe it provides contemporary office accommodation. I believe it can provide a fantastic opportunity for further development and adding to the suite of developments that are accruing in Hobart at the moment.

Ms O'CONNOR - Do you think that 'it says it all' about your approach to budget management that you feel you have to sell the Treasury building?

Mr GUTWEIN - Importantly, I think it will breathe new life into this building.

Ms O'CONNOR - I think that you have no mandate to sell the Treasury building whatsoever.

Mr GUTWEIN - The Secretary from Treasury is going to complete his comments on it. There will need to be a legislative process for this building. The Treasury precinct is 18 bits. Matters like title and others matters will need to be clarified through the process. The parliament will have an opportunity to have a say on this as we work our way through it.

Ms O'CONNOR - The people of Tasmania were not given an opportunity to have a say because you did not tell them before the election you would be flogging the Treasury building.

CHAIR - Order.

Mr GUTWEIN - The building has been in its location for a 100 years and it will be in that location for the next 100 years.

Ms O'CONNOR - Irrelevant. It will not belong to the people of Tasmania if you get your way.

CHAIR - Order. Ms White, I am afraid you are just going to have to ask the question.

Ms WHITE - Don't be afraid, Chair.

Treasurer, I wanted to ask you about your Health expenditure, particularly in your out year expenditure in Health given that more than half of your election commitments have to be funded in years five and six. Have you included those commitments in your modelling for 2022-23?

Mr GUTWEIN - We have obviously announced a six-year policy. In terms of the forward Estimates, we run a four-year period. In respect of the increase which will occur in Health spending

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over the forward Estimates, and also into those years, I have no doubt in my mind that the Budget has the capacity to deliver the investment that is required.

Ms WHITE - Over the forward Estimates, the next four-year period, \$370 million is provided for out of your \$757 million election promise - less than half - which means that the remainder, which is \$387 million, has to be provided in just two years, which would be years 5 and 6. Have you done any modelling for how you accommodate that in your outlook?

Mr GUTWEIN - Again, the expenditure position of future budgets will be released each year on a rolling basis and before the end of this term, obviously that six year period will have been covered in terms of the forward Estimates. We will deal with those matters then. I make the point, as I did earlier, the health budget this year - as I think you acknowledge - has additional recurrent spending in it of around \$350 million more than there was when we first came to government four years ago.

In that regard the expenditures that we are forecasting, I think, will be appropriately met by the Budget in those two out years. You were very quick off the mark to suggest that with our six year policy, broadly speaking, half of it has been funded in the next four years, which was always what was announced and discussed during the election campaign. You knew that.

Ms WHITE - It makes it very heavy for years 5 and 6, though, Treasurer.

Mr BACON - Is that a risk to the Budget?

Mr GUTWEIN - But you understood that.

Ms WHITE - It is a risk to the Budget it is here on page 18.

Mr GUTWEIN - You understood that.

Ms WHITE - Funding requirements beyond the forward Estimates, including what you promised -

CHAIR - Order. You asked the question, Ms White.

Ms WHITE - It is a risk to the Budget. How are you going to squash in all of that funding in just a two-year period?

CHAIR - Allow the Treasurer to answer the question, please, Ms White. Order.

Mr GUTWEIN - If you look at what has been demonstrated over the last four years and at the increased investment in Health in the current year, compared to where we were four years ago when we came to government, it is around \$350 million more in a recurrent sense. In terms of meeting that election commitment I have no doubt that the Budget will have the capacity to meet that commitment.

You well understood that the process was a matter of building over a period of six years to where we could fully staff and service those new beds that will be coming on at the Royal. You understand that.

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Ms WHITE - It is not what you told the people of Tasmania, though, is it?

Mr GUTWEIN - It is exactly what we told them.

Ms WHITE - They thought you were going to fix the health crisis you created. You haven't done that.

Mr GUTWEIN - It is exactly what we said. We were clear in our policy -

Ms WHITE - No, you just talked about a big lump of money.

Mr GUTWEIN - We were clear in our statements. If you go back to refer the health policy -

Ms WHITE - Most of it requires you to be re-elected.

CHAIR - Order, Ms White.

Mr GUTWEIN - Very clearly it is a six-year policy. I could take the point and play the same sort of politics that you are when I look at your financial statement. You have the bizarre circumstance where you decrease -

Ms WHITE - Heard of activity-based funding?

Mr GUTWEIN - funding over the forward Estimates into Health.

Ms WHITE - It is fund activity, Treasurer, to have a waiting list

Mr GUTWEIN - You haven't explained -

Ms WHITE - We did explain it, read our policy.

Mr GUTWEIN - how that would work.

Ms WHITE - You haven't read our policy, clearly.

Mr GUTWEIN - Year by year you spend less -

Ms WHITE - What is the current total budget for the Health portfolio in 2022-23?

Mr GUTWEIN - In those two years? I don't have those figures in front of me at the moment.

Ms WHITE - Does Treasury have that information?

Mr GUTWEIN - In 2022-23?

Ms WHITE - Correct.

Mr GUTWEIN - We don't do detailed forward Estimates beyond the forward Estimates period; it is outside the scope.

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Mr BACON - You do forward Estimates, but they are just not as detailed.

Mr GUTWEIN - We have infrastructure projects that run over 10 years.

Ms WHITE - And health promises that run over six years.

Mr GUTWEIN - We will provide four year estimates in each of the next two budgets, as we do, as a matter of course.

Ms WHITE - It will be very interesting.

Mr GUTWEIN - That will clearly explain how we will fund and deliver a six year health policy.

Ms WHITE - It is regarded as a risk to your Budget, your funding requirements beyond the forward Estimates period, given that there are significant amounts of money to be delivered both in Education and Health, might I say, based on the commitments you took to the election. Have you quantified those risks?

Mr GUTWEIN - Moving forward, in terms of budget Estimates and in terms of coming budgets you will have in both next year's budget and the budget the year after that, how we will fund and meet those commitments over the longer term. I have no doubt we will have the capacity to deliver those commitment. If you look at what has occurred over the last four years and the significant increase that is occurring in this year, compared to where we were four years ago, we will meet the commitments we have set.

Ms WHITE - We need some security around GST though.

Mr BACON - Have you done health projections beyond the forward Estimates? When you came to Government you had your six-year policy. Has Treasury done health projections on the cost of those policies that include those two out years that are identified as a risk in the Budget?

Mr GUTWEIN - Our policies have met the first four years in the Budget, which we have released. The commitments we have made are well understood and as we frame up next year's budget, the first of the fifth year will be evident in the last year of the forward Estimates next year, and the year after that the sixth year will be available.

Ms WHITE - Do you realise you have to deliver in two years more than what you have delivered in four?

Mr GUTWEIN - You talk about around \$350 million worth of a health policy to be delivered. In the last year alone, this current year, we are spending around \$350 million more than we were four years ago - in one year.

Ms WHITE - I am talking about your election commitments, what you promised people to get elected.

Mr GUTWEIN - We will meet that commitment.

Mr BACON - In your opinion, what is the best measure of the sustainability of a state budget?

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Mr GUTWEIN - The operating statement provides the best view as to whether you have the capacity to meet the ongoing costs of government.

Mr BACON - Does that include capital?

Mr GUTWEIN - There is a non-cash component to the expenses which is your depreciation and that is included in the operating statement.

Mr BACON - Investment in new capital.

Mr GUTWEIN - Then you have the fiscal balance which then takes into account your investment into infrastructure.

Mr BACON - Which one of those would you say is the better measure of the sustainability of the state budget over the long term?

Mr GUTWEIN - Your operating balance flows through all those measures. If you are in a deficit position, as you would well understand, none of the numbers below that can improve. In our case, we have a strong operating surplus and that flows through into the other measures. As you will see from the Budget, over the period we moved back to a fiscal balance in the third and fourth years and that is as a result of that fact that we have a strong operating balance.

Mr BACON - Do you think the net operating balance is the best measure of the long-term sustainability of a state budget?

Mr GUTWEIN - I do and on the basis that if your operating balance is not in surplus, that impacts detrimentally on all the other measures you have in the budget.

Mr BACON - When Treasury produces the Tasmanian Government fiscal sustainability report, every five years, what measure do they use in that report?

Mr GUTWEIN - I would have to go back and remind myself.

Mr BACON - It is the primary balance. Does that mean, in your opinion, the net operating balance is a better measure than the primary balance?

Mr GUTWEIN - Without having that report in front of me and being able to refresh my memory, the net operating balance, as a headline measure, if that is in deficit or is not demonstrating strong enough surpluses, you will not return to a fiscal balance unless you have the net operating balance in a position where it is showing surpluses.

Mr BACON - There is a legislative requirement that Treasury puts this report together and they have done that in 2016. They have used the primary balance which is not in the budget papers but is much closer to the fiscal balance. Would you agree that Treasury thinks that is a more reasonable measure of the long-term sustainability of the state budget?

Mr GUTWEIN - I used this example yesterday and from the point of view of those who are watching, to understand the difference between an operating balance and a fiscal balance is

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important. If somebody is earning a salary of \$50 000 and their living expenses are \$40 000, effectively you have a \$10 000 surplus and that would be your operating surplus.

Mr BACON - Is this cash accounting you are using at the moment?

Mr GUTWEIN - It depends on what is included in your expenses. You might have some depreciation or non-cash expenditure. You have a \$10 000 surplus as a result of your living expenses, earning \$50 000 and you are spending \$40 000. Then in that same year you decide to purchase a new motor vehicle and you might fund that from cash or through borrowing. If you purchase a car worth \$20 000 you would obviously have a fiscal deficit of \$10 000.

In this case, what tends to happen if you are an individual, you will have periods where you will have massive fiscal deficits. The case that we are talking about here we have manageable fiscal deficits to return to fiscal surplus over the four years.

Ms O'CONNOR - You said in response to an earlier question, and correct me if I am wrong, that the deed with Carlton United Breweries has not yet been signed.

Mr GUTWEIN - That is the advice that I have just received.

Ms O'CONNOR - Is the deed in any way contingent on allowing access for the Mt Wellington Cableway Company?

Mr GUTWEIN - None whatsoever. My understanding is Cascade has just put out a release where they indicate that they will not provide any land to Mt Wellington -

Ms O'CONNOR - Well, in fact, not sell or lease any Cascade land and it makes the point that CUB was not satisfied that the Mt Wellington Cableway Company had been successful in winning broad support from the community for its proposed cable car. We could talk about this in State Growth this afternoon, but will you rule out, now, compulsorily acquiring a part of Old Farm Road as the legislation to compulsorily acquire a Pinnacle to enable the cable car to happen?

Mr GUTWEIN - In terms of legislative options, the facilitation act enables none of that to occur. In terms of the deed that I thought we had signed but is currently being finalised, that doesn't in any way consider the acquisition of land. Nor was there ever any discussion that I am aware of with Cascade in terms of seeking their support for this project. They have made their own views known publicly and their position is clear.

Ms O'CONNOR - I need to ask a question on behalf of the State Service superannuants. You would be aware that currently pensions for State Service superannuants were made up of retired police and fire officer, nurses, teachers, clerks and so on, are pegged at the consumer price index. This is unlike parliamentary salaries that are pegged at the wages price index which was a choice your Government made when it introduced that legislation. Do you agree that setting State Service superannuant payments at CPI is taking them backwards financially?

Mr GUTWEIN - By its nature, pegging their income levels to CPI means that they are keeping pace with inflation.

Ms O'CONNOR - That goes against all the economic evidence - I am surprised you would say that. We have here respected economists, such as Chris Richardson of Access Economics, who

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says that indexation for Newstart and student's allowances should be indexed with wages, not prices. John Daley of the Grattan Institute said that income in retirement - superannuation plus government allowance - should keep pace with community living standards rather than price increases. If it is good enough for your Government to introduce legislation that sets increases in parliamentarian's wages at the wages price index, which is a more accurate and liveable index, why is it not good enough to pay state service superannuants a wages price index increase?

Mr GUTWEIN - What we have done is kept the same arrangements in place as under your government and previous governments, as I understand it. That has been our long-held position.

Ms O'CONNOR - The Tasmanian Association of State Superannuants estimates that having their payments pegged at CPI has reduced their defined benefits pensions in value by about 30 per cent in the past 20 years. I remind you, we are talking about retired police officers, ambulance drivers, teachers and nurses. Do you agree that the Consumer Price Index is an inadequate index to cover cost of living increases and that is why your Government pegged parliamentarians' salaries at the Wage Price Index?

Mr GUTWEIN - No, in terms of the superannuation pensions the defined benefit scheme is a very generous scheme as a starting point. Second, what we have done is simply continue the longstanding arrangement in terms of the way that indexation applies to that scheme.

Ms O'CONNOR - Have you had any representations made to you by the Tasmanian Association of State Superannuants?

Mr GUTWEIN - Over the years I have had a number of representations.

Ms O'CONNOR - Do you hear their arguments, particularly given that now we cap increases to the aged pension at the Wage Price Index. Do you hear their concerns that their income is in fact going backwards?

Mr GUTWEIN - I am aware of the matters they raise, but in the current arrangements we are maintaining the longstanding arrangement of linking pension increases to CPI.

Ms O'CONNOR - Perhaps you could explain really clearly, so that it is in *Hansard* when we pass the information on to TASS, why you think it is appropriate that parliamentarians' salaries increase at the Wage Price Index, but retired State Service workers have payments increased only at the CPI. Are we a different breed? Do we deserve a better deal? Surely you wouldn't argue that.

Mr GUTWEIN - The current arrangements have been in place for a long time -

Ms O'CONNOR - You are the Treasurer; you have been the Treasurer for four-and-a-half years.

Mr GUTWEIN - We are simply maintaining the longstanding arrangements that have been in place in terms of indexation for state government employees' pensions.

Ms O'CONNOR - You haven't explained to the committee why parliamentarians should be treated so differently from people who have worked all their lives fighting fires, driving ambulances, teaching kids.

Mr GUTWEIN - I provided an answer to that.

Ms O'CONNOR - It is a woefully inadequate answer and it won't bring any comfort to the Tasmanian Association of State Superannuants. You know that the Budget is in a condition now where you could adjust this and make it fairer for people who have given their life to the public service.

Mr BACON - Following that theme and you might want to take question on notice.

Would you please provide estimates of the increased annual cost to the Budget over the forward Estimates for indexing RBF defined benefits contributory scheme pensions using the indexation formerly used to index the Commonwealth Age Pension instead of the current Consumer Price Index that is used? Can I put that on notice?

Mr GUTWEIN - I will put it on notice.

Mr BACON - I wanted to go back to fiscal sustainability. Can you tell us what the estimated underlying net operating balance for 2019-20 is?

Mr GUTWEIN - It is there in the Budget in front of you, Mr Bacon. I am sure you can look it up.

Mr BACON - It is a deficit of \$82.6 million.

Mr GUTWEIN - I made this point yesterday. You are looking for any opportunity to point to a deficit figure.

The net underlying operating balance, as I understand it, is not a standardised accounting measure. It was used post-GFC when there was to be a significant influx of additional Commonwealth funding over and above the normal long-term funding arrangements that were flowing from the Commonwealth. If you look back to the 2009-10 year, the statement in that year specifically looks at only the Building the Education Revolution and the additional nation-building funds that were provided at that time as an emergency stimulus.

We use a net underlying operating balance in terms of councils for obvious reasons. You can have a small council that has revenues of \$4 million to \$5 million per year but then receives significant inflows for road projects. It might dwarf their revenue base.

Mr BACON - Your argument is that it is appropriate for councils but not for the state Government.

Mr GUTWEIN - If the Commonwealth Government wanted to shower \$18 billion to \$20 billion on us in a particular year, it would be perfectly appropriate for a table to be included in the Budget to explain it is significant and one-off expenditure. Councils, especially smaller councils, receive significant grants funding over time. As a result, they provide an explanation in terms of that.

What has happened here is, at a state government level in 2009-10, it was included to recognise the emergency stimulus measures flowing from the Commonwealth Government. Once a table like this has been put in, if you take it out you are criticised, for obvious reasons, and so it remains in

the Budget. But it does not, in my view, in any way go to the fiscal sustainability of the state Government.

Mr BACON - It is appropriate for councils but it is not appropriate for the state Government. What is the estimated general government fiscal balance for 2019-20?

Mr GUTWEIN - It is in the Budget in front of you.

Mr BACON - It is a deficit of \$252.4 million.

Mr GUTWEIN - I knew you would find it.

Mr BACON - I know, you kept telling me that. I don't know why you can't find it.

Mr GUTWEIN - You are attempting to make a political point; it is only a political point.

Mr BACON - Why is that? If the fiscal balance is only a political point, why is it there?

Mr GUTWEIN - The fiscal balance demonstrates that we have a significant infrastructure spend that is being rolled out and that we return to a fiscal balance in the third year. That recognises the fact we are spending record amounts of money on infrastructure.

Mr BACON - What is the estimated general government cash balance for 2019-20?

Mr GUTWEIN - You have it in front of you, I am sure.

Mr BACON - Why can't you speak these numbers out loud, Treasurer?

Mr GUTWEIN - As I have said, you want to make a political point and I am not prepared to play that game. You understand the Budget; I am certain you do. What we are doing, and what we have done over the last four years is, is building a stronger financial position. We are in a position where we hold significant amounts of cash and net investment. Over the period of this Budget we are investing that money into assets that will improve the lives of Tasmanians. I thought you would welcome that.

Mr BACON - We will move onto the deterioration of net debt. What is the total estimated deterioration of the general government net debt position over the forward Estimates?

Mr GUTWEIN - You can take off the number in the final year, which is around \$50 million, from the net cash and investments we hold in the first year.

Mr BACON - The net debt position is going to deteriorate over the forward Estimates by around \$400 million. You are talking about a deficit of the underlying net operating balance, a fiscal deficit, a general government net debt in terms of the general government cash balance, a \$220 million deficit. You have net debt deteriorating by around 400 million. How do you explain all this, Treasurer?

Mr GUTWEIN - It is negative net debt. You know that means that at the end of the period we still hold positive cash and investments and we delivered a \$2.6 billion infrastructure spend.

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You also know that in the final year - it is a number you could point out if you wanted to explain it - what the operating balance is and what the fiscal balance is.

Mr BACON - Why don't you point it out? Why can't you say these numbers out loud, just explain that to me?

Mr GUTWEIN - Along with net debt they are all in positive territory. This Budget draws down cash and investments we hold. It spends those on infrastructure and at the same time we deliver a positive net cash and investments profile across the forward Estimates.

Mr BACON - You do not deliver, you whittle it down.

Mr GUTWEIN - We deliver a positive net cash and investments profile across the forward Estimates. The Budget has a fiscal surplus at the end of the four years. It has a solid net operating surplus at the end of four years and, importantly, it is in a net cash and investments positive sense.

Ms WHITE - Very skinny.

Mr GUTWEIN - If you look at the gross debt we hold in the last year we actually hold more cash and investments than that, more than \$1 billion, so the Budget is in a very strong financial position. I know you are doing your very best to play politics and to tear it down, but -

Mr BACON - It is you that is doing it. There must be 95 per cent of the Budget you can't talk about. You can't say it out aloud - why is that?

Mr GUTWEIN - What it demonstrates -

Mr BACON - You put it in black and white.

Mr GUTWEIN - Scott, when you ask me to help you find stuff in the Budget I am reluctant to do that because I know you can read.

Mr BACON - There is deficit after deficit, you have net debt going backwards - why can't you say it out loud?

Mr GUTWEIN - We have surplus after surplus after surplus across the net operating balance. In terms of the net cash and investment position of the Government, we are positive across the forward Estimates.

Mr BACON - Is it going backwards? Why can't you say?

Mr GUTWEIN - Importantly, we are spending significant amounts of money on investing into infrastructure, which will underpin stronger growth in our economy and I expect to see stronger revenue growth as well.

Ms O'CONNOR - Treasurer, your Government sold a large portion of Forestry Tasmania's plantation estate - including 6000 hectares of plantation that had been pruned, thinned and was being managed for solid wood production - for \$60.7 million. As we know, those plantations cost in the order of \$100 million to establish, so you sold a public asset at a loss, but when you go to budget paper 1 and look at this special dividend that has come out of Forestry Tasmania for

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\$15 million, that leaves \$45 million in Forestry Tasmania's account. Isn't that a subsidy? The Government you are a part of said it would no longer be subsidising Forestry Tasmania - or as you have 'Orwellianly' named it, Sustainable Timbers Tasmania, which is bollocks, as we know - yet here in the Budget we see a public asset being sold to subsidise Forestry Tasmania.

Mr GUTWEIN - The pathway we set out for Forestry Tasmania, Sustainable Timbers Tasmania now, which I know annoys you -

Ms O'CONNOR - It's just a lie.

Mr GUTWEIN - It explains very clearly what that business is.

Ms O'CONNOR - It's a lie, in statute.

Mr GUTWEIN - In terms of Sustainable Timbers Tasmania we had indicated - and we have been clear about this - that we would not subsidise Sustainable Timbers Tasmania -

Ms O'CONNOR - But you are.

Mr GUTWEIN - but we would enable them to restructure their balance sheet. They have sold the trees, not the land.

Ms O'CONNOR - A 99-year lease is giving away the land.

Mr GUTWEIN - To be clear again, nothing different is happening to those trees than what was proposed under Forestry Tasmania. They were going to be harvested and sold.

Ms O'CONNOR - We are talking here about the subsidy.

Mr GUTWEIN - We have sold the trees. That has enabled Forestry Tasmania to restructure its balance sheet using its own assets and at the same time provide a return in this year's Budget of \$15 million back to the state. At this stage I have no indication that they will require a further letter of comfort, because they have paid off their borrowings.

Ms O'CONNOR - Has the \$45 million, which is the change from giving away the plantations for about \$2000 per hectare, been spent by Forestry Tasmania? Do you know what the status of that money is? You haven't as a shareholder minister sought some information on the sustainability?

Mr GUTWEIN - They are in the process of finalising. This financial year will be ended soon and we will have a picture of their financial circumstances as at the end of the year. Obviously they used a component of that money to repay debt. In terms of their current cash balance, I don't have that number with me.

Ms O'CONNOR - You have indicated to the committee that you don't really have any idea what Forestry Tasmania's finances are like at this point, but -

Mr GUTWEIN - No - again, don't verbal me.

Ms O'CONNOR - I am looking for clarification.

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Mr GUTWEIN - What I have said is that Forestry Tasmania received its proceeds, they repaid an amount of debt that the secretary might know off the top of his head -

Mr FERRALL - No, I don't know off the top of my head.

Mr GUTWEIN - They repaid their debt and are debt-free at the moment, as I understand it.

Ms O'CONNOR - Subsidised by your Government.

Mr GUTWEIN - They will have cash in the bank. I don't know what their current cash balance is at this point in time but they will be finalising their end-of-year account shortly.

Ms O'CONNOR - Treasurer, as you know, under the GBE Act and as a shareholder minister, you cannot let this government business go bankrupt or become insolvent - and we know they have been operating insolvent for years other than public subsidies - so can you explain to the committee once the \$45 million in public subsidy runs out, where will Forestry Tasmania receive revenue from, will that be enough to continue its operations, and don't you agree that in order not to let Forestry Tasmania become insolvent there will be a need for another public subsidy, which your Government ruled out?

Mr GUTWEIN - I make the point that at this point in time, on their balance sheet they hold no debt, which is a very unusual position for what was -

Ms O'CONNOR - Paid for by asset sales.

CHAIR - Order, Ms O'Connor.

Mr GUTWEIN - Paid for by assets that they had responsibility and ownership of. In the same way as any business would manage its balance sheet and cash flows, STT are going about that process. In answer to your question, they are in a much stronger financial position today than they have been for a long time.

Ms O'CONNOR - Why are they in a stronger financial position given that there is no certainty about their funding after the \$45 million is spent?

Mr GUTWEIN - They carry no debt and are a much smaller and nimbler organisation than they were under you, and in the forestry industry at the moment we are significant uplift in revenues across the board, both private and STT, in terms of the sale of timber products.

Ms O'CONNOR - So will you rule out any further subsidies of Forestry Tasmania, either through the consolidated fund or again through a special dividend from a GBE, as we saw in your Government's first year of office when \$25 million went out of TasNetworks to subsidise Forestry Tasmania?

Mr GUTWEIN - My role is to manage government businesses -

Ms O'CONNOR - Your role is to apply government policy and your Government dais no subsidy.

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Mr GUTWEIN - and our policy is that we will not provide a direct subsidy to Forestry Tasmania.

Ms O'CONNOR - Oh, I see - now the word is 'direct'. So you have indirectly subsidised FT through a TasNetworks dividend and the sale of public assets?

Mr GUTWEIN - You have always had a passion to tear this business to pieces and it must pull on your heartstrings to know that we have STT in a sustainable position.

Ms O'CONNOR - How can we be sure of that?

CHAIR - Order. We are moving on, members.

Ms O'CONNOR - With respect, Chair, we have not had an explanation from the Treasurer as to why he believes the entity formerly known as Forestry Tasmania is in a sustainable position. There is no evidence of that.

Mr GUTWEIN - It is in a much more sustainable position than it ever was under you and at the moment it carries no debt, the forest industry is going strongly and both public and -

Ms O'CONNOR - The plantation sector is going strongly.

CHAIR - Order. We are not in a forestry debate; that is happening upstairs. I understand your interest in it but we are talking about Treasury. Questions specifically about forestry should have been presented and your other member may be doing that right at the moment.

Ms O'CONNOR - With respect, Chair, don't patronise me. It is in the Budget, it is directly related to the Budget and -

CHAIR - I am moving on. You have had a fair go with the Treasurer here with a number of questions about it and I have allowed that to continue. Ms White has sought the call and I am going to give it to her now.

Ms O'CONNOR - That is fine but do not pretend it is not in the budget.

Ms WHITE - Treasurer, are you aware of the comments that federal treasurer Scott Morrison has made today around the productivity commission review into GST?

Mr GUTWEIN - I have been in here so no I am not.

Ms WHITE - The federal Treasurer has identified that there is a real problem that needs to be fixed. He made a public announcement today following a Cabinet meeting last night. He said that they will be working to fix the problem and they were doing it in a way to ensure that there won't be such an impact on other states. He would not confirm whether it would be a 'no losers' response.

That statement does not sound much like a guarantee to me, that Tasmania will be no worse off. Are you concerned to hear those comments from the federal Treasurer?

Mr GUTWEIN - I have not seen those comments, nor am I aware of the context of the rest of his statement. I will not provide comment on comments until I have a better understanding of what

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he said. In terms of our GST, I am confident that the Prime Minister has provided a guarantee of not one dollar less, not one cent less. Regarding my conversations with Mr Morrison, I formed the view that it will be business as usual in terms of our revenues.

Ms WHITE - It does not sound like it. Mr Morrison has also made it clear that he will be releasing the report next week. Do you have a date for a briefing given that you were promised one?

Mr GUTWEIN - Again I have not spoken to Mr Morrison in the time that we have been in this committee this morning.

Ms WHITE - Surely your office has seen this and has been on the phone straight away. It is a very concerning development.

Mr GUTWEIN - I have not taken a phone call while I have been sitting in front of you, which you understand. I will speak with my office once we are finished and get an understanding of where matters are at then.

Ms WHITE - It does not sound like you have a very good guarantee from the Prime Minister considering the comments that have now been made by the federal Treasurer.

Mr GUTWEIN - I will come back to the point, you are attempting to play politics with this. You are attempting to damage confidence.

Ms WHITE - I am wanting Tasmania to get its fair share of GST. You have done nothing to get a rock solid guarantee and that is proven now by concerning comments from the federal Treasurer.

CHAIR - Order Ms White, you have put the question. Allow the Treasurer to answer it please.

Mr GUTWEIN - We have a guarantee from the Prime Minister. I have not seen the comments. I am not going to comment on comments that I have not seen.

Ms WHITE - Can you seek some urgent advice, this is the biggest risk to your budget, Treasurer. We know that you have a \$15 million buffer before taking the state into net debt, which is not very much. If there is any alteration to the GST distribution methodology it will have significant ramifications for Tasmania given that in the Productivity Commission's draft report, every single scenario they modelled, Tasmania was worse off. Last year, you and the Premier calculated it could be as much as a billion dollars over the forward Estimates which is a significant hit to the budget.

You and the Premier yourselves said that even if the worst case scenario is what you talked about yesterday being 8 per cent, that is \$212 million the first year that the GST changes come into effect. You have a \$15 million buffer. It is not enough to withstand that sort of shock. It is very concerning and I ask you to seek urgent advice from your office given the statements that have been made by the federal Treasurer today.

Mr GUTWEIN - Thank you and I note your comments, I will have a look. In fact I am looking at a headline which says they are still working on their response.

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Ms WHITE - Did you have a look at what he actually said?

Mr GUTWEIN - I will have a look at his comments and the context that they have been provided in when I have a moment once we finish this hearing.

Mr BACON - When can we expect some public comment?

Mr GUTWEIN - I will have a look at his comments and will make decisions in regard to any public comment post that.

Ms WHITE - The federal Treasurer has indicated that he will be releasing his report this week. It is Tuesday, presumably he will do it by Friday. Are you going to be getting on the phone first thing you do today at lunch break?

Mr GUTWEIN - What I do and what actions I take are a matter for me.

Ms WHITE - Actually they are a matter for the state Budget and the people of Tasmania who rely on the services that are delivered by this budget.

Mr GUTWEIN - You're raising some comments this morning that I have not seen in full context and I will have a look at those. I will go from there.

Mr BACON - What interactions have you had with the federal Treasurer since your phone call the night before the budget?

Mr GUTWEIN - There have been a number of interactions with his office since.

Mr BACON - What interactions?

Mr GUTWEIN - There have been some exchanges of texts. I spoke with Mr Morrison that week and I formed the view that in terms of our revenues, it would be business as usual. I have not read Mr Morrison's comments, I will have a look at those. I know that you are champing at the bit to create concern and impact on confidence -

Ms WHITE - You just do your job, Treasurer.

Mr GUTWEIN - I will have a look at those comments when I have moment, when we have finished this hearing.

Ms WHITE - It is the biggest risk in your budget papers.

Mr GUTWEIN - We have a guarantee from the Prime Minister and I formed the view that in terms of our revenues it will be business as usual.

Ms WHITE - We all know his word is worth nothing.

Mr GUTWEIN - You can continue to harp on this point but there is a process underway and we will work through it.

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Ms WHITE - Given that it is named as the number one risk in your budget and that has been an issue that has been ongoing for a while, I would like to understand what you have done to secure more than a verbal guarantee from the Prime Minister? Have you done anything further that gives some credibility to this guarantee?

Mr GUTWEIN - I have spoken with the Prime Minister and he has provided a guarantee and I have spoken with the federal Treasurer. They are both very clear about our position on this as a state. I formed the view that it will be business as usual in terms of our revenue.

Regarding comments that have been made by Mr Morrison this morning, I will have a look at those and we will take it from there.

Ms O'CONNOR - Surely you are aware of them?

Mr GUTWEIN - I have been sitting here talking to you.

Ms O'CONNOR - You have an army of advisers. Your senior adviser is just putting them in front of you, I believe.

Ms WHITE - If they are urgent, I would grant you a couple of minutes to have a read so you can talk to us about it.

Mr GUTWEIN - Basically, the headline is, 'Scott Morrison says the Turnbull Government is to work on its response to the Productivity Commission's review'.

Ms WHITE - So the sub-editor gives you a guarantee now?

Mr GUTWEIN - I will have a look at the full statement that has been provided by Mr Morrison, but in terms of -

Ms WHITE - You do not have a copy of it? You have not asked your staff get that to you?

Mr GUTWEIN - We are in an Estimates committee and I will have a look at that once we have finished in a matter of minutes.

Mr HIDDING - Treasurer, could you outline for the committee the returns from government businesses across the sector?

Mr GUTWEIN - They are all performing very well, and the returns we have seen are benefiting from a strong economy.

We have had some discussion this morning about the MAIB, the Hydro and our energy businesses. What has been demonstrated across the forward Estimates is that our businesses are in good shape and they are profitable. They are able to deliver services to Tasmanians at a price that Tasmanians can afford and deserve. That is evidenced strongly by the fact that our energy businesses are sustainable and profitable across the forward Estimates at a time when we have put in place a price increase at CPI for the vast majority of businesses in the state, and for our regulated households. In relation to the broader business sector, we are in a position to provide additional support to those contract customers as well.

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When you look at the broad performance of our government businesses, those that are engaged directly in our economy are all doing well. They are profitable, and providing significant returns to the budget.

Ms O'CONNOR - Treasurer, do you believe addiction is an illness?

Mr GUTWEIN - Ms O'Connor, we have already discussed this matter -

Ms O'CONNOR - That is right, and your answer was not illuminating.

Mr GUTWEIN - It is the answer I provided.

Ms O'CONNOR - What is your answer?

Mr GUTWEIN - I provided that earlier today.

Ms O'CONNOR - Do you believe addiction is an illness?

Mr GUTWEIN - Ms O'Connor, we have a differing view about the gaming policy at this table.

Ms O'CONNOR - Mine is based on the science and the social evidence of the harm that is caused by poker machines, yours is based on your donors and the top end of town.

Mr GUTWEIN - Mine is based on the fact that I believe that Tasmanians should be able to make the choice as to how they spend their own money. The Government's role is to ensure there is a framework in place to support people who may have challenges in that space.

Ms O'CONNOR - By that logic gambling addicts have chosen to be addicted.

Mr GUTWEIN - Can I finish my comments?

I come back to the point - and I know it is one that you are uncomfortable with - that when you were minister and you held the future of government in your hands, you did nothing in this space.

Ms O'CONNOR - You are deflecting. You know that addiction is an illness.

CHAIR - Order. Ms O'Connor if you are going to interject, I will go to Mr Bacon.

Ms O'CONNOR - With respect, Mr Bacon interjected repeatedly and wasn't pulled up.

CHAIR - Ms O'Connor, I am pulling you up for continually interjecting. I have given the call to Mr Bacon. If you won't take notice of the Chair, I will move on to the next question.

Ms O'CONNOR - That's fine, Chair. I note that women at this table get pulled up for interjections a lot quicker than the single man at this table. It is an observation.

Mr BACON - My marital status is not of any concern.

What advice was provided by the Department of Treasury and Finance on the Government's poker machine policy?

Mr GUTWEIN - In terms of the policy we took to the election?

Mr BACON - Yes.

Mr GUTWEIN - It is not appropriate for the Department of Treasury to provide advice on election policy.

Mr BACON - Your poker machine policy was announced well before caretaker mode. Did you seek any advice from the Department of Treasury about that policy?

Mr GUTWEIN - I have received no advice from the Treasury department on our election policy.

Mr BACON - When did the Government receive the SEIS report?

Mr GUTWEIN - I would have to check on that. I know that there was some discussion on it.

Mr BACON - It was December of last year.

Ms WHITE - Can I put that on notice, given the time.

Mr GUTWEIN - I am happy to come back with the response.

Mr BACON - Did you use the SEIS to inform your policy?

Mr GUTWEIN - The SEIS is a longitudinal study. It looks at the prevalence of gambling; it looks at a range of matters, as you would well be aware.

Mr BACON - You would have to say it is relevant to taking a policy for the next 20 years.

CHAIR - Order. Mr Bacon you have asked a question allow the Treasurer to answer it.

Mr GUTWEIN - You made some public comment about this in January from memory. I will have a look at what you said then and I will provide you with a response.

Mr BACON - You did not use it to inform your policy?

Mr GUTWEIN - It is a longitudinal study. That was the point I made at the time.

Mr BACON - Not relevant to the next 20 years.

Mr GUTWEIN - It is a longitudinal study that builds on a period of time. In terms of the timing of the release of it, I need refresh my memory.

Mr BACON - Was the Liquor and Gaming Commission consulted about your policy?

Mr GUTWEIN - Not to the best of my knowledge. No, I do not think it would be appropriate to ask them to pass comment on our gaming policy.

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Mr BACON - Not appropriate to seek expert opinion?

Mr GUTWEIN - You know full well that we can't and we don't hawk our election policies around winning government.

Ms O'CONNOR - You hawk them around to the top end of town - the THA.

Mr GUTWEIN - In framing election policies you form a view based on your experience and interaction with different stakeholders over time.

Ms O'CONNOR - You do not believe gambling addiction is an illness.

CHAIR - Order.

Mr BACON - Will the right to operate poker machines in Tasmania go out to tender?

Mr GUTWEIN - The network will be put to tender.

Mr BACON - The valuable part of the industry?

Mr GUTWEIN - In terms of value our policy actually accretes value over the period that we proposed, being 20 years: around \$300 million of more returns to the state government over that period.

Ms O'CONNOR - Have you done any measure of the social costs of the policy?

Mr BACON - Will the right to operate poker machines in Tasmania go out to tender?

Mr GUTWEIN - The network will go out to tender.

Mr BACON - The right to operate poker machines. Will that go out to tender?

Mr GUTWEIN - The backbone will go out to tender. We have made it perfectly clear. We will have a venue licensing model. We will receive value for that model as a result of increased taxes and licence fees that we have proposed.

Ms O'CONNOR - What about the value of the human lives that will be lost as a result of your policy?

CHAIR - Order, Ms O'Connor, you do not have the call.

Mr BACON - The value to operate the network: what percentage of the revenue from poker machines will be captured by the person who operates the network?

Mr GUTWEIN - I would have to check.

Mr BACON - Eight per cent?

Mr GUTWEIN - I will check and see what was mentioned.

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Mr BACON - It was more like 2 per cent.

Mr GUTWEIN - I said that I would have to check on the percentage.

Mr BACON - It is a lot lower; even 8 per cent is not correct.

Mr GUTWEIN - I didn't say 8 per cent.

Mr BACON - Sorry, I misheard that. My belief is that it is around 2 per cent. Effectively, in going out to tender you are capturing 2 per cent of the value of the licence. Have you estimated the value of the licences that you are giving away?

Mr GUTWEIN - We are not giving them away.

Ms O'CONNOR - Yes, you are. You're giving them away at greater value.

Mr GUTWEIN - We are putting in place a new tax and fee system that across the board will provide a significant increase in value to the state over the period of the term.

Ms O'CONNOR - To the operators of the venues is where the value increase will be.

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

Mr BACON - Have you done any work in terms of the value of the licences that you are giving away?

Mr GUTWEIN - In terms of the licences it will be individual venue licences and they will pay a high rate of return to the state Government over the period of the term. From the total package of measures my understanding is it will raise additional revenue of around \$300 million over the period of the 20 years. From the point of view of value, and there have been numbers that have been thrown around that it should be worth \$200 million or \$250 million that were thrown around by different commentators. The model that we put forward receives that as an annuity over time as opposed to a capital lump sum upfront.

Ms O'CONNOR - Have you calculated the human cost?

Mr BACON - Couldn't you get both, Treasurer?

Mr GUTWEIN - We have made our decision in terms of our gaming policy -

Ms O'CONNOR - The money, not the people.

CHAIR - Ms O'Connor, order.

Mr GUTWEIN - We are currently working through that as the policy outlines in terms of benchmarking, tax rates, engaging with stakeholders and that process will be run by Treasury. The monopoly will end as is erroneously suggested by Ms O'Connor.

Ms O'CONNOR - The harm caused by your policy will be on your head and on your conscience forever.

CHAIR - Ms O'Connor, order.

Mr GUTWEIN - The Budget that we have in front of us - and again I make this point - there is no change to policy to that with which you were when you were in government.

Ms O'CONNOR - That is such garbage.

CHAIR - Order.

Ms O'CONNOR - Your policy will embed harm to 2043.

CHAIR - Order.

Mr BACON - Can you please detail the arrangements for the transfer of 21 Kirksway Place?

Mr GUTWEIN - Broadly speaking in terms of the changes that we made in respect to the Superannuation Commission there was a division of assets that needed to be looked at. The Superannuation Commission, as I understand it, invests largely cash assets with an investor manager who looks after them. Kirksway Place is a piece of property and as part of the division of those assets it was determined that the state would buy that building back.

Mr BACON - Is that the only asset that was purchased?

Mr FERRALL - From the Superannuation Commission.

Mr BACON - The only asset they have, effectively, is the building and the cash investments?

Mr FERRALL - The funds hold some assets, because they invest through a fund manager and those funds would hold a range of assets.

Mr BACON - Different assets. This is a separate situation? Is there a reason that decision was made?

Mr GUTWEIN - Only that Kirksway Place was designed as a stand-alone piece of property and from the point of the view of the Superannuation Commission they placed their funds under management in the hands of investment managers.

Mr FERRALL - It was always intended that the Crown hold that asset. When the original asset split was worked up with TasPlan the state wrote to the Superannuation Commission or the RBF, as it was then, and said, 'That is a strategically important asset and we would like to hold it.'

Mr BACON - It is valued at \$20 million.

Mr FERGUSON - We are working through it. It has to have an updated VG's evaluation which is occurring at this moment.

Mr BACON - So the effective outcome will be that we are going to sell the Treasury building for \$20 million and buy this building for \$20 million, so effectively for the state of Tasmania, you own the Treasury building and you end up with 21 Kirksway Place.

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Mr GUTWEIN - The valuation of the Treasury building has not been determined. The last valuation was around \$18 million or \$19 million and that was a couple of years ago. As a government valuation it would be worth more than that today but I would expect the market value of the Treasury building would be significantly higher.

Mr BACON - Can you give a commitment today that you will not sell the Treasury building below the valuation that comes in from the Valuer-General?

Mr GUTWEIN - The commitment I am prepared to provide is that we would not sell that building unless there was value in it for the state.

Mr BACON - Unless it is above that valuation?

Mr GUTWEIN - Unless there was value in it for the state.

Ms WHITE - How would you assess that?

Mr GUTWEIN - I would take advice from Treasury on that basis as we work through the process.

Mr BACON - You are not going to take advice from the Valuer-General on this?

Mr GUTWEIN - The Valuer-General sets the government valuation. I expect the market value of that site to be significantly higher. As to value capture, as Treasury does when it looks at proposals like this, it will provide advice as to whether or not it thinks we are getting value for money for the Government's divestment. We will go through that process and will need to run an EOI process to test the market.

Mr BACON - So you can't give that commitment?

Mr GUTWEIN - I am certainly prepared to give a commitment that we would need to see value for the state.

Ms WHITE - Do you have any more advice you can give us on the GST comments made by the federal Treasurer?

Mr GUTWEIN - No, I have not seen his statement.

Ms WHITE - I thought you had something brought to your attention by your adviser.

Ms O'CONNOR - It is a good 15 minutes since you were asked that question.

Ms WHITE - You really have your finger on the pulse, haven't you?

Ms O'CONNOR - It is amazing. We would never have been able to get away with this stuff at the Estimates table - never.

Mr GUTWEIN - I am sitting here at an Estimates table and I will deal with -

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Ms WHITE - What are you staff doing? Isn't this the biggest issue they're dealing with?

CHAIR - There is only 30 seconds left. If the committee is happy to adjourn 30 seconds early, we did start fractionally early.

Ms WHITE - No, I want every second to be spent here with the Treasurer.

Mr GUTWEIN - I look forward to spending the last 30 seconds here with you, Ms White. Have you run out of questions?

Ms WHITE - No, I want you to come to the table and provide advice about what has been said today on the biggest risk in the Budget. What are your staff doing? What is the Government doing? You are not the only person in government.

Mr GUTWEIN - I will have a look at the statement in the context that has been provided in and I will do that once we finish in a couple of seconds.

Ms WHITE - It was probably an hour and half ago. You really don't have your finger on the pulse here.

Ms O'CONNOR - You could have sought the advice and had a response for the committee.

Mr GUTWEIN - I have been sitting here answering questions.

Ms O'CONNOR - He has chosen not to.

Ms WHITE - He is not the only minister in the Government and I am sure somebody could have assisted him.

CHAIR - I am glad there has been a flurry of questions at the finish. The time for this deliberation has now concluded and we will reconvene at 2 o'clock. Thank you very much, ladies and gentlemen.

The committee suspended from 1.08 p.m. to 2.00 p.m.

DIVISION 8

Department of Premier and Cabinet

Output group 6

Local Government

CHAIR - Minister, we now have two hours on Local Government, so please introduce the officers you have at the table then make an opening statement.

Mr GUTWEIN - I have Alex Tay, Director of Local Government, Ruth McArdle, deputy secretary of DPAC and James Craigie, my chief of staff.

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I might just clarify a matter that was raised before lunch in terms of the GST. Without doubt there was some verballing going on in regard to what Mr Morrison said. I now have a copy of his transcript and what Mr Morrison very clearly said in terms of the GST was:

I will have more to say on the balance of this week. The Government is preparing its response to the PC commission report. I think it will be important for these things to be considered at the same time. I will have more to say about the timing of that later in the week.

He then went on to say:

What I will confirm is that the Government will have a response. The nature of the response will be released at that time, but what I can say is that the Government has been working very carefully and over a long period of time. We appreciate the good work of the Productivity Commission that has identified there is a real problem that needs to be fixed.

Then he was verballled and said:

No. I haven't finished my answer yet. We will be working to fix that problem. We are working to be doing it in a way that we ensure that there will not be such an impact on other states and territories. That is why we are working carefully on these issues. We are taking our time to get it right and we will continue to take the necessary time to get it right.

I have asked my office to arrange a time for me to speak with Mr Morrison later today if that can be arranged. Obviously he is in question time as we start this process now, but I want to be clear in terms of the verballing that was going on this morning that once again it is about damaging confidence.

Mr O'BYRNE - It is pretty hard to put this on the record when the Treasury representative for us is not here at the table to respond.

Mr GUTWEIN - Significant licence was taken this morning. That is what Mr Morrison said. It is now on the record. The verballing of him can stop and we will continue to work through this process with the federal government. As I have said, we have a guarantee from the Prime Minister and I have formed the view, as result of my conversations with Mr Morrison, that it will business as usual in terms of our revenue.

That being said, in terms of Local Government, I want to acknowledge the work that has been undertaken by the division through what has been a very busy time. I thank the staff in the division under the guidance of director Alex Tay. The last 12 months in the local government sector have had some challenges, with one council being dismissed by the parliament, but overall the relationship has been a positive and collaborative one in terms of the ongoing work with LGAT and individual councils. This is evidenced by the significant legislative review agenda that has been progressed during a period where there were differing views between local government and the Government on TasWater. The results achieved over the last 12 months is a testament to the strong professional relationship that exists between local government and the Tasmanian Government.

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As the Minister for Local Government I am encouraged by the prospects of what can be achieved over the coming year on the back of significant work that has been done on shared services and voluntary amalgamation studies. This will be complemented by the recent commitment from LGAT to work with its member councils to determine the key features and attributes of efficient, effective and sustainable Tasmanian councils in the twenty-first century. I look forward to members' questions.

Mr O'BYRNE - Minister, could you outline to the committee the justification for your hostile takeover of TasWater?

Mr GUTWEIN - We wanted better water and sewerage infrastructure, we wanted it quicker, and we wanted Tasmanians to pay a lower price than has been forecast.

Mr O'BYRNE - Who did you consult and what advice did you receive before you embarked on what was a pretty spectacular fail in the takeover of TasWater?

Mr GUTWEIN - It has been a very successful evolution to a position where we have -

Mr O'BYRNE - 'Evolution to a position' - that's a remarkable way to describe what was an 18-month war.

Mr GUTWEIN - An evolution to a position where we have an MOU signed with TasWater that will deliver lower prices than Tasmanians would have expected under the process moving forward under TasWater and local government ownership. It will provide for a partnership arrangement between the state and local government in terms of the ownership of TasWater and it will deliver infrastructure quicker.

Mr O'BYRNE - At the time of making the decision, how did you get to the point where you felt the only way forward was to have a hostile takeover of TasWater? Why did you get to that point?

Mr GUTWEIN - If you look back at the public statements and the public discourse that was occurring in respect to this issue, from around 2015 onwards the Government had engaged with local government and expressed our concerns in terms of the outcomes that were being demonstrated by the reports released by the economic regulator. It was at the 2015-16 LGAT conference, or it may have been the one after it, when I raised very publicly with councils the Government's view that we wanted to see greater investment quicker and downward pressure on prices as opposed to the upward pressure we were seeing. Then I met with local government early in 2017 and we discussed a range of options that were available to local government in terms of what they could do to solve some of these problems.

Local government was put in a position by their own board which acted unilaterally to reduce the dividend stream to increase the level of investment. From memory, that happened in August or September 2016. Whilst I commended the board publicly at that time for taking that action, that was as a result of local government as the owners not being prepared to step in and fix some of the problems themselves. We then had a discussion in early 2017 where I raised with them the options that would and could be available, and they indicated they had no desire to do anything further in terms of their own investment or their dividend position, so the Government decided to embark on the path that it did.

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Mr O'BYRNE - You have said that on the record a number of times over the last 12 months or so, but when you say that you raised these issues with TasWater, I will quote Mr Hampton, who said:

I am not sure who he told at TasWater because he did not bother to either tell myself or the CEO, Mike Brewster, that he had concerns about the rate of progress in tackling the ageing infrastructure problem - not ever, not once. We had met with the Treasurer at least nine times since the Liberals came to government in 2014 and I repeat, not once did he say that we were moving too slowly. His statement in parliament in which he told us of his concern is simply not true.

You have embarked on a massive attack on local government. You have sat here and said you have explained that you raised it purely out of frustration, but Mr Hampton himself says that you did not raise it with him. Why would you embark on such an expensive and damaging process for the state?

Mr GUTWEIN - I do not think it has been damaging for the state.

Mr O'BYRNE - You don't think it has been damaging?

Mr GUTWEIN - No, it has not been damaging. In fact, from the point of view of the state, we now are in a position where both local and state governments will work closely together where we have a shared commitment through the MOU in terms of a partnership arrangement. We will see that the outcomes the state Government took to the election have been delivered, which is a lower price path for customers and a quicker fix to infrastructure.

Over the time I had a range of discussions with a number of parties, but we are at a point now where we can look forward. I can understand why you might want to look to the past, but we are in a position -

Mr O'BYRNE - The point has been made you cannot forget what you have done: it has an impact on the future, particularly in terms of the MOU.

Mr GUTWEIN - In terms of the MOU we are in a position where we will be delivering -

Mr O'BYRNE - We will get to the MOU in a minute, because it won't.

Mr GUTWEIN - With the agreement of local government - and there is a process to work through there - from 1 January this year we will be delivering the outcomes that we set out to achieve.

CHAIR - I will remind members the ratio is three to one.

Mr O'BYRNE - We will get to the MOU in a second. When did the discussions on the MOU commence, given you went to the election seeking a mandate to take over TasWater. The MOU discussions clearly had been occurring for quite some time. You went to an election seeking a mandate for a full takeover of TasWater, yet on the morning of the ceremonial opening of parliament you announced an MOU. When did you start the negotiations on the MOU, was it in caretaker period?

Mr GUTWEIN - No, it was not in caretaker period. Doug Chipman approached me post election. I can tell you the day, it was the day of Vanessa Goodwin's funeral. He spoke with me then and asked if we could have a discussion about a way forward with TasWater.

Mr O'BYRNE - Was that the first time that Doug Chipman had approached you?

Mr GUTWEIN - He approached me on a couple of occasions in the previous year, wanting to have a discussion, but we had a policy position that we were committed to.

Mr O'BYRNE - You were committed to it during the election, then one conversation led to -

Mr GUTWEIN - No. Mr Chipman asked me to have a conversation. There were multiple conversations post that day. Then we had broader negotiations that included TasWater, Miles Hampton and Mike Brewster along with David Downie. The initial conversations post-election were with Doug Chipman.

Ms DOW - What made you change your mind on that occasion, if you had not changed your mind prior to that when you had been approached by Mr Chipman?

Mr GUTWEIN - What Mr Chipman raised with me, very sensibly and I thank him for doing so, and in the discussions that we had that this year local government would be keen to see downward pressure on prices and would be keen to see a different price path. Local government would welcome increased investment in the sector. He said local government was not prepared to countenance a takeover and that and they had made their position perfectly clear.

Mr O'BYRNE - Over 18 months they have made that clear.

Mr GUTWEIN - We agreed to sit down and talk about the things where we had common ground. The MOU was the outcome of those conversations.

Dr WOODRUFF - The last term of your Government was littered - possibly littered is overstating it - had a number of very controversial boards of inquiry that happened at two councils around Tasmania, and at least one other council has been in the headlines on numerous times for being close to a board of inquiry. You have chosen to take the path -

Mr GUTWEIN - Who are you speaking about there in terms of -

Dr WOODRUFF - I will get to that. That is not the question. You have chosen to take the path of charging ratepayers with the costs of the boards of inquiry. This is more than \$400 000 to the Huon Valley Council and for the Glenorchy Council, according to Mayor Kristie Johnston, \$880 000 has been forced on the ratepayers for the cost of the board of inquiry. The mayor has singled it out as the reason she and her council have had to make a decision for a 12.5 per cent increase in rates this year.

Getting to that other council, Alex Tay is the Director of Local Government and he wrote a letter to Glamorgan-Spring Bay councillors when they proposed a no-confidence motion in the mayor, Mr Kent, and he says in that letter:

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If anyone thinks that a hard intervention option like a board is what would be best for Glamorgan-Spring Bay Council then I would ask them to think again. No-one would want to go through an experience like that and the cost, both in financial terms and more broadly at the community level, is something the Glamorgan-Spring Bay community should not have to be faced with.

Minister, some councillors saw that as a threat to them continuing to speak out about the allegations of misconduct happening on Glamorgan Spring Bay Council. Are you using the board or inquiry process as a hammer for councillors around the state when they bring reasonable complaints to your Director of Local Government and to you, minister, for action, a hammer chosen to act punitively with some councils? Yet refusing to intervene with other councils when their very own councillors have been writing to your director asking for intervention?

Mr GUTWEIN - Let me correct some of the assertions you made. In the Huon Valley my understanding is the cost of the board of inquiry wasn't over \$400 000, it was around \$336 000.

Dr WOODRUFF - A large amount for a very small council.

Mr GUTWEIN - Under the Local Government Act it would not matter who sat in this chair, at the end of the day the act is clear, that a council will pay for the costs of a board of inquiry. The general principle around that is that the council at Burnie should not be hit with additional costs to fund a process for a dysfunctional council in another part of the state.

When the act was framed it was designed to act as a deterrent to a council going down that path. The advice Mr Tay has provided to the Glamorgan Spring Bay Council is quite sage. One would hope a council would get its own house in order and manage itself appropriately and not need to go through a process such that Glenorchy or Huon went through.

Dr WOODRUFF - Do you accept that there is any role for the Director of Local Government in acting swiftly and investigating with the full force of the administration and legislation that he has on complaints provided? There are councillors who have made complaints which have fallen on deaf ears, to yourself, minister. I know Huon Valley councillors did not get the investigations they asked for well before the board of inquiry in Huon Valley Council was called. There is a view that you failed to act because you had a reason for keeping that council in a state of dysfunction.

Mr GUTWEIN - That is an extraordinary suggestion and allegation -

Dr WOODRUFF - I am saying it because it is regularly said in the Huon Valley.

Mr GUTWEIN - Is that your view?

Dr WOODRUFF - I asked you a question about whether the Director of Local Government was using the full force of the administration and legal opportunities that were available because there has been a lack of action.

Mr GUTWEIN - The Director of Local Government will assess any complaint that is made and will take appropriate action as they see fit. They are an independent statutory officer and they have the opportunities under the act to investigate complaints and seeing if there are transgressions.

That does not provide the Director of Local Government with the powers of a board of inquiry which are wide-ranging, as you should be well aware. There are some complaints that I understand were superseded by the board of inquiry and were considered through that process in the Huon and there were further matters raised which were followed up. Mr Tay might want to comment.

Mr TAY - Thank you, minister. To clarify the processes we have, when we receive a complaint it is assessed on its merits. The process would be a preliminary assessment to determine whether there is substance to investigate. If that is the case, we then move on to investigate complaints. For a lot of the allegations that come to us, part of that initial assessment is to determine whether it is in within my jurisdiction or whether the issue might be something to be referred to the Integrity Commission or in a lot of the cases, the Ombudsman.

We have a separate code of conduct process under the legislation now. A lot of complaints would be allegations that are handled under the code of conduct. They generally relate to more of behavioural issues rather than major allegations of offences.

In the case of the Glamorgan Spring Bay example, for a number of the allegations, our advice would be that, as generally they are around the behavioural allegations between councillors, they are better handled through the code of conduct, should those persons wish to make those complaints. We provide that advice. In a lot instances people make judgments about whether they decide to go through with a formal complaint process or not.

Mr O'BYRNE - Getting back TasWater. It was a remarkable acknowledgement that it was a single conversation that seemed to trigger your mind. I said, 'What was the point?' You said, 'It was a conversation', which is remarkable.

Mr GUTWEIN - Before you verbal me, what Mr Chipman asked was if could meet on that day.

Mr O'BYRNE - You said that you had met with him previously and you had conversations.

Mr GUTWEIN - Over the course of the previous 12 months there have been a range of conversations with Doug. We were at completely different ends of the spectrum. He approached me post-election and asked if we could have a conversation about those matters that we had common ground on.

Mr O'BYRNE - The council's position essentially had not changed and it still has not changed. They were seeking you to sit down and negotiate an outcome, which is what we have ended up with and we will get to it in a minute.

It was an unseemly episode in a relationship between government, not only a major utility, but communities around the state. How much has it cost the taxpayer over this 18 months in terms of the work from your office, the work from Treasury, advice and modelling?

Mr GUTWEIN - With any legislation proposed, the machinery of government bears a cost for that.

Mr O'BYRNE - Surely you would have an idea of how much it would cost.

Mr GUTWEIN - Obviously, OPC has a role, Treasury, et cetera.

I am very satisfied with where we have got to and that in terms of the way forward we will deliver the aims we set out to do. That is to ensure we can get more investment into infrastructure quicker and we can take some of the price pressure off.

Mr O'BYRNE - With respect, it is not about you being satisfied. It is about the public interest. You have gone off on a folly to attack to local government. It has cost a lot of money and the council's position has not changed in 18 months.

Mr GUTWEIN - No, with respect, it is about a government achieving a policy outcome. In this case, we wanted to see a different price path and, importantly, we wanted to see infrastructure investment brought forward.

Mr O'BYRNE - I will get to the MOU.

The Liberal Party went to the election with a clear policy to take over TasWater entirely. Following the failure of that takeover and legislation passing the Legislative Council at the end of last year, you said, 'The Government would seek a mandate in the election'. This was repeated in Liberal policy, fixing water and sewerage faster, which includes the statement,

If re-elected, a majority Hodgman Liberal Government will have strong mandate for the TasWater takeover.

Are mandates things the Liberal Party can choose to not implement? If so, what other mandate issue will you abandon?

Mr GUTWEIN - The proposal and policy that we took to the election, the outcome for the consumers was to have a different price path. Where we have landed, we will achieve that in terms of bringing forward and accelerating the infrastructure; that was a key aim of that policy. Whilst we on a slightly different path to that which we had taken to the election, the outcomes of that path will be the same,

Mr O'BYRNE - Slightly different path. You wanted a complete takeover; it is a bit more than slightly different path.

Mr GUTWEIN - What we wanted to do was to have an opportunity to frame and work with the business in terms of its direction. We will achieve that. The outcome for consumers, we will achieve what we said we would. In terms of being able to advance the infrastructure quicker, we will be able to achieve that.

Mr O'BYRNE - Despite this mantra, can you confirm that the MOU will actually deliver higher real prices to consumers by year four of the 10 year deal and less money to TasWater to deliver the water and sewerage infrastructure improvements that Tasmania desperately needs?

Mr GUTWEIN - In terms of the price path, from 1 July this year consumers have a 4.1 per cent increase. Next year they will have a price freeze; there will be a 0 per cent increase. Over the period prices will not go above 3.5 per cent. From the point of view of consumers, they are well in front.

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Mr O'BYRNE - Essentially your equity injection attempts to pay for the price gap but it actually does not create a price gap. By year three, four and five and onwards the consumer is worse off.

Mr GUTWEIN - How can the consumer be worse off? If they are paying more than a 4 per cent increase, they will be paying less than 3.5 per cent moving forward. If you read the regulator's most recent price determination, you will see that on one hand they were proposing increases significantly higher than 4.6 for TasWater. On any measure the price curve that consumers are going to pay has significantly improved on what was proposed.

Mr O'BYRNE - Whilst I acknowledge the price freeze for 2019-20 will help customers, your deal locks in a 3.5 per cent bill increase every year after that. That is in advance of CPI, so that is significantly more. Once you get out into the out years beyond 2021-22, it is more expensive so customers will be paying more.

Mr GUTWEIN - Not that long ago TasWater and its owners had been talking about 5 per cent to 6 per cent increases, a 4 per cent increase in this regulator's determination with the expectation that the regulator would land at similar levels moving forward. The outcome that we have provided is a significant improvement for customers.

Mr O'BYRNE - I don't accept your position. We have done some modelling on this and we have put it to TasWater.

Mr GUTWEIN - Why don't you release it?

Mr O'BYRNE - What advice did you get from Treasury on the cost of the MOU?

Mr GUTWEIN - In terms of the MOU itself?

Mr O'BYRNE - The cost implications for the Government. Did Treasury advise you, 'Yes this is a good idea, away you go', or did they provide contrary to advice in terms of the bottom-line of the Government.

Mr GUTWEIN - Treasury was involved in the construct of the MOU. Mr Ferrell was with me at the meetings. The impact on the Budget is a \$20 million equity transfer that will occur each year for the next 10 years.

Mr O'BYRNE - Did you seek advice from the regulator on the MOU?

Mr GUTWEIN - No, not from the regulator.

Mr O'BYRNE - What happens if local government owners refuse the MOU?

Mr GUTWEIN - We will cross that bridge when we come to it.

I have been receiving feedback from councils across the state. I met recently with Mr Hampden, Mr Downy and Mr Brewster. They were comfortable in respect of the way this process was continuing. There is a body of work to be done but both TasWater and Treasury are working closely together to ensure that the changes that are required to the company's corporate

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documents can occur and at the same time the legislation can fit that hand and glove. It will be put to councils, as I understand it, some time during August with a final vote in September.

Mr O'BYRNE - One of the criticisms of your attack on TasWater and the MOU is that it fails to deal with the issue around Macquarie Point, Cameron Bay out at MONA and also the Launceston water and sewerage. What do you say to Tasmanians after you embarked on an 18-month war with a utility seeking a takeover then from a conversation post an election, at which you sought a mandate, you just walked away from it?

Mr GUTWEIN - The MOU specifically countenances both the major projects. Cameron Bay is not included on the basis that they have already come to an agreement, as I understand it, with TasWater about investment that is required. The Launceston sewerage and stormwater work, the first stage of the funding of the Tamar Estuary Management Taskforce's recommendations are in this Budget. As part of the broader investment in Launceston, under the 10-year TasWater plan and under the shorter-term plan that we originally proposed, \$270 million will be available.

In the case of Mac Point, there are opportunities for development at that site. There is a very close working relationship between the State Government, TasWater and Macquarie Point. There are some immediate engineering solutions that can be dealt with that will improve the performance of that wastewater treatment plan, enabling investment to continue over the short to medium term without the requirement of the removal of that site until it is absolutely necessary.

Mr O'BYRNE - Have you seen TasWater's price modelling? The modelling they have done, the cost pricing?

Mr GUTWEIN - In terms of Mac Point?

Mr O'BYRNE - No, in terms of your water and sewerage reforms?

Mr GUTWEIN - What we are countenancing in the MOU?

Mr O'BYRNE - Yes.

Mr GUTWEIN - I understand Treasury has been working closely, but -

Mr O'BYRNE - Have you seen it?

Mr GUTWEIN - No, I have not.

Dr WOODRUFF - Returning to processes around the application of the Local Government Act to manage impropriety, misconduct and allegations of corruption on local councils around the state. In February this year four of the Glamorgan Spring Bay councillors put out a press release and read to the council meeting this statement from Deputy Mayor Cheryl Arnol, Cr Britt Steiner, Cr Jennifer Crawford, Cr Debbie Wisby to a special general meeting. Amongst other things, they listed major concerns with the mayor, Michael Kent, including a failure to comply with meeting regulations, to act as a spokesperson of the council and to appropriately oversee councillors in the performance of their functions and the exercise of their powers. They state that these concerns were based on the compliance with the Local Government Act not on personal positions or conflicts.

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There appears to be an active lack of investigation and timely intervention in councils around the state. To people who are watching, it builds up a picture which seems to bear some relation to your Government's development interests. There is no secret, Treasurer, that you are on the record for proudly opening Tasmania to development, including Chinese Communist Party-backed businesses, for example the mega development in Dolphin Sands, Cambria Green, which requires the support of the Glamorgan Spring Bay Council to get it over the line.

CHAIR - Dr Woodruff I remind you that your job is to ask the questions. You have a minute to do that. Can you put a question to the Treasurer?

Dr WOODRUFF - My question to the Treasurer relates to the guidance, the direction, the actions of the Office of the Director of Local Government. It appears to be silent when it is required by the community and councillors and very active in support of other development interests. It seems to be that you are weaponising the Director of Local Government in support of your development interests. It is deeply concerning to people that you have opened the state up with a lack of planning. It is putting us in a precarious situation. It is bad for communities and councillors who try to stand up to their community do not get any support.

Mr GUTWEIN - Dr Woodruff, is there a question there?

Dr WOODRUFF - Can you be honest with the committee about the fact that you have kept the Glamorgan Spring Bay Council without the sort of investigation councillors have been seeking for years so that you can have a development like this come in and have a tame council sitting there doing your bidding?

Mr GUTWEIN - No, that is patently untrue. My role as minister, if complaints are made to me, they get forwarded to the Director of Local Government, then he exercises his statutory responsibility in terms of those complaints. If he is in a position where he can talk about any matters that he is following up it is a matter for him. In relation to some of the allegations that you have raised, I have come to understand that in all cases there are always two sides to a matter. The director will obviously do his best to fully understand matters before determining whether to proceed.

You took a long time to get to your question but you are in an alternative universe on these matters, to be frank. We have demonstrated that where there are challenges and issues, we will use the powers that are available under the act, including inquiries and other actions, where it is necessary and relevant to do so. The Director of Local Government does not act under my direction. He is an independent statutory officer charged with looking after the act. He can provide some detail about some of the matters that you have raised.

Mr TAY - In relation to Glamorgan Spring Bay, my predecessor undertook a general investigation. That report was publicly released in 2015 or 2016, I would have to check the date. It made several recommendations to councils about allegations that were made at that time. I have since asked the council for regular updates against those recommendations and again they have been put on our website.

In relation to the particular correspondence around that special council meeting, the point I was making at that time was that the local government act has no standing in terms of no confidence motions. There is no consequence for any person under a local government act if a no confidence motion is moved and passed.

If there are particular allegations they should be put formally. As I said to you in the previous answer, our processes to go through those are undertaken on their merit. Other examples where we have recently undertaken these sort of investigations last year were complaints about the Derwent Valley Council's governance around things like lending practises. That report again was publicly released. More recently we released a report in relation to the leak of confidential information out of Hobart City Council.

On our website we have a particular area where we have conducted previous investigations and you can see the processes that we undertake and the outcomes of those investigations.

Dr WOODRUFF - A follow-up question then thank you Mr Tay. Two councils were in boards of inquiry at the same time: Glenorchy City Council and Huon Valley Council. In both of them, the boards of inquiry processes have been completed. You forced the Glenorchy City Council to an election in January this year. The Huon Valley Council also could have gone to an election at the same time. They both would have then had democratic councils operating. Instead you have kept the Huon Valley Council under administration and many people in the Huon are saying that surely it has to do with the Dover woodchip port development application and you have somebody in there who stated on the record as being in favour of the southern port. Adriana Taylor has made media statements saying that she is on the record for supporting the idea of a southern port. There seems to be a development link behind the way councils are being treated.

Mr GUTWEIN - That is patently untrue and you are trying to paint a picture of a conspiracy here that does not exist. The Huon Valley Council -

Dr WOODRUFF - It is much discussed, though.

Mr GUTWEIN - I have made this point publicly before. Out of all of the 29 different municipalities, the Huon Valley Council - and this goes with respect to you as a former mayor - I think I have received more letters of support for the way that council is being administered than I have received in relation to the other 28 councils.

Dr WOODRUFF - I want to put on the record that administrator Taylor is doing a fantastic job, there is no question of that, but it is about democracy, minister, it is not a reflection on her in that role. You get rid of a dysfunctional council and you put a new one in as soon as possible, so why did you rush to take Glenorchy back and give them a say in what happens but not the Huon Valley Council? They have a major southern woodchip port proposal that is just getting dropped in right now.

Mr GUTWEIN - No, you are hunting down a conspiracy theory that does not exist. In terms of the Huon Valley Council, there were a range of ministerial directions that came out of the board of inquiry. Some had been completed and some had not and it was felt that it was best to provide the administrator the opportunity to work through all of those ministerial directions and provide a clean slate for the council to be elected to come the October elections this year.

In terms of Glenorchy, that was not a similar process to what occurred in respect of Huon Valley. You would recall we had a vote in the parliament because we brought in legislation to be able to dismiss the council. That was a significant and extraordinary thing to do but the circumstances were -

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Dr WOODRUFF - Did you vote for it or not? Minister, I want to know your reason for treating these councils so differently because you say it was decided. Who decided it?

Mr GUTWEIN - There is no need to shout me down; I am part-way through explaining the difference. In terms of the Huon Valley, the commissioner was working on a series of ministerial directions which will be completed by the time they go to the elections in October.

In terms of Glenorchy, that was a very different set of circumstances. There was a board of inquiry that had been embroiled in the courts for a period of time and significant dysfunction within the council itself. The decision was made by the parliament which, as I recall, you supported, to dismiss the council and to allow them to go to elections earlier. The Government's view was that Glenorchy would be and is best served by having democracy returned at the earliest opportunity, and I think the people of Glenorchy welcomed that opportunity in terms of the turnout in respect to the poll.

A new council is now in place and I am sure we will have some discussion about rates and their budget circumstances later today, but in my mind they were two completely different circumstances. As I recall, you and those members of the Opposition who were in the Chamber unanimously supported in the lower House the Government's decision in respect of Glenorchy.

Mr HIDDING - While we are on the subject of Glenorchy, you indicated publicly that you have been in regular discussions with the mayor and general manager over the last few weeks and have offered several options to assist the council financially with the very large debt that council created for itself. Can you outline the level of support the Government has offered and, given the information provided to you, what are your views on the 12.5 per cent rate rise passed by council?

Mr GUTWEIN - I made this point last week in parliament and I also indicated this to the mayor. We have worked with Glenorchy to provide different options for them. I was disappointed today that the mayor framed up the board of inquiry costs as being one of the drivers for the 12.5 per cent rate increase. The point needs to be made that in last year's budget Sue Smith, who we all know in this place and is a very well-respected former member of the upper House but also of local government, booked the bulk of the expenses for Glenorchy in last year's operating expenses. Around \$690 000 of the total expenses were booked in last year's budget so in an operating sense the impact over the next couple of years from the board of inquiry in respect of Glenorchy's operating statement was to be less than \$100 000 a year. Sue Smith had taken that opportunity.

The council had also made a cash contribution or payment, which Mr Tay will find for me. They made a cash payment in the last financial year of \$218 000 -

Mr HIDDING - For what? Towards costs.

Mr GUTWEIN - They expensed it, which means in terms of their operating statement moving forward and whether they were in surplus or a deficit position, the impact of the board of inquiry on their operating statement is negligible, because Sue Smith took the opportunity to do that before she left.

What we have done as a government is provided them this year with a period where there will be no payment required at all in terms of the outstanding costs associated with the board of inquiry. What we have said is that after a period of freeze on any repayment, there will be a five-year period to repay the outstanding balance. That provides, as I understand it, an annual saving of around

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\$200 000 in terms of the cost impact in a cash sense to Glenorchy. We had also provided Glenorchy an opportunity to restructure their Tascorp loan portfolio. Glenorchy does not carry a high level of borrowings, but they had a suite of loans, some of which were to be repaid in early 2022-23 and others that were out to 2027. The shorter-term ones had a prevailing interest rate that was locked in some years ago, so we offered to bundle them all, put them onto a repayment program over the 10-year period with a lower prevailing interest rate.

The savings to the council in the first 12 months would have improved their cash position by nearly half a million dollars as well, but the council chose not to do that. To be clear, over the period of 10 years there would have been around a \$30 000 cost as a result each year, so around \$300 000 over the period because of the extension, but it provided significant savings in respect of their costs of finance immediately.

Third, we offered them an interest-free loan. They raised with us that there were two key properties they had discussed that they were looking to sell. One was Wilkinsons Point, which the point should be made had already been taken to market around the time of the GFC, but investor interest waned through that period so it was not sold.

Mr O'BYRNE - It was a tough time for everyone.

Mr GUTWEIN - In 2008-09 it had an impact. They were intending to repackage that and take it to the market and we offered the Coordinator-General to provide any advice that might help, bearing in mind he is not a valuer or a real estate agent, but to assist them with that process. What we have offered to them is a similar loan, as the former mayor would be aware, that was available under the northern economic stimulus package, where an interest-free loan was provided for a period of up to five years. This one will be linked to the sale of property proceeds and repayable either as result of sale of the property or within five years, whichever occurs sooner. We provided those opportunities.

One thing that has exercised my mind through this is that, unless Labor has changed their position, they are not a supporter of rate capping.

Mr O'BYRNE - No.

Mr GUTWEIN - You are not a supporter of rate capping. We're not either. Local government is elected and around the table they set their own rates and that is their role and responsibility.

My concern is that there could have been and should have been a different pathway back to a stronger cash position. It appears Glenorchy has taken the opportunity to do it in one year. A sensible pathway back would have been to have provided a three- to four-year pathway where there might have been rate increases, above the level of CPI or the standard rate increase of 2.5 per cent, which would not have had the impact 12.5 per cent would. That is an opportunity the council had to -

Mr HIDDING - What are they telling you with this 12.5 per cent increase? Is it going to be like a levy, a one-off, and therefore a 12.5 per cent reduction next year? It is going to stay in place.

Mr GUTWEIN - What I am aware of is that they will increase rates by 12.5 per cent this year with the expectation that next year - as the mayor informed the ABC - it would return to a situation normal of around 2.5 per cent to 3 per cent.

Mr HIDDING - That is a permanent 12.5 per cent lift.

Mr GUTWEIN - Which could have been managed with a different pathway. Members would recall when we came to government and we had difficult budget circumstances, we charted what was then a six-year pathway back to surplus. We were able to deliver that sooner. In this case, Glenorchy City Council has chosen to do all of that work in one year and that is a matter they will need to explain to their community.

Ms DOW - In the past you have criticised councils for their reliance on dividends from TasWater. Isn't this a little hypocritical given the Government's reliance on dividends from your own GBEs for management of your Budget?

Mr GUTWEIN - I haven't criticised them because of receiving dividends from TasWater. They own a business and they can -

Ms DOW - But you have said they should be able to manage without them.

Mr GUTWEIN - What I have said is, if you are faced with a situation where the economic regulator is explaining to you year after year that the performance of your water and sewerage system is, in some cases, worsening, that the focus should not have been on receiving such high dividends and should have been allowing the business to invest more to solve some of those problems. That was a position, as you would well be aware, that was adopted by the board of TasWater in August 2016.

Ms DOW - There had been some discussion by local government prior to that about freezing dividends.

Mr GUTWEIN - The board chose not to freeze. It chose to cut and reduce the returns to councils to \$20 million from around \$30 million so further investment could occur. That is what I was critical of: the fact that local government, as the owner of this business, had been happy for many years to take significant dividends - around \$30 million year-

Ms DOW - With due respect, they were assets.

CHAIR - Order. You've put a question. Allow the minister to answer it.

Mr GUTWEIN - With all due respect it was an asset in that you have an independent economic regulator explaining to you year after year that the performance was not up to scratch. In some cases, waste water discharge from the treatment plants was actually worsening, yet you chose to take the dividends. That was the point I was making.

Of our government businesses, if you look at the energy businesses for example - we have been prepared to reach in, to set the wholesale electricity price, forgo significant revenue -

Ms DOW - On the advice of the economic regulator around pricing regulation?

Mr GUTWEIN - Seventy million dollars was the revenue forgone last year when we made that decision. If we had not have done that, rather than having a 2 per cent increase in their

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electricity price Tasmanians would have been faced with an increase in excess of 15 per cent. To use your logic, it sounds like you would prefer that as opposed to the steps that we took.

Ms DOW - I did not say that; I was questioning.

Mr O'BYRNE - Minister, in relation to your relationship with the chair of TasWater, you refer to him as being 'duplicitous' and 'self-interested'. You said, 'I have been concerned for some time that Mr Hampton has not been acting with the best interests of the Tasmanian community in mind'. You have also said on the record that 'I think he is acting in his own self-interest, rather than Tasmania's best interests'. How is your relationship with Mr Hampton now?

Mr GUTWEIN - Mr Hampton and I get on very well.

Mr O'BYRNE - It shows that you have got on swimmingly well for a while. After 18 months of war it looks like you capitulated and he won.

In relation to the deadlock arrangements in your ownership model, given you have had such a fractured relationship and that you have the propensity to launch attacks on people, how do you reconcile that kind of history and relationship with good governance and good management in the absence of any public commentary around a deadlock arrangement resolution?

Mr GUTWEIN - You are missing the point. We are at a point where we can deliver a better price path for customers and we are going to be able to deliver better investment for customers.

Mr O'BYRNE - That is not true.

Mr GUTWEIN - You can sit there and parrot whatever you like. At the end of the day that is the agreement we have entered into and that we are working through with TasWater.

In terms of deadlock provisions, these matters will be considered as we frame the legislation. The company looks at its own articles of association and constitution. We will arrive at measures that will be able to be utilised in terms of deadlock. That is not uncommon in a corporate sense.

Mr O'BYRNE - I am not saying it is, but you attempted a hostile takeover for 18 months, and you have been personally denigrating the chair of the company for a long time, quite personally - this is not just a disagreement on policy. You have attacked the bloke personally. Now you are expecting Tasmanians to think that did not happen, everything is okay. We haven't even seen a deadlock provision. This is of great concern to the Tasmanian community. Have you got a preferred model around the deadlock?

Mr GUTWEIN - You are the first person who has raised it with me so you have been thinking long and hard about what this might look like.

Mr HIDDING - The only thing that he might have found that is something he can't quite get his head around.

Mr O'BYRNE - To be honest, member for Lyons, I would not be opening up my mouth too often.

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Mr GUTWEIN - It is not uncommon in the corporate sense for there to be provisions included in terms of managing a deadlock. That will be no different under these circumstances.

Mr O'BYRNE - In the 12 months leading up to the state election you repeated endlessly the claim that TasWater underperforms and provides third-world standard of services. In particular that you repeated the stat that TasWater has a record of sewage spills per 100 kilometres of mains eight times higher than the national average.

What are your plans? In our view your capital injection only covers the cap. If you are concerned about sewage spill, what is your commitment to the Tasmanian people in reducing these spills? For example will you commit to reducing sewage spills to equal that of a national average by a certain date and if they do not meet that target will you provide more funding?

Mr GUTWEIN - We are going to work with TasWater to accelerate its program. I think that is a good outcome for Tasmania. I am glad you are taking an interest in this.

Mr O'BYRNE - We are here asking questions on behalf of the Tasmanian people. This has been an intense debate publicly for the last 18 months.

CHAIR - Mr O'Byrne, the Treasurer was still answering the question. Please do not interject.

Mr GUTWEIN - I welcome the opportunity to talk about the process we are going forward on. The MOU has been struck and TasWater and Treasury are engaged in working through these matters. There will be a proposal put to local government in August, a final vote in September and I am hopeful legislation will proceed thereafter. The feedback I am getting from the sector and those councils I have engaged with is that in the main people are comfortable and happy we have arrived at this circumstance. At this stage the negotiations have been occurring between Treasury and TasWater as they work through the issues related to the MOU and then local government will have an opportunity to look at those matters.

Mr O'BYRNE - How much of that capital injection goes to infrastructure under the MOU as opposed to paying for the price cap?

Mr GUTWEIN - The capital investment will be a matter for TasWater to manage its own balance sheets.

Mr O'BYRNE - So you don't know? You are saying it is achieving a policy outcome. I asked you how and you say you don't know, it's up to them. You can't have it both ways.

Mr GUTWEIN - Now you're just verballing me. We are providing and TasWater have provided advice that that flow of equity into the business will enable them to manage their balance sheet and provide the outcomes we are looking for. How they restructure their balance sheet - and there are a lot of moving parts on their balance sheet - is a matter for them. We are interested in understanding they can provide the outcomes we have agreed on.

Mr O'BYRNE - Based on that, if TasWater struggles to reach the outcomes and goals you have set out as the justification for the MOU, will you rule out extra funding?

Mr GUTWEIN - In the same way we would work with any of our government businesses, this will be a business we will part-own. We will work with them over time to deliver the outcomes

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agreed on in the corporate plan. In the MOU the corporate planning process is envisaged to be on a joint basis so we will have equal input.

Mr O'BYRNE - What if there is a disagreement?

Mr GUTWEIN - If there is a disagreement there will be a sensible mechanism, as occurs in many corporate structures, and you would determine the outcome of a deadlock. I don't know what you're looking for here.

Mr O'BYRNE - Answers.

Mr GUTWEIN - Perhaps you should change your questioning from looking for something to do with politics to what is occurring here.

Mr O'BYRNE - This is of intense interest to the community. You embarked on an 18-month war with local government and we now hear a conversation after the election, within weeks of you seeking a mandate and then you change your mind completely, 180 degrees. It is astounding.

Mr GUTWEIN - It demonstrates I am an outcomes-focused politician.

Mr O'BYRNE - Ha! I've heard it all now. Remarkable! You could have saved 18 months and a lot of time and money if you'd just sat down in the first place. You're admitting it.

Mr GUTWEIN - We are going to get an outcome that delivers our policy aims.

CHAIR - Minister and Mr O'Byrne, we are moving on. Dr Woodruff has the next question.

Dr WOODRUFF - As we know, the Huon Valley Council is in administration for, among other reasons, to restore openness and accountability systems to the council. I understand your office is in the receipt of a letter from a Huon Valley constituent - whose council Ms Taylor is the administrator of - regarding the current practice of the council not making development applications that have been advertised available for download, saving or printing. He says that advertised development applications cannot be downloaded, saved or printed but until September 2017 he was able to download, save and print it. The council advised that software changes came into effect and that was no longer possible. They also advised him it was not possible beforehand but he has been doing this for years, and I can attest to that as a previous councillor.

My question is in relation to the many people who want to have their say about the Southwood fibre woodchip port application when it becomes live, possibly in a very short amount of time. Will you direct your Government-appointed administrator to enable residents to have the same access to development material as residents of other councils do? At the moment they have to drive into the council to look at a copy.

CHAIR - Dr Woodruff, you have had a minute and a half to put the question.

Dr WOODRUFF - I am letting the minister understand the regional physical limitations to accessing the material.

Mr GUTWEIN - If it is the correspondence the director thinks it might be that arrived today, I have been in Estimates so I have not seen that correspondence. As with all these matters, we will

have a look at it and formulate a response. You said I should direct the commissioner. You know I have no powers of direction under the act. The commissioner is appointed with the same powers as a mayor or as a council and performs the function of the council. There is no power of direction I have to direct her to do anything. I can look at the correspondence and if there are matters we think should be raised with the commissioner I am happy to do that. In terms of the correspondence I have not seen it yet and if it is the correspondence the director thinks it might be it has only come through today, so it would be reasonable to allow me to consider that correspondence and provide a considered response.

Dr WOODRUFF - In principle, I hope you would argue for residents in regional councils to be able to do what any other person in Tasmanian society can do, which is to look at things online, save them, print them and share them in terms of access and openness for things such as major environmentally damaging developments that are highly controversial in the area that many hundreds of people want to have a say about. If those same hundreds of people have to drive to the council, that is not increasing accountability and openness, so in principle, would you direct the commissioner to consider that as an issue?

CHAIR - Order, Dr Woodruff. I need to remind the committee and yourself that we are dealing with Local Government and if you are talking about a planning issue, the relevant minister is not here. It is for your benefit and everybody else's for the efficiency of these committees that the appropriate questions be asked to the appropriate ministers.

Dr WOODRUFF - Point of clarification then, Chair. I was asking a question of the Minister for Local Government about the role of the administrator in ensuring transparency and accountability. It just happens to be on a planning issue matter but it is still the issue of the role the administrator in local government.

Mr GUTWEIN - I will go back to where you suggested I should direct the administrator -

Dr WOODRUFF - To consider.

Mr GUTWEIN - I cannot direct the commissioner to do anything. I can request the commissioner to look at matters but until I have considered the correspondence and am fully aware and across the issues, I am not going to make any commitment to do anything other than to consider the correspondence and deal with it appropriately.

Dr WOODRUFF - Leaving that matter aside, would you agree that all residents of councils should be able to download and look at current development applications when they are open for people in their municipality to make a representation?

Mr GUTWEIN - I would hope people would have that opportunity but I am not aware of what the issue is, nor have I been briefed as to why there might be a difficulty for the Huon Valley Council in making those documents available. That could be a software issue or a hardware issue and it might come with a significant cost, I do not know. What I will do, as I have said and I will provide you with a commitment, I will look at the correspondence, form a view and then I will take what I consider to be the appropriate action in framing a response.

Dr WOODRUFF - It would be very unfortunate if such a massive development was not able to be looked at by the local residents who have views about it. It would be an unfortunate alignment of planets, that is all.

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Mr GUTWEIN - You are looking for a conspiracy theory that does not exist. I will have a look at the correspondence and I will respond appropriately.

Mr O'BYRNE - Can you step me through the time lines of your actions around the Glenorchy City Council, please? Specifically when you identified the dysfunction, when you suspended and when you sacked the council and called the elections.

Mr GUTWEIN - If you are asking me when I first received correspondence or was informed of matters -

Mr O'BYRNE - Key moments that triggered your action or rather your decision to act or not to act.

Mr GUTWEIN - There is a range of correspondence that came in. This time line of events talks about the time line of the board of inquiry. I think what you are looking for is the -

Mr O'BYRNE - Prior.

Mr GUTWEIN - Prior to that. I am happy to take that on notice and provide you with some detail. It would have been in the 2014-15 year that issues were first raised in correspondence. In terms of getting to a point where you can form a view that a board of inquiry is required, there is a range of advice that needs to be sought. I am happy to provide you with some better information. I need to be checking a correspondence log to do that.

Mr O'BYRNE - You will take that on notice?

Mr GUTWEIN - If you put that down. You are looking for a time line in respect of notification?

Mr O'BYRNE - It was pretty clear and I think it was February 2016. We will put that on notice. The issue of a dysfunctional Glenorchy City Council really exploded at the council meeting, I think it was February 2016. The mayor referred the matter to the Director of Local Government and it was around the adjourning of a meeting and a budget meeting that the general manager was involved in. Correct me if I am wrong on the details of that. That was the meeting that sparked a referral to the Director of Local Government.

A month later the director found in favour of the mayor as to the legality of that meeting. Surely if I have that right, Mr Tay, if you want to - this is before your time, I suppose, wasn't it?

Mr TAY - It was, that is correct. I believe the board did set that out in its report.

Mr O'BYRNE - Surely this was a sign of catastrophic failure of governance, particularly with dysfunctionality between the mayor and the general manager, and therefore the entire council. Why did it take until October of that year, some six months after the Director of Local Government acknowledged the position of the mayor was essentially untenable given the relationship with the general manager, to intervene and to appoint an administrator?

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Mr GUTWEIN - It is a very serious decision. Are you speaking of the appointment of an administrator or of the board of inquiry being established? What was the date of the board of inquiry?

Mr TAY - The board was established on 14 October 2015.

Mr GUTWEIN - The board is looking at those matters, the council is functioning through that period. Democracy is a fragile thing as you well understand and matters that were raised through this process, sitting around the table, losing a vote or having a voting bloc which occurs regularly in councils, is not a reason to move to administration.

Mr O'BYRNE - The point I am making, is that it was not a vote.

Mr GUTWEIN - I was criticised by your side of politics for moving when I did move. I would need to go back and have a look at that. If you are looking for a time line for when matters were first raised with me and the process we undertook, I am happy to provide that to you. I am also happy to provide you with the time line that the board of inquiry proposed in respect of its report.

Mr O'BYRNE - Do you accept that the council was imploding and it exploded in that February-March period? Your director of local government at the time acknowledged that the mayor was in a significantly compromised position. Why did it take you six months to act? Do you understand my point?

Mr GUTWEIN - Through this, there is information and evidence and work that needs to go on to get to a point before you make a decision, such as appointing an administrator. Under the act, that is a very serious decision to make. Under the Local Government Act the powers of a minister to direct a council to do anything did not exist until we changed the act as a result of some of the -

Mr O'BYRNE - But you can appoint a board of inquiry.

Mr GUTWEIN - You can appoint a board of inquiry and you can appoint an administrator but there were no intermediate steps under the act whereby you could provide direction to a council or to an individual. We have now included those in the act. We needed to be confident that we were making the right decision and there were processes that were undertaken and I took advice every step of the way from the local government director.

Mr O'BYRNE - With the benefit of hindsight, would you have acted more quickly?

Mr GUTWEIN - Hindsight is an opportunity that you do not have as a minister in working through these issues. You know, you have been in my chair.

The lack of appropriate tools, which I am certain was evident at different times under the previous administration, and no action was taken. The lack of having appropriate tools under the Local Government Act is something that I have remedied. It was quite evident at that particular time that we did not have an opportunity to pull a lever to provide some direction to a council in those circumstances. We needed to go through the process of establishing and confirming the need to take that next step of appointing an administrator.

Mr TAY - Just to add to that, it was certainly the case, and it was before my time but I am aware that my predecessor undertook some actions in attempting to try to get resolutions to some

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of these issues. For example, I am aware that mediation between the mayor and the general manager at the time was arranged and ultimately was not successful. This supports the point the minister has just made. Without any formal intervention tools, other than a board of inquiry, those sorts of efforts at a more softer interventionism, as you might like to describe them, were made, but ultimately they were unsuccessful at that time.

Mr GUTWEIN - I met with the mayor and the general manager as well through that period to attempt to negotiate an outcome that would provide them with an agreed working position. We took every opportunity we had under the act to get an outcome rather than moving the council under a commissioner. As I say, there were no powers of direction available to me then or to the Local Government minister. We engaged and worked with the parties involved. When it became apparent that was not going to provide an outcome then obviously a commissioner was appointed.

Mr O'BYRNE - With the appointment of the commissioner, what sort of process did you go through to select the person?

Mr GUTWEIN - I sought advice from the Local Government Division and we had a discussion about the types of attributes a commissioner would require. Sue Smith was one of the names that was considered. I must admit I felt with her background and very strong standing in local government and the role she played with LGAT having been a mayor as well as her period of time in politics put her in good stead to be an administrator.

Mr O'BYRNE - Perception and independence is extraordinarily important in these things. Were you aware that commissioner Sue Smith was a colleague of former mayor and one of the major players of the Glenorchy City Council, Stuart Slade, on the RACT board, when you appointed Ms Smith as commissioner for the council? Can you understand that there may be a perception of conflict of interest there? Were you aware of that at the time?

Mr GUTWEIN - I was not aware of that. I can't recall that.

Mr O'BYRNE - How often did you meet with the administrator?

Mr GUTWEIN - At different times I would have spoken to the commissioner weekly. At other times it would have been more regular than that.

Mr O'BYRNE - And you were generally happy with her performance?

Mr GUTWEIN - I guess in judging a person's performance in a role like that you receive feedback from the community. Bearing in mind that a commissioner has the powers and functions of a council, the feedback I was receiving from the Glenorchy community was positive.

Mr O'BYRNE - Do you believe it was appropriate for the commissioner to make a long-term appointment of a new general manager just weeks before the January 2018 council election?

Mr GUTWEIN - I was asked this question yesterday. That is a judgment the commissioner had to make and was empowered to make.

Mr O'BYRNE - Did she brief you on that? Did she inform you she was intending to do this?

Mr GUTWEIN - Not before she made the appointment, no.

Mr O'BYRNE - It is a significant appointment though, isn't it, particularly with a council heading into an election.

Mr GUTWEIN - The appointment of a general manager is a matter for the commissioner. I have to say that Sue Smith in her dealings was, to my mind, beyond reproach. She took on what was a very difficult set of circumstances and did a very good job.

Mr O'BYRNE - One final question on Glenorchy. Given the dramas we have seen and the Glenorchy ratepayers facing a significant increase in rates, were you comfortable with the commissioner running a \$1.8 million underlying deficit in 2017-18? Do you think it was the right decision to only increase rates by 2.5 per cent? Did the commissioner brief you on this and did she seek your advice?

Mr GUTWEIN - My understanding in terms of the budget circumstances is that the council had an early receipt of a 2017-18 financial grant installed from the federal government in June 2017 which reduced the forecast for the 2017-18 revenue by around \$1 million which led to a larger deficit than planned. The pending impact of the TasWater dividends at that time was also understood and known. The Auditor-General has audited the accounts and provided an unqualified audit report for Glenorchy.

Mr O'BYRNE - I am not saying anything is illegal, I'm sure it's all consistent with accounting standards, but the question is that there was -

Mr GUTWEIN - I just indicated that it appears there was a significant revenue item that was brought forward. In terms of the budget for last year, the point needs to be understood that Sue Smith took the opportunity at that time to book a significant expense for the board of inquiry and I expect her thinking was to ensure that was taken care of before a new council was appointed.

Mr O'BYRNE - But it was a forecast deficit, it wasn't a shock.

Mr GUTWEIN - In terms of last year's budget I think Sue Smith did the responsible thing. You can look, but I hope you don't attempt to damage Sue Smith's reputation.

Mr O'BYRNE - I qualified it earlier by saying there is a perception. There were a number of decisions made. Anyone in public life, when they take on a role, needs to be satisfied they have taken the appropriate steps. I am not saying anything personally against Sue Smith; I have known her for many years and have the highest regard for her, but there are a series of questions that need to be asked which are causing enormous concern and grief for the Glenorchy City Council and their ratepayers. You say you met with her and spoke with her weekly. These are significant matters.

Mr GUTWEIN - Normally my contact with Sue would have been by phone. I did meet with her over the period on occasion but in appointing a commissioner you have to make a judgment as to whether they can exercise the powers and functions of the council. I exercised that judgment and the feedback from the Glenorchy community during that period, which is the best litmus test for whether somebody who has taken on a role is performing it well in a council, was very positive.

Dr WOODRUFF - Minister, in February this year the Huon Valley Ratepayers Association had a public forum as part of the pre-election conversations with candidates. Adriana Taylor, the administrator, was present and as we have discussed before, she is acting as administrator on behalf

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of the council. She is also on record for supporting the idea of a southern port. My question is about a comment she made at that meeting that in relation to assessing the proposed woodchip export development application she would abide by the advice of the council's planning department to form her decision. She said words to the effect that this is what responsible councillors should do and therefore there is no difference between one person making a decision or nine democratically elected councillors. In my experience as an ex-councillor I brought to the table, as do other councillors, interrogation of the reports in front of me and assessment of whether there had been a lack of information obtained, et cetera. If there is no difference between nine good councillors and one administrator, what is the point of having Adriana Taylor there on the council at all? By her own argument she is essentially saying the decision-making process is to just tick a box. Do you think that is true?

Mr GUTWEIN - What I heard you say was that Adriana Taylor had said at a function that she would be guided by the advice of her planning department.

Dr WOODRUFF - She would take the advice.

Mr GUTWEIN - She would take the advice, which in a planning sense appears to be reasonable. The role of Adriana Taylor as commissioner for the Huon Valley Council has received broad support from the community. I think you yourself said she has been exceptional -

Dr WOODRUFF - I said there has been broad support for the work she has done.

Mr GUTWEIN - I might have lifted the bar a bit but I will check to see because I thought you were quite glowing in your praise. Setting that aside, I was not at that meeting. I would be more concerned if the commissioner had said she would not follow good planning advice.

Dr WOODRUFF - Do agree that the role of councillors is just to follow the direction of the reports council staff have provided them?

Mr GUTWEIN - In terms of planning it would be wise for councillors to take on board the recommendations of experienced professional in the planning space. There are many examples where councils have not done that and then have had decisions overturned by RMPAT.

Dr WOODRUFF - Agreed.

Mr GUTWEIN - If what Ms Taylor is saying is that she would take on board professional planning advice provided to her I think that is far more sensible than her attending a meeting like that and saying she would not take on board or not utilise the professional advice provided by planners within her council.

Dr WOODRUFF - Do you accept it is possible there would be more than one interpretation of a planning report that has been provided by planning staff to a council meeting about a development application?

Mr GUTWEIN - There may be views but in terms of whether a development meets the planning scheme requirements and the rules associated with that, I would have thought planners are best placed to make that judgment.

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Dr WOODRUFF - Do you think it is not possible that a councillor might pick up something that a planner missed or an interpretation they made that was not precise?

Mr GUTWEIN - Now you are being very subjective.

Dr WOODRUFF - No, it is quite germane to this. Is there any difference between one view and nine views about a council staff planning report?

Mr GUTWEIN - What you are putting to me is that we have a commissioner who has been appointed with the powers and functions of a council and who has said publicly that she would take the professional planning advice provided by her council and accept it. I think that is perfectly reasonable.

Dr WOODRUFF - Do you think there is any difference between assessing a woodchip export facility application and a garden shed, for example? Do you accept they are very complicated and there might be something that could be missed?

CHAIR - Order, Dr Woodruff.

Mr GUTWEIN - I am not a planner but I would have been more concerned if you were sitting here telling me the commissioner for the Huon Valley had made a statement that she would not accept professional planning advice. That would be a concern.

Dr WOODRUFF - So any councillor who goes against their council staff's recommendation and amends it any way is doing something incorrect? That is really what you have just said.

CHAIR - Order, Dr Woodruff. I am going to Mr Hidding and then Mr O'Byrne.

Mr GUTWEIN - No, what I am saying is -

Dr WOODRUFF - I think you are, actually. You are saying there is no room for engaging and interpreting at all in any way different to what council staff prepare and there is never a possibility they might have missed something.

Mr GUTWEIN - That was not your question.

Dr WOODRUFF - Just then it was my question.

CHAIR - Order, Dr Woodruff.

Mr GUTWEIN - No, your question was whether I thought it was appropriate that the commissioner of the Huon Valley said at a public meeting that she would take professional planning advice.

Dr WOODRUFF - That was a question a few questions back.

Mr GUTWEIN - It is perfectly reasonable for someone in that position to suggest that is what they would do.

Mr HIDDING - Minister, in the discussions you regularly undertake with local government around Tasmania, what considerations have you made on initiatives and activities that might be implemented into the future?

Mr GUTWEIN - Thank you for that. In terms of the discussions we have had, we had a very positive meeting recently with PLGC and a range of conversations with local government bodies across the state. We began a reform process in the last term and had a targeted review of the Local Government Act. I think largely that delivered on some of the outcomes that were necessary in terms of that legislation, bearing in mind that that act was developed and implemented back in 1993, so this year marks the twenty-fifth anniversary of the introduction of the Local Government Act.

It is fair to say that the past century has seen significant social, economic and technological changes and the roles of councils and community expectations have expanded in line with those changes. The Local Government Act has been amended and updated a number of times in recent years in response to emerging issues and the Government formed the view that continuous catch-up amendments are not desirable, efficient or sustainable and a fresh contemporary approach is needed.

Today I am very pleased to say that in conjunction with LGAT there will be a major review this term of Tasmania's local government legislation. We will work closely with LGAT through this process to ensure a best-practice regulatory framework for the local government sector in Tasmania is created for the twenty-first century. We will take the learnings from the last act, which has stood the state in good stead for 25 years, have a conversation and consultation process with local government and the community to ensure we can develop a contemporary Local Government Act that will stand the state in good stead for the next 25 years.

I would expect from a first-principles position that a contemporary framework for local government will support greater innovation, flexibility and productivity in the sector, work to assist overall efficiency and effectiveness of the services that councils provide, minimise the red-tape burden on councils, business and the broader community and will continue with our processes of enhancing accountability and transparency in the sector.

The Government will work closely with LGAT and release a public discussion paper in coming months inviting community and stakeholder contributions, ideas and options to modernise the Tasmanian legislative framework, starting from a first-principles basis. There will be a significant and ongoing consultation process including very close engagement with the local government sector and LGAT on this. I will have more to say at the local government conference in July, but I would encourage the broader community to engage and I look forward to working closely with local government on what will be a collaborative and consultative process to develop an act that will stand for the next 25 years and serve councillors well in the twenty-first century.

Mr O'BYRNE - Just to clarify my point around the administrator, you said you were in regular contact with her and sought a range of views about her performance while she was in the role. I think people were very happy to be post the circumstances that were there but I just want to clarify that she did not seek your views or brief you on the decision to appoint a general manager just weeks before the council elections and she did not brief you or seek your advice on the rate increase of 2.5 per cent at the time.

Mr GUTWEIN - In terms of the rate increases, that was a matter for -

Mr O'BYRNE - She did not brief you on that at all?

Mr GUTWEIN - No, she did not brief me on that, but I am sure she briefed the local government director.

In terms of the appointment of Mr McMullen, I do not believe that I had any heads up that was going to be an appointment made. There was a process that was underway and I was not asked for my views, if that is what you are asking.

Mr O'BYRNE - It begs the question, what did you talk about then?

Mr GUTWEIN - Sue Smith was somebody who had a wealth of experience in that sector. There was a range of matters that she was dealing with internally with the council. The correspondence that at times was for the both of us -

Mr O'BYRNE - No doubt a tough period for you.

Mr GUTWEIN - We would discuss those sorts of matters.

Mr O'BYRNE - It is quite extraordinary, isn't it, that on those matters of revenue, the appointment of the administrative leadership of the council, it sounds like you spoke about everything but.

Mr GUTWEIN - When you appoint a commissioner you select somebody who has the experience and capacity to do the job. They take on board all of the powers and functions of a council. In terms of the engagement I would have had with the mayor of Burnie, for example -

Mr O'BYRNE - A democratically-elected mayor and a government-appointed administrator are very different.

Mr GUTWEIN - It is the role of the mayor and the council to make those decisions and in this case, I was confident that Sue Smith was making sensible and appropriate judgments.

Mr O'BYRNE - Thank you, minister.

Mr HIDDING - Are you aware of the ACCC concerns about shadow boards?

CHAIR - Mr Hidding has jumped -

Ms DOW - Minister, can you provide an update on all of the local government reform projects that have been happening around the state, where they are up to, and how much has been expended to date on each of those projects?

Mr GUTWEIN - Let me start in greater Hobart. SGS Economics looked at a number of models specific to the four greater Hobart councils - Clarence, Glenorchy, Hobart and Kingborough. The report indicates that a strategic alliance of all four of the councils would cost approximately \$900 000 per annum per year if they had brought themselves together. It would have provided a significant potential outcome of around \$294 million worth of net economic benefit, or around \$15 million annually. That was the greater Hobart study. The strategic benefits will be captured under the Greater Hobart Act that is being developed to ensure that the four major councils in the

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south plan strategically to take into account those matters of a strategic nature that will cross boundaries, impact on other municipalities. This study has put us in a great position to have a meaningful legislative framework ensuring that over time the four major councils in the south of the state collaborate and deliver real benefits.

Ms DOW - But they have decided not to undertake that new model of collaboration.

Mr GUTWEIN - They have actually proposed to formalise it through a Greater Hobart Act which will include -

Ms DOW - Not a Greater Hobart Council, though.

Mr GUTWEIN - They are not going to form a Greater Hobart Council but the greater Hobart study talked about a strategic shared alliance. In large part, that will be given life as a result of the Greater Hobart act.

The South East Councils Feasibility Study demonstrated that there were significant savings across all councils if there were shared services across the four councils. It raised significant savings if there were to be an amalgamation of four. That is now being looked at by Sorell and Tasman councils. I do not have the final report back from the board.

The Northern Tasmanian Councils Shared Services Study report indicated an annual saving of \$3.4 million per annum could be achieved as a result of a more strategic shared services approach. Cradle Coast, as you are well aware, the savings were considered to be around \$9 million per year.

We said that we would provide an opportunity for councils to have the data and evidence to make informed decisions by providing the funding to allow this to occur. It indicates that across the state there are millions of dollars in every region that could be saved, spent in other areas or could be utilised for rate savings. It is now incumbent upon local government to take on board those opportunities.

One of the things raised in the northern study - some very low hanging fruit - was the opportunity for savings of around one-and-a-half million dollars annually just from the procurement of legal services as a buying group as opposed to the individual arrangements that are in place. I understand they are starting to move towards this. With the greatest respect to lawyers, nobody wants to spend more on lawyers than they need to.

The savings that have been demonstrated around the state are significant. It is now incumbent upon local governments to use that evidence base to deliver those savings.

Ms DOW - Have they undertaken to do that in each of those projects?

Mr GUTWEIN - In the south we are moving to the Greater Hobart act and that stronger alliance. In the south east the amalgamation study is underway at the moment. In the north, it is my understanding that they have recently appointed or set aside a resource to work on these matters to capture these savings. In the north-west -

Mr TAY - General managers are working through various options across councils.

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Ms DOW - Is there any funding available in this budget to assist the councils in implementing some of those recommendations in the regions?

Mr GUTWEIN - There is significant funding available to the councils in their own region if they begin implementing some of these resource sharing models. You say that they won't -

Ms DOW - No, but they won't see those until they have implemented them. It was more about supporting them to start doing those structural changes.

Mr GUTWEIN - We have met our commitment which was to provide an opportunity for them to have the data and evidence. I don't believe that I have a formal request in front of me at this stage for further assistance but we will work with local government to achieve these.

On the north-west coast, some councils were happier with the outcome of the report than others, but it showed there were significant opportunities to capture savings that could then be utilised to either improve the professional services or other services to their ratepayers, or to put downward pressure on rates.

Ms DOW - To go back to my original question, what was the cost of each of those initiatives?

Mr GUTWEIN - I will give you the total figure, if that suits. We had a partnership with local government. We spent just on \$600 000 over the last four years on that work and local government spent \$385 000 so just under \$400 000.

Could I make one point to finish off on? It is a point that I made to local governments at the start of the four years. There was a shared services report that was provided by local government at the time. They analysed the shared service arrangements in Tasmania that were evident in place at the beginning of the last term. What that report informed us of is there were 154 shared service arrangements operating. Over half had no formal governance structure or had an informal management arrangement. Only 13 per cent had been subject to cost benefit analysis.

In 2014 a handful of councils indicated that they were in shared service arrangements which was not as clear as what it could be to other councils. The majority of councils reported they were participating in shared services, however, one council reported that they were not. It was identified by other councils that they were actually resource sharing with it which surprised me. One of the things we have been able to do is demonstrate that there are significant benefits from resource sharing and if they are prepared to engage in a meaningful way that they will improve services and outcomes for their communities.

Ms DOW - Given that you are doing a holistic review of the Local Government Act; you are starting to do that this year. You have done bits and pieces over the past four years -

Mr GUTWEIN - They have been targeted amendments. We will create a new act.

Ms DOW - Yes, so you are looking at it more broadly across the whole thing. You say you have undertaken to local government that they need to act on the data provided on local government reform and changes in models of local government in the regions. Is your position still the same on local government reform, as a government, considering that you are reviewing the whole act?

Mr GUTWEIN - In terms of amalgamation?

Ms DOW - Yes, even if those councils do not commit to undertaking that reform?

Mr GUTWEIN - Now there is a body of evidence that can be relied upon, it is local communities that will be responsible for raising issues with councils, where action isn't taken. Councils are a democratic bodies. I am sure that rate payers will inform themselves as to whether their councils have taken full advantage of those options available to it. We are in a democracy. We are not going to force amalgamation. Do you guys have a different view?

Mr BACON - Who is asking the questions here?

CHAIR - Order.

Dr WOODRUFF - The specific area plans are an element of the Tasmanian Planning Scheme that ostensibly exist to facilitate positive outcomes that are based on sound planning principles. Many residents now see these specific area plans as being devised by the state Government as a mechanism to bypass community input and local government local scrutiny. The Cambria Green mega-development at Dolphin Sands is a case in play right now. The Glenmorgan Spring Bay counsellors were only made aware of that proposed specific area plan and the need for public input was only made available four days prior to the council having to make a decision on it.

The rapidly increasing area of agricultural and other land being acquired by Chinese communist party-backed interest is of great concern to many residents, given it is part of a stated strategic plan by the Chinese communist government to do this.

CHAIR - You have a minute to ask your question.

Dr WOODRUFF - I am getting to it, Chair.

The local community minister needs to understand the context and consider the consequences of granting a specific area plan to a foreign-backed interest before making a full and considered decision.

CHAIR - You will put the question, Dr Woodruff, or I will move on.

Dr WOODRUFF - Do you accept that there is a problem, minister, with the rights of local residents to have their say first and on their own terms when an announcement was made four days before in Beijing about the Cambria Green development happening? Why does the Chinese business get all this time to develop their proposal and the community only get four days?

Mr GUTWEIN - The Cambria Green purchase would have been dealt with by the Foreign Investment Review Board, as I understand it. In terms of planning processes now - and I am not the planning minister - whoever owns that land, whether it be a foreign investor, a domestic or somebody from interstate, they will go through the planning laws that apply in the state.

Dr WOODRUFF - The local residents got four days. There was an announcement when it went live to them - it also went live in Beijing - celebrating the new Chinese town of Cambria Green in Tasmania. Do you see there is a problem there where maybe local communities need to have more of a real say about their land?

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CHAIR - Once you put the question, Dr Woodruff, allow the minister to answer it.

Mr GUTWEIN - I need to refresh my mind in terms of the process for the establishment of a specific area plan, or a particular purpose zone. My understanding is that those types of changes, if they are assessed by both the local council and the TPC, there is a period when they would need to be advertised for public comment. I need to check that, but I am almost certain that is the case. Therefore, the planning processes that are in front of this particular development at the moment are matters for the council.

Dr WOODRUFF - The planning decision being made by the council was whether or not they would allow a rezoning application to go to the Tasmanian Planning Commission -

Mr GUTWEIN - And the Tasmanian Planning -

Dr WOODRUFF - Can you not interrupt while I finish this supplementary question?

A \$100 million mega-development is something that many people in the community wanted to have more than four days to consider whether it should even go to the first step of rezoning. It is prime agricultural land. I am talking about a complete development within a specific area, which essentially takes away all planning controls. It essentially takes away the community's right to have a say.

Mr GUTWEIN - It doesn't. You will understand that with a PPZ or a SAP planning controls are involved -

Dr WOODRUFF - They are very loose. They are flabby.

CHAIR - Order, Dr Woodruff.

Mr GUTWEIN - The rezoning then is a process the TPC will conduct in the same way that it would conduct for any rezoning.

Mr O'BYRNE - I will give you another crack to answer this; you struggled last time. This is the difference between Huon Valley Council and the Glenorchy City Council. Returning councils when they have been essentially administered to democratic control is something that we all support. What is the justification for having two councils under administration in November and triggering an election for one but not the other? Your answer previously was that you had some good feedback. If that is the case do we just defer all elections?

Mr GUTWEIN - My answer previously was that directions were issued as a result of the board of inquiry that the Huon Valley Council was working under the Commissioner. Some of those directions were incomplete or were still in progress. The view was taken that it was best to provide the Huon Valley with an opportunity to go to the election in 2018 once they had completed that work. That would put the council in the best possible position with a new council.

Mr O'BYRNE - It had nothing to do with the state election in Glenorchy?

Mr GUTWEIN - In terms of Glenorchy, as you are well aware, that was a much different position where the parliament made the decision to dismiss the Glenorchy councillors and set an election date.

CHAIR - As the time is now 4o'clock it is time for this deliberation to conclude. We will have a quick five-minute break before we start on State Growth.

The Committee suspended from 4.00 p.m. to 4.05 p.m.

DIVISION 10

Department of State Growth

Mr GUTWEIN - I want to introduce to the table Kim Evans, secretary of the department, James Craigie, and John Perry, the Coordinator-General, and thank them for their hard work and the work their staff have done in delivering for Tasmania and supporting me in my period as Minister for State Growth.

A quick glance of the key economic indicators demonstrates the strength of our economy. State final demand grew 4 per cent for the year to March 2018, the second-highest of all the states. Consumers play a large part in that picture, with household consumption growth also rising by 4 per cent over the same period, the highest in the nation and a strong indicator of the confidence across our community.

Our overall population is growing at its fastest rate in eight years. The key segment of net interstate migration is consistently growing at its fastest rate in over 10 years.

Confidence levels for Tasmanian businesses are leading the nation. I will touch briefly on the Sensis Business Index survey for the March quarter which showed small and medium-sized business confidence was at plus-54 points, 12 points above the national average and equal strongest in the nation. The NAB monthly business survey reinforces this sentiment. Its latest result show that for the third month in a row Tasmanian business confidence was the highest in the country.

I am proud that the 2018-19 Budget delivers on our commitments as part of our plan to build Tasmania's future. The Budget has a strong focus on further strengthening the local economy, delivering better services as well as creating more jobs. Whilst it is easy to focus on the amount of activity occurring in Hobart, albeit I note not everybody is as happy as others in regard to that, it is apparent all regions of Tasmania are now enjoying the benefits of the robust economy.

We have a number of very significant projects underway with the very late stages of planning that will further boost regional economies, including the proposed BioMar and Ridley feed production facilities worth a combined \$100 million-plus and generating around 75 full-time equivalents. There is Hermal's plantation-based hardwood facility, the Dutch Mill reopening of the Edith Creek processing plant, and the Northern Cities Major Development Initiative which is providing economic stimulation to the cities of Launceston, Devonport and Burnie. We have also recently introduced payroll tax initiatives to attract businesses to our regional areas outside of Greater Hobart.

Mac Point is now moving to the investment and development stage and now that site has largely been remediated and the reset vision finalised, the opportunity it presents to ensure Mac Point becomes a significant world-leading Antarctic hub whilst also providing opportunities for private investment and community and cultural activities is one that can now be rapidly advanced.

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A City Deal for Hobart is also under construction. We have one in Launceston operating at the moment that will enable a more integrated and strategic approach to planning, infrastructure, transport, housing and investment, as well as investment into education and community facilities.

This year's Budget has been framed to lay the foundations for our long-term future. The centrepiece is a \$2.6 billion spend on infrastructure which, whilst not in my portfolio specifically, will underpin significant outcomes in terms of job creation and attraction for further investment.

Ms WHITE - Treasurer, can you indicate how many unsolicited bids are currently before the Coordinator-General?

Mr GUTWEIN - I will ask John for a comment on that.

Mr PERRY - There is one being progressed through the assessment panel at stage 2.

Ms WHITE - Would that be the Calvary co-location?

Mr PERRY - Yes.

Ms WHITE - How many have been received over the last four years that have been rejected?

Mr PERRY - I believe there have been seven that have come before but let me just double-check. There haven't been any that have progressed to stage 1. There have been some that have come through but they haven't progressed to the stage 1 assessment process.

Ms WHITE - Of the seven that have become before the Coordinator-General, how many have progressed to stage 1?

Mr PERRY - Only one.

Mr GUTWEIN - They need to be unique and have broader benefits than just somebody wanting to develop a particular project or invest in a particular building. As to the Calvary proposal in the north, that is a significant shift in terms of enabling the Government to achieve better investment into the health precinct but at the same time that hospital also has an opportunity to strengthen its base and the services it provides to the community, so it is unique in that regard. The Government's interaction with a project like that will largely be for the sale of plant.

Ms WHITE - Are you able to list what the seven projects were that came before the Coordinator-General as unsolicited bids?

Mr GUTWEIN - You are aware of the one that is progressing but in terms of commercial-in-confidence I don't think we can provide you with that detail. They have been raised and haven't progressed and that is the end of the matter.

Mr BACON - Has there been one for the Treasury building, for instance?

Mr GUTWEIN - It is only very recently that we have decided to go out to EOIs for that.

Ms WHITE - But that's a different process to an unsolicited bid. Have you received previously an unsolicited bid for the Treasury building?

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Mr GUTWEIN - In terms of the purchase of a building like the Treasury building or another piece of state government property, normally that would not meet the requirements of being something that was unique.

Ms WHITE - So you don't foresee that the Treasury building, given there is an EOI process currently underway, would then be subject to an unsolicited bid?

Mr GUTWEIN - The EOI process will be very public in terms of the opportunity for people to bring forward their ideas.

Ms O'CONNOR - Not ordinary members of the public, though.

Mr GUTWEIN - It is an EOI process for the sale of a piece of property.

Ms O'CONNOR - It's not just a piece of property.

Mr GUTWEIN - A significant piece of property.

Ms O'CONNOR - Yeah - it's all about the dollars to you.

Ms WHITE - I understand the Coordinator-General is participating in the trade delegation in September this year. Are there projects that will be taken on that trade delegation for which the Coordinator-General will be inviting investment to Tasmania?

Mr GUTWEIN - I might ask John to speak broadly about that but I would hope that in attending that trade delegation he would be spruiking his hardest in terms of the opportunities available in Tasmania.

Ms WHITE - Any particular projects?

Mr GUTWEIN - John might have a view on that but I am certain there will be opportunities raised. I am certain John will make sure this occurs now but as State Growth minister we have prospectuses that have been put together by the Coordinator-General in terms of significant assets like the Bell Bay port -

Ms O'CONNOR - Is the Bell Bay port for sale?

Mr GUTWEIN - No, it is not for sale, it is in my prospectus that outlines the opportunity for investment in that site that has significant infrastructure already available to it - rail, electricity - and this is not the port but in terms of investment in that precinct. Likewise with the prospectus the Northern Midlands Council about the airport precinct and the opportunities available there. There are significant opportunities for investment to land in Tasmania and I think some of the work John and his team have done has been very useful in that area.

Ms O'CONNOR - Do you mean crown land when you talk about land?

Mr GUTWEIN - Not unless we have taken a view that we have surplus land that will be offered to the market.

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Ms WHITE - Are there any particular projects you will be taking to China in September this year as part of the delegation seeking investors?

Mr PERRY - We have a number of projects that local proponents are seeking investment for and we will go back to those. They are on our books and we will go back to those proponents to see if they are still live. If they would like us to promote them, then we will.

Ms WHITE - It is not just opportunity to invest in government projects? It is private projects too?

Mr PERRY - I would say, far and away, private projects are the focus predominantly.

Ms WHITE - Are there any other government projects that you will be seeking investment for?

Mr PERRY - Not that I am aware of.

Ms WHITE - Thank you.

Ms O'CONNOR - The Carlton and United Brewery has made it clear in a statement today that they will not be selling or leasing any part of their property to the proponents of the cable car. It raises the question of where the cable car may be based on land below the mountain. Is consideration being given to further legislation to compulsorily acquire any part of Old Farm Road?

Mr GUTWEIN - I thought there was a statement that had been put out by Mount Wellington Cable Car people this afternoon.

Setting that aside, I am now waiting on the proponent to explain what its route and then we will make a decision whether or not the current authority is still able to be utilised or whether a new authority would need to be requested.

Ms O'CONNOR - That answer indicates to the committee that your government is open to further privatisation of public lands on Old Farm Road in order to enable this private development.

Mr GUTWEIN - No consideration has been given to acquiring land in terms of the project that is currently being assessed.

Ms O'CONNOR - The Mount Wellington Cableway Company has been given special treatment over the past four or five years. It has its own email address in State Growth. It has had the wheels oiled by the Office of the Coordinator-General.

If the Mount Wellington Cableway Company comes to you as minister and says, 'We need special legislation for the compulsory acquisition of a part of Old Farm Road', will you give that favourable consideration?

Mr GUTWEIN - No request has been made.

Ms O'CONNOR - That does not answer the question.

UNCORRECTED PROOF ISSUE

Mr GUTWEIN - No consideration has been given and until I receive further information from the Mount Wellington Cableway Company relating to their current project, there is no consideration of providing any further assistance.

Ms O'CONNOR - Actually, that is a pretty slippery answer.

The question was: if the proponent comes to you with a request for another compulsory acquisition now that the enabling legislation brought on by you in Government, and supported by Labor, relates to a different project and the land is not available at Carlton United, will you give it favourable consideration?

Mr GUTWEIN - I would not be inclined in that way, no.

Ms O'CONNOR - You would not be inclined to bring in further legislation to enable the project?

Mr GUTWEIN - I would not be inclined that way. As the project stands at the moment, I am awaiting advice from the Mount Wellington Cableway Company in terms of the authority that was granted.

I have had no involvement with the Cableway Company apart from issuing them with a letter which I think has been released publicly. It indicated that if they were to change the route, that authority would be withdrawn and we would need to give further consideration.

Ms O'CONNOR - But clearly the decision of Carlton and United Breweries today means that the original route, which was the subject of the authority, has to be altered.

Mr GUTWEIN - I will wait until representation is made by the company. I have not received any correspondence from them. I have requested that they provide me with information about their route and I will then make a judgement on the authority.

Ms WHITE - The Launceston City Deal. The easiest way to go about this is to look at the allocation for the Coordinator-General next financial year - the 2018-19 year, \$24 million plus a bit. Can you provide a breakdown for how that is allocated? There is an explanation in the notes but it references the Northern Cities Development Initiative as a large component of that. Could you indicate how much of it is for the Northern Cities Major Development Initiative as a first task?

Mr PERRY - There is \$50 million in the forward Estimates in 2021.

Ms WHITE - Up until 2021? The output for -

Mr PERRY - Sorry 2019-20 is \$50 million.

Ms WHITE - Of that \$54 million, \$50 million is for the Northern Cities?

Mr PERRY - Yes for the Northern Cities.

Ms WHITE - And next year, the 2018-19 year?

Mr GUTWEIN - It is the \$15 million carried forward for the Burnie project.

UNCORRECTED PROOF ISSUE

Ms WHITE - Okay, so that is specifically for Burnie next year? The \$50 million I will wait.

Mr GUTWEIN - That \$50 million is the final tranche of the state's contribution to the UTAS.

Ms WHITE - So the 2017-18 year is the 18-and-a-half that has been expended or will be expended. What is the breakdown for that allocation for Northern Cities?

Mr GUTWEIN - That was the budget and I am presuming that \$15 million of that has been carried forward so that is in the 2017-18 budget year which would be the expenses of the Coordinator-General's office.

Ms WHITE - Just to be clear, the 2017-18 year there is an allocation there basically of \$18-and-a-half million. Are you saying that \$15 million of that is going to carry forward to next year? It has not been spent?

Mr GUTWEIN - That is my understanding.

Ms WHITE - That is because of what exactly? The Burnie project has not proceeded at the same speed you anticipated?

Mr GUTWEIN - It relates to the lodgement of the development application, the conditions precedent, which was due to be lodged by the end of this month but now will be lodged in December.

Ms WHITE - Can I just check that then for clarity. There is \$18.5 million for 2017-18 of which you say only \$3 million has been spent because \$15 million carries across to next year. Am I wrong in thinking that?

Mr GUTWEIN - I think that is correct.

Ms WHITE - That is right so that the \$24 million in 2018-19 already includes it?

Mr GUTWEIN - In terms of 2018-19, that is the budget for 2018-19 which as far as I understand it includes the \$15 million.

Ms WHITE - So why is it still included in the 2017-18 year? Is that because it was in the budget papers last year?

Mr GUTWEIN - That is the budget from last year.

Ms WHITE - What does it cost to run the office every year?

Mr PERRY - There is a \$2 million allocation as a permanent rolling forward amount -

Ms WHITE - Is that the fixed costs of the office or is that the staff costs? There would be leasing costs too.

Mr PERRY - That includes everything.

UNCORRECTED PROOF ISSUE

Ms O'CONNOR - What role did the Office of the Coordinator-General have in progressing the Cambria Green development proposal?

Mr GUTWEIN - John can provide more detail. My understanding is that there was contact in 2016, but I don't think there has been contact after that. John, if you could provide some detail.

Mr PERRY - We met with the proponent as part of a trade and investment mission. It was really a couple of seconds conversation after one of the presentations. We talked about when they were going to be visiting Tasmania. A delegation subsequently came to Tasmania. I was not available but members of my team and also the department gave a presentation on potential opportunities and benefits of investing, as we often do, to delegations around Tasmania. Then there was some discussion. I believe the last interaction was at the end of December in 2016.

Ms O'CONNOR - To be clear, there was an initial brief meeting on a trade delegation. Then the proponent and representatives came here. There was contact with the Office of the Coordinator-General, but what you are saying is that the Coordinator-General did not provide advice or tangible support to the proponent of the Cambria Green development?

Mr PERRY - That is correct.

Ms O'CONNOR - Are you aware of any other contact with State Growth or any other part of the agency from the proponent?

Mr EVANS - No, we have had no contact from the proponent at all. It is news to me that officers from my department were part of that meeting, but that often happens. John's office would lead meetings with delegations and we would utilise the respective expertise in the organisation to be part of that. No, no further contact.

Ms O'CONNOR - When did you first become aware of the Cambria Green development proposal for the 3185 hectares of coastal land at Swansea?

Mr GUTWEIN - I have had no advice. I do not believe I have received advice on it.

Ms O'CONNOR - Were you as dumbstruck as the majority of Tasmanians when you saw the plan?

Mr GUTWEIN - There is a lot of interest internationally in Tasmania at the moment.

Ms O'CONNOR - It's a statement of the obvious. It's the kind of interest that is the question, isn't it?

Mr GUTWEIN - As I understand it, the proposal is one that is being dealt with by the council not by the state government. We have a foreign investor who owns a parcel of land and is now seeking planning approval in terms of a development. That planning approval will be conducted by the appropriate planning body, and in this case it is the council.

Ms O'CONNOR - You are aware that the foreign investor on a single day in 2016 registered 60 different company entities. Does that concern you that we are seeing foreign investment in this state that has such a highly unusual, complicated corporate structure?

Mr GUTWEIN - Maybe you could explain why it concerns you.

Ms O'CONNOR - I find it odd, as do a number of people on the east coast, that a single corporate entity, which is based in Beijing, backed by the Communist Party of China, would establish itself and then set up 60 different related entities, nine of which purchased different parcels that make up the Cambria Green development proposal footprint. I am surprised that you as Minister for State Growth don't also find that curious, to say the least.

Mr GUTWEIN - Corporations take and establish different structures. That is the nature of the corporation.

Ms O'CONNOR - Are you considered about investment in Tasmania from companies and individuals who have strong ties to the Chinese communist government?

Mr GUTWEIN - Decisions in respect of foreign investment of this scale will be dealt with by FIRB.

Ms O'CONNOR - Which absolutely cacked it up with VDL.

Mr GUTWEIN - That's your view.

Ms O'CONNOR - The Tasmanian Board of Directors running a mile but everything is peachy.

Mr GUTWEIN - If you use VDL as an example of foreign investment, that has always been foreign owned.

Ms O'CONNOR - I know but the difference, as you are aware, is that in the past the foreign ownership of VDL was not connected to an authoritarian racist regime which is locking up Uyghur Muslims in tens of thousands in the north of China. Does that concern you?

Mr GUTWEIN - This is a point you have made ad nauseam and it is one that I am sure you will continue to make. Cambria Green will be dealt with through the normal planning processes, which I understand is occurring. Decisions will be made in terms of its benefit to the state and whether or not it fits the state.

Ms O'CONNOR - Do you think it benefits and fits the state?

Mr GUTWEIN - I am not briefed at the current level on what they are proposing. The decision is one for the council and, as I understand it, in the terms of zoning for the TPC.

CHAIR - Ms O'Connor, I need to cut you off. We can come back to that question later on if Ms O'Connor wishes. It is highly disorderly to keep asking questions when you've been called to order.

Ms WHITE - I want ask about the Hobart City Deal. There is no an allocation in your Budget that I can see for the Hobart City Deal; it is not named in your risks report of the Budget. It does name spending that may be incurred. It's not listed under 'other risks' but it doesn't talk about the Hobart City Deal; it talks about Pembroke Park and Finders Island Harbour. I am curious to understand why you haven't provided funding for the Hobart City Deal given that you have signed an MOU with the federal government.

Mr GUTWEIN - It has been signed by the Premier.

Mr EVANS - The heads of agreement was signed, which identified the priorities for negotiations under a Hobart city deal but the Hobart City Deal negotiations haven't yet been concluded and so there is no deal about the sorts of things that will be agreed among state, local and federal governments as being progressed as the city deal. Funding would ordinarily be a consideration of the implementation of the deal.

Ms WHITE - Was it not the case though prior to the signing of the Launceston City Deal that you had already allocated funding in the Budget for that?

Mr GUTWEIN - We made a commitment to Launceston City Deal in the 2015-16 budget for the northern cities development program that we were rolling out. That was subsequently increased to \$90 million. The Launceston City Deal is wrapped around one particular project and has a much greater reach outside of it. The Hobart Deal is looking at a whole range of matters from education to housing to transport and other infrastructure. What the city deal will do is provide a partnership between the three levels of government and provide the landing spots for collaboration between the three levels of government for the projects that the deal envisages will be taken forward.

We will consider our response to a Hobart city deal in the context of coming budgets. Bear in mind that I would expect that it is the opportunity to leverage off a number of the investments we are making through this budget in terms of infrastructure in and around the Hobart area already.

Ms WHITE - So you've packaged that up as part of the Hobart City Deal?

Mr GUTWEIN - It depends on what the deal captures at the end of the day and we are working through that process. The City Deal is designed to ensure that across all three levels of government there is collaboration at a level that has not occurred before in terms of delivering outcomes. We are having a conversation now with the community and interested stakeholders across all three levels of government in terms of framing up a deal that is going to provide a vision for the city moving forward that meets with the agreement of all the major partners, which primarily are the federal, state and local governments.

Ms WHITE - Do you think that the success of the Launceston City Deal in attracting some funding from the federal government was because you already had skin in the game? You already had money in the Budget to fund initiatives in Launceston and that helped to secure the Launceston City Deal?

Mr GUTWEIN - Obviously there was strong advocacy for a City Deal for Launceston, and these are a very new construct, as you are aware. This type of collaboration across the three levels of government is unheard of. In terms of the Launceston City Deal we were in a position to and had made previous commitments and the federal government was being lobbied, if I can use that term.

Ms WHITE - Hoping to win a marginal seat?

Mr GUTWEIN - No, but you should not discount the transformation that the university is going to bring to Launceston.

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Ms WHITE - I'm not. We backed it in as well, Treasurer. I am not discounting that, I am just making the point, and you cannot deny, that the three City Deals that have been struck are all in marginal seats. It is a curious development, isn't it?

Mr GUTWEIN - I do not think you could call Hobart a marginal seat.

Ms O'CONNOR - It hasn't been struck.

Ms WHITE - Unless you are about to make an announcement that you have signed something, and I would be pleased to hear if you have.

Mr GUTWEIN - Our expectation is that we will have a deal in its final stages by the end of the year and then it will be a matter of when that can be signed.

Ms WHITE - So when do you expect it to be signed?

Mr GUTWEIN - As I said, we should have a deal ready for signing by the end of the year and that will be a matter for the Prime Minister and the Premier.

Ms WHITE - What have you identified as priority projects for the City Deal?

Mr GUTWEIN - The Antarctic precinct is one.

Ms WHITE - Moving that to Macquarie Point?

Mr GUTWEIN - As you are aware, we have said publicly that discussions are underway with federal government. I have been engaged with minister Fletcher and we wrote a month ago to the relevant ministers for CSIRO and AAD to begin the process of understanding what would be required for the relocation of those activities at Mac Point. Certainly Mac Point itself needs to be captured. The university has a very strong view that STEM should be included, as well as some of the integrated transport option at a local government level. I know that the rail corridor is something that has been discussed as well.

Ms WHITE - Is that something that you support? Would you consider that a priority project for inclusion in a Hobart City Deal?

Mr GUTWEIN - It should be included in a City Deal, especially from the point of view of the opportunity it provides for Glenorchy. In fact recently I met with the general managers of Hobart and Glenorchy councils as well as the mayors to have a discussion on this. I think that is important to include and there are some great opportunities for Glenorchy, especially in terms of rezoning along that rail corridor. Those matters need to be worked through and from a local government perspective in terms of zoning, that opportunity exists today.

Ms WHITE - It should be encouraged.

Mr GUTWEIN - It would be my view that the appropriate pathway via the City Deal can be established.

Ms WHITE - Do you believe that light rail could be up and running within five years?

Mr GUTWEIN - A lot of work could be undertaken but I am not the Minister for Infrastructure. It depends on the outcome and process associated with the City Deal. We will have clarity by the end of the year on where these projects sit in the time lines.

Ms WHITE - I asked that because your colleague, the former minister for infrastructure, Rene Hidding, said, 'I can see the first rail carriages on this line within five years but there is a massive amount of work required and that starts today.' What work did he start that day?

Mr GUTWEIN - We have been working on landing the City Deal. I know you might want to play politics with this but having been through the Launceston City Deal and whilst that is largely wrapped around one major project, it is an opportunity in the north that has not existed before. The close collaboration that is occurring between the three levels of government and the community is something that in Hobart provides a fantastic opportunity to set a vision and begin the processes of working towards some very significant outcomes for the city.

Ms WHITE - I had hoped it would have been more progressed in terms of your thinking as a government, given this has been something that has been spoken of and you have a heads of agreement about, so by now you might at least have identified exactly what projects you're seeking to have in that deal, but you are still not specific about that.

Mr GUTWEIN - We are negotiating with the federal government and are going through a consultative process. If we did anything less than that, you would be criticising that. We are taking four councils and this will be unique with the landing of a City Deal. What we will capture in the Hobart City deal is four councils, so not just one capital city council but all four councils are playing a part in this. The City Deal will countenance the interaction and collaboration between those councils with the infrastructure strategies they employ, the impact of decisions councils make in their own municipalities and how that impacts on other councils. This is an opportunity to look at the planning of the Greater Hobart area and ensure that as part of this process there is a joint and shared vision for the growth of the city. I think it is a wonderful opportunity.

The other point I make is that we need to be mindful of the entire regional land use strategy in the south. The decisions the four major councils make will have impacts on the smaller councils on the outer fringe of the regional land use strategy and therefore be countenancing those matters.

Ms O'CONNOR - Minister, the China Engagement Report was released by the Department of State Growth in October 2015. Is there a plan to update the China Engagement Report? Are you aware of the document I am talking about, minister? The document was called the China Engagement Report and is subheaded Strengthening Tasmania's Relationship with China - Outcomes of the last 12 months, and was released by the Department of State Growth, from what I can tell from the data here, in October 2015.

Mr GUTWEIN - I was not the minister through that period and do not have that document to hand.

Ms O'CONNOR - Okay. My question to the secretary is will the China Engagement Report be updated?

Mr EVANS - I have not read this document in recent times but I know the document you are referring to. This is the follow-up document on the 12 months of activity following the first TasInvest conference which was undertaken at the same time President Xi was here in the state.

Ms O'CONNOR - That is right. It also talks about the agricultural activities of the Cambria Green company so clearly there was a connection at some level between the Department of State Growth and Cambria Green. I am interested to know if it was just that the department decided to include that company in the China Engagement Report or if there were other meetings or other structures established between the department and the proponent.

Mr GUTWEIN - I am not in a position to answer that because it predates my time as minister.

Ms O'CONNOR - That is right but these are the Department of State Growth Estimates and the department did not come to life when you arrived as minister.

Mr GUTWEIN - It might have got a spring in its step.

Ms WHITE - Poor Matthew Groom - that is not very nice.

Mr GUTWEIN - Mr Groom was a fantastic minister for State Growth and a good friend of mine.

Ms WHITE - I am going to send him a copy of that.

Mr GUTWEIN - I hope he is going well. I need to defer to the Secretary to make any further comments about this report.

Mr EVANS - I would like to come back with further detail if I am wrong. What I imagine is happening is that Cambria Green - and John has spoken about the initial contact through the investment forum - we have captured some information relating to that project in this document as an example of the sorts of interest in the state. It is only a case study.

Ms O'CONNOR - I recognise that, but I am pointing out that the Department of State Growth -

Mr EVANS - We also have case studies around Hydro Tasmania and jetties activities and the TPN.

Ms O'CONNOR - I have read the documents, Mr Evans. Minister, are you able to tell the committee how many foreign nationals have been sponsored by the State of Tasmania for permanent or provisional skilled visas? Do you have a breakdown by nationality dating back to 1 November 2015?

Mr GUTWEIN - I have some because you asked the question the other day in the parliament and I will be writing to you shortly in relation to that. My understanding is that from 1 October 2014 to 31 September 2015 the Department of State Growth nominated 62 skilled and business migrants who were Chinese nationals and 96 skilled and business migrants of other nationalities. From 1 October 2015 to 21 June 2018 the Department of State Growth has nominated 1682 skilled migrants and 19 business investors from countries other than China. From China, 853 Chinese skilled migrants and 26 business investors.

Ms O'CONNOR - Just stop so I can get some absolute clarity on those numbers, which are a very significant increase on the previous period. The Tasmanian Government sponsored 1682 permanent or provisional skilled visas -

Mr GUTWEIN - Nominated. Just so that it is in context, that first period was for the 11 months from October 2014 to 30 September 2015. The second period was from 1 October 2015 spanning the years to 21 June this year.

Ms O'CONNOR - That is right.

Mr GUTWEIN - Eleven months versus what would have been three years in October of this year.

Ms O'CONNOR - Can we just get some clarity on those numbers again: 1682 nominations in that period that you describe.

Mr GUTWEIN - There were 1682 skilled migrants and 19 business investors from other countries and 853 Chinese skilled migrants and 26 business investors. Receiving a state nomination does not mean that a state nominee will be granted a provisional or permanent visa. Each state nominee still needs to apply for the relevant visa and undergo further vetting undertaken by the Department of Home Affairs. I do not have further detail in regard to -

Ms O'CONNOR - In order that we have an accurate a picture as possible, can I put on notice the question that we would want to have those numbers in individual years? As you pointed out, the projections for the skilled migrants, are most of them on 457 visas, do you believe, minister?

Mr GUTWEIN - There is a line item in the budget through state nomination for skilled migrants on page 304. Again, I make the point that these are nominations only. I do not know if we have any further details.

CHAIR - An introduction please, Treasurer.

Mr GUTWEIN - Erin Buttermore, Executive Director, Trade and International Relations.

Ms BUTTERMORE - The Department of State Growth looks after the state government's businesses and skilled migration portfolio which excludes humanitarian visas. We provide state sponsored nomination for a very small range of subclasses of visas offered by the federal government. They offer 99 different subclasses; we nominate for five different subclasses.

Ms O'CONNOR - Ms Buttermore, are you able to describe those five subclasses?

Ms BUTTERMORE - Yes. There is the regional sponsored migration scheme which is subclass 187. Subclass 187 is an employer-linked scheme so the applicant is linked to their employer. It is a permanent visa category. There are two different types of business visa category, the 188 and the 132, which are provisional and permanent respectively; and two different types of general skilled migration category which are 489 and 190, again provisional and permanent respectively.

Ms O'CONNOR - You are very good at your job, Ms Buttermore. I had the great privilege of working with Ms Buttermore in the Climate Office. You are very lucky to have her on your staff, Treasurer.

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Treasurer, is it possible for me to put on notice a question that seeks information that goes beyond what is in the budget papers here, which is a breakdown of nomination by visa category and nationality per year?

Ms BUTTERMORE - I can give you some of that on the spot.

For the financial year ending 2014, permanent business visas, there were 14 nomination; skilled 190, 78 nominations; skilled 489, 24 nominations; RSMS 187, 115 nominations, which is a total of 207 permanent nominations and 231 permanent and provisional.

For the financial year 2015, it was 18 business permanent; 87 skilled, 190 permanents; 30 489 skilled provisional; 112 RSMS 187, which is 217 total permanent and 247 including the provisional as well as the permanent.

Ms O'CONNOR - 2015-16?

Ms BUTTERMORE - There were 13 business permanent visas, 221 skilled 190, 86 skilled 489; 93 RSMS 187; 327 total permanent and 413 total of permanent and provisional.

Ms O'CONNOR - 2016-17?

Ms BUTTERMORE - Business visas were 16, skilled 190 417 -

Ms O'CONNOR - That is 417 skilled visa workers coming in?

Ms BUTTERMORE - That is correct. 499 skilled nominations 489, 169 RSMS 187, which was a total of 602 permanent visas and 1101 permanent plus provisional.

In the financial year ending 2018 so far - with a few days left to go: 21 business visas; 769 skilled 190 visas; 654 skilled 489 visas; 184 RSMS 187 visas, which total 974 permanent visas and 1598 permanent and provisional visas. I have the breakdown by country over that entire period but not year by year.,

Ms O'CONNOR - That's fine. We'll move onto other questions but are you able to table that breakdown by nationality?

Ms BUTTERMORE - Yes, we are.

Ms O'CONNOR - Is that okay with you, minister, if it is in a readily available format that won't disclose state secrets?

Mr GUTWEIN - Put it on notice and we'll provide what we can.

Ms DOW - Minister, can you rule out selling the Burnie port?

Mr GUTWEIN - I have never considered selling the Burnie port. We have made it clear that we won't sell government businesses.

Ms DOW - Where would the Momentum call centre jobs be established in regional Tasmania, as per your election commitment?

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Mr GUTWEIN - That process is underway. The question would be better asked of Mr Barnett because he has carriage of that particular engagement with Hydro in his responsibility as Minister for Energy.

Ms DOW - With relation to the Mineral Resources Tasmania relocation to Burnie, how many people relocated from interstate to work in that office and how many relocated from Hobart?

Mr GUTWEIN - That again is a question for the Minister for Resources, not the Minister for State Growth. I don't think I have any information on that.

Mr EVANS - There was only a handful who relocated from Hobart. The majority of them have been new recruits through newly established positions or vacancies, bearing in mind that the Government was of a mind not to force anyone to relocate, so it was a voluntary process and only a small number of people chose to do so. We now have about 10 positions located there with another nine operating statewide and another five due to start in this next financial year.

Ms WHITE - Are there any staff still at Rosny?

Mr EVANS - Yes.

Ms WHITE - How many?

Mr EVANS - I am not entirely sure but it is in the order of 25, remembering that the position was always that those staff that were attached to the core library would stay in Hobart.

Ms WHITE - How many of those 25 staff are attached to the core library?

Mr EVANS - All of them.

Ms DOW - Following the closure of Murray Goulburn in Circular Head, a task force was established that was chaired by former member Joan Rylah MP. There is a line item in the Budget around continuing that support package as they transition to Dutch Mill and I am wondering who will be the representative from the state Government on that committee now or heading that up as a local member in Braddon?

Mr EVANS - The Circular Head working group has completed its task.

Ms DOW - So is this new funding more just for the set-up to support the new Dutch Mill owners?

Mr GUTWEIN - That will support the reopening of that facility and we are working through that. There is obviously some funding included in the Budget and there are other matters being discussed about energy, water and sewerage.

Ms DOW - Regarding the original work of that task force, have all of the recommendations been implemented? There were a number of programs to support local small businesses.

Mr EVANS - There are a number of parts to that program. It is interesting that 93 of the 115 staff employed now have jobs, which is really good. I don't know what has happened to the rest

but there were a number who were close to retirement. All of the program work was completed by the wind-up of the task force. The department is continuing to manage through the allocation and management of some of the grants that were provided through the competitive program that went to businesses in the regions to generate jobs.

Ms DOW - Would I be able to be provided with an outline of those recommendations

Mr GUTWEIN - I can provide some information to you here. In June 2017 the working group recommended that the Government approve nine projects totalling \$656 810 and a further additional five projects were supported through funding resourcing as part of the Department of State Growth. In August 2017 the working group recommended and Cabinet approved three projects totalling \$632 535. In September 2017 the working group recommended and the Government approved the last three projects totalling \$38 355. There was also a request from the working group to support the allocation of additional funds of \$142 550 to be placed in the Greater Circular Head Enterprise Grant Program, which was approved. Due to industry and community demand, this grants program has now been fully subscribed. The remaining \$29 750 plus \$3000, which was an underspend from the jobs fair program, was committed to supporting three additional projects that included the Next Gen Challenge 2018 Marketing Mentoring for Business program and allowed for the sponsorship of the Coasters Network for the Circular Head region.

Ms DOW - Was there a final report on it?

Mr EVANS - The final report was developed late last year but I would have to check whether it has been released. It was probably in January.

Ms DOW - Are you happy for us to have copy of it?

Mr GUTWEIN - We will have a look for that.

Ms DOW - My next question is about the JC Tech committee, which was the federal economic committee, and whether that has met recently or whether you are aware of progress that has been made under that governance structure in Tasmania.

Mr GUTWEIN - In terms of progress, JC Tech was pivotal in terms of landing the new arrangements regarding the freight equalisation scheme. JC Tech had the opportunity to discuss and support the relocation program for UTAS in both Burnie and Hobart. There would be a range of other matters that were discussed.

Ms DOW - I was thinking more recently. I was aware of those couple, but more recently?

Mr GUTWEIN - My understanding is that there are currently discussions between the state and the federal government regarding the future of that body and when the next meeting might be but I do not have any further information on that. That is being handled at the Premier's level.

Ms DOW - Will the Hermal Group development in Burnie be eligible for your payroll tax exemptions as part of relocating to regional Tasmania?

Mr GUTWEIN - I have made it perfectly clear that they will not be. The Coordinator-General might like to provide a broad overview. In terms of the contractual arrangements with Hermal, rather than a payroll tax exemption we have agreed to a series of grants that are linked primarily to

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employment levels. It is fair to say that Hermal was very keen on having a long-term relationship with the Government so we have agreed to provide a \$30 million loan but that loan is on commercial terms and fully secured. The reason Hermal was looking for that was because their previous operation in Victoria had to close. They had a disagreement with the government there and wanted to ensure that in establishing a significant investment in the facilities they are proposing they would have a long-term relationship with the Government moving forward. That is one of the reasons why they brought the request for a loan. John, do you have anything further?

Mr PERRY - I think you've covered it, minister.

Mr EVANS - I wanted to go back to the Circular Head Working Group Report. I have just been advised that it was put up on our website in late January.

Ms DOW - I am interested in the Employment Partnerships Job Action Package that the Government is doing in partnership with the TCCI and TasCOSS at certain sites around the state. It is looking at social disadvantage and trying to help people be more work ready, and link them to employment opportunities in regional Tasmania. One of those was promised on the west coast of Tasmania just prior to the election. I am interested in how those are progressing and any further information that you can provide about those programs?

Mr GUTWEIN - I do not have a brief on that. I think the Premier and DPAC handle it.

Mr EVANS - The Jobs Action Package is established as an agreement between TCCI, TasCOSS and the state Government and it is managed through DPAC. It involves a close partnership through Skills Tasmania. There are four regional pilots being established: one at Sorell, one at New Norfolk, one on the west coast, which is in the early stages and the fourth one is in the north-east. The basic idea behind the partnership is that TasCOSS will manage the employee-ready side and TCCI will match employers with employees in regions where the jobs are to meet the demographics of the local communities.

Ms DOW - How many years are they funded?

Mr GUTWEIN - They were funded in last year's budget.

Ms WHITE - Would it be appropriate to ask the skills minister questions about that, given it is split across DPAC and skills. He is up for Estimates tomorrow.

Mr GUTWEIN - If you want to put a question on notice I can provide you with information on it. I am not sure whether he would have information or whether it is more appropriately DPAC. We have moved past DPAC, but if you want to put a question on notice I will see what information I can find.

Ms WHITE - That's great. Thank you.

Ms DOW - My next question relates to skills and training. Will you be addressing questions around Skills Tasmania, or whether the Education minister will be?

Mr GUTWEIN - The Education minister.

Ms DOW - Even though it is under your State Growth banner?

Mr GUTWEIN - He has responsibility for that.

Ms DOW - Of the apprentices and trainees who were taken on through the payroll tax incentives in the last budget, how many of those were from regional Tasmania and what sectors were they from?

Mr GUTWEIN - I would have to take that question on notice.

What occurs with the payroll tax incentive is the location of the head office, or whatever its registered business is, is where the payroll tax rebate will be paid. You could very probably have a situation where you have businesses that are located in Hobart, Launceston, Devonport or Burnie that may be employing people from outside of there.

Ms DOW - From outside of there, okay.

Mr GUTWEIN - I am happy to have a look, but I do not think we would have any further breakdown other than where the payroll was located.

Ms DOW - Thank you, we will put it on notice.

Ms O'CONNOR - What areas of public crown land are currently the subject of discussions or bids outside of the Tasmanian Wilderness World Heritage Area through the Office of the Coordinator General?

Mr GUTWEIN - You are asking about the EOI process?

Ms O'CONNOR - Clearly, part of it will be the EOI process, and the EOI process relates to proposed commercial exploitation of the TWWHA, national parks and crown lands. What areas of crown land are currently the subject of either negotiations or bids?

Mr GUTWEIN - That would be question more appropriately put to the crown lands minister.

Ms O'CONNOR - Not true. I will tell you why it is not true, minister. Before you took on this portfolio, we know the Office of the Coordinator-General rang up Crown Land Services and obtained the list of available crown lands. The Office of the Coordinator-General is trading in crown lands.

Mr GUTWEIN - It's not pertinent.

Ms O'CONNOR - This is so pertinent.

Mr GUTWEIN - Don't use the word 'trading'.

Ms O'CONNOR - It is trading in public assets. I am insulted that you would even bother.

This is an expressions of interest process for developments process being driven by a quango outside State Growth, which the office of the Coordinator-General which sits off the side there like a sore.

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The process is the expressions of interest run through the office of the Coordinator-General which relates to the TWWHA, other reserves and crown lands. Which areas of crown lands are currently subject to a discussion through the office of the Coordinator-General?

Mr GUTWEIN - I do not have any visibility on that.

Ms O'CONNOR - Perhaps you could ask the Coordinator-General.

Mr PERRY - The expressions of interest process are at the early stages for parks and reserve is confidential.

Ms O'CONNOR - Mr Perry, with respect, why should it be confidential when what we are talking about is public crown land?

CHAIR - Through the minister, please.

Ms O'CONNOR - It has taken your brazenness in trading in public assets to a new level, when we ask a perfectly legitimate question at the table about what areas of crown land. Land that is held in trust for the people of Tasmania, currently subject to any negotiation with a proponent is not giving away commercial-in-confidence to provide that information. Yet, you can sit here at the table, minister and say, 'You don't know anything' and then your Coordinator-General says, 'That is confidential information.' Do you see the problem here?

Mr GUTWEIN - Mr Perry has made his position perfectly clear and I have no further information to add.

Ms O'CONNOR - Let us be clear, Mr Perry is on a public payroll. The Office of the Coordinator-General is a publicly funded body. The lands that are being negotiated through the Office of the Coordinator-General and the expressions of interest process are public lands. Can you tell me what part of that should not be a matter of public interest?

Mr GUTWEIN - As Mr Perry has said, the process he is running is commercial-in-confidence. I have no further information in front of me that I can provide you.

Ms O'CONNOR - Minister, we know you regard public assets as your personal profit-making play things. We get that because of the sale of the Treasury building, the unsolicited bids process and the exploitation of protected areas. But to have you allow a question not to be answered about what areas of public crown land are currently subject to development proposals is breath-taking in its arrogance.

Mr GUTWEIN - We have been clear about this.

Ms O'CONNOR - No, you haven't. That is just the thing; it is so opaque.

Mr GUTWEIN - Under the EOI process, the protection of intellectual property is very important.

Ms O'CONNOR - We are not talking about intellectual property; we are talking about crown land.

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Mr GUTWEIN - Private investors present ideas to be assessed with the expectation of utmost confidentiality. Once projects reach the stage of progressing to approval, such as through the RAA or other approvals through lease of licence negotiations.

Ms O'CONNOR - There is no public process. Don't say there is a public process because there's not.

Mr GUTWEIN - The processes involve a level of public consultation.

Ms O'CONNOR - Where is the public consultation in relation to crown land?

Mr GUTWEIN - All crown land disposals would go through the Crown Lands Act and would be guided by the Crown Lands Act.

Ms O'CONNOR - Minister, I am trying to get some clarity here. Are you allowing the Office of the Coordinator-General to refuse to tell the public what of their crown land is currently subject to expressions of interest?

Mr GUTWEIN - I have no information that I can provide you with today.

Ms O'CONNOR - You have not sought it. Can I put that on the record?

Mr GUTWEIN - I would think that it -

Ms O'CONNOR - Notice, thank you.

Mr GUTWEIN - I believe that you would be best to direct your questions to the crown lands minister.

Ms O'CONNOR - No, you know that is not the case because the crown lands minister is not driving the expressions of interest process.

Mr GUTWEIN - Any disposal of land would be dealt with under the Crown Lands Act which would be a matter for the crown lands minister.

Ms O'CONNOR - The crown lands minister, London to a brick, will tell me to go and ask the Minister for State Growth about areas of crown land that are being negotiated.

Mr GUTWEIN - Why don't you -

Ms O'CONNOR - Yes, but as you know, Treasurer, you do not give straight answers to questions. We get one crack a year at Estimates. We have been fobbed between ministers before and not received answers, and we are talking about public assets here.

Mr GUTWEIN - All I am suggesting is that you direct your question to the appropriate minister.

Ms O'CONNOR - The appropriate minister is the minister who is driving the expressions of interest process and that is you. You are trading in public assets. You know that all it would take would be for you to direct your Coordinator-General to provide information on what areas of public

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crown land are currently being negotiated, or looked over, for potential developments but you have chosen not to.

Mr GUTWEIN - As I have explained in terms of the intellectual property rights -

Ms O'CONNOR - So the intellectual property rights carry more weight than the public's right to have some say in the future of their land?

Mr GUTWEIN - The public will have a say. The Crown Lands Act provides the framework for that.

Ms O'CONNOR - No, the Crown Lands Act provides no framework for public consultation on the disposal of crown lands. No framework.

Mr GUTWEIN - As matters progress to lease or licensing, these matters will be dealt with.

Ms O'CONNOR - No framework. You should get a briefing on how flawed the process is by which your Government is hawking public treasures.

Mr GUTWEIN - I suggest that you raise your question with the appropriate minister.

Ms O'CONNOR - Can I put the question on notice to find out how many areas of crown land are subject to negotiations through the Office of the Coordinator-General?

Mr GUTWEIN - That would be a matter you should put on notice with the minister for crown lands.

Ms O'CONNOR - Are you responsible for the Office of the Coordinator-General?

Mr GUTWEIN - The minister responsible for the Crown Lands Act is -

Ms O'CONNOR - This is about the expressions of interest process.

CHAIR - Ms O'Connor, the minister has answered the question. We need to move on.

Ms O'CONNOR - The worst privatisers are conservatives because you see these things as your personal playthings.

CHAIR - Order. We have moved on. The minister has answered that question. Ms White has the call.

Ms O'CONNOR - He has deliberately not answered it.

Ms WHITE - Treasurer, in the budget papers it talks about the establishment of a dedicated hospitality unit. I was informed by the Premier yesterday that it comes under your purview as Minister for State Growth because it will be established in the Department of State Growth. Can you indicate how much you have allocated to the establishment of this hospitality unit?

Mr EVANS - We currently have people who are involved in the hospitality industry and as the answer was given yesterday, we are working through the details with the THA around arrangements

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for the new memorandum of understanding. Once we have done that we will turn our minds to the resourcing to support that within the agency, bearing in mind that support for the hospitality industry cuts across a number of parts of my organisation and other organisations, like Treasury. Initially, we are focusing on getting the MOU in place and then we will look at the best way within government to support the administration and the effective governance of that arrangement.

Ms WHITE - Treasurer, it is a little bit different to the commitment that is in your budget papers. It says you will set up a dedicated hospitality unit. It says in your Building Your Future First Year Agenda glossy, that quarter two, July to September, you will have established the new unit within government. Presumably it will need funding to operate. You would have had to have allocated money in this budget to assist it to do that.

Mr GUTWEIN - As the Secretary has made perfectly clear, this unit will be established in quarter two and my expectation would be it will largely draw from resources already available within government because, as the Secretary has suggested, it is a matter of ensuring that those people who are working across different areas are more coordinated in their approach. As he correctly said, I would imagine that there would be some interest in Treasury in relation to resources and engagement with Liquor and Gaming, for example. They play a significant role in the hospitality sector. It is part of their normal day-to-day work. This is about ensuring we have a sharper focus.

Ms WHITE - The dedicated Hospitality Unit established in State Growth will have its own staffing allocation?

Mr GUTWEIN - How the Secretary establishes this will be a matter for him. It is not uncommon across agencies like State Growth or Treasury where you will have in FTE terms certain allocations with the people who are doing that work are multi-skilling and are doing a range of jobs. I would expect that would be the way this would progress. As the Secretary has indicated he will be negotiating and discussing this matter with the THA to make certain we can deliver on the aims of that policy.

Mr EVANS - We have quite an ambitious set of programs to put in place to support the hospitality industry. We have to work out how best to put in place the governance for those projects. That is our priority. It is not uncommon to have a coordinating unit for these sorts of complex cross-agency, cross-government activities. We do that for the tourism supply side of coordination of activities broadly across State Growth. We will look at how best to set up that unit once we have put the arrangements in place under a new MOU to be negotiated with the THA in the next few months.

Ms WHITE - Can you understand that the THA might be a little disappointed given they were asking for a dedicated hospitality unit to be established in the Department of Premier and Cabinet to now discover it is not going to be there it is going to be in the Department of State Growth and not even have dedicated resources necessarily?

Mr GUTWEIN - We will deliver on the aims of that policy. The Secretary has made it perfectly clear that we will be able to do that. As was explained yesterday regarding Treasury, most people would expect that we have a single unit that develops the budget, but that is not the case. We actually have - and draw from - resources across a whole range of people across the agency in putting together a budget. People in the public sector multi-skill. As the Secretary has said, there

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will be a dedicated focus, he is working through the process and we will deliver on the aims of that policy.

Ms WHITE - What does the Red Tape Reduction Coordinator actually do?

Ms O'CONNOR - He looks pretty fancy when he is walking around town.

Mr GUTWEIN - The personal reflection on -

Ms O'CONNOR - No, nice shoes, really, good style.

Mr GUTWEIN - the exceptional dress sense -

Ms O'CONNOR - I totally agree.

Mr GUTWEIN - I think would be a way of describing that.

Ms O'CONNOR - He has not taken the red tape scissors to his own wardrobe.

Mr GUTWEIN - In terms of red tape across government, the Red Tape Coordinator provides a coordination process across government -

Ms WHITE - What a revelation.

Ms O'CONNOR - It is like the fact that the Treasury building is going to stay where it is. It is the same thing. It is amazingly reassuring.

Mr GUTWEIN - and works very closely with the business sector and has had some very good outcomes in direct engagement with individual businesses. His role is to identify those areas in government that we can consider and reduce red tape. The most recent Red Tape Report that was released, from memory, matters such as removing the duplication that exists in terms of bushfire planning. The work that went on in terms of the changes to the Building Act. Engagement across the broader areas. There are examples I am aware of where he has dealt with irrigators, other businesses where they have had challenges in navigating either regulation or support or engagement with government businesses or departments, and he provides that coordination role.

Ms WHITE - What is the budget for the Red Tape Reduction Coordinator?

Mr GUTWEIN - It is within the Office of the Coordinator-General.

Ms WHITE - So it is included in that \$2 million allocation to the Coordinator-General's office. Can you indicate how many complaints about red tape the office has received in the last year?

Mr GUTWEIN - In the red tape reduction audit report released last year there were over 100 red-tape issues identified through direct engagement and consultation with industry and the wider community. As I understand it, around 78 per cent of those matters have been resolved. In direct examples he has worked with poppy farmers -

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Ms WHITE - That's all right, I was just curious about the total number of complaints. You had a commitment previously to reduce red tape by 20 per cent. Do you remain firmly committed to that policy objective and how do you measure that?

Mr GUTWEIN - The Red Tape Reduction Coordinator's report last year indicates we are making significant steps forward.

Ms WHITE - How do you measure that?

Mr GUTWEIN - We have provided a report each year about the changes that have been made.

Ms WHITE - That still doesn't clearly demonstrate how you measure that.

Mr GUTWEIN - If you look at the building regulations, that is a significant step forward that has moved the building regulations to a risk matrix approach.

Ms WHITE - People aren't very happy with the Building Code.

Mr GUTWEIN - I can assure you that has certainly not been demonstrated through the level of building approvals we are seeing or the amount of work being undertaken. In terms of the outcomes we are seeing the proof is in the pudding and we are seeing increased building activity in the state.

Ms WHITE - How do you measure a reduction in red tape?

Mr GUTWEIN - We provide a report each year that indicates where action has been taken. The report that has been released indicates more than 100 areas of red tape that have been reduced.

Ms WHITE - Yes, but there is no measurement tool used that you have been able to articulate. It is a fairly vague answer.

Mr GUTWEIN - I refer you to the Red Tape Reduction Coordinator's report where you will find significant examples of red tape reduction.

Ms WHITE - Twenty per cent?

Mr GUTWEIN - Again, that remains the target we are working towards.

Ms WHITE - Such a fib, such a fib.

Ms O'CONNOR - You are the most evasive operator in the Cabinet. Minister, what publicly owned assets, be they crown land or infrastructure assets, are currently the subject of examination by prospective investors through the Office of the Coordinator-General?

Mr GUTWEIN - I don't have any advice on that.

Ms O'CONNOR - Would you seek some advice on that?

Mr GUTWEIN - You have been provided with the unsolicited bids process outcomes today.

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Ms O'CONNOR - No detail.

Mr GUTWEIN - But again, for the project that has moved through that process and is now at stage 2, it is very publicly apparent who we are working with there. In terms of the unsolicited bids process or the EOIs, there is a need to protect intellectual property but when it gets to a point where -

Ms O'CONNOR - But can you see the difference between protecting intellectual property and actually telling us the hectareage or location of crown land that will be subject to a development proposal? There is no commercial-in-confidence intellectual property issue there.

Mr GUTWEIN - Questions regarding crown land should be directed to the minister responsible for crown land.

Ms O'CONNOR - You are being deliberately evasive over public assets and I am staggered that you've got the hide.

Mr GUTWEIN - I am trying to point you in the right direction and be helpful.

Ms O'CONNOR - No, you're not; don't patronise me. What is the proposed investment options for Bell Bay?

Mr GUTWEIN - The Coordinator-General -

Ms O'CONNOR - Does he answer to you or to Mr Evans?

Mr GUTWEIN - The Coordinator-General works within the department. He reports directly to me but works very closely with the secretary.

The Coordinator-General was responsible for the precinct plan at Bell Bay and was working with the George Town Council to identify the opportunities in that precinct from the point of view of being able to explain to potential investors that this is a site that has available to it the necessary energy, transport links, water and other services that are required. There is a Bell Bay prospectus available publicly and a further prospectus that was developed for the -

Ms O'CONNOR - So we are not looking at a long-term lease of the port?

Mr GUTWEIN - No. It simply identifies areas of the state where there are opportunities to invest. For example for the airport precinct in Launceston the Northern Midlands Council put together a prospectus with the Coordinator-General. There is a significant number of investment opportunities for that site for transport, light manufacturing, and opportunities to service visitors. The idea of having a prospectus available is so that a prospective investor can understand what is available at the site in terms of the opportunity for those other services to be provided.

The Valley Central industrial precinct is at Westbury. The other prospectus is at Ling Siding, which was the old French Pine, then AusPine, then Gunns site. That provides an opportunity there. For those sites a prospectus has been development and is available publicly. I would refer you to have a look at them if you get an opportunity.

Ms O'CONNOR - I have gone to the Office of the Coordinator-General's website and left feeling depressed and unenlightened, but thanks for the referral.

Mr GUTWEIN - If you want to invest in a ports precinct there is a prospectus available for you to have a look at.

Ms O'CONNOR - Thanks very much. Yesterday in the Parks hearings we became aware that the EOI bid for a development at Frenchmans Cap, which was made in 2015 when the EOI process was first opened, has not progressed, to the point where the recreation zone plan does not mention this Tas Walking Company proposal. Do you see there is a risk that prospective proponents and developers will try to land-bank through the EOI process? We have here a situation where a proponent, Tas Walking Company, had an idea when the EOI process opened and put that idea through this shoddy, secretive process in the Office of the Coordinator-General. It is three years later and it has not progressed, yet they have banked, if you like, that proposal and that space. What are the mechanisms in this rolling expressions of interest process to exploit natural areas for cleaning out developments that have not progressed so that you do not have land-banking by proponents through an EOI process, which is a form of favouritism for private developers?

Mr GUTWEIN - I see it as an opportunity to open up some of our fantastic wilderness assets.

Ms O'CONNOR - No, you are not listening to my question. What is the response to land-banking, which is what is happening here with Tas Walking Company?

CHAIR - Ms O'Connor, allow the minister to answer.

Mr GUTWEIN - I do not have any detail on that particular project and I am not sure if Kim or John can provide any.

Ms O'CONNOR - You should answer it because it is a probity question.

CHAIR - Order, Ms O'Connor. You have put the question and the minister is going through the process of answering it. Please allow him that opportunity.

Mr PERRY - The assessment panel make recommendations to the minister and the minister is free at any time to withdraw from lease and licence negotiations or to change the decision or the process. A process could stop at any time. Once lease and licence negotiations are concluded, they have performance criteria inserted in them which ensure that time frames are met in relation to the lease and licence conditions.

Ms O'CONNOR - Those performance criteria and lease and licence conditions, can I confirm, would not be made public?

Mr EVANS - That would be a matter for the Minister for Parks and the Director of Parks.

Ms O'CONNOR - None of this information is made public.

CHAIR - Moving right along - that was your fourth question.

Ms O'CONNOR - Two to 20 that were asked by Labor in the previous session. I have one more question.

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CHAIR - You have just had four questions, which obviously means that Labor now get 12 questions.

Ms O'CONNOR - They are well ahead of me on the ratio, Chair.

CHAIR - They are not but if Labor wishes to allow you to jump in front of them, that is okay with me.

Ms O'CONNOR - I would like to continue this line of question, in the public interest.

CHAIR - One more question. That's all you asked for, you said one more question.

Ms O'CONNOR - Honestly, you people are unbelievable, you're just disgraceful.

CHAIR - I'm only offering what you asked for.

Ms O'CONNOR - It's the protection racket - the old party is looking after each other.

Ms WHITE - To be fair, we're not involved in this one.

Ms O'CONNOR - To be fair, Ms White, you sat there and said nothing.

Ms WHITE - Exactly. You could have continued, and now you have had your 10 minutes.

Ms O'CONNOR - Thank you very much.

Minister, I have a right to information request here; a response that came through very late on the afternoon 22 June before budget Estimates. It relates to the proposal to develop along the South Coast Track, which is one of the world's great unspoiled coastal wildernesses. It is signed by the Secretary, your delegate, of the Minister for State Growth. Can you confirm under the Right to Information Act this decision is not able to be internally reviewed?

We have had some strong words from the Premier and other ministers about how transparent and accountable your Government is. We have identified this loophole in the Right to Information Act. The Premier has said, 'Ministers would not be delegating decisions', and yet the secretary of your department is your minister's delegate, which means a decision to refuse information on this expression of interest cannot be internally reviewed.

Mr EVANS - The advice I have is that a decision taken under a delegation from the minister to me is not reviewable.

Ms O'CONNOR - That's exactly right. That is the point I am making, Mr Evans.

The Premier himself said in a budget Estimates sessions two years ago and then again in response to questions, asked by us and Labor on this issue, that this loophole in the Right to Information Act would not be used in future. Yet, the secretary of your department, minister, is your ministerial delegate. It further tells a story of secrecy. This is the loophole your Premier said would not be used anymore to hide behind the Right to Information Act and prevent internal review which means no review, cannot go to the Ombudsman, cannot go anywhere.

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Will you commit to not delegating decisions which then make sure we can't have internal review?

Mr GUTWEIN - I will take some advice on that matter.

Ms DOW - Minister, Sue Hickey was parliamentary secretary for small business prior to becoming Speaker. Who is the parliamentary secretary for small business now?

Mr GUTWEIN - I have taken on the role.

Ms DOW - Why was it allocated to begin with but then not, after that point?

Mr GUTWEIN - There was a view that Ms Hickey would have been very good working in that space. Circumstances change and I am going to take on the role through my normal ministerial functions.

Ms WHITE - Are you going to add small business to your title?

Mr GUTWEIN - I think that Minister for State Growth addresses both small and large business. I do not think small business will be too annoyed that as minister I will be being responsible for them.

Ms DOW - The appointment of a small business advocate was an election promise made by the Government. When will the role be filled? What will it cost? In the budget document it is absorbed in the Office of the Coordinator-General. I know that small business spoke to you about the importance of it being a commissioner role and I wondered why that was not the option that the Government went with rather than just the advocate.

Mr GUTWEIN - First, let me deal with how that will be positioned. It will be positioned in the Office of Coordinator-General. My view is that it fits very well with the red tape coordinator's role. The red tape coordinator at the moment is performing a role where he engages with small business regularly. There are plenty of examples of where he has been able to advocate for small business to provide better outcomes and I would see it fitting very nicely with his current role.

Ms DOW - So it will be integrated within his roles and responsibilities. There will no be any additional cost to that? It will come in under his tasks?

Mr GUTWEIN - He will just work harder.

Ms WHITE - He will have to do a bit more because my favourite piece of red tape that he was able to remove was that fireworks night was retained. A big tick; that is exciting.

Mr GUTWEIN - A lot people were very happy with that. If you are looking the list, why don't you read out the first 10?

Ms WHITE - Why don't you read out a measurement tool. Have you met a 20 per cent target of reduction?

Mr GUTWEIN - You are happy to cherry pick. Many people are happy with that particular decision. In terms of the red tape coordinator's role, there is a report that lists over 100 examples

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of where this Government has reduced red tape, including ensuring that people can enjoy the benefit of what is particularly a special night for children.

Ms WHITE - A strange place for you to claim an accomplishment.

Mr GUTWEIN - Being derogatory about fireworks night demonstrates where you have got to.

Ms WHITE - No, just that you have lumped it in the red tape reduction report. I find that strange.

Mr HIDDING - Macquarie Point is a large part of your responsibility. Can you bring us up to date with your activities in that area?

Mr GUTWEIN - Macquarie Point is a fantastic development site. We have already discussed the opportunities presented for it to become a significant Antarctic hub of world-class standing. We are working closely with the federal government.

Ms WHITE - Have you secured any commitment from them to do that?

Mr GUTWEIN - We are working with them in that regard. We have engaged with the ministers responsible for CSIRO and AAD. The move of CSIRO, if it is achieved, will open up a fantastic development site in Hobart in terms of the current CSIRO footprint. The finish line of Sydney to Hobart yacht race is one of the most appropriate and significant development sites in the country in my view. We are working through the remediation and process that we put in place initially. We are now in a position where we will be looking to move to the development and investment stage. We need to look at what the next step looks like. There are matters we need to look at in terms of titles, easements and other matters related to the site itself. We also need to look at the planning and resetting of the provision for the site and finalising that so we can move to the investment and development stage.

The Government is exploring legislation to help transition smoothly into that investment in the development stage. There is no intention of moving outside of the current statewide planning provisions but we want to give Macquarie Point every opportunity of becoming a world-class Antarctic and science precedent. We are considering whether site-specific legislation would be appropriate for that site to ensure we can capture the opportunity that it is presenting itself. The outcome of the potential legislation would provide certainty of federal investment decisions being considered in respect of relocation to the Antarctic precinct.

We want to give Mac Point every opportunity and I flag that here today. MONA had a very wide vision for that site which included the port. What we are considering will only be for the Mac Point footprint but there is a need to ensure that footprint is investment-ready and has the appropriate planning approvals for the site.

So people do not go off thinking this will be a government planning process, we would be expecting that the site would be brought into line in terms of the reset vision, and the allocation of the investment parcels on the site would be under the statewide planning provisions and the broad rules, and decisions on planning matters would still be the responsibility of the Hobart City Council.

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Ms WHITE - On the Macquarie Point reset vision, is the MONA vision for the site still the Government's preferred vision?

Mr GUTWEIN - Yes, in terms of what was proposed, but you might recall that one of the aspects of the MONA vision was to take over the working port. That is a consideration that needs to be looked at in future years. As to the Mac Point site itself, we are now at the point where that remediation phase is coming to completion and are now in a position where we need to get the site itself clarified in terms of its boundaries and ownership and other matters -

Ms WHITE - I thought that was already fairly clear.

Mr GUTWEIN - We are working through that process to clean up any other matters that need to be dealt with and we will be looking at legislation.

Ms WHITE - What sorts of matters?

Mr GUTWEIN - We are working through that process at the moment. I have been advised some legislation is required in that regard and we will take the opportunity to ensure we can provide the landing spot for capital that is required to move this project forward through the development stage.

Ms WHITE - I am curious to hear that the site itself is not as clear as it was previously. We have all had briefings from the development corporation over the years since it has been established to do this job and the footprint has always been well known.

Mr GUTWEIN - The footprint is well known but my understanding is that there are some minor matters that legislation will assist in clearing up.

Ms WHITE - What about the sewerage works there?

Mr GUTWEIN - We have a very good relationship with TasWater and at the moment one of the challenges with that site is that the attenuation zone applied to that site is 400 metres and outside of the bounds of the current statewide planning provisions. Work is currently underway with some investment into engineering solutions to ensure that the site can be operated within the attenuation provisions under the statewide planning provisions. I will give you an example. It has been identified between the corporation and TasWater that there is an engineering solution that can significantly reduce the amount of smell that occurs when trade waste is being deposited at the site and that engineering solution is currently being worked through at the moment.

Ms WHITE - Are you still interested in relocating the sewerage works?

Mr GUTWEIN - The previous minister indicated that the site would be looked at in various stages and certainly from the point of view of relocating the Macquarie Point sewerage plant there is no impediment to be getting investments on that site subject to these minor matters being taken care of in terms of engineering solutions. It would be my view that over the longer term the relocation of that wastewater treatment plant would occur.

Ms WHITE - How much has been spent on that site, given that there was a substantial government grant provided from the federal Labor government? How much of that money has been expended?

Mr GUTWEIN - I don't know if I have a briefing on that with me at the moment but I am happy to take it on notice and provide it. What the Government wants to do is to now get on with ensuring that that site is investment-ready and, as I have indicated, we will be looking at bringing legislation forward.

Ms WHITE - You really are mad at Matthew Groom, aren't you? What did he do for four years?

Mr GUTWEIN - Matthew Groom has done a fantastic job.

Ms O'CONNOR - His legacy will be the process that is degrading wilderness across Tasmania. That will be Mr Groom's legacy and now it will be yours.

Mr GUTWEIN - I like to think it is a matter of opening up those wilderness areas for investment and the significant number of visitors coming to the state.

Ms O'CONNOR - Because you don't understand wilderness.

CHAIR - Is that a question to the minister? If not, you were interjecting, then.

Ms O'CONNOR - Because I am getting impatient.

CHAIR - At this point in time, after you had your seven, Labor have had 10.

Ms WHITE - Do we have some more, Chair?

CHAIR - Yes.

Ms O'CONNOR - That is absolutely incorrect. When Labor asks questions, often you let them go by but everything that comes out of the Greens' mouths gets marked down there. It is inconsistent.

Ms WHITE - You talked about site-specific legislation being necessary and will introduce that but you did not indicate a time frame. Do you have a time frame for when you will introduce that to parliament?

Mr GUTWEIN - I would be hoping to introduce it in the spring session.

Ms WHITE - Who are you consulting with around the drafting of that legislation?

Mr GUTWEIN - We will go through the normal consultation process.

Ms WHITE - You have to talk to TasPorts presumably.

Mr GUTWEIN - We will need to talk to all the relevant stakeholders.

Ms WHITE - Is it going to be an open process of consultation or are you going to select individuals to speak to? I am keen to understand because you are talking about site-specific legislation for a really important asset -

Mr GUTWEIN - One of the key stakeholders would be the Hobart City Council but as I have said and indicated, they will still be the planning authority that will make the decisions in terms of discretionary or other developments that occur on that site.

Ms WHITE - What do you hope the site-specific legislation you have spoken about will give effect to? Why is it required?

Mr GUTWEIN - Obviously the Government accepted the MONA reset and work has been conducted over the period since former minister, Mr Groom, announced that. It will enable the parcel that is the Macquarie Point site for the reset proposal to have the development envelopes as envisaged by that reset plan.

Ms WHITE - You are so good at giving non-answers.

Mr GUTWEIN - I have been perfectly clear. The reset vision was quite different in the way that site was structured compared to the original master plan. The legislation will enable us to finalise the reset and move to the development stage.

Ms O'CONNOR - Minister, can you explain to the committee and those of us who actually represent the public interest where there is an opportunity for people who are concerned about public assets, how they are managed and whether they stay in public hands, and who are concerned about an opaque process through a government quango where are the opportunities for people to have an insight into the work of the Office of the Coordinator-General? What projects are being progressed on the public purse? When you go through it and every time we have asked a question in parliament we have been fobbed off because it is commercial-in-confidence.

The Office of the Coordinator-General fobs off our Right to Information requests under the guise of commercial-in-confidence. We now have you delegating Right to Information decisions so that they are not subject to internal review. Have you taken secrecy and contempt for transparency to the next level?

Mr GUTWEIN - I am not going to answer that question. In terms of the EOI process in planning and the arrangements that occur under the Reserve Activity Assessment process, there are processes available for input through that process that you are aware of. I reject your assertions.

Ms O'CONNOR - I understand that you may not have allowed yourself to go into detail on the lack of transparency in the process. In terms of public input over expressions of interest proposals, there are extremely restricted opportunities for public input: one is when your Government changes management plans to enable developments. The second is if it goes up as a reserve activity assessment three or four to the Commonwealth under the EPBC act and only an RAA four mandates public consultation. The third is only if it goes to council and is a discretionary use, which if it has got the RAA attached to it, it will be a permitted use therefore no public consultation.

You need to understand how opaque this process you are overseeing is. You need to understand that you are shutting people out of participating in planning decisions and significant land use decisions. Do you accept that this is a secretive process which explicitly denies the public a capacity to have a say? It then shuts down access to information to the point of delegating RTI decisions so they cannot be reviewed even internally.

Mr GUTWEIN - Regarding the EOI process, it is perfectly reasonable that intellectual property is protected and that confidence is maintained. As you are well aware, the Reserve Activity Assessment process will determine what activities can take place.

CHAIR - Order Ms O'Connor.

Ms O'CONNOR - I need to help the minister to understand.

CHAIR - You don't need to help the minister understand. You can ask a question of the minister and then you shall listen to his response.

Mr GUTWEIN - If you are not happy with my response then you should speak to the appropriate minister.

Ms O'CONNOR - Whether or not I am happy with your response is irrelevant. The issue here is that on any rational examination, you cannot say that the expressions of interest process is working in the public interest. There is no capacity for public input other than under the most narrow of scenarios. That is, with a Reserve Activity Assessment level 4, or if it is a discretionary use for council. That is it. I am hoping you will accept is that it is not a publicly accessible or accountable process in the slightest.

Mr GUTWEIN - In relation to the Reserve Activity Assessment process, 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.

Ms O'CONNOR - Where is the public consultation in there?

Mr GUTWEIN - It is perfectly transparent.

Ms O'CONNOR - It is not transparent. Minister, do you agree because Reserve Activity Assessments are not made public it is not transparent?

Mr GUTWEIN - What you want is the opportunity to be able to object to any development that might be occurring.

Ms O'CONNOR - It is not about what I want. It is about what is in the public interest.

Mr GUTWEIN - I think it is what you want.

CHAIR - Moving along, Ms O'Connor, that is three questions. You agree that is three questions to the Treasurer.

Ms O'CONNOR - I'm sorry we just had 16 from Labor before, so you are going to shut me down after three? I reserve the right to ask another question.

CHAIR - Given that we are about to start our last five minutes I need to give Labor a fair go at this.

Ms O'CONNOR - Labor has had a very fair go, Chair.

UNCORRECTED PROOF ISSUE

CHAIR - Ms O'Connor, I am chairing this meeting and I am telling you that it is running at about 50/50. You are running about 50 per cent of Labor, I should say. Therefore, in the last five minutes of the day after you have just had three questions I need to allow Labor the opportunity to ask another one.

Ms O'CONNOR - I have a final question on this matter. I asked three questions.

CHAIR - If Labor have another two or three questions and there is time I will come back to you for the last, if you like. I will go to Labor for the next question.

Ms O'CONNOR - Okay, and I will count these questions when the Greens come in and it will demonstrate that you have again shafted the Greens.

Mr GUTWEIN - Just on Cambria Green the Secretary just has some information.

Mr EVANS - I made a statement earlier, Chair, about no engagement with the developer about the development, which is true, but it has been brought to my attention that in 2012 through MRT they have issued a mining lease for low level sand extraction associated with irrigation developments in the area. They last had an inspection of that site, which occupies 0.15 hectares in July 2015, which was just a routine inspection. I just needed to clarify.

Ms O'CONNOR - Minister, why did you delegate an RTI decision in manner that would prevent it from being internally reviewed?

CHAIR - Ms O'Connor, I am not going to allow that question. You are simply trying to bully your way through another question.

Ms DOW - Page 296 with supporting more apprenticeships and traineeships as part of the overview of the Budget. A number of industries have been identified there: building and construction, tourism, hospitality and manufacturing. How did the Government come to the conclusion that they were the greatest area of need and was any consideration given to the service sector, such as aged care which offers lots of opportunities?

Mr GUTWEIN - That question was asked of me yesterday and I thought I clarified this in the lower House last week as well in the debate that went on in respect to the tax measures bill that came through.

Ms DOW - We don't listen to you all the time, to be fair.

Mr GUTWEIN - Regarding the identified skill shortage areas, the regulations will allow for areas to be inserted depending on where the need is. We have identified those three areas: building and construction, advanced manufacturing and hospitality was the third one. The regulations will enable other industry sectors to be nominated.

Ms DOW - There will be a criteria will there, or an audit like a data that supports it?

Mr GUTWEIN - It will depend on data. There is a body of work, NCER, and we will draw from that. There is a current payroll tax rebate in place and that runs through to the end of this

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current financial year and then the extension will be targeted at skills, or where there are skill shortages. The regulations enable us to target.

Ms DOW - Could you provide an update on the number of businesses that benefited in their sector in that last period that you just talked about?

Mr GUTWEIN - The number of businesses?

Ms DOW - There are two parts to it: there are small businesses that receive the incentives, but then there are also a number of trainees as well.

Mr GUTWEIN - I am sure we will have information on that.

Ms DOW - You can take it on notice.

Mr GUTWEIN - We do not have any.

Ms DOW - That is all right we will put it on notice.

Mr GUTWEIN - You are looking for both the number of apprentices, trainees and young people that were employed as a result of the payroll tax incentive, and also the number of small business grants that were provided as well?

Ms DOW - Yes, that is right. Thank you. My final question is in relation to output group 1.2.

Mr GUTWEIN - What page are you on there?

Ms DOW - I am on page 302 and under the line item, Industry skills development and business growth. This might be one you could take on notice. I would like to understand the activities and strategies that underpin that line item, Industry and business development, what the breakdown of that is please?

Mr EVANS - Do you want the budget itself?

Ms DOW - Yes, to understand more details on it.

Ms WHITE - We started this conversation yesterday and the secretary was cut short when you started talking about trade which is the same output.

Mr EVANS - I was talking about trade before lunch.

Ms O'CONNOR - Minister, will you commit to no longer delegating Right to Information decisions so they can be internally reviewed?

Mr GUTWEIN - I think the secretary is dealing with a question.

CHAIR - We are dealing with one question, Ms O'Connor. If you would not mind, in the next 30 seconds or otherwise we will be out of time.

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Mr EVANS - It is a very detailed explanation. The original budget \$54.7 million and movements you can add to that 2018-19 election commitments for digital inclusion of \$100 000. The Great Eastern Drive mobile coverage tender, \$3.5 million.

CHAIR - I need to inform the committee the time for the deliberation has now concluded. I thank everybody. Treasurer, do you wish to thank the officers you have with you for the day?

Mr GUTWEIN - I thank Mr Perry, Mr Evans and Mr Craigie for their support today and thank members for their interest in this very important portfolio area.

The committee adjourned at 6.07 p.m.