



PARLIAMENT OF TASMANIA

TRANSCRIPT

LEGISLATIVE COUNCIL

ESTIMATES COMMITTEE A

Hon. Eric Abetz MP

Monday 1 June 2026

MEMBERS

Hon Ruth Forrest MLC (Chair)

Hon Clare Gade-Wright MLC

Hon Sarah Lovell

Hon Cassy O'Connor MLC

Hon Bec Thomas MLC

OTHER PARTICIPATING MEMBERS

IN ATTENDANCE

HON. ERIC ABETZ MP

Treasurer, Minister for Macquarie Point Urban Renewal.

Treasury

Ministerial Staff

Matt Hochman

Chief of Staff

Jon Gourlay

Senior Adviser

Megan Hickey

Senior Adviser

John Wise

Senior Adviser

Department of Treasury and Finance

Gary Swain

Secretary

James Craigie

Deputy Secretary, Budget and Finance

Dean Burgess

Deputy Secretary, Economic and Financial Policy

Jonathon Root

Deputy Secretary, Revenue and Regulatory Services (where required)

Abigail Shelley

Deputy Secretary, Corporate and Governance (where required)

Eleanor Patterson
Director, Budget Management Branch

James McAvoy
Acting Director Government Finance and Accounting

Angelo Pavlides
Director Liquor and Gaming

Kate Patmore
Assistant Director, Office of the Secretary

Audit Office

Martin Thompson
Auditor-General

Jonathan Wassel
Deputy Auditor General

Janelle Tamlyn
Director, Corporate Support and Strategy

Macquarie Point Development Corporation

Anne Beach
Chief Executive Officer

Sam Wilson-Haffenden
Project Director Multipurpose Stadium

Matt Healey
Deputy Secretary, Strategy and Delivery - DPaC

James Avery
Chief Executive Officer - Stadiums Tasmania

Katherine Morgan-Wicks
Secretary, DPaC (possible attendee)

(in the room)

Mathew Hochman
Ministerial - Chief of Staff

Jon Gourlay

Ministerial - Adviser

Kath Colley

Senior Project Officer, Strategy and Delivery DPaC

Greg Cooper

Chief Operating/Company Secretary - DPaC

Grace Johnson

Principal Strategy, Project and Policy Officer - MPDC

PUBLIC

The Committee commenced at 9.00 a.m.

CHAIR - Welcome, Treasurer, to the first day of budget Estimates. I know you have a long couple of days with us, and we appreciate you will be at the table for a long-extended period, as will we. I invite you to introduce the members of your team at the Table for the purposes of *Hansard* and then I expect you'd like to make some brief introductory comments about the Budget and your portfolios.

Mr ABETZ - As I understand it, the vast majority of the Legislative Council members were there at the Budget speech, so we've sort of put our press releases, et cetera. Whether I need to repeat that which I said on 21 May chances are not, so I will leave that all as said on that occasion. To my left, Gary Swain, the secretary of the department, James Craigie, deputy secretary, Budget and Finance, and Dean Burgess, deputy secretary, Economic and Financial Policy, and with that let's get into questions.

Output Group 1 - Financial and Resource Management Services

CHAIR - I'm going to move into Group 1.1, Budget Management and Financial Policy in the Treasury and Finance portfolio. Just setting aside individual line items at this point, can you outline or point to any budget in recent history where savings of this scale and ambiguity with no detail about how they will be achieved have actually been delivered? Can you tell me where it's happened in the past?

Mr ABETZ - No, I'm not able to point to where it's happened in the past. We have made no apologies for saying it's a tough budget. It is an ambitious budget, and it will be not easy to live up to, but it is possible and that is our intention as a government.

CHAIR - Treasurer, do you then acknowledge there are lots of holes or gaps in this Budget, including the Human Resources Transformation Program? HRIS, in its former life. The Tasmanian Risk Management Fund shortfall, sensitivity discrepancies, non-salary indexation below CPI and a heavy reliance on conveyancing duty in a softening market. How do you accept this as a credible path when all those things are missing from the Budget?

Mr ABETZ - Just one of the items you mentioned was a softening real estate market, yet I think today's *Mercury* had on its front page, if I recall correctly, that we are hitting the highest prices ever and that real estate prices are still booming in Hobart. Good, bad or indifferent as that may be-

Ms O'CONNOR - Terrible news for young people.

Mr ABETZ - but in relation to the stamp duty element, that would suggest that the estimates within the Budget might be appropriate in relation to that income.

CHAIR - Is that the same in the out-years? Because you have federal government changes that could certainly dampen the market. We know that your own risk and sensitivity chapter in the Budget makes it really clear it's very volatile.

Mr ABETZ - It is volatile and that is why it is vital that we get the budget into a situation where it's sustainable. That is why the deficit spending of the past, for a number of reasons that

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has to be wound back, and we now have to get back to a sustainable budget again because of all the potential risks we face.

CHAIR - What about the other gaps that are there - if you say you can hold up the conveyancing duty - that will remain to be seen?

Mr ABETZ - There are the challenges -

CHAIR - They're gaps; it is money that's not there that is needed.

Mr ABETZ - In the past as I understand it and, secretary, you may wish to add here, but as I understand it, with the wage increases in the past that has been budgeted at 2.5.

CHAIR - Hence the problem that we've had, yes.

Mr ABETZ - And that will then be implied savings for the departments to make up.

CHAIR - Because of that 2.5 per cent assumption the departments are going, or the agencies are going, to have to find at least 0.5 per cent savings within their current budget.

Mr ABETZ - Yes, departments have to live within their means and that has not necessarily been happening as it could or should have been in the past. That is what we are trying to get the balance to do. Secretary, did you just want to add something there?

Mr SWAIN - I was just going to say that's been a feature of the budget for a number of years, the 2.5 per cent and part of the thinking behind that is that there's always a turnover in departments, so you never actually have your full establishment. When I started in Treasury, for example, the turnover was about 15 to 17 per cent. Now it's about 11 per cent, so I think there's a basis for that assumption varying from the actual cost, but then that can't be double-counted, obviously, you have to then factor that into the way departments are managed. You can't bank a big salary saving as well as an additional saving for your operational approach.

CHAIR - But, Treasurer, the latest wage agreements that have been signed off and agreed are 3 per cent and so already you've got a 0.5 per cent gap. Has that been modelled as to how many extra staff that might relate to?

Mr ABETZ - I'm not sure whether each department has done that within their own area.

CHAIR - Has Treasury done it? Surely when you're preparing a budget it would look at what the task would be here.

Mr SWAIN - Through you, Treasurer. No, we haven't explicitly modelled that, other than, obviously, we've looked at that for Treasury in terms of managing Treasury and factored in what we think the salary savings will be in relation to decisions around employment. So, every agency should be doing that.

CHAIR - If we ask every agency then, they'll be able to tell us what sort of impact a 0.5 gap would have in numbers of staff they may need to find - or cuts they need to make in addition to the operational efficiency that's imposed in the Budget. Is that correct?

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Mr ABETZ - Yes, look, as the secretary said no department has a full complement at all times, so there's that element in relation to wages and, of course, I think the Premier at another hearing is indicating about the rightsizing of the public service, so there will be a reduction in the FTEs in the various departments as well.

CHAIR - Treasurer, this has been a matter I've raised many years: we know that wage indexation has run around 3 per cent in Tasmania; as you've said, it's 2.5 per cent, it has been before, but that's added to the problem that we've seen in budgets not being able to be met. Now you're asking all the departments and agencies to actually cut an extra 0.5 per cent to make their budget - their operational efficiencies work.

Mr ABETZ - It's not exactly the 0.5, as the secretary explained -

CHAIR - No, but it's still a significant number in a big department.

Mr ABETZ - because you don't have a full complement of staff at all times and we will be rightsizing that. Nevertheless, the point is there, and our departments and agencies do need to live within their means.

CHAIR - What about the funding that we know you're going to need for the human resources information system, now transformation project, I think it's called. What about that? That's not in there - in the out years, it is this year, but not in the out years.

Mr SWAIN - No - Treasurer, through you, it's not funded beyond what's in the current DPAC chapter, so there will have to be, as I understand it, an additional budget bid, which will come through in the 2027-28 Budget, but I'm informed largely by the Auditor-General's recent report.

CHAIR - The Tas Risk Management Fund shortfall, that'll also have to be found from within the agencies? Because you have the \$183 million that was put in last year in November, it's a \$74.7 million shortfall, I'm pretty sure in Tas Risk Management Fund, that'll have to be absorbed by - well the agencies will have to top that up and add it to their requirements?

Mr SWAIN - That's a slightly more complicated question. The assets of the TRMF are now below the liabilities of the TRMF. That's a problem that does need to be addressed, but over time, so it's not an immediate problem in terms of what's being paid out. It's, the TRMF can't - that imbalance can't be allowed to grow too much, it'll have to be dealt with in the next two or three years. There's a couple of different ways it can be dealt with. One is through agencies or one is through an equity injection as happened in the last Budget as I think you're alluding to.

CHAIR - So, there are a number of identified gaps, okay? So, you say we're going to get into a surplus in 2028-29, if these figures have to be added in, surely that's not feasible because we know they're going to have to be added in somewhere other.

Mr ABETZ - Well, there are savings -

CHAIR - But they're factored in across the forward Estimates, they're already there, baked in.

PUBLIC

Mr ABETZ - Yes, and departments will have to live within their means.

CHAIR - But you've missed money out. You've missed significant amounts of expenditure that are going to have to come in those out years that will make it almost impossible to reach a surplus as you've predicted.

Mr ABETZ - With respect, it is possible if the departments and agencies do live within their means and that is what they need to do.

CHAIR - But you're missing the point, Treasurer. The amount of money that we've just talked about - about \$120 million I could roughly look at just in some of these obvious gaps alone, I mean, if you have to add that in, as well as the issues with the CPI, with the non-salary costs as well, surely it becomes an impossible task.

Mr ABETZ - Well, that's the task for the various agencies and ministers.

Mr SWAIN - Through you Treasurer, there is no doubt that the forward Estimates are very ambitious, but what they reflect is what is required in order to get the budget back into a better shape.

CHAIR - But, what your fiscal sustainability report said was required was a longer timeframe. Three years was not one of the options. Five years was without causing too much harm. This is the report that obviously Mr Swain prepared. It said you needed to pull all three levers, not one. You're trying to deal with one lever and think you can do it in three years, so tell me how?

Mr ABETZ - No, you are asserting that only one lever, there are three levers I would have thought and that is reduce expenditure -

CHAIR - Which you're doing.

Mr ABETZ - grow the pie, which we are seeking to do as well, and increase revenue.

Ms O'CONNOR - You haven't done anything to increase revenue.

CHAIR - No.

Mr ABETZ - And we have indicated that we went to the last election no new taxes and we are sticking with that -

Ms O'CONNOR - That's foolish.

Mr ABETZ - and, if you want to see how it goes for governments when they promise such a thing then don't deliver, just look to Canberra.

CHAIR - Well, let's look at the government's fail-

Ms O'CONNOR - Well, you also promised \$375 million on a stadium, not one red cent more, so you know.

PUBLIC

CHAIR - So there have been a lot of broken promises.

Mr ABETZ - No, allow me to correct that.

Ms O'CONNOR - Well, that's a 2024 state election promise.

Mr ABETZ - \$375 million, it was in the business case, 375 upfront injection with the balance to be borrowed, which is always conveniently not mentioned. The 375 is the initial capital injection and then the balance to be borrowed, and that has been consistent.

Ms O'CONNOR - It's still a promise.

CHAIR - Sorry. I've got a couple and I'll come to the others on this point, but you also, sorry -

Mr ABETZ - Secretary did you have any -

Mr SWAIN - Did you want my comments on revenue?

Mr ABETZ - Yes.

Mr SWAIN - So, there's certainly downside risk in the Budget on the expense side. There's no doubt about that and that's acknowledged in the risk section.

CHAIR - Quite extensively.

Mr SWAIN - Yes. There's also some upside revenue opportunity in the Budget. The GST outlook from the Commonwealth government that came out just recently is not reflected in the Budget. There was quite a lot of discussion in the formation of the Budget around fees and charges, and where that got to was, there wasn't sufficient certainty around fees and charges to examine putting that in the Budget, but we are still doing a fees and charges review, which will be in line with the current policy position that it's cost recovery.

CHAIR - Which may add an extra \$3 million from what I read in the budget papers.

MR SWAIN - Well, fees and charges are about \$150 million.

CHAIR - Yes, \$3 million extra.

MR SWAIN - Well, I think it could be more than that, but no, it's not hundreds of millions. It might be tens of millions. The other one I was going to mention, which is systemic, is the capital payments from the Commonwealth, which come in as revenue, are always a little understated in the budget because they come in year by year, which is why the budget papers have a revenue growth of about 4.4 per cent where actual revenue growth is higher than that, pushing towards 6 per cent. It's certainly true that there is significant downside risk in the Budget, but there is also some upside opportunity on the revenue side.

CHAIR - Treasurer, you said you can grow the pie, I think the 2021 fiscal sustainability report and the most recent one this year both said, you can't grow your way out of this.

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Mr ABETZ - No, in isolation we cannot grow ourselves out of it, but it doesn't mean that it is not part of the answer. It is part of the answer and we are pursuing it.

CHAIR - So when, one moment - sorry I'll come to you, Cassy and others have questions on this - you and the secretary said, Treasurer, that you don't have budget for - you know, establishment is not the full - how do you then, if that's - I always understood it was budgeted for, fully staffed. You were saying that's not the case? Can you clarify what you were saying in that?

Mr SWAIN - It's different agency by agency, but what, for example, Treasury has traditionally done is keep its predicted salary level, or its headcount, at a level that overspends a little bit against your budget, but on the basis that you know you will have turnover in staff and vacant positions for a period of time, because you've got 10 per cent vacancy. You might budget at the beginning of the year to be slightly over your expense allowance, but in reality you will end up a bit under it because of the turnover. So, that approach -

CHAIR - Do you fund to establishment or do you fund below establishment? That's the question.

Mr SWAIN - You fund to establishment and you can make a decision as an agency whether you want to be slightly over or under your expense line in your budget, but in doing that you have to take into account other savings measures that are in your budget and the turnover rate. If the turnover rate is 15 per cent, you might take a slightly more aggressive approach and go, we will plan to be a little bit more over budget because we know we're going to land this side, and if the turnover rate line now is coming down, you will be a bit more conservative, and you might be just over the expense line, but you will still largely come under.

CHAIR - Does Health fund to - how do they work?

Mr SWAIN - It's different agency by agency. It's a matter for their executive and the approach they take to their own internal budget management. It wouldn't surprise you to hear that Treasury takes a pretty conservative approach.

Ms O'CONNOR - Thank you, Chair. Treasurer, by our calculation, at least \$750,000 of public money has been used to pay legal fees for members of your government. As Treasurer, are you absolutely confident that all of that money is being paid out appropriately and with appropriate probity?

Mr ABETZ - Yes. As I understand, some of those decisions were made before I became Treasurer -

Ms O'CONNOR - That's right.

Mr ABETZ - and so when those decisions are made, I assume that they are made according to the protocols that are in place. I understand those protocols have been in place for some 20 years and indeed, whilst you were a minister, in fact, they were in place, and we -

Ms O'CONNOR - I never tapped the public account for my legal fees because I didn't need to.

PUBLIC

Mr ABETZ - Good on you. You didn't live dangerously, in that case.

Ms O'CONNOR - Oh, I did.

CHAIR - I reckon she did.

Mr ABETZ - That aside, there is nothing that I know that suggests to me that the protocols haven't been followed.

Ms O'CONNOR - Can I ask, because it's unclear to me: when there is a decision made by Cabinet to approve the legal fees for a member of government, does that come out of any particular account, or is it out of the public account?

Mr ABETZ - Good question.

Mr CRAIGIE - It would be out of the public account, ultimately.

Ms O'CONNOR - He hasn't got a microphone down there. We might need to -

Mr ABETZ - Give him Cassy's.

Mr CRAIGIE - I don't know for certainty, but I would imagine it would be paid for by the relevant agency. That could be Ministerial and Parliamentary Services (MPS) or it could be DPAC, or - it would ultimately come from the public account.

Ms O'CONNOR - Through you, Treasurer: when you say relevant agency, the agency that relates to the relevant member's portfolio if they're acting in their capacity as a minister of the Crown?

Mr CRAIGIE - That would be my assumption. I don't know the correct answer. You would have to ask the relevant minister how - where their fees were paid from.

Ms O'CONNOR - Okay. Thanks, James. Treasurer, in response to a social media comment yesterday, former minister Ogilvie confirmed that her taxpayer-funded legal fees related specifically to the Supreme Court action that she initiated and initially denied initiating. Can you confirm you're aware of the connection between the legal fees paid by taxpayers and those proceedings?

Mr ABETZ - Look, I am not personally aware.

Ms O'CONNOR - Cabinet has to approve the request to use taxpayer funds to pay for the former minister's legal costs. You must have had some idea that there was a connection between the request for funds and those Supreme Court proceedings; or was that expenditure approved without knowing what it was for?

Mr ABETZ - I would assume that the expenditure at the time was known to my Cabinet colleagues. I wasn't part of that particular one. Being a former lawyer, I know how these things sometimes travel. You might think you can resolve something quickly, and unfortunately it takes a lot longer. Trying to indicate how long a piece of string is, or how long a legal matter will cost, or take, is something I think is always fraught with trying to make predictions.

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Ms O'CONNOR - Are you aware of any more - I'm sorry, Sarah, just quickly: are you aware of any further request for legal assistance from former minister Ogilvie for the Supreme Court proceedings which she initiated and initially denied initiating?

Mr ABETZ - I think following through all that question, there is nothing that I can recall. I will check just to see if there is something that may have slipped my mind, but I don't think it has.

Ms O'CONNOR - It's good to hear you being cautious about being honest at the table. That's really good.

Mr ABETZ - I try to the best of my ability, Ms O'Connor -

Ms O'CONNOR - I know you do. I know you do.

Mr ABETZ - and a few times when I have tripped up, be it in the Senate or -

Ms O'CONNOR - You have corrected yourself.

Mr ABETZ - I have come in as soon as I possibly can to clarify or correct the record, because the great thing about parliamentary privilege is that we can use it, and we should use it, but if you use it and then accidentally make an error, you should then clarify it, because that is what upholds the dignity and importance of parliamentary privilege. It's a real privilege.

Ms O'CONNOR - Yes, I think that's the mistake your former Cabinet colleague made.

CHAIR - We won't make comments about other people.

Ms O'CONNOR - Well -

Mr ABETZ - It's a privilege, and if you abuse privileges, then they fall into disrepute.

Ms O'CONNOR - There is a consequence. There is a consequence.

Ms LOVELL - Can I just clarify, Treasurer, just going back to your comments before about the decision being approved by Cabinet: can I just clarify that what you're saying there is that you were not a member of Cabinet when that decision was approved?

Mr ABETZ - Yes. As I understand it, that occurred before -

Ms LOVELL - Prior to you -

Mr ABETZ - my election in, when was it, February, whatever, 2024.

Ms LOVELL - Okay. Thank you.

Mr ABETZ - That's still the best of my recollection, but if that is incorrect and happened whilst I was a member of Cabinet, more than happy to correct the record, but I don't recollect.

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Ms LOVELL - Surely you'd remember if you were a member of Cabinet approving that decision?

Mr ABETZ - Often, and Ms O'Connor, she was a member of Cabinet - sometimes there are decisions and you are otherwise engaged, or out the door at a particular time. I wouldn't necessarily say that every Cabinet minister knows everything that happens at Cabinet 100 per cent of the time. It's like sometimes, even in the parliament, I'm sure you're not sitting in the Legislative Council all the time, Ms Lovell, and sometimes something might -

Ms LOVELL - No, but I'm certainly making sure I know what decisions are being made, and particularly decisions that are being made by me. So, anyway, we can move on.

CHAIR - I am just going to go back to the Budget. The Budget identifies large savings across the whole period of the forward Estimates as well, but doesn't actually provide an implementation plan and no redundancy program. Is it the government's position that this level of fiscal consolidation can be achieved without compulsory redundancies, and without a detailed workforce plan that includes specific targets and timing?

Mr ABETZ - Look, the Premier, I think, in another place, is indicating that we will have a voluntary redundancy scheme targeting 500, and so -

CHAIR - Where's the funding for that, Treasurer?

Mr ABETZ - That will be from each individual agency. The costs of that, of course, will be recouped by a lower wages bill.

CHAIR - So, this coming year, you'd have to actually achieve any sort of the level of savings that you're looking at, or that the budget papers seem to contemplate, you would need to have the number that are required to leave, leave on 1 July; then the separation payments, voluntary or involuntary, can be significant, depending on the length of service of those individuals, and the leave liabilities that crystallise at the time. What modelling has been done about how much the redundancy cost is going to be, because that's going to have to be borne by the agency, as well as the savings, which won't show up in this coming year at all, if you're going to pay out separation payments and the other savings they're expected to make.

Mr ABETZ - And look, each individual agency will have to make those management decisions.

CHAIR - Where's the redundancy payments in the Treasury budget?

Mr SWAIN - No, there aren't. Because I mean the starting point at this stage is if each agency or agencies do different versions of programs to seek voluntary redundancies, they won't know who is going to put their hand up or which area they're from.

CHAIR - But surely you can model when, no-one leaves for nothing, except in the parliament. No, when we leave, we leave with nothing, okay. That's not the same for the state servants. We know there's at least a four-week separation payment. It can be up to 48 weeks. There must be some idea with the scale, I think it was 500 staff the Premier said in another place. What would be the rough calculation - back of an envelope - on the cost of redundancies of that?

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Mr SWAIN - Yes, but even a back-of-the-envelope is pretty difficult, because you have a band 1 to an SCS 4, a very significant salary range. Somebody who might have been there for six months or somebody who might have been there for 30 years. You could come up with a number, but I'm not sure it would be particularly -

CHAIR - But surely the Budget's lacking a substantial number here by not putting anything in. Isn't it misleading to say you can achieve these savings, particularly this year, this coming year, for the Budget delivering for while we're here, without including some provision for redundancy costs, unless they're all going to leave on the 30th of June and then you've made no savings. That's 30th of June next year.

Mr SWAIN - That will all need to be taken into account by the agency. The agency's got to be confident for it to be a redundancy. They've got to have an altered service delivery model, where that position is generally not needed in the long term, which is different from a RIP where you might replace a more senior person with a more junior person. It's going to be a really more granular decision, branch by branch, division by division across agency.

CHAIR - But it's going to cost money. Does the Treasurer acknowledge that this will cost money?

Mr ABETZ - Sorry?

CHAIR - Do you acknowledge that staff separations will cost money?

Mr ABETZ - Well, they usually cost money; there's no doubt about that.

CHAIR - So will they cost money to the 2026-27 Budget?

Mr ABETZ - The Budget was set at a time before the machinery of government changes were announced, if I recall correctly secretary, and say they weren't reflected in the Budget. That's always the difficulty with any budget.

CHAIR - So the Budget's completely false.

Ms O'CONNOR - It's actually a little bit hard to believe the machinery of government changes wouldn't be incorporated into the Budget.

Ms THOMAS - It's another interim budget.

CHAIR - It's another budget that doesn't tell us anything.

Mr ABETZ - The budget is a point in time and, as the secretary indicated, we weren't aware when the budget figures were put in as to what the GST flow might be.

CHAIR - The GST has nothing to do with this. Let's focus on the redundancies.

Mr ABETZ - I was commenting on the assertion that therefore this is sort of like another interim budget. A budget is a point in time, and then things change after that, which you could not have foreknown. Treasury could not have foreknown machinery of government changes Treasury could not have foreknown -

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CHAIR - Machinery of government changes are talked about in the Budget; they did know.

Mr ABETZ - changes in the GST flow, so there are going to be changes.

CHAIR - That happens every year.

Mr ABETZ - Thank you very much, my point exactly.

CHAIR - But what I want you to tell me about Treasurer is there's obviously machinery government change that is talked about in the budget papers, so it's not news; it's not news to the secretary and it's not news to you.

Mr SWAIN - It's just the timing. The budget process, I think you would understand, it's not the most flexible process. You work through all the numbers before the base numbers, only after the numbers are settled can you then do all the calculations that are required, and only after that can the chapters be written. It is a kind of process that by its nature is linear, and the machinery of government change came really after the numbers were settled.

CHAIR - Why wasn't a number put in to capture the redundancy cost? There will be no savings this year, as predicted in the budget papers, if you have to let that many people go. It just means the Budget is completely unachievable.

Mr ABETZ - That might grab you a good headline, Chair-

CHAIR - That's the reality. I'm not after a headline, I'm after reality.

Mr ABETZ - With respect, the Budget is deliverable, is achievable and that is what we're going to work towards.

CHAIR - For 16 budgets, the Liberal government said they're going to have a net operating balance in their forward Estimates at some period. None of them, not one has been achieved. Why is this one different?

Mr ABETZ - Because we have set the pace with this Budget and we are determined to achieve it.

Ms LOVELL - Can you explain how you're going to achieve it given the questions that have been asked about redundancy payments? Lay it out for us, spell out the maths, show it like - you can say you've set the pace - with respect that means not much. Show us the numbers that demonstrate you will achieve what you said you will achieve in your budget this year.

Ms O'CONNOR - You expect it to come out of agencies, don't you?

Mr ABETZ - Yeah, absolutely right. That is the answer.

Ms O'CONNOR - That's a cut.

CHAIR - Cuts on cuts.

PUBLIC

Ms LOVELL - Lower than that then, is yes, agencies. Where will they be expected to find that money in addition to the operational facilities?

Mr ABETZ - You will have to ask each and every individual agency.

CHAIR - You just told us Treasury doesn't have a plan for this.

Ms LOVELL - Sorry, Chair, can I just confirm that it would be in addition to the operational efficiencies that have already been identified. As an example, Health: there's \$702 odd million worth of operational efficiencies in that table over the four years. If they make anyone redundant over this period to bring down their numbers, the money for those redundancies will have to be found on top of the \$702 million?

Mr ABETZ - On top of I would imagine or within those figures on the basis of saved salaries from that redundancy.

CHAIR - But you can't say salaries.

Ms LOVELL - That doesn't make sense. Saving salaries would be perhaps an efficiency that they've found - an operational efficiency; you could maybe include that in the \$702 million but how does that then get outweighed by the redundancy payment they might have to make on top of that?

Mr ABETZ - Each individual agency will have to make its own decisions in relation to that.

Ms LOVELL - That's the instruction you've given them or the expectation you make clear to them is -

Mr ABETZ - They run their own agencies. They have a duty, under law in fact, to live within their means. Just because somebody expresses interest in a redundancy does not mean it will be granted to them. Each case will be determined on its merits by the various agency heads.

Ms LOVELL - How will they reduce the size of their workforce without offering redundancies? What other options will they have?

Mr ABETZ - Management of vacancies because there is also in very rough terms about a 10 per cent turnover of people resigning, retiring, et cetera.

Ms LOVELL - So, natural attrition?

Mr ABETZ - Yes, natural attrition is a big factor in this. Then those who may have expressed an expression of interest if somebody next to them may have retired or resigned then you wouldn't be giving that person necessarily a redundancy because they will be needed in the enterprise or agency.

Ms LOVELL - I'm assuming you've got some modelling or some expectation of how many jobs you would expect to lose through natural attrition. What does that tell you? Do you expect there will be enough jobs over there next four years out of the public service through

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natural attrition that you won't need to give voluntary redundancies? What modelling do you have on that?

Ms O'CONNOR - Clearly not.

Mr ABETZ - You cannot model things that are so difficult to determine because you have people who, as the secretary said before, might have only been there for six months and might be wanting for whatever reason to get out, and in those circumstances their redundancy payment might be a lot less -

CHAIR - The majority of them won't be in that category.

Mr ABETZ - If I can finish, then there are people who are, let's say, there for 30 years who might be very close to retirement, and a decision may be made by a agency head that it would be better for that person to serve out their time rather than being given a redundancy. I'm not going to put myself in the position of each and every individual agency head, let alone in relation to each and every individual case.

Ms LOVELL - It sounds like a lot of unknowns though around how you're intending to reduce the size of the public service and the impact of that and what might be required on the Budget, which is what we're here to unpack.

Mr SWAIN - I want to give a practical example, having been through that in another life as well as in this role. Often what would happen in practice is that the executive would ask branches to come up with a future work plan. I've literally said this to Treasury that if you're in a branch of 20 and you're looking two years out, you should be thinking about how you would operate with 18 and come up with a new structure that would allow you to operate not just working people harder but doing things differently. Then having done that, you're then in a position to think about that particular role. Does it exist in a new structure? Is that person redeployable or are they somebody who's probably at a stage of their working life where they might be interested in a redundancy. In practice, a lot of it comes down to future workforce planning.

Ms LOVELL - That sounds like a really sensible approach. Has Treasury asked agencies to undertake that piece of work in planning for this Budget and the rightsizing of the public sector?

Mr SWAIN - There have been saving measures in place since 2023.

Ms LOVELL - What I'm saying is if that piece of work has been done, then you should have the type of modelling that we're asking about now.

CHAIR - That's right.

Mr SWAIN - If I could just finish, I was going to say under our arrangements, under the *Financial Management Act*, each accountable authority is responsible for that approach. It's not mandated by Treasury. It's a matter for each of the executives of each department.

CHAIR - Has the modelling been done in Treasury then?

PUBLIC

Mr SWAIN - Treasury has worked through what it needs to do to achieve its savings, yes.

CHAIR - Treasury knows how you're going to fund redundancies and that will be absorbed or added to the efficiencies required?

Mr SWAIN - In Treasury's case, I think we will be able to manage this through attrition because we are a relatively small agency and the savings themselves were, in part, reflective of the level of growth in each agency. In Treasury's case, the growth has been very modest. Our savings challenge is not insignificant, but I think we can manage that through attrition largely.

Ms LOVELL - Surely Treasury would have an interest in this work from other agencies. If you're developing a budget that is significantly impacted by the outcome of that workforce planning.

Ms O'CONNOR - It's in the fiscal strategy, a systemic review across agencies.

Ms LOVELL - Have agencies done that future workforce planning you've spoken about? Has Treasury looked at that in putting this Budget together? Or is it being done the other way around?

Mr SWAIN - Through putting the budget process together, agencies were asked to identify savings that has occurred. It is at different levels of maturity in different agencies - some very advanced, some less so, and a lot in between. They have half their savings worked out, but broad ideas on the balance, but more detail to be developed over time. Budget committee will be, with the Treasurer's indulgence, looking to track those savings measures as early as possible in this coming financial year to identify which agencies are on track and which are not. I anticipate that will start in July or August.

Ms THOMAS - Thank you. A jobs freeze was announced in March last year, Treasurer. Since that time, the State Service Workforce Report shows that paid FTE positions increased between December 2024 and December 2025 by about 53 jobs. Despite these jobs freezes being announced and these similar requests being made of agencies, jobs in the State Service actually went up. What is different about the government's approach this time? Why hasn't this work that we're now hearing has been done in Treasury and perhaps asked of other agencies? There's been 12 months since this policy was effectively announced. We've not seen the result that I expect you were hoping for. What's different this time?

Mr ABETZ - The freeze was on non-essential jobs. What you can see - and I don't know if there are any graphs in relation to how the numbers had grown in the public service - as I understand it when that announcement was made about 12 months ago, the rate of increase tapered off substantially. That said, I personally would have liked to have seen better results.

CHAIR - Have you some data you can show us on that?

Mr ABETZ - Not offhand, I don't know

CHAIR - Maybe you can come back to us with that.

PUBLIC

Ms THOMAS - Treasurer, what reporting do you receive on the workforce numbers? Is it just the state sector workforce reports or do you receive updates from agencies on a more regular basis?

Mr ABETZ - I get combined once a month.

Ms THOMAS - What does that include?

Mr ABETZ - All the full-time-equivalents, a part-time head count. Those are basic figures.

Ms THOMAS - Does it look at all into the cost across different levels of positions and the proportion of cost of employees across SES and -

Mr ABETZ - Fair question but, no, the figures I get don't go into those sorts of particulars.

Ms THOMAS - Okay. Is that something that you accept or do you think that's something you should perhaps be receiving or requesting?

Mr ABETZ - Headcount is one of the metrics you can use. At the end of the day for me, headcount is important, but it's also the overall budgetary position of the various departments and agencies that is important. You could technically get rid of some juniors in your area on very low salaries and say, right, I've received my rightsizing of headcount but virtually not touched the expenditure of the department, so -

CHAIR - Which is the opposite of the WRIP program.

Ms THOMAS - That's right.

Mr ABETZ - The headcount is one thing but the actual expenditure by the department is another.

Ms THOMAS - Are you aware, Treasurer, how many SES positions currently exist across the State Service and how the number has changed over the past 10 years?

CHAIR - We were asking for some data on that if they can provide it.

Mr SWAIN - Please don't hold me on this, I have a feeling it's 259.

Ms THOMAS - The last number that I received was 266, and that's increased from 183 over the last 10 years. It's a significant increase in the number of SES positions across the State Service, but do you know what the total remuneration cost of SES positions is?

Mr ABETZ - No, I don't. We would have to gather them, I would imagine.

Mr SWAIN - I think that this will come out of the State Service Management Office's questions with the Premier's -

PUBLIC

Ms THOMAS - Okay, well I can tell you that I've asked a number of times now on the Notice Paper in the Legislative Council and it appears the government can't provide an answer. The government doesn't know or doesn't want to tell Tasmanians how much SES positions cost Tasmanian taxpayers.

Do you think it's acceptable that the government doesn't know or won't tell Tasmanians what those at the top of the State Service, in increasing numbers, actually cost?

CHAIR - The total cost we're talking about.

Mr ABETZ - Clearly, the people of Tasmania and the parliament are entitled to know if those figures can be obtained. I would have thought they should be able to be obtained. It would be some work to get it from all the agencies and departments, but I would have thought that that figure must be obtainable.

CHAIR - One would think you could pick a button and pull most of that information out.

Mr SWAIN - I think that information does exist and SSMO who validates some information with budget branch would be the custodian of that. Probably, the critical question is not so much just the SES, but any other specialist officers who go along with SES because if you look at the SES, it's a relatively small number compared to the size of the State Service.

Again, from a budget point of view, you'd be looking at where the dollars are more than the number of SES which are still relatively small.

Ms THOMAS - What I heard you just say is that information should be able to be provided, Treasurer, and it should exist, but it appears on a number of occasions I've asked it, it can't be provided for some unknown reason.

CHAIR - That's what the Leg Co has been told in an answer we've received.

Ms THOMAS - That's what we've been told. I understand and I hear you say it's perhaps a question for SSMO through the Premier, but, Treasurer, is it something that you're willing to take on board and consider coming back to the committee with?

Mr ABETZ - Yes, it is what I would ask the member for Elwick to do please is if you could provide me with your question and answer and then we will see what, if anything, can be added to that answer.

Ms THOMAS - Thank you, I appreciate that.

CHAIR - We will provide that through this process, as part of this reporting.

Mr ABETZ - Yes.

Ms THOMAS - Do you have an expectation of how many SES positions are expected to be removed as part of the rightsizing exercise?

Mr ABETZ - No I don't because, yet again, that is going to be for each department and agency to determine what is the appropriate fit for them.

PUBLIC

Ms THOMAS - We keep hearing it's for each department and each agency, but what we've seen is that that approach hasn't worked because the results of cuts and savings that have been expected in past years have not occurred. So, who's taking the lead on this and actually asking agencies to report to them on those savings? Is it you as Treasurer or - who is ultimately accountable for this?

Mr ABETZ - It is the Cabinet that makes the decisions. It's the Cabinet that approved the Budget and each individual minister within the Cabinet process knows what his or her responsibility is with his or her agencies and departments to live within the means set by the Budget that collectively Cabinet approved.

CHAIR - Does Treasury hold this data, does Treasury actually have it, the data that we've been seeking?

Mr SWAIN - No.

CHAIR - How do you form the Budget if you don't have this data?

Mr SWAIN - We have information and we can derive information through BMS - the Budget Information Management System - but the custodian, or the source of truth, when it comes to employment numbers, is SSMO in DPAC.

CHAIR - Just while we're on that, I've just got some questions about the monitoring reporting, which is what you're alluding to, Bec, there.

What reporting and monitoring mechanisms have Treasury established to ensure the proposed saving measures are being achieved? I do note there's an SSMO document, 'Managing Positions in the State Sector,' that was put out in April 2026, so fairly recent. It requires agencies to report on implementation of workforce reductions. So, my question is, how are you monitoring this, and will those quarterly reports be required under that be made public with any identifying features removed?

Mr ABETZ - Look, allow us to take that on notice. There's speculation it might already be made public.

CHAIR - Oh, it used to be. Once upon a time it was public, in 2014-15 it was public - no longer, no more, it's been removed from Treasury website. Well, that was back in the day when there was some reporting on it. So, my question is, regardless of whether it's publicly available or not, because it's not. Under this new Managing Positions in the State Sector, will you publish that information publicly and remove any information that may identify individuals, of course?

Mr ABETZ - Look, more than happy to consider that.

Mr SWAIN - it's a matter for Premier really.

CHAIR - What was that, sorry?

Mr ABETZ - Matter for the Premier and DPAC, but I'm happy to take that question on notice and give it consideration.

PUBLIC

CHAIR - Whether or not it'll be reported publicly?

Mr ABETZ - Yes. And, if so, in what form et cetera. But, I imagine this will be a flick pass to the Premier.

CHAIR - I understand there may have been, and this is back to Treasury, some commitment to reporting these matters in the revised Estimates report, is that the case?

Mr SWAIN - Sorry, which matters?

CHAIR - The budget savings, and the monitoring of the budget savings and the cost-cutting measures, effectively, savings measures, whatever you want to call them - operational efficiencies.

Mr SWAIN - So, the RER will provide an update in relation to expenditure, but beyond that, that's a matter for the government to consider.

CHAIR - The RER is a bit late anyway, because there'll be so much water under the bridge by then that if you're not meeting targets, we'll be so far underwater it won't be funny. So, back to that question - but we will put that to you in writing.

Ms THOMAS - Just further on the reporting and the accountability here. Are the agencies, then, expected to report through to Cabinet on how they're achieving these savings and these job-reduction targets, if you like, of you know - there's 1700 full-time positions expected to be removed from the State Service by 2029-30 - is there a target of how many per year are expected across the forward Estimates and how will agencies be held to account for that? Given, again, what we're seeing is that there have been new jobs advertised over the past 12 months despite the jobs freeze. I acknowledge you say that that was on essential positions, but if the government hasn't actually said here's some functions, or Cabinet hasn't said, here's some functions that, from a policy perspective, we think you no longer need to do, who's accountable? How is this being reported back to Cabinet, if there's no direction from Cabinet?

Mr SWAIN - If I could, there's a couple of processes running in parallel that are complementary. As I understand it, the essential positions exempt reporting that started last March will continue and that will be provided regularly to Cabinet, in terms of what are the paid FTEs by agency. That will work alongside the budget reporting process where agencies will be - well, Cabinet will expect to be meeting monthly and looking at savings achievement on a rolling basis across different agencies. Ministers themselves, in their weekly and ongoing meetings with their agencies, should be discussing where the agencies are at in terms of savings and, where there are well-developed plans, how they're progressing and, where plans aren't yet developed, what the plans look like.

In addition to that, through the EPU, there is a piece of work that's happening through Mr Chris Eccles, who's a former secretary of a number of Premier and Cabinet departments interstate. He's also, I think, as part of his work, having a look at the structure of the State Service and just seeing how that has or hasn't changed over time, which will go into your previous question around SES and the composition of the number of people that are in the State Service.

PUBLIC

CHAIR - One more on this - I'll need the Treasurer to be paying attention - Treasurer, if the agencies don't meet their budget savings measures, will you take action against the head of agency under the *Financial Management Act* or what will you do?

Mr ABETZ - I might have to be reminded what powers, if any, I have to take action against agency heads. I would like to think that the power of persuasion of the need for getting the budget into a sustainable position will be something that all agency heads will be dedicated to, given that that is what the government's position is.

CHAIR - You'll just rely on people to do that? You won't -

Mr ABETZ - Well, they are professional public servants and the government is elected to undertake certain tasks and it is anticipated that the public servants will deliver the government's agenda.

Ms THOMAS - Can I just ask one more on that? Can you just be clear: has Cabinet identified any particular services, functions or activities that the government intends to stop delivering, reduce or delay, in order to achieve the savings and job cuts?

Mr ABETZ - Look, in relation to the Department of State Growth, for example, Premier and Cabinet has identified, if I recall correctly, 82 positions that they have rightsized.

Ms THOMAS - No, I'm not talking about positions - sorry to interrupt you, Treasurer - I'm talking about which services, functions or activities will be stopped or reduced or delayed, not jobs. Which particular - has Cabinet given any direction or is that totally up to the discretion of the department?

Mr ABETZ - That will be up to the ministers to determine with their agencies and that work will be done.

Ms THOMAS - So, ultimately, the government's announced a number, but not a plan and no detail yet on what it will stop, reduce or delay. When will it provide that information to Tasmanians? When will we be at a point in time where departments will come back to the Cabinet with a plan for how they're going to reduce these numbers exactly, what they're going to stop, reduce, or delay? When will there be transparency and honesty with Tasmanians about what that actually is going to mean and look like from a service delivery perspective?

Mr ABETZ - The plan was very clear. We got sent to an early, unnecessary election on the pretext of the need for budget repair. We have taken that on board and we are engaging in budget repair and that will require a whole host of individual decisions by individual ministers, agencies and departments.

Ms THOMAS - Is it your expectation, as Treasurer, that at some point, say in three months, there will actually be some level of more detailed understanding, not just numbers -

CHAIR - A visible plan.

Ms THOMAS - but an actual plan for what impact on services this is going to have? Because it will undoubtedly impact on services. You can't cut 1700 jobs without impacting on services.

PUBLIC

Ms O'CONNOR - You can't build a stadium at Macquarie Point without impacting on services either.

Ms THOMAS - At some point you have to provide some direction, or at least information on what is going to be stopped, reduced or delayed. It can't just be a number. When will that information be available? If departments are going through these actual plans, developing their own plans, when will that information be available to Tasmanians?

Mr ABETZ - There won't be a specific date for all of them. It will be - individual agencies will come to their conclusion. For example -

CHAIR - When will Treasury's be available?

Mr SWAIN - When we get to that output, I can talk to that in broad details, but we also have to understand, especially in a small agency, that some of those decisions -

CHAIR - Which line item do you want us to bring that up in?

Mr SWAIN - I presume when we get to Treasury itself.

CHAIR - We are. We're in 1.1 budget management.

Mr SWAIN - Okay.

CHAIR - It's exactly where we are.

Mr SWAIN - All right. I was just going to say there are also individuals involved in some circumstances, so - I mean I was going to say, just a broader comment, that 1700 is by 2029-30, so it's over some years. That is about 5 per cent, I think, from memory, of the headcount. The headcount has grown by about 40 per cent over the last 10 years. You have to look at the whole thing in context. We're talking about a 5 per cent discount over - a reduction in employment over several years, achieved over several years that would be off the back of a period of 10-plus years' growth, where there's been a 40 per cent increase. I suspect this would be a challenge that many businesses would exchange. They're in a situation where a lot of businesses can't pass on all their costs to their customers. They may have wage growth or other costs that grow more rapidly than their price of the good that they're selling. They have to adjust their plans to manage that. That's what's happening here in the State Service. We have grown quicker than the budget can provide for -

CHAIR - But we deliver services, as opposed to a lot of businesses, you say they don't provide services as such.

Mr SWAIN - No, well, some are goods, some are services. My point is: households and businesses have to adjust to the circumstances they find themselves in, and the government is in the same situation, unless it wants to continue to run debt up.

CHAIR - When will Treasury have its plan available to be seen?

PUBLIC

Mr SWAIN - I'm happy to talk in broad terms about what Treasury's plan is, but we weren't intending to publish a plan, because that plan will affect a range of individuals inside the agency. So, the first audience for that plan is the actual people in Treasury.

CHAIR - Going back to Bec's question: when will the people of Tasmania have some visibility of the plan? Only then can we see, as individuals, what impact they may have on services. Acknowledging Treasury is a small department, it doesn't deliver services to people. It delivers services to government, which is different.

Mr SWAIN - Well sorry, but we have a whole division, that does - Jonathon's whole division.

CHAIR - He does, true. Sorry, Jonathon.

Ms O'CONNOR - On that, you've had pretty good go. I'm just trying to understand, in terms of the plan, one area of the Budget that hasn't been cut, in fact got extra money, was the AI accelerator project. Noting that's administered through DPAC, there's \$8.5 million over the forward Estimates for the implementation of artificial intelligence into government agencies. Of the 1700 jobs that are expected to be cut over the next few years, what is Treasury's analysis on how many of those jobs can be replaced by artificial intelligence?

Mr SWAIN - I can talk to that. So, I think all over the State Service AI is starting to be adopted in a reasonably cautious manner. Certainly in Treasury it's seen that AI is not going to replace staff, but it may enhance staff. It may contribute to that attrition process where, if you've got a branch of 20, you're not going to have exactly the same jobs in two years as you have now. It may vary duties, et cetera; so, I guess what I'm seeing in Treasury is AI not coming in to do incredibly grand things that replaces a whole area, but more data analysis, data retrieval, some basic work that then still needs to be checked and validated by a human, but it may take out some legwork from different branches.

Ms O'CONNOR - But this is the risk, isn't it, where agencies, because they're being forced to make quite significant cuts, start replacing data analysis, policy analysis with artificial intelligence; and I'm sure that across agencies they're looking at, of the jobs that they will have to cut, what can be replaced by artificial intelligence. There's a promise by government to have a register of AI. That's gone nowhere, so, Treasurer, to you: are you saying that there's been no analysis undertaken, as far as you know, certainly not by Treasury, of how many of those tasks and those jobs can be undertaken by artificial intelligence?

Mr ABETZ - As I understand it, that is all being looked at and examined by the various agencies as we speak, but there will be, if you like, the human overlay at the end of any such process.

Ms O'CONNOR - How can we be sure of that, because what we got out of the Premier in his state of the state address was that this government would be 'fully embracing AI'; what does that mean in terms of cuts to the State Service and the impact on Tasmanians where we're going to have artificial intelligence in the system, a system that is depleted of human oversight to an extent? What does it mean for a government to fully embrace AI? You just sound a bit vague about it. It's really very serious.

PUBLIC

Mr ABETZ - It is. What it will mean is more efficient service delivery and, one suspects -

Ms O'CONNOR - How do you know that?

Mr ABETZ - at a cheaper cost to the Tasmanian taxpayer, and an example is down in my area, and now the member for Huon's area as well -

CHAIR - It always was the member for Huon's area.

Mr ABETZ - the Huon Valley Council - or now, as member for Huon, thank you for that correction, where the Huon Valley Council is going through planning permits, planning issues, where people can fill in the information and get a response a lot quicker than if they put in a physical form, have it examined, et cetera, and so that has relieved the Huon Valley Council of a lot of personnel input. It's given their ratepayers an opportunity to get responses a lot quicker, and as a result their planning people are able to spend more time on the bigger planning issues, and as I understand it, other councils are getting quite excited about that.

CHAIR - Let's go back to the start.

Mr ABETZ - No, but what I'm doing is giving you a real live example that has just come online relatively recently, I think they call it Michael after the fellow that developed it, but that's an aside, but that is where you can provide more efficient, quicker, cheaper service delivery that benefits everybody.

Ms O'CONNOR - Okay. Can I just check on that, because in some ways, isn't the introduction of artificial intelligence a bit like a drug dealer model because, well, they're offering the AI for free?

Mr ABETZ - Explain to me the drug dealer model.

Ms O'CONNOR - Well, because you get upgrades to your platform and AI, so we've all suddenly got Copilot on our laptops, whether we asked for it or not. It's apparently a sort of a free part of your upgrade, but what's been happening in companies that have fully adopted AI, of course, is that then there's a subscription, right, and so you get your system hooked on AI and integrated into your data systems, and then it is at cost and there doesn't seem to be anywhere in the Budget where there's an assessment of what the introduction of artificial intelligence across agencies will cost them, because ultimately there will be a price to pay for the subscriptions that government will become hooked on because they've been given access to the free AI.

CHAIR - Is that a question?

Ms O'CONNOR - It sure is.

Mr ABETZ - That's a fair commentary, if I might say, and a fair question at the end of it, but I am unable to provide you with an answer to that. Are you able, secretary?

Ms O'CONNOR - But you must acknowledge there will be a cost also of adopting artificial intelligence across agencies.

PUBLIC

CHAIR - A cost and a benefit, are you saying?

Ms O'CONNOR - Well, I'm just trying to work out what the cost is, you know, because we keep hearing about the benefits, but there's not enough conversation either about the costs or the guardrails and how you protect the public interest and protect their data.

Mr SWAIN - Just a couple of things, if I could. All the IT directors are meeting regularly to work through both the opportunity and the risks.

Ms O'CONNOR - I wish that made me feel confident.

Mr SWAIN - Right.

Mr ABETZ - Would you prefer them not to meet and not to discuss these issues?

Ms O'CONNOR - Well, you know, TT-Line, Bridgewater Bridge - I mean, there's not - anyway. Competence is not really part of your government's brand. This is not about you, Gary, sorry, continue.

Mr SWAIN - Well, I was going to say, that's leading to an understanding of the need to manage the data that is available for AI. I think your point about future pricing, it's understood that that is a risk. There is also, certainly in Treasury, a kind of shadowing model where a process is identified as potentially something that you could do quicker or better through AI we'll actually run that in parallel to existing -

Ms O'CONNOR - The human process.

Mr SWAIN - Yes and until that process can reliably deliver we wouldn't move away, but it is also - I just come back to - AI is often talked about like it's going to remove coding so you won't buy a system anymore, you'll just buy a service that's developed by - there's also a thousand little changes around the way you access, summarise, report on data, but none of those things - they still need human overlay, they still need quality assurance.

Ms O'CONNOR - Are you confident, Treasurer, that there are sufficient guardrails in place around the use of AI by government, particularly in the policy advice that's given to government and also decisions that are made that affect the lives of Tasmanians and the access to their data and the protection of their data?

Mr ABETZ - Best endeavours are always undertaken in these areas and, regrettably, from time to time, there are data breaches even with, as I understand it, the best of security put around. So, to say that you can give an absolute guarantee is, I think, fraught. That is why one of my favourite sayings is 'never say never'. You can't give the absolute guarantee, but best endeavours and the departmental people dealing with these matters are very conscious of the issues you raise and the importance of guardrails, et cetera.

CHAIR - Can we go back -

Ms O'CONNOR - But if they're being asked to slash staff there is a risk here - sorry, Chair - that agencies will grab onto this thing, thinking that it will help them deliver the efficiencies that's been asked of by your government, which has spent, of course, 11 years

PUBLIC

creating this black hole. I just wanted to hear that you understand there's a risk here and what I'm taking from our conversation is that, at the moment, government hasn't got a clear picture of how many of the 1700 state servants who will lose their jobs or not be working in State Service anymore, will be replaced by AI. So, that body of work hasn't been done?

Mr ABETZ - That body of work will, I suspect, be individual bodies of work in various agencies as to what can be done.

CHAIR - If we can go back to the question that somehow got derailed a bit by this, I was asking about when Treasury's plan will be - acknowledging that people in Treasury need to be informed first - but, Treasurer, you told us that plans would be developed. So, when will Treasury's plan be done?

Mr SWAIN - I could talk now to the key aspects of how we're approaching this, if that would assist?

CHAIR - Yes.

Mr SWAIN - Really, we're looking at three overarching approaches. One is a review of outsourced services. So, we're looking at everything that we contract out; have we got the balance of that right and are we getting the best value for money from existing contractual arrangements? We're also looking at broadly departmental operating costs, which some of our costs have changed just because we're doing business a bit differently. So, that's costs that might be affected, for example, by the fact that now you don't do the travel that you used to do because every second meeting or two out of three meetings are held over a Teams meeting. We're having a look at things like on-costs that haven't moved with the operational delivery. We're also having a look at the departmental staffing arrangements, which, as I've talked about, is really going to be a workforce planning exercise. There are 15 branches in Treasury, and I've called that senior management group together to ask each area to start working up a workforce plan with a view that if you're a branch of 20, you should plan to be a branch of 18 or 19. So, just plan that there'll be an efficiency requirement over the next couple of years and formulate that.

The outsourced services will look at everything we outsource, but one of the areas that we're going to have a look at is the superannuation area and that's where we have a major outsourced contract that's coming up for renewal in 2027-28. We're going to look at whether we've got the balance right between what we do through that contract versus internally in the context that the number of members of the defined benefit scheme is falling over time. We want to make sure that our contractual arrangements offer us some recognition that the number of people being serviced is falling over time.

CHAIR - Treasurer, I note that there's an independent review of the fiscal strategy being undertaken for \$100,000 per annum at the same time that they're required to cut \$100,000 in operational efficiencies. I would have thought a review of the fiscal strategy would be a core function, so why is that being outsourced?

Mr SWAIN - As I understand it, that's a part of the safeguarding agreement for the stadium. It was part of those arrangements.

Ms THOMAS - That it be outsourced?

PUBLIC

CHAIR - That the review of the fiscal strategy be outsourced?

Mr SWAIN - That's my understanding.

CHAIR - Where was that commitment made?

Ms THOMAS - It must have been to Dean. I think he asked that Saul Eslake do it, actually.

Mr SWAIN - I think that's right. I think it was Mr Harriss. It came from him.

CHAIR - Do you still maintain the cadet program within Treasury?

Mr SWAIN - Yes, we do. On our headcount, since the freeze, we actually have a spike, which went up by about 10. That reflects the ongoing annual recruitment of cadets. Plus, we do a couple of trainees and a couple of graduates. We've got a very strong commitment to youth employment. But it does mean our numbers will spike once a year and then trail off again.

CHAIR - Can you provide the number of cadets you've had - or trainees, whatever measure you've called them - over the last five years?

Mr SWAIN - I can provide it. I don't have it at my fingertips.

CHAIR - No, I'm not asking if it's at your fingertips.

Mr SWAIN - We've gone out for a recruitment of eight, I think it was in January, plus the two graduate positions and one trainee. I think it was 11 from memory, but I'll confirm that.

The program has waxed and waned a little bit, but has always been within kind of boundaries and it's understood that about half of the cadets in Treasury will ultimately leave Treasury, but most of them go to other parts of the State Service. I think it has proven over time to be a very good value program for Treasury because by the time a cadet is in their third or fourth year, they've been in three or four branches - they rotate regularly and they're very skilled at level.

Mr ABETZ - And when I walk through the departments, for what it's worth, both Treasury but in my former manifestation, it was good to find out how many had, in fact, done a year cadetship with Treasury and that's I think a very valuable program.

Ms THOMAS - Just to wrap up on these plans: it's pleasing to hear Treasury is taking the structured approach to it, but I would have thought, Treasurer, that there'd be an expectation - perhaps from yourself or the budget Cabinet that all departments are following a similar sort of exercise in terms of how they're actually approaching this and that there would be some reporting back to the Cabinet or the budget Cabinet by a particular date. Given that these savings are to be achieved in the 2026-27 financial year, there's a clear target. Why is there no expectation that they report back by mid-June, 1 July or - is there?

Mr SWAIN - Sorry, perhaps I was a bit obtuse in my former answer. In the monthly reporting that will go to budget committee, that then tracks through to Cabinet. So, on a rotational basis - because, obviously, budget committee can't do every agency in one meeting

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or the meeting would have to go for eight hours - but, probably every three or four months we would expect everyone to come to budget committee to update on their savings progress. The order of who comes to budget committee when would be the Treasurer's to determine and Treasury might give some advice about who should be prioritised and where the priority should be.

Ms THOMAS - Yes, but in terms of the actual plan for how it's going to be achieved, I would have thought this is pretty important that the government set this ambitious Budget and savings target here. I would have thought it'd be perhaps an expectation it might warrant having an eight-hour meeting where everyone presents their plan to say this is how we're going to do it because that's what you've committed to the people of Tasmania that you're going to try to do. Treasurer, there is no expectation from you that by a certain date agencies will have their plans, if not published, for reasons that you've mentioned fine, but at least to Cabinet for cabinet consideration. There's no expectation of a particular date?

Mr ABETZ - Not a specific date, no. I think we've announced in relation to Department for Education and Young People there will be a review, so that will take its course.

Ms THOMAS - How can you be sure then that these savings will be achieved in the financial year, when there's no plan and no date by which a plan has to be finalised?

Mr ABETZ - Because each and every individual agency and department will have to live within its means. They have been set the target and that is the target they will need to achieve.

Ms THOMAS - And if they don't?

Ms O'CONNOR - They've never done it before

Ms THOMAS - Yes, they've never done it before, and there's no consequences, and things just keep going down into this black hole.

Ms GLADE-WRIGHT - Do you have a way of enforcing it?

Mr ABETZ - The -

Ms THOMAS - I think that's what you asked before.

CHAIR - The financial management.

Mr ABETZ - That is a matter for Cabinet, and for each individual minister and agency, and I trust, oh not me, the government has made itself exceptionally clear as to what the expectations are.

CHAIR - Treasury previously informed us that it established a vacancy management committee comprising members of the executive committee and the manager of human resources to oversee assessments of positions. When does that committee meet and when did it last meet?

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Mr SWAIN - The executive meets weekly and progress or monitoring of positions is part of that process. We have an escalation of approvals of all positions to me as Secretary.

CHAIR - There minutes taken of those meetings and reports provided?

Mr SWAIN - Yes.

CHAIR - Will they become public through the SSMO reporting requirements we talked about earlier?

Mr SWAIN - No, they're an internal management document for Treasury. We separately report to SSMO on a monthly basis. There's reporting through, but that's an internal management plan for Treasury. It gets down to individual positions where anyone in Treasury will know who those people would be. It's not something that is suitable for wide distribution.

CHAIR - Following the hiring freeze that Bec spoke about earlier, I think it was, indicating the Workforce Renewal Incentive Programs - or WRIPS as you call them - but being considered as part of its broad organisational review, what was the result of that organisational review and what reductions were made to Treasury's workforce as a result?

Mr SWAIN - I can talk to that broadly while I pull up the brief. Since the employment freeze, when that happened Treasury had quite a lot of vacant positions. I'm looking for the key statistic. We have abolished 37 positions, a significant number of those were vacant. First thing we did was look at what positions have been vacant for how long.

CHAIR - How many were vacant?

Mr SWAIN - I don't have that information but, in some cases, the position had been vacant for a period of time, in some cases the position was absolutely abolished because it wasn't needed. In some cases, an alternate position at a different level was needed, so it's complicated story. Treasury had about 20 vacant positions at the time of the freeze. There was also an issue that you're in the middle of a whole range of processes. We are currently sitting at about nine positions higher than we were when the freeze began. Those nine positions really reflect the commitment to youth policy, because you will see that this is bigger than the number of recruitments we've done to maintain the cadet program. I believe there is one new position that has been created over that timeframe.

CHAIR - You said there were 20 vacant positions at the time?

Mr SWAIN - Yes, so what I'm saying is we haven't filled all of those and also removed a number of positions that had been vacant for a period. They have been abolished or replaced by an alternate position, but generally abolished. Really, there is one new position. What we've done is create one new position, and filled some, but not all of the vacancies that existed at the time that the freeze commenced. We have made maintained prioritisation of youth in employment.

CHAIR - That wouldn't have actually reduced your cost though, because if those positions were vacant at the time?

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Mr SWAIN - No, you're quite right, which is why the Treasurer talked about the importance of managing the budget. Unlike some other agencies, at the time the freeze started Treasury was significantly under budget, so we are still primarily managing to budget, and we will remain within budget for this year. We have already the plans in place to achieve budget for next year.

CHAIR - How many paid FTEs were removed in that process or were they just unfilled positions?

Mr SWAIN - It was more a question of not filling positions. In some areas we've looked at small restructures, where a team of six might have been replaced with a team of five. Or there is a function moved from one branch to another branch, because we came to a view it could be done more efficiently in the other branch, because there was some synergy. It's a very granular story. It gives you, hopefully, a feel for what will be happening across the State Service, in terms of workforce planning.

Ms THOMAS - To follow on from that, does Treasury do any analysis of management-to-staff ratio in Treasury? You, mentioned before, with prioritising the junior workforce, but do you have any -

Mr SWAIN - Yes, in our regular reporting to the executive team, we track the different categories of employment, including SES and band nines or any special senior executives, and specialist executive service positions, as well as gender ratios, and a few other full time and casual. We track a range of employment metrics.

Ms THOMAS - Is that report published, or is it just provided to -

Mr SWAIN - No, it's because the numbers in Treasury aren't very big, by the time you start breaking it down, you can start to work out who it's referring to. It's a management tool, an internal management tool for the executive.

Ms THOMAS - Okay. Are you able to tell the committee the staff-to-management ratio, or what the ratio is at that sort of higher level?

Mr SWAIN - I will just check.

Ms THOMAS - Staff-to-management ratio.

Mr SWAIN - Fifteen in SES and the staff is about 340. We could work out the ratio easily enough, yes.

Ms O'CONNOR - Thank you Chair. Treasurer, if we could just step back a bit and talk about risk. There are so many risks to the state's bottom line posed by the Macquarie Point stadium that they had to be subdivided into numerous little subsections within the budget papers. Treasury warns that the current cost estimate for the stadium, which is \$1.13 billion, remains unchanged from last year's budget, but says,

complete designs will not be available until after the appointment of a Design and Construction Head Contractor. As a result, current estimates are

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based on schematic-level designs, and cost allowances, rather than finalised market prices.

Given that construction costs nationally have increased by around 18 per cent in the past year, and are projected to increase even more, and the cost of materials like concrete and glass -

Mr ABETZ - And PVC.

Ms O'CONNOR - and PVC, have substantially increased, what is the best guess for the final price tag of the stadium at this point, noting that parliament has asked your government to come forward with revised, more realistic cost projections for this huge expensive project.

Mr ABETZ - I will discount all the descriptors in that question, and in the preamble. Suffice to say the best information we have from quantity surveyors is the \$1.13 billion. That figure remains. As you know, we're going through an active procurement process, and at the end of that we will undoubtedly be advised of what the two bidders consider that they can build.

CHAIR - This is more a matter for the later hearing.

Ms O'CONNOR - With respect, Chair, this is about budget development and management, and to manage a budget sensibly -

CHAIR - But the actual matters related to procurement, we can ask in a later session.

Mr ABETZ - I don't care when I answer them.

Ms O'CONNOR - No, no. I'm not asking about procurement. I'm talking about risk to the state's finances, and given that, routinely, construction costs for projects like this are multiple - you could multiply them by three and come in with a quite realistic final cost, you could. If you look nationally how costs blow out for big projects like this, it's at about three times initial estimates. What is the government's plan? Are you just going to let MPDC keep borrowing and loading on the state's debt? Will you let Stadiums Tas then borrow more and add to the state's debt? Will you go the Commonwealth with your hand out? What's the plan?

Mr ABETZ - Look, all hypothetical. We will make decisions -

Ms O'CONNOR - But realistic.

Mr ABETZ - We will make decisions when and as they are required to be made. The best information we have from MPDC, from their professional quantity surveyors, is the price tag that's been out in the marketplace, and when it altered to the 1.13, if I recall, I forget the dates, but I think I was told on a Monday and we announced it on the Tuesday, so when and as those figures become available. This is a major project for the people of Tasmania, endorsed, might I add, by 70 per cent of the parliament.

Ms O'CONNOR - That's being a bit specious, really.

Mr ABETZ - We will make that information available.

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Ms O'CONNOR - Can I ask: so we have Treasury here confirming that the current designs are basically schematics and there's a whole lot of elements to the cost of the stadium that are unknown, apparently, at this point. In a letter that you wrote to my colleague here on 4 December, you claimed there was an industry-standard P90 assessment, which means there was a 90 per cent probability of costs. Do you stand by your statement in that letter that you had an industry-standard P90 assessment of costs?

Mr ABETZ - Look, that one might be better to ask under the MPDC. I think -

Ms O'CONNOR - Well, you signed this letter.

Mr ABETZ - Yes, but I -

CHAIR - Did you sign it as Treasurer, or Minister for Macquarie Port Urban Renewal?

Mr ABETZ - Very good question, Chair. I suspect the latter, as minister for Macquarie Point; thank you for helping me, Chair.

Ms O'CONNOR - Well, I mean, you could either answer it now or answer it then. You're going to have to answer that question.

Mr ABETZ - Look, just bear with me.

Ms O'CONNOR - Because that letter had an influence on the vote.

Mr ABETZ - I will need to take that on notice, but, yes -

Ms O'CONNOR - Okay, well, if I could just assist you a little bit: that letter made an unequivocal statement, signed by yourself and the Premier, that the government had a P90 assessment of the projected cost of the stadium and that you were 90 per cent sure it would cost \$1.13 billion, and members of this place took you on good faith, and it did influence the vote.

Mr ABETZ - You clearly didn't.

Ms O'CONNOR - No, but I was born cynical. You know, it's a probity question, really. You made a commitment, in writing, about a cost estimate that, according to your own risk assessment in the budget papers, can't be realistic.

CHAIR - Is that a question?

Ms O'CONNOR - Well, do you stand by what was written in that letter?

Ms THOMAS - He said he would take it on notice.

CHAIR - Yes, he's taking it on notice. He's agreed to take it on notice.

Mr ABETZ - I stand by my correspondence. I will have to check.

CHAIR - I think we should ask you this again in your later portfolio; we will expect an answer then.

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Mr ABETZ - I will have to check, Chair, as to whether the representations of my correspondence are in fact accurate.

CHAIR - I think the secretary might have something to add.

Ms O'CONNOR - But it is - okay.

MR SWAIN - Just on them, if I could, just on some detail on what we were discussing before -

Ms O'CONNOR - If I could just finish off with the Treasurer, who's not at the Table at the moment. Treasurer, just in terms of these certain - yes.

Mr ABETZ - Quickly, if I may, I sort of had recollections of certain things, but, Chair, you might be able to confirm that the P90 was tabled in camera at PAC.

Ms O'CONNOR - Isn't that interesting? So we made - I made a request through this place that the members of the Legislative Council would have an opportunity to view the P90 in camera and that was refused, but it was apparently tabled to a small group of MLCs in the Public Accounts Committee, which we're only finding out about now. So, there's a bit of a problem with transparency, I reckon, here all round, because that is a matter of public interest and everyone in the Legislative Council should have been able to have a look at.

Ms THOMAS - Sorry, just to be clear: it was tabled in confidence during the public session. It was publicly articulated that it was tabled in confidence; it wasn't tabled in camera. It was tabled in public session -

Mr ABETZ - That's why I was hesitant -

Ms O'CONNOR - Regardless, it was tabled secretly when -

CHAIR - No, it was tabled in public session and the request - and I don't want to talk about committee business - but it was in a public hearing, it was tabled and the request was made that the document itself be maintained as confidential within the Public Accounts Committee, which we receive many documents like that.

Ms O'CONNOR - Well, that's disgraceful, to be honest. That is disgraceful -

CHAIR - Anyway, let's -

Ms O'CONNOR - because the Legislative Council asked for a copy. We asked to be able to see it and we were told not -

CHAIR - This is a matter we can talk about in a later portfolio. We're going to move on back to Treasury.

Ms O'CONNOR - and now we're only finding out that PAC got to see it.

Ms THOMAS - But it was publicly - if you listened to the hearing or watched the hearing, clear -

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Ms O'CONNOR - Yes, well -

Mr ABETZ - We have these various committees of our parliament -

CHAIR - I will move on, Treasurer, if I might.

Ms O'CONNOR - It's a matter of very significant public interest because it influenced the vote.

CHAIR - You and the Premier, Treasurer, made a commitment to the former member for Huon around adequate funding for Audit Tasmania, yet the Budget shows that hasn't occurred for Audit Tasmania. Is this a breach of the commitment, and what actions will you take to ensure funding is adequate to Audit Tasmania to undertake six performance audits per year?

Mr ABETZ - Look, the commitment to the member for Huon is there for all to see. The Budget, as I recall it, was the figures were locked away at a certain time. There have been discussions with the Auditor-General about the needs of that office. It's, I suppose, one of those difficult situations, and the Auditor-General might have more to say about that later on today when he appears before the committee, but the extent -

CHAIR - Treasurer, I understand there was correspondence between you and the Audit Office. Are you able to provide a copy of that correspondence to the Auditor-General?

Mr ABETZ - Yes, that's my recollection, that the Auditor-General - and may, if need be, happy to correct the record - but, as I understand it, he wrote to the Treasury and Treasury responded.

CHAIR - Can we have a copy of that response from Treasury?

Mr SWAIN - I can address it directly, if you'd like me to. The Auditor-General had a view about - or had an interpretation of the commitment he had received from Mr Harriss. We had some discussion that the scale and scope of audits were in the Auditor-General's hands, and I think that was the first discussion. There was an exchange of letters that recognised whether the amount in the Budget fully met the needs for all audits or not. The numbers in the budget process had been closed off and that the normal mechanisms available for any new management would be available and would be used, and that includes consideration of a request for additional funding (RAF).

CHAIR - Can you provide the correspondence that clarifies this?

Mr SWAIN - There was correspondence, but I would like to check the letter.

CHAIR - So, we will ask that you provide that to the committee.

Mr SWAIN - Yes.

Ms LOVELL - If I can just clarify, Treasurer: the commitment that was made to Mr Harriss was made on the understanding - and I don't have it in front of me, I know it has been tabled - that there would be an increase in funding to the Auditor-General. You're saying

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the numbers were already locked in, so was that commitment made when it couldn't be delivered? How does that -

Mr ABETZ - No. As I recall it, it was - and I don't have that correspondence with me - but I thought it was for - was it for six?

CHAIR - The budget application falls. It falls significantly.

Ms THOMAS - It was for six performance audits, wasn't it?

Mr ABETZ - That's what I thought, thank you, member for Elwick, that it was for six audits -

CHAIR - Performance audits.

Mr ABETZ - Yes. The previous year, with the auditor's allocation -

CHAIR - It was \$2.7 million.

Mr ABETZ - more than six audits had been undertaken.

CHAIR - Some he had charged for, as he can do.

Mr ABETZ - Yes.

Ms LOVELL - So, can I ask a very plain question then. In all of the conversations and correspondence and whatever there's been between Treasury and the Auditor-General, and understanding the secretary has said that there was a discussion about the scale and scope of audits is in the audit officer's hand, has the Auditor-General indicated to Treasury or to you as the Treasurer, that he is confident that he can perform six audits with the funding that's been provided to him, in line with the commitment that was made to Mr Harriss.

CHAIR - That's why we need to see the correspondence.

Ms LOVELL - I'm asking the question now. You should be able to tell us whether he has confirmed that or not.

Mr SWAIN - I just note that the expenses for the Auditor-General over the Budget and forward Estimates go up from \$11.1 million to 12.5 million over the Budget and forward Estimates. So those expenses -

Mr ABETZ - What page is that?

Mr SWAIN - This is page 70 of budget paper 3. There just is a balance to be struck here.

CHAIR - Can I just be clear about this, because a lot of that revenue or the expenses come from the financial audits that are charged out. Let's be fair, let's focus on the appropriation particularly, because that's where the performance audits are funded from as well as the other operating costs of the office.

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Ms LOVELL - I just want a really clear answer about whether he has indicated to you that he can deliver that process.

Mr SWAIN - Yes, I was going to get there. What I was going to say was, I think everyone, almost every party that puts a proposal to budget committee would like more than they end up getting. The Treasurer is trying to manage to up some particular outcomes, the priorities of the government of the day. In that context, integrity entities are particularly challenging because, on the one hand the importance of the Auditor-General's role and the importance for independence is recognised, but, if that goes as far as him setting his own budget, that's impinging on the executive government of the day's decision-making. So, there is a balance here to be had.

Ms LOVELL - So, understanding that, and notwithstanding that, the government made a commitment to Mr Harriss that the Auditor-General would be provided with enough funding to conduct six audits a year. The question leading from that is, is the Auditor-General confident that he has enough funding allocated to him to conduct those six audits a year?

Mr SWAIN - He would argue that, if I may, that he would need more funding, but I'm saying almost every participant in the budget process would have that view in relation to their costs.

Ms LOVELL - I understand that, but the question is not really about whether or not he's been provided - like the budget process. The question here is, I think, that the government's made a commitment to a member of parliament that it appears has not been delivered, or has been made with the understanding that they had no intention of delivering that commitment.

Mr ABETZ - No.

Ms LOVELL - You're saying now the numbers were already locked in when the commitment was made.

Mr SWAIN - And, as the secretary has indicated to you, the scope of an audit - you can have audits and audits, and the extent of the audit, and the amount of expenditure on a particular audit can be basically as small and as big as you like. Therefore, we believe that there was sufficient funding for six.

Ms LOVELL - Okay, that's the crux of it. So, the question then is, and we can ask the Auditor-General himself this afternoon, the Treasury, or you as the Treasurer -

Mr ABETZ - And surprise me, he'll say he needs more.

Ms LOVELL - the commitment you've made to Mr Harriss is made and the money that's been delivered to the Auditor-General comes with the, I guess, subtext that you believe he has enough money to conduct those audits, not whether he is telling you he has enough money to conduct those audits. Is that a fair summation of what we've talked about now?

Mr SWAIN - Yes, I just would add that there is actually a note in the budget papers that talks about the primary reason for the decrease in appropriation, is the completion of the budget initiative implementation of data analytics.

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Ms LOVELL - That wasn't my question though. So, Treasurer, my question is -

Mr ABETZ - Yes, but see, once that is removed, then there is sufficient money with the allocations, we believe -

Ms LOVELL - So you're saying yes, you believe he has enough money to conduct six.

Mr ABETZ - We believe, yes.

Ms LOVELL - That, you believe, then, delivers your commitment to Mr Harriss. Thank you.

CHAIR - So we need to see the communication - if you could provide the communication sometime today.

Ms THOMAS - Treasurer, the government repeatedly highlights the net operating balance and talks about the deficit improving from \$923.3 million in 2025-26 to \$596.7 million in 2026-27. Treasurer, do you acknowledge that the fiscal balance is generally regarded as a better measure of the general government service fiscal position because it incorporates capital expenditure and borrowing requirements, as well as operating costs? If so, why do you place so much emphasis on the net operating balance when the fiscal balance shows an actual deficit of \$972.7 million in 2026-27?

Mr ABETZ - Because what we're seeking to do is to stage our budgeting to get a sustainable budget in the out-years and the forward Estimates and the first step is a surplus in the net operating balance, noting that there will still be borrowings for capital injections and infrastructure and, as we move through the forward years, we will then get to a sustainable situation.

Ms THOMAS - Further to that then, the government focuses on general government sector measures when it's talking about the budget numbers and what it's promoting in the return to surplus state. But, really the total state sector position, presents a more realistic or truer picture of Tasmania's overall financial sustainability and the public messaging focuses on general government sector operating deficit of \$596.7 million, but the total state sector deficit is significantly larger at \$690.9 million. Treasurer, would you agree that Tasmanian taxpayers are no less exposed to debt simply because it sits within a GBE rather than a general government agency and that the debt position is actually a lot worse when you look at total state sector as well, compared to the general government service? You talk about the general government service being forecast to reach peak debt in 2029, but certainly total state sector debt isn't. Tasmania won't actually reach peak debt in 2029. In fact, it continues to rise all the way through to 2030 - I think it's to \$15.79 billion in 2030. Is it expected to rise again in 2031? Has the modelling been done? What's the modelling showing as to when total state sector debt

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Mr ABETZ - It's the various GBEs [inaudible].

Mr SWAIN - There's a lot in that question. In the revised fiscal strategy, firstly, the net operating balance is identified as step 1 in a three-step process. Step 1 is realign operating expenditure with key government priorities - that's a reference to the net operating balance. Step 2 is return to net operating balance surplus. Step 3 is return to fiscal surplus. There is also

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a recognition of the commitment to Mr Harriss in relation to reduce PNFC debt by \$500 million - sorry, public non-financial corporation debt by \$500 million.

CHAIR - We'll get to that.

Mr SWAIN - There is also a cap of total infrastructure funding and other equity injections, which is payment into the entities at \$1 billion. The reason there isn't a proposal around peak debt for the entities -

Ms THOMAS - The total state sector.

Mr SWAIN - Well, the non-financial parts of the total state sector, is because that debt is more complex to assess. Some of that debt is what you might call economic projects, which will produce a return intended to be higher than the cost of debt. Some of it is not. Some of it is to maintain essential services. Unlike the general government sector debt, where the return, if you like, from investment is improved services, the return on investment in the government businesses is partly economic - projects that wash their own face and cover the cost of debt - and in some cases not.

CHAIR - Not TT-Line then.

Ms THOMAS - Which projects do that?

Mr SWAIN - If you look at TasNetworks' projects, for example, they should provide a regulated return to their owner.

Ms THOMAS - Should, but do they?

Mr SWAIN - That waxes and wanes over time. Hydro -

CHAIR - They're not propping up the Budget at the moment, are they?

Mr SWAIN - There are a number of entities that provide returns, whether they're adequate or not, I'm just saying, there's not - the level of debt in the PNFC sector depends on the returns that each - there isn't a set number that would make sense to set for the PNFC. It's more about what the balance sheet of each business can afford and what the nature of their investments are. Are they investments that will make a return to the government. Or are they an investment that requires propping up by the government through the GGS (general government sector).

Ms THOMAS - But if the picture is like what we're seeing at the moment, where a lot of them are needing propping up by the government, and that's projected to continue, surely there's got to be an honest conversation with Tasmanians about the true picture of Tasmania's financial position based on that. Treasurer, I'm interested in your perspective. Why should Tasmanians be asked to judge our state's financial position based on this repeated conversation about general government sector figures, when taxpayers ultimately carry the risks and liabilities and debt of this entire state sector. We're seeming to leave that to one side, because it's a pretty bad picture at the moment. We just won't talk about that. We will just focus on what are the figures that look best.

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Mr ABETZ - As the secretary has explained, there are the two elements. The important element is the GGS and getting the fiscal balance in the budget. Then there are all the matters off budget, with the government business enterprises and state-owned companies. Over the forward Estimates, I think I'm correct in that, the total asset base of the state is projected to increase. It's one of those things.

Ms O'CONNOR - Is that the stadium? Why?

Mr ABETZ - Why? Because with our borrowings and whatever else we are getting, our asset value is increasing. That is something. You can't just look at the debt. You've also then got to look at the asset value, as well; what that debt underpins.

Mr SWAIN - There's a whole range of investments. It means that it's the rate structure, the rate of investment in capital, and the equity that's allowing the entities to then have their own capital program supported by equity and self funded, is greater than the depreciation; than the rate of consumption of existing assets. We're adding to the asset stock.

Ms O'CONNOR - Thank you Chair. Back to the question that you said you'd take on notice -

CHAIR - Clare has got a question on the Budget, still.

Ms O'CONNOR - I just want to check, because we're about to knock off at 11.00, if you wouldn't mind, Chair, because it -

CHAIR - Just ask the question then.

Ms O'CONNOR - was unresolved. The document that you tabled at the exclusive little club that is the Public Accounts Committee -

CHAIR - That is disrespectful to the Public Accounts Committee.

Ms O'CONNOR - It feels like that's what it is.

CHAIR - I ask you to withdraw that.

Ms O'CONNOR - Well, you can take that up with me later. No, I won't withdraw that because it is an exclusive little club.

Ms THOMAS - Anyone can nominate for the committee.

CHAIR - It is not. It is a parliamentary committee. I will go to Clare. Clare has a question on this line.

Ms GLADE-WRIGHT - Thank you. I have a question about credit ratings. I noted in *The Advocate*, they reported recently that the world's biggest credit rating agency doubts that Tasmania will be able to pull off its ambitious budget cuts. Have you had discussions with the credit rating agencies, and what has their feedback been to you?

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Mr ABETZ - I have had, and I've appeared before both, before the Budget. They then made their determination. They have indicated some positive, some questions as well, and possibly the secretary can add more to that.

Mr SWAIN - In broad terms, the credit rating agencies will like the aspiration that's in the Budget: the improvement in both the net operating balance and the fiscal surplus. That's in terms of: are you paying for your operating costs, and the cost of capital as you go. They like that aspiration. Broadly speaking, they only recognise improvement once it's happened. The public comments of the rating agencies are essentially saying it's good that you've stated that aspiration, but we need to see the outcome, which is pretty standard. That is the approach they will take broadly, to stated plans by governments. They want to actually see the revenue emerge and the expenses be reduced.

Ms GLADE-WRIGHT - Has any potential change to the credit rating been factored into the forward Estimates?

Mr SWAIN - No, not at this stage. The new fiscal strategy - one of its aims is to maintain the current rating and then subsequently improve it in the out-years.

Ms O'CONNOR - Good luck with that.

Mr SWAIN - We have had a look at the ratings scoring methodology, which has both quantitative and qualitative elements to it. The qualitative are by nature a bit harder to evaluate because they're someone's view. That says it's very important that what's projected in the Budget is achieved, if the credit ratings are to be maintained at their current level with an aspiration to improve. There's no doubt that the credit rating agencies in relation to most states around Australia are very keen to see a reduction in the increase in debt in particular that's been occurring in jurisdictions, including Tasmania.

Mr ABETZ - It sort of backs in the need for some tough decisions in this Budget and moving forward was the assessment of the credit rating agencies does have a determination on our capacity to borrow, interest rates et cetera, moving forward.

Ms GLADE-WRIGHT - Treasurer, why do you think they have doubts that you will be able to pull off this Budget?

CHAIR - Sixteen years of evidence.

Ms O'CONNOR - The history.

CHAIR - That's right.

Mr ABETZ - Sixteen years of evidence, I'm not sure that necessarily follows, but look, they are hot by their nature, they are conservative beasts, and therefore they will be very cautious in their assessments. Yes, you would have to ask them as to why they said what they did. I would like to get in their mind sometimes, but I'm told I can't and I don't and I won't, but if I could, I may have changed some of their ratings. That said, we have to put forward a situation to them. As I understand that there was at least some sign from them that they had - I forget the terminology they use - they were pleased in relation to what we were doing in comparison to if we weren't doing it yet. We can talk about all sorts of things in this Budget,

PUBLIC

but as I try to ask what's the counterfactual if we weren't doing the rightsizing and if we weren't doing these things, what would be the consequences? And that is what always has to be asked.

Ms O'CONNOR - Presumably they've read the risks chapter in your own Budget?

Mr ABETZ - I'm sure they have.

Mr SWAIN - If I could just add to what you're asking: Moodys' initial comments recognise that this Budget represents a clear step towards fiscal consolidation, and the government accepts their clear point that delivery matters.

CHAIR - What date was this, Gary?

Mr SWAIN - Sorry, I'm just reading off our brief, but it was from the interactions with them immediately before the Budget.

S&P has highlighted that achieving targets will require discipline, something the government has recognised. I was just going to add that's sort of the flavour of the comments, as the Treasurer said.

The other thing to keep in mind, when the credit downgrade happened just before Christmas, there was no response from markets, which means they had already fully priced in that credit downgrade. To the Treasurer's broader point about the need for or the importance of understanding how credit ratings and bond markets work, the bond market will form its own view as to what the government will or won't do, even before the credit rating agencies have changed or indicated a change in rating and it will be on actual outcomes. First the bond market might react and then the credit rating agency will.

Ms O'CONNOR - They're connected.

Mr SWAIN - I'm saying the bond market works on what's actually happened.

Mr ABETZ - They use similar metrics and analysis one would imagine and therefore come to what I would imagine are relatively similar conclusions and default before the ratings agencies. They do that what every 12 to 24 months?

Mr BURGESS - Yes, minimum 12 months, but they they can change ratings whenever they wish.

Mr ABETZ - Yes, but usually the bond markets, they have people actively reading and considering things and determining what the risk factors are, in relation to at what price they would seek to buy bonds.

CHAIR - I note that this actually fits under 1.3, this area. That's all right.

Mr ABETZ - Happy to drift around, if the -

CHAIR - Are there any other questions on 1.1? Unless we will just start on 1.2 before we have our break.

PUBLIC

Ms O'CONNOR - Can we just go back, not the P90, but just in terms of the previous minister's legal fees, we're just trying to understand if you were aware that the former minister was in court prior to 28 May 2026; that is, the day that she requested to be returned to the backbench?

Mr ABETZ - I'm not aware of that.

Ms O'CONNOR - So, were you aware prior to 21 May, or prior to 17 November - and 17 November was when she gave the misleading answer to this very committee.

Mr ABETZ - Look, I would have to take that on notice.

Ms O'CONNOR - Are you okay to take that on notice?

Mr ABETZ - Yes, but look, I don't have - I dare say the Premier in another place has been answering all these questions for and on behalf of Cabinet.

Ms O'CONNOR - Or not answering them, as the case may be.

CHAIR - I will put that to you in writing, Treasurer -

Mr ABETZ - Yes.

CHAIR - and you can determine how best to answer that.

Output Group 1 - Financial and Resource Management Services

1.2 Financial Management and Accounting Services

CHAIR - We will just move on to 1.2 Financial Management and Accounting Services, and just in this area, Treasurer, I want to just pursue a little bit the matter of wage indexation and the non-salary indexation further. It seems that the Budget assumes - and we have had a bit of discussion about this, the reductions in the FTEs will need to take effect from 1 July. Can you confirm how many FTE positions have actually been vacated as of today, and how many of those positions were vacant at the time?

Mr ABETZ - Look, I would have to take that on notice, I would say.

CHAIR - You can't answer that one?

Mr ABETZ - No, sorry.

CHAIR - You may handball this one too: but can you advise how many expressions of interest in voluntary redundancy or workforce renewal have been received today?

Mr ABETZ - The one figure I do know is the 148 from DSG; other than that, I'm not aware.

CHAIR - You're not aware of any others that have been expressed across the whole area?

PUBLIC

Mr ABETZ - No, but once again, I think that's elsewhere.

Mr SWAIN - Individual agencies will have had - there is also sort of one-on-one workplace renewal incentive program (WRIP) discussions and voluntary redundancy discussions that could occur outside of any kind of program, so there won't be reporting around those.

CHAIR - Budget paper 1, page 86, shows a wage sensitivity figure of \$470 million for a 1 per cent increase in salaries across a three-year agreement; it seems to me that figure may be closer to 200 million. Can you explain how the \$470 million figure was calculated?

Mr ABETZ - That would be for the bean counters who did that for us.

CHAIR - The bean counters: we need to call some bean counters to the Table.

Ms THOMAS - Said with the greatest of respect for bean counters, I'm sure, Treasurer: very important people.

Mr ABETZ - People - yes, they are. But people have a sense of humour as well.

CHAIR - It's in the budget paper there, so someone has obviously figured out the number.

Mr SWAIN - I think what it will be is an estimate just off the total expense in the Budget. It will be 1 per cent on that total expense. I don't think it will be - I don't think it will relate to, you know, the average cost of - I don't think there will be any sophisticated analysis behind it; it will just be 1 per cent of the expense line, I think, the employment.

CHAIR - Can you confirm how that figure was arrived at?

Mr SWAIN - James?

Mr CRAIGIE - It's a 1 per cent increment on the indexation that's currently provided in the Budget, and I think -

CHAIR - 2.5 per cent?

Mr CRAIGIE - Yes, that's correct, and I think the final sentence is also critical. It talks about funding sources. It's not just salaries funded from appropriation; it's all salaries.

CHAIR - Just to go to your point, James, you've pre-empted my next question: there is a statement that structural adjustments or changes to allowances would add to further cost and including, perhaps, a 3 per cent pay rise rather than 2.5; so, can Treasury - you - explain the possible structural changes under consideration and their likely cost impact, based on that comment in the budget papers?

Mr SWAIN - Yes, so I think this is just a recognition that in the wages deals there are some - there's increases in salaries, headline salaries, and there are also some structural adjustments which vary from agreement to agreement. So, it's just recognising that.

PUBLIC

CHAIR - The question was: has that - do you have any idea what that cost could be?

Mr SWAIN - We haven't - no, we haven't modelled that.

CHAIR - We don't know how much extra cost this matter alone is likely to cost the Budget? So, it's another missing estimate in the Budget of cost that's unavoidable.

Mr SWAIN - Well, all I would say is: again, the timing was very awkward on this, because the wage negotiations overlapped again with finalisation of the budget numbers. So, it was particularly difficult in this Budget.

CHAIR - I might pick that up when we come back from our morning tea break, Treasurer. We will take a break for - you want to just want to table something?

Mr SWAIN - If I could, just to deal with things as we go, if possible. So just confirm there are 15 SES, and as of today, we have 18 cadets, four graduates and one trainee.

CHAIR - I did ask whether you can provide over five years the number of cadets and trainees.

Mr SWAIN - Okay. No, we could.

CHAIR - If you can provide that at a later time - is fine. Yes, the cadets, graduates and trainees, yes, over the last five years.

Mr ABETZ - Trainees.

Mr SWAIN - Yes, it's waxed and waned a bit over time.

CHAIR - I appreciate that.

The committee suspended from 11.02 a.m. to 11.15 a.m.

CHAIR - Thank you, Treasurer, we'll keep going on Output Group 1.2. Just to pick up a bit where we left off, just before the break, Treasurer, wages have been indexed at 2.5 per cent in the forward Estimates, yet the known wage outcomes are running at a headline rate of at least 3 per cent. Can you confirm what the actual wage settlement outcomes are for the current year and why the forward Estimates don't reflect them?

Mr SWAIN - Sorry, so the point was just made that the wages policy is the 2.5 per cent, that's what's in the Budget, as you know.

CHAIR - Yes, you've talked about that.

Mr SWAIN - But the actual payments reflect awards, there are literally hundreds of awards, so it's, yeah - we will know the actual expenditure on employees in arrears, but we can't know that in advance because it depends on how the awards are applied.

CHAIR - So, we don't know the actual wage settlement outcomes for this year - you don't know what they are? Because publicly reported seem -

PUBLIC

Mr ABETZ - Well, some are still unknown.

CHAIR - No, I'm asking about the ones that have been settled. Have they been settled at 2.5 or 3 per cent majority?

Mr ABETZ - Well as I understand it, and I'll be corrected 3 and 2.75?

Mr SWAIN - 3.3, 2.75

Mr ABETZ - Oh, 3.3, 2.75.

Mr SWAIN - Yes, and then there are some different structural adjustments in, and allowances in the agreement basis.

CHAIR - I'm just focusing on the headline, you know, percentage change because that does leave a gap, they're certainly above 2.5, is what you've just confirmed. So, this implies that agencies will face an unfunded wage impost and it's a bit hard to know how much, probably \$60 to 80 million across the forward Estimates potentially, but I don't know, I'm just asking the question.

Mr ABETZ - And I can't confirm that estimate, I'm sorry.

Mr SWAIN - I was just going to say that. I mean, what agencies should be doing is what I articulated before, which is, have a detailed estimate of where you think you're going to land on your labour expense and take that into account in your recruitment.

CHAIR - How many additional FTE do you think this could mean that the agencies are going to have to share to absorb this shortfall?

Mr ABETZ - That will vary by each agency, I would suspect, and you would need to ask each of those agencies that they can potentially make savings elsewhere not to impact should they consider it necessary and appropriate not to impact their head count.

CHAIR - It's a little bit hard for a department like health, which has some higher health inflation costs than general inflation and supplies and consumables as well as salaries. Salaries are obviously their biggest cost but supplies and consumables reductions. You have still the same number of people fronting up at hospitals and requiring the services delivered under that. Where else can they cut?

Mr ABETZ - Well, look, I don't want to talk on behalf of the health department. I understand there will be some focus in relation to locum, if the terms correct, locum nurses and agency nurses and locum doctors. I leave that to the health department.

CHAIR - That has been a focus for a very long time. Treasurer, major structural change in the public sector is well documented, causing significant short-term productivity losses. What provision has been made in the forward Estimates for reduced productivity during this transition period?

Mr ABETZ - I'm not sure I would necessarily agree there would be productivity losses as a result of the machinery of government changes, but I haven't lived through that.

PUBLIC

In the last couple of years, have there been any other?

Mr SWAIN - Small ones.

Mr ABETZ - Yes, very small ones. I'm unable to provide you with a commentary on that.

CHAIR - On the non-salary cost for agencies, they've been indexed at 2 per cent in the forward Estimates, yet the Budget's own economic parameters show CPI running at 4.5 per cent this year and 3.5 per cent next year.

Can you explain why there's such a large gap between an inflation assumption used in the economic chapter and these used to fund agency operating costs?

Mr ABETZ - Again, the bottom line. I think everybody is agreed from the ratings agencies, why we went to an early election, et cetera, that we have to live within our means. We have to have a sustainable budget. Unless we set these figures, then agencies will continue to spend. What we have to do is rein in that expenditure and will it be a difficult task, Chair? Of course it will be. We don't underestimate it, but the various departments will need to live within the parameters that have been set.

CHAIR - The budget papers are contrary to what you're just saying. The budget papers say 4.5 per cent CPI and you're only allowing a 2 per cent increase.

If you look at agencies such as police, ambulance, fire, hospitals, they all face fuel, electricity and consumable costs rising at CPI or above, noting that health often has higher than CPI cost increases.

Which agencies have been asked to resolve the difference between the 2 per cent indexation and actual cost increases which they can't avoid? What's the aggregate impost across the general government?

Mr ABETZ - The aggregate impost I'm not sure. In relation to each agency it depends on the total figure allocated to them that will determine what the gap is and what they need to focus on to balance their books and make their element of the Budget sustainable.

It is the sustainability of each individual section of the Budget which will make the total Budget ultimately sustainable.

CHAIR - We are saying that health will still be able to buy the necessary medical equipment. Police will still be able to fuel their cars up. Ambulance won't have to meet people halfway.

Is that what you're saying? Because these are unavoidable costs and we've seen the cost pressures increasing and you're projecting a much lower percentage of cost increases than what your CPI shows.

Mr SWAIN - Dean might want to talk about the CPI from the economic side, but the indexation across the Budget is a policy call for government. Effectively, it is saying that agencies will need to try to achieve savings in the quantity of items that they're buying if they can't offset the mismatch in the indexation to actual CPI. That's what it's saying.

PUBLIC

CHAIR - What does that mean in a place like health, then? Not as many dressings? You're not going to buy as many needles?

Mr SWAIN - We're also trying to achieve better outcomes when you go to tender next time. Again, I'd come back to the analogy of business. Most businesses don't get to pass on all their costs. This is working out what the Budget can afford.

CHAIR - We have a universal healthcare system where you can't say, 'Actually, no, we've run out of dressings and needles today. You will have to come back tomorrow.'

Mr ABETZ - That is where the agencies will have to determine what their priorities are in relation to the frontline. As a government, we've been pretty clear on what we are expecting from the various agencies that the frontline - without boring you too much - in my budget summing up speech I was able to refer to about a one-and-a-half-page letter from a retired surgeon who told me I was absolutely spot on in talking about the back office in the health department - that there was a lot of savings to be made there. Just recently -

CHAIR - Why haven't they been made already?

Mr ABETZ - That is a question that I cannot answer, but what's the counter to that? Surely, it should then be welcome we are now focusing on that to provide the savings needed to ensure we have a balanced budget, and we focus the health budget on service delivery rather than on the backroom.

Mr SWAIN - I've just been reminded that surgical medical supplies are actually indexed at 3.5 per cent, not 2 per cent as other non-wage costs.

CHAIR - It's still lower than the CPI though, and lower than the headline rate of inflation for health.

Mr SWAIN - Yes. I was just trying to correct my factual -

CHAIR - You're trying to correct the record, yes. But it's still lower than what the actual costs are.

Ms O'CONNOR - Where's the accountability? We see in the Auditor-General's report that the Public Accounts Committee asked him to do into the human resources information system in health. But \$47 million was spent by health in public funds. No modules were delivered. DPAC then went on and spent almost \$20 million more. Nothing to show for it and anticipated another \$53 million will be needed to complete the program. In the end, something that was going to cost \$22 million over three years is going to cost about \$120 million, and who knows when it will be delivered. Where's the accountability? Because a lot of this - and the questions at the Table have been about your expectation that agencies will meet the budget demands that have been made of them - but every year in this place and the other place we get the RAFS come through and the appropriation budget. There's no accountability really, is there? There's no way to make agencies make these savings that you demand of them.

Mr ABETZ - I hear what you say about what has happened in the past. I think we are all agreed from the credit rating agencies, to being sent to an early election, et cetera, that this cannot continue. That is why we have to -

PUBLIC

CHAIR - Lack of fiscal discipline can't continue.

Mr ABETZ - They're your words, but I won't argue with them.

CHAIR - But you agree. Surely.

Mr ABETZ - We have to live within our means. As I said at one of the budget breakfasts, it was 21 May 2024 that I gave my first speech in parliament and I never anticipated that to the day exactly two years later I would be delivering a budget, trying to ensure we don't have deficit budgets and increased debt. I spoke about that in my very first speech in the House of Assembly and then two years later to the day, I was delivering a budget trying to implement that which I had said two years earlier. I fully understand the need for us to wean ourselves out of debt and that's why we have what I think is called a glide path or whatever to getting a sustainable outcome: first with a net operating balance, then a fiscal balance, et cetera, so we don't send too much of a shockwave through the economy, but yes, we do need a sense of discipline and determination that may not necessarily have been there previously.

Ms O'CONNOR - Have you, for example, rewritten the secretaries' performance agreements to require the secretary of each agency to meet the savings targets?

Mr ABETZ - We've got a smile now. David Killick's in the room with a photographer. Sorry, repeat the question. I distracted myself with Mr Killick's presence.

Ms O'CONNOR - So, one of the ways you can have some certainty over how an agency will be run is through the performance agreements with secretaries, so, the KPIs that are in there. Has each agency's secretary had something put in their performance agreement for this year that says, we expect you not to come back with a request for additional funding - we expect you to meet these efficiencies?

Mr ABETZ - Well, I personally rattle the cage on these matters from time to time, but ultimately it's for the Premier and the - I understand it's the Premier that appoints, is that right? Yes, all the heads of agency, and it's not the individual ministers, but all from Premier, so possibly that should be a question asked of the Premier, and Premier and Cabinet; that's unless I'm missing something, Gary?

Mr SWAIN - I think, Treasurer, that that's correct. There are requirements in the *State Service Act* and the code of conduct to operate within the law; so there's a general obligation on senior public servants.

Ms O'CONNOR - The budget's not the law, though. It's not a statute in the way we think about legislation, although it's a bill, I understand that.

CHAIR - The requirements of the *Charter of Budget Responsibility Act* have some expectations there, too.

Ms THOMAS - But no consequences: there's no consequences.

CHAIR - FMA has requirements, too.

PUBLIC

Mr SWAIN - I was going say, but it also does depend on culture, both at the ministerial level and departmental level, you know, and what behaviour is deemed acceptable.

Ms O'CONNOR - The Auditor-General has certainly pointed to some cultural problems inside, for example, the health department. Anyway, thanks, Chair. I just wanted to check that.

Ms THOMAS - Can I go to - I want to talk about election commitments, and I note last year we had a question at this committee about how election commitments are reflected in the budget, and we asked for a list detailing what commitments were in and were not in the 2025-26 Interim Budget, and what we got in response to that question, taken on notice, was a link to the Liberal Party website, which did not answer the question, and was highly inappropriate, in my view. There was much discussion in the budget wrap-up week about that. So, I appreciate, and I thank Treasury officials and the government that the list of election commitments has been clearly set out now, in its own section in budget paper 4, from page 99, which shows that, over the forward Estimates, well, in 2026-27 and over the forward Estimates there's a total of over \$244 million to be spent on election commitments.

But there is no column, I note, for 2025-56 for an estimated outcome. So, given it was very difficult to obtain an answer as to how much election commitments were costing in 2025-26, and we didn't actually obtain an answer, can that figure of what they cost, or are estimated to cost in 2025-26 be provided, or taken on notice if it can't be provided now?

Mr SWAIN - So, the answer is that would be challenging. We would have to survey agencies to get specific information, because in the outputs in the previous Budget, they weren't identified as specifically, which I think you noted. So, yes, the information exists, but it's not readily available, is the short answer, really.

Ms THOMAS - So there's no consolidated figure of how much the government spent on election commitments in 2025-26, that's what you're telling me? You don't know, Treasurer, how much was spent on election commitments in this existing financial year we're in?

Ms O'CONNOR - That would be unusual. You usually do after an election.

Mr SWAIN - Well, it was a very unusual circumstance, because -

Mr ABETZ - Yes, we had the Interim Budget, and we - some of them -

CHAIR - But they're still washing through, though.

Mr ABETZ - Yes. Yes. Some of them were funded, if I recall, in the Interim Budget -

Mr SWAIN - Some, but not most.

Mr ABETZ - Most were deferred until this Budget.

Ms THOMAS - But there were also election commitments still washing through from 2024, the 2024 election.

Mr ABETZ - Yes. That there were.

PUBLIC

Ms THOMAS - Surely Tasmanians should be able to see somewhere how much election commitments have cost -

CHAIR - Have cost the budget.

Ms THOMAS - each year. I would expect Treasury to be able to provide that information to the committee.

CHAIR - Are you able to take that on notice: how much the 2024 and 2025 election commitments have cost the state to date, and will, over the forward Estimates?

Ms THOMAS - Well, it's in there for the forward Estimates.

CHAIR - Is that all of them, though? Is that 2024? That's only 2025.

Ms THOMAS - Well, I would expect it would be - yes, total allocation for 2025 election commitments.

CHAIR - Yes.

Mr ABETZ - Let us take that on notice, because that which wasn't funded in the 2025-26 Budget -

CHAIR - The November one.

Mr ABETZ - is now in here. So, what you're wanting is what was in 2025-26, so you've got the full picture; is that right?

Ms THOMAS - Well, the estimated outcome for 2025-26, or by the time we get the answer it will probably be nearly the October outcome.

Mr ABETZ - Yes. Be nearly October, I think, yes, then we will get the actuals.

Mr SWAIN - Through you, Treasurer: it is a matter for the committee, but I will just note that is a very significant piece of work. In terms of order of magnitude, I think there's been discussions previously about the cost of election escalating through time. The 2024 election, if I've got this correct, was, I think, 1.4 billion; so, the order of magnitude of these costs is significantly reduced. This is identifying 200 and - I'm just looking for the number - I think it's 56.

CHAIR - So, can we get the estimated outcome at least for the 2025 election commitments for the current year we're in?

Mr SWAIN - I'm saying it's possible, it's just a great deal of work. We would have to survey every agency and, say, extract from every one of your outputs that proportion -

CHAIR - But you've got them all there. You've got them in the forward Estimates.

Ms O'CONNOR - Don't they go to Treasury for costings?

PUBLIC

Mr SWAIN - Yes, but we don't have them for -

Mr CRAIGIE - They're the election commitments funded in this Budget: not election commitments funded in prior budgets. Once an election commitment is funded and it's allocated to an agency, it goes into an output. At the budget information management system (BIMS) we have output level data to go beyond outputs -

CHAIR - So, the BIMS can give us that information?

Mr CRAIGIE - No.

Mr ABETZ - No.

Mr CRAIGIE - BIMS has the information by output; we would have to survey agencies to give us the breakdown of the election commitments they were allocated and what's been spent to date. It's -

Ms THOMAS - I'm sure agencies would have that information quite readily at hand.

CHAIR - Well, if you had put it in the budget papers for the out-years, it seems odd that you can't produce it for the - you're going to have to report it somewhere.

Mr SWAIN - Well, sorry, this was a change -

Mr CRAIGIE - It's identifiable in this Budget because it's a new allocation in this Budget; but as you're aware, the policy and parameter statement looks at new initiatives between budget to budget. It starts with the base of last year's Budget. So, expenditure that is allocated in prior year budgets is not separately monitored and tracked in this year's Budget, and we lose traction of the detail because we don't track all the sub-output allocations and elements across time; we just monitor the output in the budget management system.

Ms THOMAS - Treasurer, is it something that Cabinet considers, how much have we spent on election commitments?

Ms O'CONNOR - You'd hope so.

CHAIR - It'd be helpful to know the answer to that, like how much is the 2025 election costing in new commitments?

Ms THOMAS - Well, yes. There's a figure for \$1.4 billion for 2024 election, it's a significant amount of money.

CHAIR - I think it is less, according to what was recorded.

Mr SWAIN - Well, quantum they've left, but I would imagine that agencies are talking to their ministers through their regular weekly meetings and other meetings about how election commitments are progressing, but the budget process is tracking against outputs, which by this time they're subsumed into.

PUBLIC

Ms THOMAS - So, given all the cuts that need to be found across agencies, Treasurer, has the Cabinet considered whether any more election commitments are cut and any more promises are broken? I mean, there have been a number of broken promises across different policy settings. What about costly election commitments?

Mr ABETZ - Look, we won't engage on that. We could be here all day, but suffice to say -

CHAIR - What, the number of broken promises?

Mr ABETZ - But suffice to say, in relation to the expenditures, as I understand it, all those policy commitments have been honoured or will be honoured.

Ms THOMAS - Given you're expecting agencies to find savings, do you think it's reasonable for Cabinet to consider whether there's any savings that can be made by analysing these election commitments and seeing whether they actually align with government agency policy and strategy?

Mr ABETZ - A government agency policy - these agencies provide us with advice that we actually as a government, right, wrong or indifferent, then make the decisions. So, it stands to reason that, from time to time, advice might be different to that which is decided.

Ms THOMAS - Okay, so aside from that, has Cabinet considered or will Cabinet consider where there's any election commitments that the government simply can't afford to honour?

Mr ABETZ - What Cabinet may or may not decide, I'm not going to venture into.

Ms THOMAS - But, as Treasurer, do you think that there's a responsibility for you as Treasurer to actually scrutinise the election commitments that were made and say, can we actually afford to do this? That's what you're asking agencies to do.

Mr ABETZ - All of those are sort of processes that I assume every government goes through, but we are determined to deliver on those policies.

Ms THOMAS - So, it's not a conversation that you will have, it's not a task you'll undertake -

Mr ABETZ - No.

Ms THOMAS - to actually go through those election commitments, even though you're asking agencies to find savings?

Mr ABETZ - That's right because we, ultimately, decide as a government.

CHAIR - Just with regard to the machinery of government changes, they're described on page 86 of budget paper 1 and identify substantial savings from machinery government changes, but they've not identified where they will come from. Can you provide a breakdown of specific savings that have been included from which agencies in which years?

PUBLIC

Mr SWAIN - The machinery of government changes, through your Treasurer, are being worked through as we speak. The discussions with Treasury today about how that can be operationalised is to transfer the outputs as they stand with the agency - if you like the existing agency going to the new agency - that those outputs will just transfer as they are. In some cases that will work better than others and there might be some adjustments that are made in year through the normal FMA architecture and potentially Treasurer's Reserve, but the full impacts of the MoGs I'm expecting to be a major consideration in next year's budget.

CHAIR - Which we look forward to.

Homes Tasmania is expected to deliver efficiency savings, according to this section, as part of its amalgamation into Building Tasmania, yet Homes Tasmania's debt is excluded from the general government sector figures. Can you confirm, Treasurer, what those efficiency savings are?

Mr ABETZ - No, I can't and, again with the GGS, that Homes Tasmania, that was from a point in time of the Budget settling the figures, but it stands to reason that in next year's Budget that debt transferred will be in the GGS.

Mr SWAIN - Sorry, I think this is - I'm sorry Treasurer.

Mr ABETZ - No, please, you can explain it better than I can I'm sure.

Mr SWAIN - Well, no, I was just going to add to that that the debt will transfer and will become GGS debt, so there will have to be -

CHAIR - At some stage, when?

Mr SWAIN - When Homes Tasmania comes in.

CHAIR - So it's not there at the moment.

Mr SWAIN - No.

CHAIR - They've got \$720 million that's not there now?

Mr SWAIN - No, but it - that's right, but it will come in and then there will be an apples with apples comparison challenge, if you like, with this year's budget's position on debt, so that'll change the debt position. But, the statement in the budget papers around efficiencies and Homes Tas - it is an articulation of intent that Homes Tas, once it's back into Building Tasmania, will have to contribute to efficiency.

CHAIR - I'll ask Mr Vincent about that. I'd just like to focus on the Treasury matter at hand.

Mr SWAIN - Well, sorry Chair, I was just trying to explain why it's not meant to be - the debt can't be moved now because the machinery of government change hasn't happened, but there is an intent that there'll be an efficiency from Homes Tas is my understanding. I was just trying to clarify why the apparent disjoint exists.

PUBLIC

CHAIR - Okay, so if Homes Tasmania debt is excluded from the general government sector in the budget papers, Treasurer, can you confirm that the Budget has not and won't reach peak debt, even on the government's terms, when you add that in? It's not there, so you've got to add it in, and so you're going to reach peak debt, well that's not even there. So, you've got to add in \$720 million of debt?

Mr ABETZ - Well, budgets are a point in time.

CHAIR - But you made the claim Treasurer, you're going reach peak debt when this is not even in there.

Mr ABETZ - From that point in time, at that time.

CHAIR - So it's just a fallacy. The forward Estimates are just a fallacy, because it's not there.

Ms THOMAS - They were.

Mr ABETZ - Look, I don't want to sort of reflect on treasurers everywhere, Liberal, Labor, whoever, whatever, but I dare say forward Estimates are hardly ever then replicated in the following year's budget -

CHAIR - But how can you say -

Mr ABETZ - That is why they are referred to as estimates. Things change and, when they change, that is then when it's put into the budget documentation

CHAIR - Well, this is known. This is a known change. It's been confirmed, we know this is going to hit the general government sector debt, okay, but it's not included. So, how can your numbers stack up in your claim that we'll reach peak debt at the date you say, and that we'll have a net operating balance when it's on the general government debt?

Mr ABETZ - Officially, at the time of the Budget, and as I understand that's what Treasury operates on, it is what is in place at the time. At the time. So, similarly, on the other side of the ledger with income forecasts, we weren't able to include what appears to be a GST uplift that's coming our way because -

Ms LOVELL - Have you reviewed those figures then, since those two things have happened? The figures on the budget.

Mr ABETZ - One continually reviews, but until they are as settled as they possibly can be, it's sort of hypothetical.

CHAIR - Does it change the expectation at all, those matters, in a material way?

Mr ABETZ - If they are delivered, then I dare say, every dollar in impacts things materially and every dollar out, or anticipated to go out, is a material change.

Ms LOVELL - So, having reviewed all of that now, what does that picture look like, in terms of what it looks like in the Budget that was published under that point in time, now we're

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in a very different point in time. What information do you have for us about what that looks like now in the Budget and what it will look like in the coming years?

Mr SWAIN - So, as I discussed earlier, the machinery government decision came quite a way through the budget process. So we couldn't take it into account in terms of the numbers, but also, in many cases, there is more work to do to give certainty to timing. In next year's Budget, the government will, at a minimum, need to explain what the change means. So, that could be, if Homes Tasmania continues to progress the current agenda, it will, I would expect, take on some additional debt, and the government may want to reconcile that to what's in this Budget. But, it will be a new budget, so the government can also take a different policy position when it formulates its budget. So, I mean, just trying to - it wasn't possible to reflect the numbers, but not mentioning it in the Budget would also have been misleading.

Ms LOVELL - Understanding that, what information do you have now Treasurer around what you're expecting that to look like in next year's Budget?

Mr ABETZ - We haven't had any briefings on that at this stage.

CHAIR - I've just got one more on this line item before we go to the next. Just in terms, you've mentioned quite a bit Treasurer, the Budget being prepared before the full assessment for GST was known. So, the Budget, as you've said, is highly sensitive to GST revenue estimates, and I understand, I spoke about this across this Table prior to your time, uses its own forecast of GST revenue based on Commonwealth Treasury estimates of the GST pool and Treasury's own estimates of relativity developed from other state budgets. I understand that's how it's done. So, has Treasury changed its approach or methodology for developing GST estimates?

Mr BURGESS - No, I think our methodology aligns with what you just explained then. The key difference is that we forecast our relativity going forward, where the Commonwealth holds those relativities constant. So, that's a source of why you see differences between the Commonwealth budget numbers and the state budget numbers, but no, we haven't changed any methodology.

CHAIR - Treasurer, does Treasury have a framework for reviewing the key models used in revenue forecasting?

Mr BURGESS - Do you mean in relation to GST or state taxation as well?

CHAIR - GST, we're talking about the GST matter.

Mr BURGESS - We regularly review. We don't have a set program, if you like of review, but we regularly review our forecast relative to actuals. That's the best test to see whether or not before-

CHAIR - You do back cast it.

Mr BURGESS - No, we we look at the forecast compared to what the actual ends up being. It's one of our KPI's for the department. That's the best indicator of whether you're forecasting approaches efficient because you see that over time you will always have variations

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from year to year. Really, the methodology at a broad level has been established for some time now and it holds up pretty well.

CHAIR - When was the methodology last reviewed?

Mr BURGESS - Formally I have to look at that.

CHAIR - Not recently then obviously.

Mr BURGESS - No, not recently.

CHAIR - Has the model been audited recently?

Mr BURGESS - No, it's an internal model.

Mr SWAIN - We have had some discussion internally that depending on the outcome of the current process that's underway looking at the GST that will be concluded by the end of the year, it may be time to have another look at the model. We haven't really delved into that yet. It depends a bit on what comes out of this current process.

There was a Commonwealth Grants process last year which changed some specific parameters including things like wage considerations or efficient considerations for Tasmania that I understand there might have been some major minor adjustments made. Depending on where this year's process goes, we will have to then consider whether the model needs further work or not.

Mr BURGESS - The key uncertainty with the model [inaudible] there's a lot of uncertainties there, but it is the relativity and particularly in relation to trying to forecast what the Commonwealth Grants Commission will decide as part of its five-year reviews. We certainly worked hard and we're hoping for an increase in that relativity but think the actual increase has exceeded our expectations.

CHAIR - I think the Treasurer said you look back and assess; do you do that annually for whether your forecast was actually fairly close to the mark?

Mr BURGESS - Yes, we do that across all the revenue lines, yes.

CHAIR - How was that tracked over the last five to 10 years.

Mr BURGESS - I'd say really quite well. I think our revenue performance in terms of forecasting has been very close to the line within 3 to 5 per cent is a rough ballpark but acknowledge there will be outliers that happen from year to year. Conveyance duty for instance, it's very hard to pick when the property market turns. We'd be working somewhere else, I suspect.

Mr ABETZ - The GST just generally is based on general economic activity around the country and if there is a downturn then will impact.

Mr BURGESS - Correct.

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CHAIR - The secretary, Treasurer, did say who knows what the Productivity Commission is going to say. And if we get full horizontal fiscal legalisation restored - which we should, but in any event - whatever the the change is, assuming there will be some change otherwise, we're going to be having an awfully big black hole just over there, then will you review the model to be sure it is contemporary and meeting the confidence level we require?

Mr SWAIN - Yes, we would make a judgment depending on that change, but definitely we will be asking the question and checking. It's as you're alluding; it is such an important determinant of revenue for the state. We want to make sure the model is still valid. But I think I asked this question since when I actually arrived-

CHAIR - When was it last reviewed?

Mr SWAIN - No, I asked the question about the adequacy of revenue and particularly on the state taxation stuff, the accuracy has been 2 per cent or below and between sort of .5 per cent and 2 per cent of the time I've been here, that's on the state taxation.

CHAIR - That's all state taxation.

Mr SWAIN - Yes. Pretty accurate over time on that stuff. But there are obviously bits that are harder to predict and the revenue that comes in as, as I mentioned before, as capital for capital programs and same with equity from the Commonwealth is more lumpy and harder to predict.

Mr BURGESS - Coming back to the original question, and it was something the secretary just mentioned. Whenever there's a change in methodology or a change in the tax framework that automatically triggers us to review the forecasting approach.

CHAIR - That's all done internally, that review process.

Mr BURGESS - Correct.

CHAIR - Do you have it audited at all, the model?

Mr BURGESS - No, not that I'm aware of.

CHAIR - Do you think that would be an important thing to do from time to time?

Mr ABETZ - I suppose the test of the methodology was determined by the outcome 12 months later from a non-accountant.

Mr BURGESS - I'm not sure whether audit is the right process. We have sought external advice in the past about more complex modelling techniques that we use around payroll tax and the like. The situation where we've reached the edge of our technical capacity and we bring in some additional help to get us there. No, not a regular order program.

CHAIR - Move on to 1.3 which is shareholder advice on government businesses. Can I go to Sarah.

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Ms LOVELL - Thank you Chair. Treasurer, can you confirm that the government's representative through the Department of Treasury and Finance voted in support of TasWater's corporate plan last year? And did Treasury hold any concerns with the corporate plan as it's presented?

Mr BURGESS - Yes, I understand that was correct. It's important to realise the role of the officer in that capacity is there to look at shareholder interest, which is a different hat, if you like, you might adopt if you're looking at from a broader economic public policy perspective.

Ms LOVELL - I have some more questions about that. Were there any concerns with the corporate plan as it was presented from the Treasurer's perspective?

Mr BURGESS - I'd have to check. My recollection is that from a shareholder perspective there weren't any concerns raised, but I would like to check.

Ms LOVELL - Thank you. Is the Treasurer briefed on that decision or that position at the time that the decision is taken by the official officer on that committee?

Mr BURGESS - Again, my understanding is that's a delegated authority; therefore, we wouldn't be seeking the Treasurer's permission beforehand through advice, but there could have been briefings that it was happening.

Ms LOVELL - Okay. Do you know if the Treasurer at the time was briefed?

Mr BURGESS - No, I do not recall that briefing. Again, I can check that.

Ms LOVELL - Thank you. Treasurer, who's your delegate? It's a delegated authority.

Mr ABETZ - It's Treasury doings.

Mr BURGESS - Jenny Cosgrove is a delegate.

Mr SWAIN - The Director of the Shareholder Policy Markets branch.

Ms LOVELL - Thank you. Does the government hold any kind of veto power over that corporate planning process? For example, does TasWater require government support for its corporate plan or can they make that decision, ignore the government position basically and and make that decision themselves?

Mr SWAIN - I would have to check the detail of the *Water and Sewerage Corporation Act* that it operates under in terms of what the powers would be.

Ms LOVELL - Are you happy to take that one on notice?

Mr ABETZ - Yes. We have like 10 per cent shareholding. A former mayor might know better than I do.

Mr SWAIN - Treasurer, if I could. This is actually pretty complicated. That role exists by virtue of the state's equity interests in the business which goes to the formulation as I understand it of the corporate plan. Once that plan is ultimately signed off by the board of the

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business, it would still come into Treasury for advice, as with all the businesses and entities on the way to the shareholder minister and the Treasurer. Treasury wears more than one hat on this space.

Ms LOVELL - Treasurer, on 25 March 2026, I understand you voted for a motion in the House of Assembly which called on the government to withdraw your support for TasWater's Corporate Plan. Have you done that?

Mr ABETZ - I would need to check the record on that.

Ms LOVELL - You'll take that on notice as well?

Mr ABETZ - Yes.

Ms LOVELL - The motion also called on you to refuse to support any future corporate plan that included the proposed -

Mr ABETZ - Was that the draft plan or the corporate plan?

Ms LOVELL - I can read you the motion. It calls on the government to withdraw its support for the corporate plan that underpins these excessive price rises and refuse to support any future corporate plan that includes the proposed 50 per cent increased dividends to councils and requests TasWater overhauls its community engagement approach, so it accurately reflects the community's concerns about cost-of-living pressure.

Mr ABETZ - Right, and we put in a submission to the economic regulator on the TasWater draft request, indicating that we weren't supportive of it.

Ms LOVELL - No, this was, I understand, after that.

CHAIR - After the OTTER reviewed it and then - they've put out their pricing plan now, so this is subsequent to the release of the pricing plan. Sarah, is that what you're asking, to be clear?

Ms LOVELL - Yes, that's my understanding, yes.

Mr BURGESS - Through you, Treasurer, I think now that the regulator's process has concluded, TasWater will be revising its corporate plan to take into account what the actual price path will be, not what it was proposing earlier on. Again, that would be subject to the annual shareholder review process going forward.

Ms LOVELL - Treasurer, that motion also called on you to refuse to support any future corporate plan that included the proposed 50 per cent increase in dividends to TasWater. Will you do that?

Mr ABETZ - Well, that is for the future and that is what the parliament's called on to do.

Ms LOVELL - So, yes, you will do that?

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Mr ABETZ - Yep.

Ms THOMAS - Treasurer, are you aware of how many government business enterprises have received direct equity injections, guarantees or loans or other forms of financial support from the state over the past five years? What is the quantum of this support in total?

Mr ABETZ - Look, that, I don't have in my back pocket. I assume no Treasury official would have that either over five years.

CHAIR - It could be extracted out of your bins, maybe.

Mr SWAIN - I've got some detail of who's got -

CHAIR - Take it on notice?

Mr CRAIGIE - The information on historical information would be contained in the companies' annual reports and the information on the Budget and forward Estimates looks forward, not backwards. We'd have to go back to annual reports to look backwards.

Mr ABETZ - Yes, five lots of them.

Mr SWAIN - I can say now who currently has guaranteed borrowing. There's Aurora, Homes Tasmania, Hydro Tasmania, TDR, Tas Irrigation, TasNetworks, TasPorts and TT-Line.

Ms THOMAS - It'd nearly be quicker to say which ones don't.

Mr SWAIN - Well, there's actually quite a - it might be better if we -

Ms THOMAS - Yeah, okay, thank you.

CHAIR - Do you want to take that on notice? Is that what you're saying?

Mr SWAIN - Well, it's a very easy question if it's who currently has guarantees.

Mr BURGESS - Sorry, could I ask for a clarification of the question? Were you actually asking which businesses have received equity?

Ms THOMAS - Yes.

Mr SWAIN - Oh, I beg your pardon.

Ms THOMAS - Well, both.

CHAIR - You were talking about the government guarantees and their borrowings, but the question also related to equity.

Ms THOMAS - Equity and how much in the last five years in equity injections has there been to the government businesses?

CHAIR - We're happy to put that on notice. I mean it's a big question to ask at the table.

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Ms O'CONNOR - Guarantees and equity, can we have both? Can we have the information on which entities have had government guarantees and which have had equity injections?

CHAIR - Yes.

Ms THOMAS - Thank you. Is any Treasury assessment of whether GBEs may require future taxpayer support over the forward Estimates factored in to the forward Estimates, and how?

Mr SWAIN - Not for this time and place, but certainly TASCORP will maintain a view on the balance sheet capacity of all the businesses and which would need guarantees and which would need equity, depending on the ambition of project that they've got in mind. But, in terms of the budget process more broadly - and it's a matter for the Treasurer, so I don't want to prejudice that - but, as identified in the fiscal, the new fiscal strategy, there is a contemplation that capital inequity will be considered more on a 'what is the levels that can be afforded in aggregate,' so that will be a matter - that would translate to, the businesses will have requests and the government will have a maximum amount that it can support to achieve its budget aims and it would then have to rank those requests against that cap.

Ms THOMAS - Right. So, is an amount factored in then to the forward Estimates?

Mr SWAIN - The fiscal strategy identifies a max or target amount of \$1 billion for capital and equity. That's a yearly target. That's subject to change for the government, but the key concept is, if you go to - what's critical in this Budget and for rating agencies are peak debt and peak debt requires active management of three things: operating costs, capital costs and equity. So, if you don't have some basis for comparing and ranking equity requests from the businesses, you can't hit those - you can't operate in that way.

Ms THOMAS - Treasurer, are you confident that you will apply and adhere to what comes out of that ranking then, when it comes to future requests for equity injections from government businesses?

Mr ABETZ - Ultimately, these matters are decisions for government and Cabinet to determine, but that sort of information will inform our decision-making.

Mr SWAIN - Yes, I'm sorry. To be clear, the fiscal strategy as it's laid out - the new fiscal strategy has long-term objectives, medium-term measures, and targets which are subject to change year by year. Those targets are obviously set by the government, but they are transparently identified in the fiscal strategy, which will be reported on in the budget every year.

Ms THOMAS - Just to be clear, \$1 billion target amount annually in -

Mr SWAIN - That is what is in the fiscal strategy in this Budget. I'm just saying that the government has a choice about whether it remains the same number in future budgets, but it is an explicit - it's a stated target; it gives the parliament something to test against.

Ms THOMAS - How is that tested in this Budget then?

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Mr SWAIN - Well, the fiscal strategy is new, so it's not - in this - what it's saying is there is an intent to manage all three of those components actively in the fiscal strategy, opex, capex, and equity.

Ms THOMAS - I do have one more question, but if someone wants to continue on.

CHAIR - Treasurer, in budget paper 1, on page 164, it refers to a \$113 million Commonwealth equity contribution to TasPorts. I understand the Commonwealth could not hold equity in TasPorts unless the Treasurer plans partial sale of TasPorts. Can you explain the correct accounting classification of that payment? Is it a grant, a loan, a payment for an asset, or something else?

Mr SWAIN - If I could, Treasurer. I think it comes in as a grant then the state is going to make an equity payment to the business.

CHAIR - So, the Commonwealth's not making an equity investment in the business? It was an error in the way it was written?

Mr SWAIN - It's ambiguous. It's a two-step process. It comes in as a grant and then it will be from the state an equity investment because, as you point out, the Commonwealth is not going to be a shareholder in TasPorts.

Ms O'CONNOR - A quick question: on the same page that the Chair was talking about before, 164, budget paper 1, TasNetworks has a total equity commitment that's required for its Marinus project from \$191 to 222 million. There's no mention in here of TasNetworks. What will be TasNetworks' capital costs to provide power to the stadium? Is it the government's expectation that those capital costs would be met from within TasNetworks' existing budget?

Mr ABETZ - That's really a question either for TasNetworks or for the Macquarie Point Development Corporation, which was later on -

Ms O'CONNOR - Are you a shareholder in TasNetworks?

Mr ABETZ - I am indeed.

Ms O'CONNOR - Okay. So, it's not a question under this output that's relevant to you - shareholder advice on government businesses?

Mr ABETZ - It's one of those things that we hear at Estimates as opposed to business enterprise scrutiny.

Ms O'CONNOR - Yes, that's right, but again -

Mr ABETZ - Under normal circumstances, I would then have the people from TasNetworks at the table who could inform, in relation to the detail that you were seeking, but Treasury, unfortunately, I don't think can.

Ms O'CONNOR - Well, what would be -

CHAIR - Maybe the minister for Energy could help you?

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Ms O'CONNOR - Well, we will see him in the morning; but what would be, then, your expectation, as shareholder minister, about how TasNetworks funds - and they're required enabling works for the Macquarie Point stadium, we don't know what the cost of those enabling works will be but, as shareholder minister, what would your expectation be about how TasNetworks funds that enabling infrastructure?

Mr ABETZ - Look, I will need to follow up some advice on that but, as I understand it, any upgrade to the power supply there will be for the Macquarie Wharf development as well, and potentially, other city requirements. So, it won't be a one-off, as I understand it, just for the MPDC.

Ms O'CONNOR - Okay, can I just - sorry, Gary, did you want to add something?

Mr SWAIN - I was just going to say it's a complicated regulatory matter. There are tests around whether it's dedicated assets, in which case then it would be charged to the recipient of the power, or there's shared assets, in which case it's built into the regulated asset base and then smeared over the customer base.

Ms O'CONNOR - All the customers, yes.

Mr SWAIN - I don't have enough detail to know which - I don't know what solutions are being contemplated at that level of detail.

Ms O'CONNOR - So, that's not the sort of information that comes to the Treasurer; is that right? It's not something that's come up in your regular weekly briefings, Treasurer?

Mr ABETZ - Sorry, can you repeat that?

Ms O'CONNOR - This question of how TasNetworks might fund that enabling infrastructure hasn't come to you, as a shareholder minister; is that correct?

Mr ABETZ - To the best of my recollection, no, but anything that will relate specifically to the stadium or the development, might I add, of the total precinct, because the total precinct will include a lot of housing, et cetera, and so, the power supply and changes for the development of the precinct, not only stadium, will be something that the MPDC will need to consider as it develops the total precinct.

Ms O'CONNOR - Just finally checking here: is it the government's broad expectation that TasNetworks would fund that enabling infrastructure from within its existing cash reserves or existing budget?

Mr ABETZ - As I understand it, TasNetworks has - and I'm not across the full detail here - they have requirements that developers make a contribution to enhanced network requirements, if I recall correctly, and I would imagine -

Ms O'CONNOR - So, that would be like a Peter and Paul scenario, because MPDC would be required to pay TasNetworks some part of the cost of that electricity infrastructure?

Mr ABETZ - I am potentially anticipating that, but I don't want to sort of say that black and white on *Hansard* at this time.

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Ms O'CONNOR - Okay.

Mr SWAIN - I mean the end recipient of the power will pay an opex charge. It will either all be in the opex or it will be a combination of opex and capex, and it's the interplay of sort of regulatory arrangements with commercial arrangements. So, it depends very much on the detail of the solution and what other customers are involved.

Ms THOMAS - Treasurer, I understand you're also a shareholder minister in Tasracing, and Treasury has a role in the Tasracing new funding deed. It's set to expire in 2029, so what is the status of the development of the new funding deed? Given the government's backflip on the greyhound industry, the other codes, Treasurer, are understandably nervous; they need to make investment decisions for business operations in 2029 and beyond now, but they have no confidence that the government will deliver on the commitment made by this parliament when it sold the TOTE in 2012 to continue funding Tasracing; so, can you confirm there will be a defunding deed for Tasracing from 2029, and beyond, and advise us when it will be finalised?

Mr ABETZ - Look, that's, I suppose, more for the actual portfolio minister, as opposed to myself, but Mr Burgess might be able to assist.

Ms THOMAS - Who's leading the development of the deed? Treasury?

Mr BURGESS - At the moment, the process is that there is a review being undertaken. So, that's being conducted by Treasury, and NRE, as the portfolio agency. That's doing some very thorough work into looking at the history of the industry, history of the funding arrangements, the economic activity undertaken in the industry, and what that means for the state and the regions, and also then looking forward at what conclusions you can draw from that to inform the development of new funding arrangements, and so we're intending to report to government by the end of August.

Ms THOMAS - Okay. When did that review commence?

Mr BURGESS - Good question. I think it was must have been around about October, November last year.

Ms THOMAS - Okay. So the Treasurer and shareholder minister, the Minister for Racing, as the two shareholder ministers, will receive a report -

Mr BURGESS - Yes.

Ms THOMAS - by the end of August?

Mr BURGESS - I'm sorry, yes. And the government issued terms of reference for the review.

Ms THOMAS - The government did issue terms of reference for the review? Are they publicly available?

Mr BURGESS - Not at this - I'd have to check that.

CHAIR - Can you provide a copy of them, regardless?

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Mr ABETZ - Better take that on notice, but if we can, yes.

Ms THOMAS - Yes. So when it commenced and the terms of reference - and then after the government receives that report by the end of August, what's your expectation as to when the deed will be finalised?

Mr ABETZ - Look, that I don't know. I would have to take that on notice, but I suspect the Minister for Racing would have a better handle on that.

Ms THOMAS - Does Treasury have any expectation or understanding of when it will be finalised in terms of a project?

Mr ABETZ - I dare say it depends what the review tells us, as to what we have to consider and contemplate for the future of the sector, and so, yes, until we have that in hand, it would be difficult for us to give you a timeline.

Ms THOMAS - Do you understand the time pressures on the industry associated with the uncertainty?

Mr ABETZ - Absolutely, and uncertainty for anybody, no matter what aspects of our lives, is usually undesirable. We like certainty in our lives and governments are - well, I am - government is mindful of that. And just in answer to the member for Hobart, to make it absolutely clear: in relation to the power supply of the MPDC, it will depend on the solution developed.

Ms O'CONNOR - That's illuminating. Okay.

CHAIR - So, you've got all the answers you need there.

Mr ABETZ - I thought that would cover it off beautifully for you.

Mr SWAIN - Which is a much more succinct version of what I said, I think.

CHAIR - I don't want to interrupt you. Are you done with that line of question for now?

Ms THOMAS - I'd like some more certainty, but, clearly it doesn't exist. So it's very disappointing.

Mr ABETZ - I hope this hasn't activated further questions.

Ms O'CONNOR - Well, I'm just - I guess I'd just like to understand what the sort of timeframe is likely to be there, in terms of understanding what the solution will be, but maybe that's a question for the minister for Energy.

Mr ABETZ - I dare say TasNetworks will be seeking to work out, not only what the precinct's needs are, but Macquarie Point 6, and other city demands that might be dealt with at that time, so -

CHAIR - At GBEs as well, Cassy: mark it down.

PUBLIC

Ms O'CONNOR - Yes, well, I've got to wait five months for that; it's a long time away.

CHAIR - Can I - Treasurer, I just want to go to your budget paper 1, in terms of your dividends chapter on page 154. From the income tax equivalent payments disclosed for Hydro Tasmania, it is possible to calculate the implied underlying pre-tax profit: approximately \$35.7 million pre-tax profit in 2025-26, rising to \$515 million by 2029-30; that's a 14-fold increase in four years. Last year's actual profit was close to zero, and this year's result is expected to be roughly half of what was budgeted; so, Treasurer, can you identify the specific, verifiable, commercial events that will drive that trajectory, and what independent assessment has Treasury obtained to confirm it's achievable, and that shows through the forward Estimates of Hydro Tasmania's dividends and tax equivalents?

Mr ABETZ - Is it the footnote that tells us about that? The increase in the Hydro dividends and taxation equivalent returns reflects improved access to mainland markets through the regulated Basslink interconnector and stronger wholesale market conditions, including increased price volatility associated with the anticipated exit of coal-fired generation from the National Electricity Market from 2028-29 onwards that is.

CHAIR - Treasurer then what is the forecast wholesale price trajectory that's been used and has Treasury stress-tested the dividend assumptions against scenarios where wholesale prices do not improve as forecast or where basically availability is constrained?

Mr SWAIN - I can start and Dean might have something to add. Certainly, through the whole-of-state business case work we did last year, we did review Hydro's modelling and broadly agreed with where they got to. We did test a number of different scenarios in that process. There wasn't an overlap completely of scenarios, because I think from memory Hydro had done 14 or 16 different scenarios, whereas the whole-of-state business case concentrated on three.

CHAIR - Which three departments did Treasury focus on?

Mr SWAIN - There were three in the whole-of-state business case, I'd have to remind myself. There was one that was effectively the base case from, I forgot the name of the document, the annual document that has the forward demand in.

Unknown person - ISP.

Mr SWAIN - The ISP, integrated system plan. Thank you. Look, I think I'd have to take that on notice, I'd just be guessing the details of those scenarios, Broadly, we did stress-test their pricing modelling at that time. We didn't get the same outcomes, but got similar outcomes, so I'm surprised by the results they have put forward through their input to the budget process, which is they they give a projection of their forward returns that's usually based on their corporate planning and other scenario analysis.

CHAIR - Treasurer, the Budget, as you've just read out in the footnote, the budget papers attribute the increase in Hydro's dividends and income tax equivalents to two factors:

1. Access to mainland markets through a regulated Basslink which starts on 1 July. I assume it's still going ahead.
2. Stronger wholesale prices following the coal exit.

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The Minister for Energy Renewables advised us recently that two directional interregional settlement residue pools capture the proceeds of interstate trading and that none of those proceeds are directly received by Hydro Tasmania. That was his response to a question on notice.

Treasurer, can you explain the precise mechanisms by which Hydro profits are expected to increase from \$35.7 million to \$515 million on the stated basis of improved mainland market access if, on the minister's account, Hydro does not receive the pool proceeds directly.

Mr SWAIN - Sorry, if I could, it's a really complicated matter I think you would get more fulsome answers through scrutiny again, because you will need Hydro at the Table. In essence, they have to bid for interregional settlements. There's also an arrangement where some of that does impact TasNetworks' costs as well. It is a very complicated process, which is again the interplay of the commercial bidding behaviour of Hydro into a market and the rules around the dealing of interregional settlements, which is the difference between price outcomes in two regions.

CHAIR - If Hydro intends to profit by purchasing interregional sediment residue contracts at auction, that's how they will get their revenue. That's an operating cost. They have to pay to participate. Has the Budget modelled that cost in each of the year of forward Estimates of doing that? We just base it on what they say the profit is.

Mr SWAIN - No, because we're not picking up Hydro's or their costs and expenses. We're just picking up the outcomes in terms of dividends and tax equivalents.

CHAIR - Thank you. Treasurer, can you confirm when Marinus Link is expected to come online, and whether any of the profit projected in the 2029-30 forward Estimates is attributable to Marinus or not?

Mr ABETZ - That detail I'm not sure that's available.

CHAIR - Then is the \$550 million pre-tax profit figure based entirely on a regulated Basslink, or does it presume Marinus Link as well?

Mr BURGESS - My understanding is it is placed on Basslink.

CHAIR - So just Basslink?

Mr BURGESS - Yes, but the reason is there's a sort of step change in returns in that year around their assumptions on what's happening in the Victorian pool in particular, in terms of coal-fire generation.

Ms O'CONNOR - Coming offline. Hear, hear.

Mr SWAIN - It is possible they could forward sell contracts, but that would be shown as revenue in the year it accrues, I assume, so, yes, this should just be the Basslink impact.

CHAIR - Sorry, just go to another matter which is the public non financial corporations net debt target. We did mention it earlier: that was the Cethana project page 73, budget paper

PUBLIC

1 states the target to reduce the PNFC net-debt by \$500 million, as per an agreement with a former member for Huon -

... has been achieved through the removal of debt funding for Hydro Tasmania's Cethana pumped hydro project

- from the forward Estimates. Treasurer, can you point exactly where in the 2025-26 budget the Cethana project debt included, because I can't find it in the Budget last year. Was it in the Budget last year?

Mr BURGESS - James will be able to help, but I imagine it would have been incorporated in the PNFC net debt.

Mr SWAIN - I think that's right.

Mr BURGESS - Whether it was separately listed or not, I'm not sure.

CHAIR - No it wasn't.

Mr SWAIN - I don't believe it was, no. We have thought about how to operationalise that commitment, and the practice that had been used previously was if one of the entities had identified in its corporate plan the intent of progressing a project, that it would flow through into the debt forecast. We've actually re-looked at that process as a consequence of this commitment. What that translated to was debt from projects with different levels of maturity who come into the budget process. We have now made it that if a project has to go through a business case assessment, it will be on the other side of that assessment. It becomes eligible to go into the budget. But in line with the commitment, which has seen Cethana come out to achieve the commitment for it to go back in, some other debt would need to come out.

The government has made a decision on Cethana, because it's such a significant project, it will have to go through the business case and there will be advice provided to the shareholders on that business case. But if it then goes in, the question would be what would need to come out.

CHAIR - Then, we will have to all have a very long memory for this. What you're saying to me is that the Fiscal Sustainability Report explicitly acknowledged that Cethana hadn't reached a financial investment decision, had not commenced form of procurement, and had costs and timing, there was insufficient certainty to include in the Budget. The FSR treated it as an unquantified risk, rather than a budgeted item. What you're saying is you've taken, Treasury, you've taken \$500 million out to meet a commitment. Is that meeting the commitment, or do we have to wait for, I'm not sure how long, until Cethana is approved or not, and then 500 million, or whatever the figure is, comes in, \$500 million of debt has to drop out from somewhere else. Is that what I'm being told here to meet that commitment?

Mr SWAIN - Relative to the situation as at the 2025-26 Budget.

CHAIR - I thought the commitment was that this Budget would have \$500 million of debt taken out, like real debt; this is not real debt because it was never there, in this year.

PUBLIC

Mr SWAIN - Well, it was there last year and it's not there this year. I mean how you regard that is a matter for you.

CHAIR - All right. Any other questions on 1.3. We'll move then to Economic Policy and Advice. Did I miss one? Oh, sorry. 1.4, sorry.

Mr ABETZ - Government Property and Accommodation Services.

CHAIR - That's Cassy, sorry, I nearly jumped over you.

Ms O'CONNOR - Yes, thank you, Chair. That's okay.

Mr ABETZ - No wonder you wanted to jump over it.

Output Group 1

1.4 Government Property and Accommodation Services

Ms O'CONNOR - Thank you, Chair. Treasurer, I'm interested in the sale of government assets or public assets. My first question is, has there been a directive to agencies to identify property and assets for potential sale in the past year?

Mr CRAIGIE - I'm not aware of a specific directive, but there is a longstanding process where agencies, when they have surplus property, declare it as surplus and it goes through a process that may, ultimately, lead to it being sold. A good example would be a new school that's built in an area and an old school or an old police station of a regional town is no longer used and then that is declared as surplus. Ultimately, when it's declared as surplus, it comes to Treasury to manage the sale process. We first offer it to other agencies to see if there's a use within government. We also offer it to Homes Tasmania to see if they can use it for their purposes. If no agency has an interest in that property, we will then look at doing a public sale process.

Ms O'CONNOR - Okay. There's no pointer in the Budget to any asset sales, particularly. Do you have a list of assets or public properties that will be for sale in this budget year? If Treasury is managing those asset sales, there must be a list.

Mr CRAIGIE - At the moment, we have three properties that are actively marketed for sale on the market: a former police station in New Norfolk, a former teachers' residence in Zeehan, and vacant land in Penguin. We are currently going through the process on three other properties.

Ms O'CONNOR - Are you able to identify those properties today, James?

Mr CRAIGIE - Yes, there's some rural land at Rossarden, there is a former works depot at St Marys, and there is a former electricity distribution station in Launceston.

Ms O'CONNOR - In terms of Crown land sales, which obviously would primarily be a matter for the Minister for Parks, does Treasury oversee the sale of Crown lands, or disposal of Crown lands?

PUBLIC

Mr CRAIGIE - The responsibility is split. Treasury tends to do the larger properties, but there are a number of smaller parcels that NRE would handle.

Ms O'CONNOR - Okay, and the John Street offices in Launceston - there's been talk over the years that the government would like to offload the John Street offices. Are they at the moment on the table for sale?

Mr ABETZ - There's an idea, but I'm not aware of it.

Ms O'CONNOR - Did you say, 'There's an idea?'

Mr ABETZ - There's an idea. Thanks for that. We'll note that as a Greens suggestion.

Ms O'CONNOR - Yes, yes, sure. No, it's been chatted about for a while.

Mr ABETZ - I think it has from memory, but I don't think - no, nothing has come across my desk since I've been Treasurer.

Ms O'CONNOR - Okay. The Treasury building - has Treasury identified that building as surplus to requirements?

Mr SWAIN - No. This came from a government request to look to effectively test repurposing the property. As I think you'd be aware, that's a process that has been considered previously.

Ms O'CONNOR - Unsuccessfully.

Mr SWAIN - Yes, so we're working through that process at the moment but, if you like, this is the coincidence in that it's Treasury that occupies the building and Treasury that has a functional leadership role in property, which would be the natural agent to look at a sale of this significance. So, it's just the two things coming together.

Ms O'CONNOR - Yes, well, it's a very significant public asset and heritage asset. It's also got a huge place in our cultural history, of course. What is the current view of the Treasurer, if I might ask, over whether that building should be sold or leased, noting that legislation has come into the House of Assembly, which creates Crown land title over different parts of that complex - which would seem to me, to be a precursor potentially to sale of this treasured asset?

Mr ABETZ - Look, the legislation is to create a title and, just for good bookkeeping, I think that's a good idea.

Ms O'CONNOR - So it's just a coincidence?

Mr ABETZ - Then, if you want to take the next step, and the government is exploring that -

Ms O'CONNOR - Selling it?

Mr ABETZ - Well, exploring as to what opportunities there may be to revitalise, get better value out of the building, et cetera. So, as I understand it, we are in a process that is

PUBLIC

delicate that I can't talk about at the moment. And, if for example, the request would be that we just get \$1 return for it, chances are the government will say look, we've explored it, but things will remain -

Ms O'CONNOR - I mean that's a fanciful scenario.

Mr ABETZ - Of course it is, and that is why I used that. It really depends on what the market might be suggesting to us, as to how the property can be enhanced and what value we might be able to get from that property. So, until we are fully made aware of that, it's very difficult to say what the outcome may or may not be. But, in principle, if there is a what's a sufficient return, then that is something that will come under directive consideration.

Ms O'CONNOR - So, has the Valuer-General been asked to undertake a valuation on the Treasury building and associated buildings?

Mr CRAIGIE - Yes.

Ms O'CONNOR - Yes. And is that information publicly available, or do you believe that it would compromise your potential privatisation of it?

Mr CRAIGIE - Yeah, well. Look -

Unknown speaker - I think you might have answered your own question.

Ms O'CONNOR - I understand that, but I'd like it said by someone who knows.

Mr CRAIGIE - If I may, Treasurer. Yes, we would strongly advise the Treasurer not to release that information at the moment. The request for tender process just started at the end of April, so we're in the middle of the commercial phase, if you like.

Ms O'CONNOR - Okay. And in the Valuer-General's assessments of the Treasury Buildings Complex, are you confident, Treasurer, that the intangibles, or the intrinsic and heritage value of those buildings have been incorporated into an understanding of the value?

Mr ABETZ - I would not seek to do the Valuer-General's work for him, but one assumes the costs of maintaining those sorts of buildings would be part of the consideration, as well as the inherent value of being able to promote whatever might occur there as being, you know, the 'Old Treasury,' whatever. So, I assume the Valuer-General considers both those matters in coming to the determination.

Ms O'CONNOR - Okay. So, the Treasury complex is regarded as one of Tasmania's most significant heritage sites. What has Treasury informed potential tenderers, or those who tendered, about heritage protection obligations in the event of any sale or lease?

Mr SWAIN - So, through you, Treasurer, and James may add to this, what we have set up a data room which contains a range of information about the property, including its planning status and the reasons that it has that status. And I think that also goes to the history of continuous use in civil administration.

PUBLIC

Mr CRAIGIE - I will just add to that that there is a comprehensive conservation management plan, several hundred pages long, which discusses at length the heritage values and history of the site that is a part.

Ms O'CONNOR - That is a publicly accessible document, isn't it? Because I've seen it. Yeah, that's right. Can I just get some clarity from you, Treasurer? If you've got a whole, you might have a whole suite of potential interest or tenderers in redeveloping the Treasury complex, but there may be no tenderer who offers a sufficient price or a good enough deal. Are you committed to not, sort of, I mean, first of all, we vehemently object to the privatisation of the Treasury building. But, are you committed to - not

Mr ABETZ - You surprise me.

Ms O'CONNOR - Well, it's a treasure, right? It's about more than the place, it's about its place in our history. Are you committed to not selling the state and the public interest short because you have this massive black hole you have to fill and so what's your benchmark? That's what I'm trying to get at. What is your threshold here for accepting some proposal.

Mr ABETZ - Well see if the Greens were to make it easier for us to deal with making budget sustainability something we can achieve.

Ms O'CONNOR - I have a copy of the alternative budget here for you if you want it, but I'm sure you've been through it.

Mr ABETZ - I have.

Ms O'CONNOR - All those revenue measures in there.

Mr ABETZ - It helped my stomach muscles as I had a bit of a chuckle.

Ms O'CONNOR - Did it, did you, right well we will have a look at next year's Budget and see if you picked up any of our good ideas, particularly on the revenue side.

CHAIR - Anyway, back to the question.

Mr ABETZ - Can I say that I was condemned for a terrible Budget in one green press release and then another one, I got commended for public transport.

CHAIR - The question was Treasurer, are we going to answer the question or have we got distracted.

Mr ABETZ - Yes, sorry we have been distracted, Chair.

Ms O'CONNOR - What's your threshold there?

Mr ABETZ - We will make that decision, but we're not interested in fire sales.

Ms THOMAS - During the 2025 Election, Treasurer, the Liberal government announced efficiencies of \$12 million would be achieved through proposed office leasing improvements.

PUBLIC

How are you monitoring achievement of this target and how much has been saved through this policy today?

Do you have any updates, Treasurer on how that's progressing?

Mr SWAIN - This is the \$11.9 million in savings across marketing, comms, leasing and procurement. That was allocated to agencies and should be invested in outputs. It is allocated in agencies and again, in the budget tracking process that will be at the output level.

Ms THOMAS - These announcements are made and then how is there any accountability towards them? How is there any tracking done of whether that's actually achieved? Treasurer, I think it was you, well, actually I'm not sure. I thought it was you who announced it.

Mr ABETZ - No, I wasn't Treasurer in those days, but it was a government announcement, so I take responsibility for it. Alright, I was given one page number and now I'm being given another page number, so we will see what that one tells.

CHAIR - Hope they don't contradict too much then.

Mr ABETZ - No. The process to consolidate office and leasing arrangements across government has commenced with the aim of improving operational efficiency and supporting budget sustainability. This will support agencies to deliver their operational efficiencies included in the Budget. Now what specific leases have not been renewed or been renegotiated on - I'm not across that detail.

Mr SWAIN - In the procurement area, we are actually reviewing a number of the procurement arrangements, and I know that's an example so you know we can get there when we get there. There's some enhancements to that framework on the leasing front, there is a review going on of the major leasing. Obviously, the scenario if you like, that's in the Budget of reduced headcount. We think that we will be trying to not take on new leases and get maximum utilisation of the existing leases. The vacancy rate in existing leases has been low. I think it's historically been about 1.5 per cent. It's a little higher at the moment because of some changeover in arrangements to 2.5 per cent but expected to return down. The leases have been very actively managed, the leases that fall under the relevant Treasurer's Instruction by Treasury, then agencies themselves have additional leases which they will seek to consider when they're making decisions around headcount.

Ms THOMAS - In answer to my question, there's no clear understanding of how much is actually being saved through that commitment.

Mr SWAIN - Budget committee can always ask for additional detail, but I would just note that these are in the scheme of \$10 billion budget, very, very small savings.

Ms THOMAS - Last year, I think it was in last year's Estimates, Treasury said the state's office accommodation footprint was under ongoing review. Do you receive any updates, Treasurer, as to changes to the footprint given that this is a goal of the government?

Mr ABETZ - I'm not sure that I have received, I may well have received, but it would be spread, I assume, over the various departments and agencies.

PUBLIC

Mr SWAIN - We don't have a regular reporting cycle, but when there are any matters of policy or significant changes in the operating environment, we would give advice to the Treasurer at that time.

Ms THOMAS - Okay, so it's thrown out as a commitment, but there's no way to track whether it's actually achieved or not?

Mr ABETZ - It is thrown out as a round number, and we then seek to achieve it through the various expiration of leases.

Mr SWAIN - And it's allocated. It's in outputs, then we're tracking into the outputs themselves.

Ms THOMAS - Okay, it just seems, how do we measure, how is there accountability.

CHAIR - Where is the transparency around it?

Ms THOMAS - Again, common theme through the conversation today has been around how do we actually know whether these things are being achieved. Where's the transparency as the Chair just said. It's a bit frustrating, it's small fish, but every savings counts -

Mr ABETZ - It does.

Ms THOMAS - when there are ambitious budget targets, and no increase revenue measures, or very few. It's important that these things are able to be reported, and I just can't see how we get that information. Anyway, that's not a question, sorry Chair.

CHAIR - Any other questions on 1.4? If not, we will go to 1.5.

Output Group 1 - Financial and Resource Management Services

1.5 Government Procurement Services

Ms LOVELL - Treasurer, how many breaches of the Treasurer's Instructions around procurement services have been identified in this financial year?

Mr SWAIN - James is reminding me we don't police the Treasurer's Instruction per se. They are the responsibility of the accountable authority. The accountable authority should have processes in place, in terms of their own executive management reporting, and/or their own internal audit that supplement any auditing that's done by the Auditor-General. Treasury sets the framework, and also has a role when there's been a complaint that is reviewed by the agency that is further challenged, but generally doesn't have a compliance right.

Ms LOVELL - Who does have a compliance role?

Mr SWAIN - The accountable authority. Under the *Financial Management Act*, the accountable authority is responsible for the efficient use of financial and other resources, so from that stems it's accountable for in this case.

PUBLIC

Ms LOVELL - Who holds them accountable? The accountable authority is accountable, how do they?

Mr SWAIN - Their own management team, their internal audit functions, and the external review of the Auditor-General. When Treasury gets feedback, for example, I recently had a conversation with the Auditor-General on some of the Treasurer's Instructions, we might then look if we think there's a systemic problem, as opposed to an individual non-compliance, like there's a problem with the design, we will have a look at the framework.

Ms LOVELL - You said you've recently had conversations with the Auditor-General; were the Treasurer's Instructions to do with procurement part of that conversation?

Mr SWAIN - Not so much the Treasurer's Instructions, but more the, oh it was partly yes, it came up, but it was really on some individual procurement activity.

Ms LOVELL - Have there been some issues identified -

Mr SWAIN - Yeah, I mean there's a huge amount that's of government expenditure that's under procurement. So not surprising.

Ms LOVELL - And you mentioned also that when you have complaints, or when there are complaints that are escalated, they might come to Treasury. Have you had any of those complaints in the last financial year?

Mr SWAIN - I don't think so. I would have to check on that.

Ms LOVELL - Okay. Can you tell us how many procurements have been made across the public service for amounts less than \$100,000 this financial year?

Mr SWAIN - Sorry?

Ms LOVELL - How many procurements have there been of amounts less than \$100,000 in the last financial year?

Mr SWAIN - For Treasury or for the whole service?

Ms LOVELL - No, across the public service. You don't have it here; do you have it anywhere? Is it information that you collect at all?

Mr ABETZ - I wouldn't have thought so. That's each individual agency I would have imagined.

Ms LOVELL - Are you aware of any entities that have received more than one procurement under \$100,000 per agency? Is there any reporting on that at all?

Mr SWAIN - There is public reporting through the tender's website, and I think that's for amount for tenders above \$100,000.

Ms LOVELL - Yes, so it's below \$100,000 is what I was asking.

PUBLIC

Mr SWAIN - Oh, below, no I don't believe there is, but that should be picked up in the annual reports of entities, I think, of each agency.

Ms THOMAS - Contracts below \$100,000 are reported on the website.

Ms LOVELL - Are they?

Ms THOMAS - Yes, I've got a question about it.

Ms LOVELL - Treasurer, I had some questions about the procurement process for the TasInsure consultant. I understand the consultant was awarded the work just under the \$100,000 threshold. We've also been told that there have been some other consulting services procured as part of the work to assess the merits of TasInsure. Can you explain what the other work was and who undertook that work?

Mr SWAIN - Sorry, Dean might be best to answer that one, but could I just correct the record on the reporting? Sorry, you're quite right, it's \$50,000.

Ms THOMAS - Above \$50,000 and below \$100,000 or just above \$50,000?

Mr SWAIN - It's above \$50,000.

Mr ABETZ - I can indicate that yes, Mr Trowbridge was initially engaged for up to \$100,000 and then following receipt and consideration of his assessment, he was engaged to provide further advice to support development of the TasInsure implementation pathway and provide advice as required as the government leads to implementation. That subsequent engagement was undertaken and that is in another department, namely DPAC, for \$48,000 and was executed on 1 May 2026 and this additional contract was delivered as part of the \$4.2 million in the Budget.

Ms LOVELL - So, there was just under \$100,000 initially and then there's been a further procurement of \$48,000 through DPAC.

Mr ABETZ - Yes, which will be paid for.

Ms LOVELL - I have one more on that one. Treasurer, I understand Treasury has paid a consultant \$99,000 to analyse and provide a report on the government's progress in delivering its fiscal strategy in the 2026-27 Budget. Why has that been outsourced to a consultant? Is Treasury not capable of conducting that sort of?

CHAIR - We did ask that one earlier.

Mr SWAIN - Chair, if I could, I've just been advised that agencies report to Treasurer at the end of each financial year on procurement complaints and in 2024-25 there were two complaints reported.

Ms LOVELL - Are you able to provide any information about which agency that was through or what the nature of the complaints was?

Mr SWAIN - We'll have to take that on notice.

PUBLIC

CHAIR - With the contracts for goods and services less than \$100,000, on the website, it's easy to see, there's about 120, if not more individual contracts for the Bluegum project in Health. Does that concern you at all, Treasurer? And then they're basically repeat, repeat, repeat, if you go look on your website.

Ms THOMAS - Might I add, multiple to the same contractors.

CHAIR - Yes, it looks like they are being signed up for contracts less than \$100,000 and then just renewed, renewed, renewed.

Ms THOMAS - Three months at a time.

Ms O'CONNOR - A favoured contractor?

Ms THOMAS - Contractors.

Mr ABETZ - I'm not aware of the details, so I couldn't provide any commentary on that.

CHAIR - Would that concern you, Treasurer at all?

Mr ABETZ - That depends on what the difference in the dates are and whether they are specifically different contracts or whether it's an extension of - and I don't know how many of those individual contracts there have been, so until I'm across the details of that -

CHAIR - There's 120, or 121 I counted, on this list for the Bluegum project in Health. We've seen the debacle that was the HRIS and other digital programs rolled out in Health. This is another one in Health. We're seeing a short-term contract after short-term contract to fit below \$100,000. Why wouldn't you expect this sort of expenditure to go to a public tender?

Mr ABETZ - It's an assertion that you make that it was to fit under the \$100,000. I'm not qualified to comment on that. I dare say these are appropriate questions for Health to answer as to what each individual contract related to and whether it was to get under the \$100,000 threshold as you assert or whether they were different areas, different -

CHAIR - We will follow it up with health, but surely as a tender process here, the contract award - wouldn't Treasury at least keep an eye on this?

Mr SWAIN - This is an example of an issue that was raised by the Auditor-General. We have just undertaken to give it some consideration, but we have yet to provide any advice to the Treasurer on this matter.

CHAIR - What's the timeline for giving advice? It's pretty stark.

Mr SWAIN - Well, in the first instance, the Treasurer's quite correct, it's a matter for Health and the Health minister. We'll have a think about the framework, but as I said, we're not anticipating moving into a compliance role because we would need a lot more people if we did and we don't have directive authority over each agency in that regard anyway.

CHAIR - Whose responsibility is this, then? If we're seeing repeat contracts for less than \$100,000 to deliver a fairly major project that doesn't require going out to public tender.

PUBLIC

Mr SWAIN - Well, accountable authorities are charged with complying with the Treasurer's Instruction.

CHAIR - So, the secretary of Health, we're talking about?

Mr SWAIN - The department of Health and the minister would have to talk to the detail of those outcomes.

CHAIR - Well, that'll be asked, but Treasury will look at this now?

Mr SWAIN - The Auditor-General's raised this as matter of some concern to him, but this is a very recent conversation and I haven't briefed the Treasurer on this matter in any way.

Ms O'CONNOR - Quick one, slightly different. Treasurer, as you know, fuel prices are soaring. There's a question mark globally, but also nationally, over fuel reserves. There's no sign from the Middle East of any early resolution of that illegal war. One thing that you are able to do as Treasurer is to issue Treasurer's Instructions. I'm wondering if you ever considered issuing a Treasurer's Instruction as it relates to the procurement of vehicles for the government fleet, noting that it is the government vehicles that seed the vehicle fleet broadly in Tasmania through second-hand car sales, and whether you would consider the sensible move - whatever your position is on fossil-fuel energy - of directing agencies to procure hybrid or electric vehicles? So we're not dealing with a whole lot of potentially stranded assets or assets that people may purchase through Pickles, for example, and, as fuel prices go up, not be able to afford to run.

Mr SWAIN - The government fleet and the fuel contractors are managed through Treasury, but that provides, if you like, access to reduced fuel costs, so bulk-purchased fuel, and in the case of vehicles and approved list of vehicles, it doesn't mandate a decision on agencies.

Ms O'CONNOR - No, I understand that. You and I have been around government and we understand also that when premier Bartlett, during those times, that he and Lara Giddings or Michael Aird, whoever was the treasurer at the time, had a procurement policy for the government fleet that required low-emissions vehicles to be purchased. Isn't that something that would be sensible for government to do? It'll bring your own fuel costs down. I wouldn't have thought it was that difficult to do.

CHAIR - There could be a budget saving there.

Ms O'CONNOR - A budget saving - well, it would be.

Mr SWAIN - Through you, Treasurer: I think James can answer this one.

Mr CRAIGIE - So, by fuel type, 31 per cent of the government fleet is hybrid at the moment, and if I put FEV and EV in the same category, another 2.7 per cent. So there has been

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Ms O'CONNOR - So getting up to how much?

PUBLIC

Mr CRAIGIE - 31 per cent in hybrids, 1.3 in FEVs, and 1.4 in EV. So there has been a shift towards fuel efficiency.

Ms O'CONNOR - Do you think it's something, Treasurer, that would benefit from a bit more direction from you?

Mr ABETZ - Look, let's see what happens in the Middle East. There have, in the past, been issues of resale value of electric vehicles. All those matters will be taken into account to ensure we get the best possible deal for the Tasmanian taxpayer.

Ms O'CONNOR - I guess, though, as someone who's got an eye to the future, hopefully, you might see an opportunity there in accelerating the transition of the government fleet towards lower-fuel-use vehicles.

Mr ABETZ - Definitely that is something that, I think, has been pursued by government of all persuasions, because if we can run our cars cheaper, then that is a saving for our taxpayers, and, if it still gets our personnel from point A to point B, then the purpose of having these vehicles is achieved, and so we try to do that as cheaply as possible.

Ms O'CONNOR - Well, you might accept that Tasmania, perhaps of all jurisdictions, is slightly more exposed here, because we're so dependent on imported fuel.

Mr ABETZ - Well, I'm thinking a lot of Australia is, in fact; but let's see it with a focus on Tasmania. There's no doubt we are very much reliant on imported fuel, and that is why having greater fuel storages in our state, I think, makes very good sense as well.

Ms O'CONNOR - Well, I mean, it's a bit of a 'yes, and', isn't it, because the fuel question is going to - I mean, there's no way that petrol is going to get cheaper over time, and I would just not like to think that an ideological position that you had about clean energy -

Mr ABETZ - A Green accusing me of an ideological position: well, there you go.

CHAIR - Let's not play the - Clare has got a question.

Ms O'CONNOR - Well, you know, we are driven by science, of course, but anyway -

Mr ABETZ - Of course. Of course.

CHAIR - Is there another question, Cassy?

Ms O'CONNOR - Yes. I would just like to know, Treasurer, that the only - you don't see the only solution to fuel prices and uncertainty over fuel is to increase our fuel storage, because I wouldn't have thought that was even a medium-term outlook.

Mr ABETZ - Look, having an increased fuel storage has been something that our nation has not genuinely grappled with and, if I might say, under Coalition and Labor governments in Canberra. In recent times I think we've now got a greater fuel storage, but that happens to be in the United States.

PUBLIC

CHAIR - This is off the track of government procurement. If we could just move on. Clare's got a question on this matter.

Ms GLADE-WRIGHT - I just wanted to know if you can provide a quick update on the transition to electric vehicles initiative, like how's it -

Mr ABETZ - Look, some of those figures, I think, were read out, so funding. Yes, that's the same page. Excellent. Thank you. I'm on the right page, which is great to know there, member for Huon:

The anticipated expenditure profile for the Transition to Electric Vehicles Initiative has been revised and reprofiled across forward Estimates. Zero and low emission vehicles, which include battery-electric, plug-in hybrid electric and hybrid vehicles, accounted for one-third of the government fleet as at 31 March. Hybrid vehicles are not included in the Tasmanian government's 2030 EV target. The number of EVs in the government fleet has increased. The percentages are great.

I'm not sure what that means in actual count, but has increased 94.9 per cent between 30 June 2022 and March 2026. Here we go:

There were 76 EVs representing 2.7 per cent in the government fleet as at 31 March.

So, one assumes in very rough terms, the figures have doubled since June 2022 to March 2026, if I'm reading that correctly:

External factors have impacted agencies' ability to add EVs to their fleets since the introduction of the target. Initially this included the shortage of EVs in Australia, higher prices, insufficient charging infrastructure, and a lack of fit-for-purpose light commercial electric vehicles. Treasury is currently undertaking a procurement process to establish a panel of EV charging infrastructure suppliers for Tasmanian government agencies. It's anticipated that the panel will be available for agencies to access from mid-2026 -

is that still on track, who's in charge of that? Yes, I've just had confirmed that this is still on track, with evaluation currently underway.

CHAIR - Thank you. Okay, well, we will move on, if there's no other questions on that we will move on.

Output Group 2 - Economic and Fiscal Policy Advice

2.1 Economic Policy Advice

So, Treasurer, has any modelling been done on a downside scenario, under the modelling that's undertaken on this line item, where wage outcomes do exceed 2.5 per cent and non-salary CPI tracks at 4 per cent or above, and Hydro dividends come in lower than forecast? Has modelling been done to see what that might look like, if those things, those quite likely scenarios, play out?

PUBLIC

Mr SWAIN - We haven't modelled different downside or upside scenarios in that way.

CHAIR - So, did you undertake any modelling of the impact on the Tasmanian economy of the fiscal consolidation required to meet the budget challenge in the manner proposed? The Fiscal Sustainability Report talked about some of these impacts, but have you, on this Budget - have you done modelling on the impact of what this Budget proposes?

Mr ABETZ - We are still anticipating 8 per cent growth over -

Mr SWAIN - We haven't specifically modelled that. I should say, where we can quantify risks, we generally have, wherever we can in the risk chapter. So we've got quantified and unquantified risk. So we've quantified the individual risk, but we haven't combined those into scenarios and modelled them. Just part of that is Treasury wouldn't have the resourcing to do that routinely, but in this cycle of budgets, where this is again, a compressed budget, we were very focused on producing the Budget.

CHAIR - Treasurer, I don't know if you've had a chance to review the Public Accounts Committee report on the Fiscal Stability Report, where we recommended that budget repair scenarios be modelled into practical terms, including workforce implications, revenue measures and capital deferment requirements associated with each scenario. We did ask the secretary, when he was across the Table during PAC hearings, as to why that hadn't been done; the answer was resourcing. So, have you had a chance to look at that recommendation? Will you ensure that that can be done so the people of Tasmania can actually see what the task looks like in real terms?

Mr ABETZ - Look, there have been a lot of questions this morning about modelling, et cetera, and, you know, we have a limited Treasury and not all the matters that we might want to have modelled are able to be modelled suitably, from a resource constraint. In an ideal world, all these things may well be modelled.

CHAIR - But the question is will you, with regard to that recommendation of the Public Accounts Committee, will you - what's your view on that?

Mr ABETZ - The government will undoubtedly respond to that, and other recommendations from -

CHAIR - So, you're not going to give us the heads-up?

Mr ABETZ - No, not at this stage, and in due course, when we give the government response, you will get the response.

CHAIR - Any other questions on 2.1?

Ms THOMAS - So in terms of the commentary in the budget papers about Tasmania's economy, Treasury states that Tasmania's 1 per cent economic growth in 2024-25 was driven by a strong public expenditure, while private investment declined. Do you accept that assessment, Treasurer, and what evidence do you have, or does the government have, that private investment confidence is actually strengthening?

Mr ABETZ - I'd be a brave Treasurer sitting here surrounded by Treasury officials to say that I disagree with their assessments, so I think you can take that as a given that I accept

PUBLIC

what their assessment is. In relation to your second question, the NAB business confidence had us relatively high up on the leagues table for quite some time and the task of government is to try to encourage the private sector to continue to invest in Tasmania and to make it as conducive to invest and yet while business confidence has dropped across the country, Tasmania remains near the top of both measures.

We are second in the country for business conditions and third in the country for business confidence. We're still tracking relatively well, but it's one of those tasks for government where you never reach the finishing line because it's a constant matter for you to pursue but you never get to the finishing line.

Ms THOMAS - Treasury identifies government and community services as contributing 29 per cent of Tasmania's economy which is much higher than the national average. Do you regard that level of dependence on public sector activity in terms of stimulating the economy as desirable? And what target are you setting for private investment growth over the forward Estimates?

Mr ABETZ - The target is as much as we possibly can get. I'm not sure: is there any official percentage target, secretary?

Mr SWAIN - No, Treasurer, and the reason being that I think there are things that are in the state government's control and one of the things the state government can influence significantly is expectations, business expectations, and the positivity or otherwise, but it can't influence some other things and in particular interest rates which emanate from decisions from the Reserve Bank and of course very important to investment decisions.

Ms THOMAS - Are there any specific measures in this Budget that are intended to increase the contribution of other sectors that we have a lower than national average investment buy here, like finance, professional services, scientific and technical services, that contribute a lot less to the Tasmanian economy than they do nationally?

Mr ABETZ - Anything that we can attract and I'm not aware of those particular figures that you mentioned. I was hoping that in matters scientific with IMAS et cetera here we might have a bigger footprint than suggested by those figures, but I'm one of those, I suppose, greedy treasurers. I want all sectors to be increasing their footprint in the state, be it aquaculture, agriculture, mining, advanced manufacturing. Whatever we can get.

Ms THOMAS - What are you going to do to do that? Like it's one thing to want it, but what are you actually doing to attract it so that there's not so such a heavy reliance on government and community sectors to contribute to our economy.

Mr ABETZ - As I indicated, as the government, we would seek to encourage, and that is be it through the Office of Coordinator-General, be it with support for like we're doing at the moment with Liberty Bell Bay, providing some support for the wages to get a bidder on board. When we co-invest, be it for the conference centre in Launceston that the Premier announced by giving a bit of public support, you can then leverage a lot of private sector support. It's on a case-by-case basis.

Ms THOMAS - As you're a relatively new treasurer, do you see that there's opportunity for some sort of innovative thinking or doing something differently to attract new sectors here

PUBLIC

rather than throwing money at private developers to stimulate the economy or continuing this significant capital spend to stimulate the economy? Do you accept that there's got to be something done differently at some point to change the trajectory?

Mr ABETZ - Always into innovative thinking and new considerations. So, always welcome that. Any ideas from that side of the table or from indeed anywhere else would be greatly appreciated by the government who would pursue investment in this state, which ultimately is about jobs growth, growing the pie, and as a result, having a more sustainable economy.

CHAIR - Unless there were any other questions on that, we'll break now for lunch and come back at 2 p.m. and we'll start with regulatory policy, 2.2.

The committee suspended from 1.15 p.m. to 2 p.m.

Output Group 2 - Economic and Fiscal Policy Advice

2.2 Regulatory Policy

Ms O'CONNOR - Treasurer, in January your government finally admitted it had ditched its commitment to a mandatory pre-commitment card for electronic gaming machines with loss limits.

Mr ABETZ - No.

Ms O'CONNOR - Oh you can correct me there if you like, I'm very happy for that, just let me get to the end of my little preamble and questions. So, the new policy includes developing a, quote:

New technology to allow for self-exclusion from venues.

Which is exactly what the gambling industry has been after. So, can you explain to the committee: have you started a process to engage a contractor to develop this new technology?

Mr ABETZ - In relation to your initial comment, the government remains committed to the policy, but on the basis of an all-of-country approach, all-of-Commonwealth approach.

Ms O'CONNOR - Okay.

Mr ABETZ - So in the interim, we have pursued the policy matters that I announced in relatively recent times, and we are seeking to finalise them.

Ms O'CONNOR - Okay, well, it's a common - with respect - cop-out for Tasmanian government ministers, of both persuasions, to say they're not going to embark on a reform because they're waiting for the rest of the country to lead. We were initially going to be the leader on mandatory pre-commitment, and we're not anymore. But the question is have you started a process to engage a contractor to develop this technology, and have you got any sort of timelines on when this tech, whatever it is, will be developed?

PUBLIC

Mr ABETZ - Not quite, not quite. Mr Root might want to come to the table as well; he's in charge of that branch, which is called -

Mr ROOT - Revenue and Regulatory Services.

Mr ABETZ - Thank you very much for that. Mr Root is now at the table to assist. So, we are in the process of finalising what the government might be seeking, and then there will be the need to pursue.

CHAIR - So has the scope, is the scope in development, and can you give us any indication of what that scope might tell us about this new technology, and how it will roll out, and how it will be effective?

Mr ABETZ - Well, what we have said, in general terms, and it's still being finalised in relation to the detail, and it depends on what technology you are referring to, one that I have been very anxious to pursue is that, in one's moment of, I'll use the term 'grief', you can self-exclude immediately. Whereas in the past you had to ring a number, get a counselling appointment and then become excluded. My view is that if you've done your dough and you realise you've got a problem, chances are for the problem gambler, the best time is at the height of remorse, which is leaving the premise. Therefore having a QR code where you can say, 'Damn this,' take a picture of yourself and exclude yourself immediately would be a lot better and then once excluded, should you wish to go back, that's when you need the counselling, et cetera. Whereas in the past that has not been the case and it's always been, I must say in my view, that at the time of most remorse, I would imagine would be as you leave the premise with empty pockets.

Ms O'CONNOR - Sure. I mean, I guess with respect, Treasurer, I think you misunderstand the nature of addiction, and so if you've spoken to someone who has a gambling addiction, it is very, very difficult for someone, even in the depths of despair when they spend all their grocery money and the rent, to then acknowledge the problem and self-exclude because if you talk to an addict what they will often say is that tomorrow will be their day. So, this technology that you're flagging here relies very much on an individual addict in the depth of their despair to then self-exclude, which I hope you acknowledge would have limited impact.

Mr ABETZ - Well, time will tell, but I think you would agree that it may be more effective and help more people than after hours, ringing a number that won't answer, potentially waiting till the next morning, waiting for a counselling appointment, et cetera. I think this technology and immediacy will hopefully be a lot more beneficial for that cohort.

Ms O'CONNOR - Can I understand, just for some clarity here about this technology that you're talking about, so we're talking here about a potential, sort of, QR code self-exclusion process as the new technology. This is not the facial-recognition model that the industry is pushing for?

Mr ABETZ - That is why I asked about technologies because there are a number of, so that's to be excluded, then complemented with that there would be the facial-recognition technology which once you're excluded and you try to walk into a venue and each venue will need to have the cameras, the capacity to identify people coming in who are on the register.

PUBLIC

Ms O'CONNOR - Okay, so a lot of responsibility placed on the individual at a point in time when they're feeling terrible about themselves and then on the industry which has a terrible track record of harm minimisation. Perhaps we can have an update from Mr Root about where we're at in the process of rolling out of the tender and this new tech in venues, is it possible to do that?

Mr ABETZ - Well the ministerial direction hasn't been finalised as yet, so we're not at that stage.

Ms O'CONNOR - And that's coming from you, that ministerial direction.

Mr ABETZ - Yes.

Ms O'CONNOR - Do you want to give us just a broad flavour of what it might have in it?

Mr ABETZ - Yes, look at that which we've already spoken about increasing by 75 per cent, the period in which venues need to be closed, so that, I think, is another substantial harm minimisation. Then the other aspect that we're looking at is the - given that people now walk around without cash in their pockets - as to how they can obtain cash for the purposes of, should they wish to gamble, and that venues can have ATMs, but with facial recognition with a \$400 limit on for a 24 hour period.

Ms O'CONNOR - So that's for people who've signed up to a sort of pre-commitment process or that's for everyone?

Mr ABETZ - Everybody.

Ms O'CONNOR - To be able to take \$400 out of an ATM in a venue in a 24-hour period. For people who walk in there, for example, with all of their week's earnings in their pocket.

Mr ABETZ - If they have cash, yes.

Ms O'CONNOR - Okay, that doesn't sound particularly strong to me, but anyway, when your government broke its promise to introduce a mandatory pre-commitment card, you said the government will continue to monitor progress interstate of the pre-commitment gaming card. Has any of this monitoring been undertaken and have you learned anything from it, apart from the inaction on this policy area everywhere.

Mr ABETZ - Thank you for that, but as I understand it, it hasn't been picked up anywhere else but Mr Root, you might have later information.

Ms O'CONNOR - That's mandatory pre-commitment.

Mr ROOT - Obviously, there's work underway in Victoria. We are a member of a national working group on play card gaming and pre-commitment that sits underneath a committee of regulators nationally, Australia and New Zealand. We do keep a close eye on what's happening elsewhere. But outside of the casinos that were required to implement mandatory play card gaming following the various royal commissions, there isn't a system out there similar to the one that was proposed in Tasmania.

PUBLIC

Victoria obviously has their voluntary your play card looking to move to mandatory, then there will be one jurisdiction there.

Ms O'CONNOR - Just for clarity and Chair, I'm happy to move on up to this. I'm not fully across the Victorian model that's proposed, has the Victorian government committed to ultimately a mandatory pre-commitment card?

Mr ROOT - They're in trial period at the moment, I think.

Ms O'CONNOR - With a mandatory card?

Mr ROOT - With a mandatory card, yes.

Ms O'CONNOR - What a shame we're not showing the same leadership.

CHAIR - Did you need to add anything?

Mr ABETZ - No, it's in casinos already, I understand.

Mr ROOT - In Victoria. Yes, it's mandatory in the Crown there.

Ms GLADE-WRIGHT - Regarding the legislation review program, considering your ambitious budget cuts and specifically on the enforcement of agency overspending. I did a little bit of research in the lunch break, and I learned about the *Financial Management Act 2016*. It does not contain any strong punitive enforcement provisions against agencies that overspend, but I did find section 51 which requires agencies and officers to comply with Treasurer's instructions. Failure to comply would constitute a breach of statutory financial management obligations. But my question is, do you think we need to amend the legislation to ensure some stronger enforcement provisions?

Mr ABETZ - That's a policy decision, so that lands with me and what I will say is let me consider it.

Ms GLADE-WRIGHT - And you will let us know, obviously, what you decide?

Mr ABETZ - That I will.

CHAIR - On the legislative review process, the *Audit Act* being reviewed at the moment - where's that at?

Mr SWAIN - As we previously discussed, the then Treasurer committed to review in September 2024. The review has effectively now been completed. There's been some interaction along the way between Treasury, the Auditor-General and yourself as Chair of the PAC and the Treasurer and the Auditor-General as well. We have reviewed against the framework that auditors effectively have developed through their own institute of best practice.

There are a number of improvements to independence and administration through the draft act. I think it is back with me actually to give you some updated advice in relation to some residual issues we are dealing with. That's broadly the status of it.

CHAIR - There's not a draft bill yet then.

PUBLIC

Mr SWAIN - No, we're not quite at that point.

Mr CRAIGIE - There was a first round of consultation. And then subsequent to that, the Auditor-General and PAC wrote again with another round of feedback. And Treasury is in the process of considering that feedback and giving advice to the Treasurer.

CHAIR - And there's some more legislation review. That would be Dean, wouldn't it?

Mr BURGESS - That has commenced and I think we had a discussion with the PAC a while ago.

CHAIR - No, Subordinate Legislation.

Mr BURGESS - Sorry. I think it's just for us to say it hasn't progressed as much as we would like, mainly because of competing work demands. The FSR being a good example of that. However, we've now set up a dedicated team in the Economic Policy Branch to progress that project, along with the review of the *Economic Regulator Act*, both of which are obligations under the new National Competition Policy. We're still aiming for the same deadlines to complete both those reviews this year, with consultation.

CHAIR - Unless there is anything else.

Ms THOMAS - Treasurer, on 11 March last year, you put out a media release talking about government continuing its war on red tape with plans to remove unnecessary and burdensome legislation, making it easier to do business. And noted you already had identified over 40 preliminary acts and regulations to take aim at, and that ministers and regulators will be required to remove existing regulations for every new one they create. Can you provide an update on that?

Mr ABETZ - I got sacked from that portfolio, if I recall. And I'm now Treasurer. So if it was -

CHAIR - Sacked was it?

Mr ABETZ - Yes, sacked. But that I think falls within Business, Industry and Resources and you would need to ask our Mr Ellis.

Ms THOMAS - This was in March.

Mr ABETZ - March last year? So March 2025?

Ms THOMAS - Yep. So you had that portfolio through to -

Mr ABETZ - We had the direction in July 2025, and that's when I became Treasurer and relinquished -

Ms THOMAS - How did that go between March and July? Or is it not appropriate for me to ask you in this line then?

Mr ABETZ - Technically inappropriate. I confess my memory doesn't tell me how far we got, other than I would like to see a reduction in red tape as much as possible.

PUBLIC

Ms THOMAS - So you don't know if any acts or regulations have been repealed as per that aim?

Mr ABETZ - I would need to refresh my memory instead. Be better to ask Mr Ellis.

CHAIR - Because he was sacked.

Output Group 2 - Economic and Fiscal Policy Advice

2.3 Intergovernmental Financial Matters

CHAIR - I will move on to 2.3.

Ms GLADE-WRIGHT - The government committed to direct 50 per cent of any GST windfalls over and above the budget forecast to offset superannuation liabilities. Can you please confirm how much has been paid into the Superannuation Liability Fund to date, and what impact this has had on offsetting the state's -

CHAIR - You're in the wrong area.

Ms GLADE-WRIGHT - Is it?

CHAIR - Oh, that's in Finance-General, oh, Intergovernmental, oh, I'm sorry. Keep going.

Mr ABETZ - Have you got an answer for that, James?

So look, we've tabled a bill on that, but we haven't brought it forward at this stage.

CHAIR - We might move on, just conscious of the time. 3.1 Tax Administration Revenue Collection.

Output Group 3 - Revenue, Superannuation and Regulatory Management Services

3.1 Tax Administration Revenue Collection

CHAIR - Treasurer, I've dealt with some of these in our 1.1 Budget Management. But we did briefly touch on this, the Service Tasmania transaction fee, and you talked about the review fees and charges. Budget papers, page 116, indicate Service Tasmania intends to introduce a transaction fee in 2027-28 raising \$3 million, which is, you know, not a lot of money but everything helps. Who will pay that fee? Is it agencies or members of the public transacting with government?

Mr ABETZ - Technically I've just been advised it's a DPAC Service Tasmania question. But if it is a cost -

Mr SWAIN - I believe it is cost recovery.

Mr ABETZ - Yes, cost recovery items, so it would be for the consumer, thank you, yes.

PUBLIC

CHAIR - Tasmanians will pay that extra \$3 million? Do any other members have questions on 3.1? We will move on, then: 3.2.

Output Group 3 - Revenue, Superannuation and Regulatory Management Services

3.2 Regulation and Administration of Liquor and Gaming

Ms O'CONNOR - I'm happy to move on from that, Chair, in the interests of time, given that we had answers earlier on gaming regulatory policy, so I'm quite happy to cede that ground.

CHAIR - Any other questions on that line? If not, we will move to 3.4. Bec, did you have any questions on that?

Output Group 3 - Revenue, Superannuation and Regulatory Management Services

3.4 Office of the Superannuation Commission

Ms THOMAS - No, I think that's okay. I'm happy to move on, given time.

CHAIR - We will move on then.

Output Group 3 - Revenue, Superannuation and Regulatory Management Services

3.5 Administration of Grants, Subsidies and Concessions

Ms LOVELL - Treasurer, just a couple of questions on this and I will condense them, given the time. In relation to the first homeowner grant (FHOG) and the stamping out stamp duty policies: how many FHOGs have been awarded in this last financial year, and how does that compare to the year before? While you're looking for those figures, I'm also interested in how many of those were for new builds and how many were for existing properties?

Mr ROOT - In terms of the number of grants paid, so, 2025-26, the year to date, we've got 342. In 2024-25, 391. Obviously there are still some -

CHAIR - Could you speak up a bit, perhaps?

Mr ROOT - Sorry. For 2025-26, there were 342, that's to the end of April. In 2024-25, 391, and you were after the number that were paid -

Ms LOVELL - How many were for new builds and how many were for existing properties?

Mr ROOT - The FHOGs for new builds, and I think that's been since 2024-25, hasn't it, those grants would be predominantly for new builds. Within those numbers, we do have some older grants. To get you an exact number, I think we have to take that on notice. Obviously grants are paid when the eligibility is met. Sometimes there can be a lag -

Ms LOVELL - We will put that through on notice and see what you've got. My last question on this one, Treasurer, is: how many people have used the stamping out stamp duty policy?

PUBLIC

Mr ABETZ - For 2025-26, I think 2012, with \$40.6 million revenue foregone, and because there were couples involved, there were 3,072 recipients of the 2,012 grants.

CHAIR - Have you got the total number of revenue foregone through these measures, all of these concessions?

Mr ABETZ - All of the concessions, the stamp duty one is \$40.6 million for 2025-26. I dare say that is the anticipated total -

CHAIR - There's more than that.

Mr ABETZ - because we haven't quite finished 2025-26, have we?

Mr BURGESS - The estimate for this financial year, I understand, is in the order of \$60 million.

Mr ABETZ - 60 still: right. Thank you for that.

CHAIR - That's across all grants and concessions?

Mr ABETZ - That's the stamp duty one. It is anticipated to be 60.8, in fact, so I don't know where the 40.6 came from, there's the 60.8 in the budget paper.

Mr SWAIN - Sorry, Treasurer. Budget paper 1, page 149.

CHAIR - Any other questions on that, if not we will move to - public sector?

Members - Public trustee.

Output Group 4: Community Assistance

4.1 Public Trustee Community Service Obligation

Ms GLADE-WRIGHT - The community service obligation (CSO) to be paid to the Public Trustee in 2026.27 is considerably lower than in 2025-26. Page 304 notes that this reflects the profile of funding to support the implementation of recommendations from the 2021 independent review of the operations of the Public Trustee. So, can you please provide some details as to what recommendations have been implemented that have resulted in this reduction to the Public Trustee CSO?

Mr SWAIN - Sorry, what page?

Ms GLADE-WRIGHT - 304.

CHAIR - Budget paper 2, I imagine, in Treasury and Finance.

Mr BURGESS - I can probably provide some commentary.

Mr ABETZ - Yes, please.

PUBLIC

Mr BURGESS - My understanding is, a big part - they've been implementing the outcomes of a number of reviews for a while now, one of the key ones outstanding is their corporate IT system which has been rolling out for a little while now, and that's getting close to its conclusion, so that project is estimated to cost between \$2-2.5 million, it's their trust and corporate accounting system. As that implementation continues, you know, it's not an ongoing function that they have, it's kind of like a capital investment, so the CSO would respond to that change.

Ms GLADE-WRIGHT - So, they're not having any funding cut to their core services at all; it's just budget savings?

Mr BURGESS - No. That's correct.

Ms GLADE-WRIGHT - Thank you.

CHAIR - Any questions? If not, we will move to Finance General. Treasurer, do you need to change any people at the table, or -

Mr ABETZ - No.

Output Group 1 - Debt Servicing and Management

1.1 Debt Servicing

CHAIR - We did cover off some of these matters under budget management, line item 1.1 in Treasury and Finance, but it's just to revisit some of that a little. As we've talked about previously, you've committed to reach peak GGS debt by 2028-29, yet the Budget's own cashflow statement shows net borrowings of \$461 million in 2028-29. As we know, PNFC borrowings continue to grow by about approximately \$2 billion in that same year. We also know that the Homes Tasmania debt is not on the GGS books. So your claim to meet peak debt in 2028-29 through cost-cutting alone in that regard because we haven't - well, the claim you've made, you're going to breach it; 2028-29 is more aggressive than the fiscal sustainability's fastest-modelled scenarios. Can you explain how that's achievable without harming service delivery?

Mr SWAIN - So the peak debt relates to GGS as it currently stands, as I think we've discussed, but in relation to the FSR, which I obviously can't speak to the government's response to, that's for the Treasurer; but they were three - we picked three scenarios: five, 10 and 15 years. They were not exclusive. We were just looking at three different budget-repair pathways. You could come up with any number of alternate pathways and we just picked five, 10 and 15, so it's -

CHAIR - But the FSR was pretty clear that to do it any faster or any harder, certainly without raising revenue, like not just tinkering around the edges, would be damaging.

Mr SWAIN - Well, I mean, what the FSR said was you need to - that it's important to start as soon as possible in terms of improving the budget position.

CHAIR - Which they said in 2021 and 2019.

PUBLIC

Mr SWAIN - Yes. But I mean, what it did is looked at three scenarios against a historical baseline, which made a whole range of assumptions. That baseline is already going to vary from reality as it unfolds, because there will be adjustments and changes through budgets. It drew broad conclusions against those short, medium, and long-term scenarios.

CHAIR - But Treasurer that the FSR's review. How do you say we going to do it without creating harm to service delivery?

Mr ABETZ - That is our plan, and that is what we are seeking to implement.

CHAIR - The plan doesn't have any meat on the bones.

Mr ABETZ - Oh well, it will do, and we are progressing through that, and we have every expectation that will be achieved.

Ms O'CONNOR - Obviously, Macquarie Point Development Corporation (MPDC), we will get to them a bit later with your other hat on, is going to be loaded up to the gills with debt. In terms of what the government expects MPDC can hold and be able to repay when the inevitable cost blowouts happen for the stadium, what's the government's position on how much you would let MPDC borrow?

Mr ABETZ - With respect, a lot of hyperbole in the introduction, and -

Ms O'CONNOR - Not enough, I thought.

Mr ABETZ - Not enough? Well there you go.

CHAIR - Don't encourage her to do anymore, just stop.

Mr ABETZ - That is why we differ. But just for the record, I won't engage on that, but I don't accept that. In relation to what will be the debt, and is always part of the business plan, right from the get-go, that there would be a contribution, equity injection if you like, from the state. Then with the other contributions of that which remains will be borrowed, and how that will, and who will actually be servicing that, still remains to be fully sorted in relation to ownership of the stadium, and whether that gets, and when it gets transferred to Stadiums Tasmania.

Ms O'CONNOR - And the debt would be transferred with it, wouldn't it?

Mr ABETZ - Yes.

Ms O'CONNOR - That's right, okay.

Mr CRAIGIE - I will just add Treasury, this Budget, for the first time includes a chapter on the Macquarie Point Development Corporation because of the financial assistance that it is getting, which is included in the number four, chapter number 12. That shows, in detail on the financial statements, the amount of debt that is estimated that the entity will have at the end of the forward Estimates.

PUBLIC

Ms O'CONNOR - It's an estimate of debt based on the current cost projection through you Treasurer. I mean, obviously that's a living estimate, isn't it? Because in all likelihood, given what we're seeing happen to construction costs nationally, and around the world, the cost of the stadium will increase. That's just a realistic assessment, whatever your position is on that. Therefore a Macquarie Point Development Corporation within the life of the construction of the stadium, will have very large debt attached to it.

Mr ABETZ - In relation to costings et cetera, I don't want to be talking about that and what the government might be, or might not be anticipating, in circumstances where we are in a live procurement. Because if you are sort of saying, as some people do, that it's going to be double, treble, then of course if you're putting in a quote to build, and the government's expectation is it's going to double, quadruple, whatever, then guess what? Those quoting for it will quote accordingly.

Ms O'CONNOR - I think they're going to quote accordingly anyway.

Mr ABETZ - Well, no -

Ms O'CONNOR - Because that's the realistic scenario we're in it -

Mr ABETZ - We have competitive tension in it and -

Ms O'CONNOR - Well a show of it.

Mr ABETZ - with two of them moving forward. We will undoubtedly, and you can get more detail later this afternoon, be checking of those costs from both sides by the corporation.

Ms THOMAS - Treasurer, do you know what percentage of total state revenue will be required for debt servicing in 2026-27 and each year across the forward Estimates?

Mr CRAIGIE - On page 187 at budget paper 1 it sets out those figures. Table 8.3.

Ms THOMAS - At a point in time - 2026 the estimated outcomes 59.2 per cent. 2027;73.1 per cent 2028;79.9 per cent 2029; 84 per cent and 2030; 75 per cent, is that right?

CHAIR - Don't throw budget papers out after the session.

Ms THOMAS - Three quarters of state revenue is required to service debt, that's what that's saying.

Mr CRAIGIE - No, that's not the service cost. That's the ratio of debt to revenue.

Ms THOMAS - Maybe, I'm not framing my question correctly then.

Mr CRAIGIE - I don't think we have the ratio of borrowing cost, do we?

CHAIR - To expenditure, if that's the question that you're asking, what is the percentage of interest costs to expenditure?

Ms THOMAS - No, I'm asking of all the money that comes in what proportion of that is required to service the debt. Of all the revenue that comes in, how much of that needs to be spent on debt servicing?

Mr CRAIGIE - It's one of the measures of the fiscal strategies on page 61 of budget paper 1. It shows the details of general government sector cost of debt to cash receipts. It's not an income statement, but to cash and we use the broader measure of debt in the fiscal strategy. It's not just the general government sector borrowings. We include there the cost of superannuation and the cost of homes, Tasmania debt and the cost of Macquarie Point debt on the basis that the 2P and FC entities debt is supported by grants from the general government sector.

It was a broader measure of the amount of debt the general government sector is supporting, which is what that table 3.4 shows.

Ms THOMAS - The target in the FSR is less than 7, but in 2026-27 it's 8.2 per cent. 2027-28; 9.1 per cent, 2028- 29; 9.7, and 2029-30; 9.3 so it's exceeding the target for each of those years.

Mr CRAIGIE - The targets are 2032-33 target. If you look at page 55, it shows the fiscal strategy, then there's short-, medium- and longer-term objectives. That target of 7 per cent is a longer-term objective.

Mr SWAIN - There's a number of measures that are currently not met, but the plan is to meet by 2032-33.

CHAIR - Not many of them are met actually.

Mr SWAIN - If they were-

CHAIR - You wouldn't be doing the budget repair job, would you?

Mr SWAIN - You would be concerned if they were all met.

Ms THOMAS - I'm still trying to get my head around like if you're thinking about a household budget, how much of your money you're spending on debt servicing out of how much money you're bringing in, but you don't have a measure on that or a figure on that.

Mr CRAIGIE - In the interests of confusing the committee even more, on page 192, there's another table.

Ms THOMAS - Has it got the magic number?

Mr CRAIGIE - Yes, we do have a lot of disclosure around debt and buying costs because of its import. This shows the net interest cost ratio which looks at the amount of interest we pay, less the amount of interest we receive because the government holds substantial cash assets.

CHAIR - That's across the whole pay of the state sector, is it?

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Mr CRAIGIE - This is general government sector compared to the revenue from transactions less interest income. That shows another another way to look at the net borrowing burden on the state. There's a range of metrics that look at how affordable borrowing is. This is one of, as well as the fiscal strategy and those other ratios on that other page.

Ms THOMAS - I had also highlighted that table, so you can see how I have highlighted all of these and still not got an answer to my question, and trying to find it in more simplistic terms that Tasmanians could understand. That's one of the challenges is there's information in these very comprehensive budget papers, and I acknowledge the efforts of Treasury officials in putting them together, but there is some repetition in them and it's hard to distinguish.

CHAIR - They all measure slightly differently.

Ms THOMAS - Yeah, that's right, So it's hard to.

Mr CARIGIE - I think the the fiscal strategy does make the point that there's no single measure. You've got to look across a range of measures to understand fiscal strength or sustainability. It's not a simple individual metric, and the fiscal strategy has a range of targets and measures that provided indication, and then there's more detail in the rest of the Budget.

Ms THOMAS - And of all the ones that are in there, the one that I would want to try and make sense of in my head isn't in there. That's the answer to my question.

Ms O'CONNOR - A clarifying question, Treasurer, earlier when I was asking about the transfer of Macquarie Point Development Corporation's (MPDC) debt, whatever it might end up being at the end of construction, can you confirm that it is government's expectation that that debt post-construction, would then be vested in Stadiums Tasmania?

Mr ABETZ - Best to keep that for this afternoon, later this afternoon.

Ms O'CONNOR - I mean that was the preliminary, that was my understanding of what would happen with it.

CHAIR - They also have an opportunity under Stadiums Tasmania - with Mr Duigan as well.

Ms O'CONNOR - That's why I'm asking this question, because they don't know.

Mr SWAIN - So, in the historical use of transfer mechanisms, the assets liabilities have moved together. So if you've moved an asset, the liabilities have gone with it. For example, TasRail, TasWater have operated like that.

Ms O'CONNOR - Okay.

Mr SWAIN - But it is possible that you could also leave the debt with the general government sector and not move it to Stadiums Tasmania. So effectively, as I understand, the intent is that it moves to Stadium Tasmania, but it is a policy decision ultimately that's outside of the forward Estimates.

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Ms O'CONNOR - Okay. The reason I sought clarity is because my colleague, Vica Bayley just asked your colleague, Minister Duigan, about the debt transfer, and the minister said the debt transfer was still a live issue and under consideration. Acknowledging that Stadiums Tasmania has no capacity to pay debt.

CHAIR - Same as MPDC

Ms O'CONNOR - Well, that's right. So I'm just, we just need - it matters the answer to this question.

Mr SWAIN - There is work going on now between TASCORP and Mac Point, and some discussions have started with Stadiums Tasmania, but they're less urgent, I guess, in terms of the MPDC needs to have more surety around its funding before it can go to market and before it can enter into a construction contract ultimately.

Ms O'CONNOR - Go to market for the sale of other properties?

Mr SWAIN - Oh no sorry, go to market.

Ms O'CONNOR - Oh I see.

Mr SWAIN - Enter into the construction contract, so the construction contract will be worth a lot of money; it'll need to have the funding to underpin entering into those obligations and that will mean it'll need to have worked through some of its funding arrangements with TASCORP. Now, that's the sort of immediate task, and there's significantly more time to work through the Stadium Tasmania issues given the stadium is somewhat years away from the transfer point.

CHAIR - You can ask TASCORP those questions too. I might just move on Cassy?

Ms O'CONNOR - I am happy with that, I just wanted some clarity.

Output Group 3 - Government Business

3.1 Sustainable Timber Tasmania

Ms O'CONNOR - Thank you, we see here in the finance general section chapter 4, page 72 the subsidy to enable Forestry Tasmania to meet its community service obligations.

Mr ABETZ - Sorry, what page?

Ms O'CONNOR - Sorry, page 72, finance general. So, it's \$2 million a year basically. Obviously part of the future operations if you like, of Forestry Tasmania, relates to its contractual arrangements with industry. Are you able to provide any information to the committee about the negotiations around the wood supply contracts.

Mr ABETZ - They are best asked of the Minister for Business, Industry and Resources. They're the ones that engage on a day-to-day basis with the sector, and working those things out -

Ms O'CONNOR - Well with respect, aren't you a shareholder, Minister of Sustainable Timber Tasmania -

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Mr ABETZ - I am indeed.

Ms O'CONNOR - known under ASIC (Australian Securities and Investments Commission) as Forestry Tasmania. So you would have a picture of what the policy position would be on renegotiating loss-making contracts. And I know that Treasury -

CHAIR - This money is just for the -

Ms O'CONNOR - No, no, I understand that. But it's about the viability of Sustainable Timber Tasmania (STT), in general, as well. I believe, as Treasurer, you would have a line of sight to that question of contracts, because Treasury looks at these matters. I know they do. So, the question is, are you able to provide the committee with any information on renegotiating wood supply contracts?

Mr ABETZ - No -

Ms O'CONNOR - Because that will impact the bottom line.

Mr ABETZ - It stands to reason that any negotiations will impact the income stream for STT. But as I understand it, those contracts haven't been concluded. And therefore, we are in that situation where there are still live negotiations taking place.

Ms O'CONNOR - When are they expected to be completed?

Mr ABETZ - If you could ask Mr Ellis in Business Industry Resources -

Ms O'CONNOR - I don't have the pleasure of his company this year.

Mr ABETZ - Don't you?

Ms O'CONNOR - No, we're counting on you to shine some light on the subject.

Mr ABETZ - I left that behind when the portfolios were changed. As I understand, STT are dealing with the native wood supply, and the plantation supply. And that it is still, I think -

Ms O'CONNOR - So, Treasurer, I'll finish up with this. As a general principle, wouldn't you agree, wherever possible government on behalf of the people should not be entering into loss-making contracts?

Mr ABETZ - That sort of stands to reason, but you then have to ask all sorts of other questions as to whether businesses have made long-term business decisions, only to have their parameters in which they can operate changed beyond their control, which might need them to change their business model. And there are still the very real benefits in our regional communities, and I am sure that Sustainable Timbers Tasmania would assert that they are not a loss-making enterprise.

Ms O'CONNOR - Well, the facts would dispute that. And did you want to add something there, Gary?

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Mr SWAIN - Only two points, and I think you'll be aware of at least the first, which is the directors have to act in the best interest of the business. So, they don't have a broader ambit than that. They're matters for government. And under the second tranche of the GBE SOC governance arrangements, that have been updated, that provides more clearly for CSO's to be transparently funded.

CHAIR - We might move on Cassy, running short of time. Can we go now to 3.2 State Fire Commission?

Ms O'CONNOR - Just a broad question here. The funding allocated to - sorry, that's expenses, sorry. The funding allocated to the State Fire Commission to meet its community service obligations is static at \$12.5 million or so. Is there an acknowledgement from government that, given the state of the climate and the risks that are identified in the government's own risk assessment of climate and extreme fire events, does the government foresee the need for increased investment in the State Fire Commission, along with Police, Fire and Emergency Management?

Mr ABETZ - We always look at those matters, as a matter of course, and when and as more and more places have been built into the -

Ms O'CONNOR - urban bush interface?

Mr ABETZ - Yes. Then the risk of fire events impacting is increased. As a result, it makes sense, if we can, to enhance our firefighting capacity. I understand we have the aerial arm now firefighting, present in our state during the summer months and things of that nature. For the detail of that, yet again, I would invite you to go to the relevant minister.

Ms O'CONNOR - Yes, but you would accept that there is an increased risk of extreme bushfire events in Tasmania because the government's own risk assessment report states that?

Mr ABETZ - The risk of bushfires has always been with us and more and more as we move out with our housing infrastructure.

Ms O'CONNOR - Have you read the risk assessment report? The climate report.

Mr ABETZ - Not the full, no.

Ms O'CONNOR - It's not very big. I highly recommend you read it.

CHAIR - Let's keep up to the questions please.

Mr ABETZ - Thank you for your recommendation.

Ms O'CONNOR - As Treasurer, you should know about these things.

CHAIR - Are there any further questions? I moved to 3.4 Government Businesses.

Output Group 3 - Government Businesses

Ms LOVELL - Thank you, Chair. Treasurer, you've predicted increases in the point of consumption tax on racing of \$2.1 million over the coming three years. As we know, you're intending to shut down 40 per cent essentially, of Tasmanian racing revenue. How will you achieve that higher point of consumption taxes?

Mr ROOT – The point of consumption (POC) tax is levied on wagering operators on the basis of the expenditure by Tasmanians. It's not specific to racing that occurs in Tasmania. The consequence of that is that a change in the mix of racing in Tasmania doesn't necessarily mean a change to the volume of the POC tax.

Ms LOVELL - You're expecting increases in other points of collection?

Mr ROOT - Tasmanians wagering on racing events wherever they might occur in Australia.

Ms THOMAS - So what you're saying Treasurer, what that means, if I'm interpreting it correctly is Tasmania will still accept point of consumption tax from Tasmanians wagering on greyhound racing interstate, even if it's not happening here?

CHAIR - Because it's applied to where you are.

Ms THOMAS - So, all racing revenue - so Tasmanians will be able to, clearly, still bet on greyhound racing interstate, whether it's occurring here or not. The Tasmanian government's intention is still to accept point of consumption tax from Tasmanian's wagering on greyhound racing interstate and overseas?

Ms O'CONNOR - How would you do that technically?

Mr ABETZ - If the wager is placed here in Tasmania. That's how they would do it.

Given our view on greyhound racing, I dare say we wouldn't mind having a bit of a clip on the way through from people's wagering on the greyhound racing elsewhere.

Ms THOMAS - It's okay to take some tax from them betting on it, but it's not okay for it to be done here, is the government's view?

Ms O'CONNOR - It's not okay to harm animals.

CHAIR - Order.

Mr ABETZ - We want to stop greyhound racing, so it would be a strange thing if we were to say we want to stop greyhound racing, but if you want a bet on greyhound racing elsewhere, we won't levy a tax on it.

Ms THOMAS - You're not going to stop people betting on it?

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Ms LOVELL - You're not expecting a decrease in the number of people betting on greyhound racing necessarily by shutting it down in Tasmania, they'll just transfer that to races elsewhere?

Mr ABETZ - What the behaviours will be -

CHAIR - That's what your numbers suggest, Treasurer.

Mr ABETZ - On greyhound racing?

Ms LOVELL - On racing generally.

Mr ABETZ - Right. That's the big difference that I think there will be potentially, and look, I'm not a gambler on gaming, et cetera. So, I talk about this with splendid ignorance in relation to what the community attitude might be. But I would have thought if you like going to the races and see an outcome, et cetera, you might then go to the nags rather than the dogs.

Ms LOVELL - To be fair, if you're basing your budget on some of these numbers -

Ms O'CONNOR - They're different demographics.

CHAIR - Order.

Ms LOVELL - I would have thought you would want something a little more solid than 'splendid ignorance,' if you're basing your budget on some of these predictions.

Mr ABETZ - Look the figures are the figures and best estimates are made and what will occur will be determined, ultimately, by consumer behaviour.

Ms LOVELL - One last question on this Chair. Is that based on any research or modelling or evidence around consumer behaviour when it comes to wagering on racing?

Ms O'CONNOR - Does that matter?

Mr SWAIN - I'm just testing, through you Treasurer, so we do have our predictions in the out years of the Budget and we've got some time before this change occurs in the racing industry, so it may not be showing up in our methodology, in our estimates methodology yet.

Ms LOVELL - Thank you.

CHAIR - Do we need to take that on notice as to whether there's any further information they can provide on that?

Ms LOVELL - I'm happy to put it through on notice, if you -

Mr ABETZ - Alright, yes, if there is further information, happy to provide it.

Ms O'CONNOR - Can I just check Chair, is the point of consumption tax in part designed to mitigate gambling harm, are they connected in any way?

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Mr ABETZ - What? Why do we raise this tax?

Mr ROOT - Well, I think the way the tax has been structured is reflective of the changes in the wagering industry that occurred with online gaming. So, if you go back 10 or 15 years, there was a monopoly wagering operator in Tasmania and the majority of the betting was done through the TOTE. Now you've got the Sportsbet and Ladbrokes and all of those companies domiciled in in the Northern Territory and, yes, it's to effectively protect the state's tax revenue, just the model changed.

Ms O'CONNOR - Yes, okay, thanks.

CHAIR - We might move on if that's alright, we're just about out of time. Where are we up to, I know Bec doesn't have any question on Treasurer's Reserve. I'll leave the other ones in my name up to 4.7. Claire, did you have a question on that?

Ms GLADE-WRIGHT - Yes. What analysis has the government done relating to the ongoing accommodation costs for Treasury employees if they are moved out of the Treasury building and what is the estimated cost of potentially moving Treasury employees out?

Mr ABETZ - Sorry.

CHAIR - The cost of moving Treasury out of the Treasury building.

Mr ABETZ - That will be one of the considerations that I dare say you're asking that in relation to the repurposing -

Ms GLADE-WRIGHT - Just moving the employees out of the building.

CHAIR - Do you know what the cost is going to be moving them out, should it be sold?

Mr ABETZ - Yes, on the basis of repurposing the building and that will be part of the consideration that will be taken into account, yes.

Ms GLADE-WRIGHT - So no analysis has been done yet?

Mr SWAIN - It's also a little early and hypothetical at this point because in the context of a shrinking State Service, we may have leases that we are committed to, the Treasury can go into or we may not, we don't know yet.

Output Group 4 - Miscellaneous

4.9 Ex Gratia Assistance

CHAIR - 4.9 Are you able to provide an update, just table it later perhaps, of ex gratia payments that have been made throughout the year?

Mr ABETZ - Yes, we should be able to.

CHAIR - Take that on notice.

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Mr ABETZ - Yes, take that on notice. I think there have been a few that I've signed off on, so.

CHAIR - I have one I want to ask on grants and subsidies.

Output Group 4 - Miscellaneous

4.12 Home Warranty Insurance Scheme

Ms LOVELL - Treasurer, why is there funding for a home warranty insurance scheme when there is no home warranty insurance scheme?

Mr CRAIGIE - It's primarily there to provide a purpose so that as the fund is established it can meet its costs. So, the model that was announced some time ago was an insurance pool and there's a likelihood that in the early phases, the premiums collected might not be sufficient to cover the cost. It'll take a while before that scheme builds up assets. So, there's an appropriation here to assist fund those costs.

Ms LOVELL - Thank you, that explains that. Do you know when the scheme will be established?

Mr SWAIN - Through you Treasurer, we're working with Justice on that at the moment and with relevant ministers. One of the considerations is - or one of the possibilities is to go back and further test the market and the appetite for private partners in this process, but that's still in progress.

Ms LOVELL - So, no timeline yet?

Mr SWAIN - Not quite. It's getting pretty close.

Grants and Subsidies

CHAIR - Under Grants and Subsidies, one of the things under that area is the renewable energy dividend; the Finance General chapter shows the red, if you like, as zero, across the entire Budget and forward Estimates with the explanation that Hydro's dividends are insufficient to trigger the \$90 million threshold. That statement appears to be incorrect, because Hydro's forecast dividend is just over \$90 million in 2027-28, but substantially exceeds it in 2029-30, which is in the forward Estimates, where the implied dividend is significant. On the basis of the 50 per cent of any dividend above \$90 million payable in a renewable energy dividend, does that mean that it's a new policy position, that it's not going to be provided?

Mr SWAIN - There is a review point on the renewable energy dividend, which I think is 2027-28.

Mr BURGESS - I will just have a look. The framework will be reviewed prior to June 2028.

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CHAIR - So, it may disappear at that point? It's certainly not factored in, in the budget papers.

Mr BURGESS - No. I think the approach would be, in the absence of knowing whether it's going to continue and in what form, it's gone in as zero.

CHAIR - Because that will substantially reduce Hydro's return to government, because 50 per cent of over \$90 million goes back to the people?

Mr BURGESS - Correct.

CHAIR - So, the figures in the forward Estimates again have that added risk, not to the people of Tasmania - well, it is at the moment, because they're not getting any of it - but it would be a risk to the budget. That's a fair call?

Mr SWAIN - Well, just also the context - and I'm just looking at Dean - as I understand it, the renewable energy dividend was put in place was Tasmania's - was because of its link to wholesale prices in Victoria facing significantly increasing prices, whereas now I think we're still in the very bottom of prices nationally. We've got to do that review, but the policy context has changed somewhat.

CHAIR - That was 2027-28, you say, the review?

Mr BURGESS - June 2028 is the deadline for the review.

CHAIR - All right. I'm just conscious of the time, so we will write to you, Treasurer, where things have been taken on notice. Sorry we didn't get some of the other matters on capital investment. Did anyone have any pressing matters that we could always put them in writing to the Treasurer?

Mr ABETZ - Before you close shop, I should say that in answer to the member for Rumney in relation to Ms Ogilvie's legal fees, I said at the time that my answer was given to the best of my recollection, and that I would check and return to the committee if necessary. I have rechecked and have found that I was a member of Cabinet at a time certain decisions were made, and therefore correct the record.

Ms LOVELL - Can you tell me when those decisions were made?

Mr ABETZ - Look, I don't have that with me, but there are matters of great sensitivity around this, and I will leave my statement at that.

Ms LOVELL - So, you can't tell me when the decision - will you take that on notice, or you're not willing to tell us when the decision was made that you were a party to?

Mr ABETZ - I think it is best left that I don't answer that question, given certain sensitivities. I will leave it at that.

Ms O'CONNOR - Noting that you did accept questions on notice relating to dates when you knew that a request had been made, so there has been a question put on notice that you agreed to earlier.

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Mr ABETZ - I will have to have a look at that question, and if need be, the answer will be as just provided.

CHAIR - Thanks for your time. We will write to you with the questions on notice. Thank you for your time today.

Mr ABETZ - Thank you.

The Committee suspended from 3.04 p.m. to 3.10 p.m.

Audit Office

CHAIR - Thank you, Martin, as Auditor-General, and your team, for appearing before our Estimates committee. We've seen your budget. We tackled the Treasurer on it this morning, but we would like to hear from you as to how you see the budget, particularly in light of the commitment made to the former member for Huon, and what your plan is.

Mr THOMPSON - Thank you, Chair, and perhaps the easiest way is if I provide an opening statement in relation to that -

CHAIR - That would be great. Do you want to introduce the people at the table too, sorry?

Mr THOMPSON - To my right: Janelle. Janelle is our Director of Corporate Support and Governance and is the answer to many of the questions that the committee will have, I expect, and Jonathan Wassell is our Deputy Auditor-General. Thank you. I will perhaps start with an opening statement and then we can take questions from there. Over the last week, I've been asked by a number of parliamentarians about the budget allocated to Audit Tasmania and it is a slightly complicated picture. I will walk through, I guess, the chronology of events to shed some light on that.

My annual plan of audit coverage for the 2026-27 year is being developed in consultation with the Public Accounts Committee as required under the *Audit Act*. In addition to reporting on the outcomes of financial audits under section 29, assessing submissions, referrals and a range of other things that are done under the parliamentary appropriation, it also includes the delivery of six full performance reports under section 30 of the act. This was the level of performance audit coverage that is consistent by the commitment that was made by the Premier and Treasurer. Regrettably, the Tasmanian Audit Office budget, published in chapter 8 of the budget paper, does not reflect the level of funds required to meet that commitment.

The Budget, as published, has reduced the funding for the performance audit and other parliamentary reporting products from \$2.7 million last year to \$2.4 million in the current year. It's a reduction of just under \$300,000. To meet the commitment that the Treasurer and Premier made to restore funding, it should have increased by \$400,000 to \$3.1 million. My office submitted a budget bid of 3.1 in time to be included in the budget process in line with all required timelines. However, decisions were made outside of my office not to include the required funding, and that was done without reference back to my office, and that is a direct threat to the independence of the Auditor-General. In March, when I became aware of this

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outcome, I was advised by the Treasury and Finance that it was too late and that any adjustment would need to be dealt with in-year.

I formally advised Treasury and the Treasurer of this, and particularly that this was not the preferred outcome, as it results in a lack of budget transparency and as such is inconsistent with the *Charter of Budget Responsibility Act*. The Treasurer has reiterated in writing to me his commitment in relation to the agreement with the former member for Huon, and I've continued to operate and plan on the basis that the funding will be made available based on that continuing commitment. In the interest of transparency, I will include a reconciliation between the Budget and what is actually expected to be required in relation in my annual plan, which will be tabled in the parliament on 23 June, and I will continue to build and maintain the required capacity and capability to deliver on the annual plan.

CHAIR - The Treasurer, when he was here earlier, said that when that oversight was discovered that it was too late, the numbers were already set for the Budget back in, from memory, March, I think it might have been. When did you put your budget bid in, assuming that that commitment will be met?

Mr THOMPSON - Our budget bid was prepared and submitted in December -

Ms TAMLYN - January.

Mr THOMPSON - January, sorry. Prepared in December after the letter or the commitment of 4 December, but also that's entirely in line with our normal planning process around the development of the annual plan, so yes, it was submitted in January in accordance with the normal timelines.

CHAIR - So, Martin, you said your annual plan of work, which I know as a member of PAC I have the privilege of seeing what the thinking is and you've stated here, that you're intending to deliver six performance audits, as per requirements under your act and the expectations of the Parliament. How will you do that?

Mr THOMPSON - Well, the Treasurer has indicated in his correspondence that there can be adjustments to funding worked out through end-year matters, so whether that was a RAF (request for additional funding) or whether it was the process of the audit office, my office, raising fees directly for the delivery of the performance audits, pay for those possibilities. So, unfortunately we don't know which is the preferred method or which method it will be at this stage. I would reiterate that it's the office's view and my view that the performance audit function, and the other reporting to parliament functions should be appropriation funded because they are services to the parliament. So, if it did end up being a fee-for-service type arrangement, I think that's not the ideal outcome, but it is an outcome or an option that is available.

CHAIR - So normally you would only use those powers in your act to charge for a performance audit, was it above and beyond your plan of work? Is that how you would use it to apply that?

Mr THOMPSON - Yes, I mean, so we use that power to charge for all of our financial audits and traditionally, or historically, we haven't used it in terms of performance audits unless

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we're doing an audit by arrangement or agreement where it is outside of our normal area of activity.

CHAIR - So when assuming, well, let's not assume anything actually, should it require a RAF, we're looking at about \$700,000 in a RAF to enable you to deliver the plan of work as you're proposing, which I know it's not tabled yet, but will be.

Mr THOMPSON - Correct, that's right. So, it's a \$700,000 gap based on a \$300,000 reduction when we were looking for a \$400,000 increase to meet the needs of the plan.

CHAIR - So, is there any, I mean, I know you've been asked for a number of years now to make efficiencies, I mean you haven't got many things you can cut except for people.

Mr THOMPSON - Yes.

CHAIR - So, is there any fat in the organisation at all that could easily be removed to make this task a little easier?

Mr THOMPSON - Audit Tasmania has achieved significant efficiencies over the time that we've been delivering performance audits, if you like. So, initially we were funded \$2 million in 2008-09 to initiate the performance audit program. If that funding had kept up with the growth in the revenue of the state, our funding would now be at \$4.6 million. Instead, we're looking at an almost 20-year gap and an increase of \$300,000, \$400,000.

I think the other thing that's worth noting is that our office is the only state entity that has an audited performance statement, subject to independent assurance, and that has a range of efficiency measures in it, independently benchmarked and then subject to external audit. They all indicate that we are, from an efficiency perspective, at the lower end of the average for all Australian audit offices.

CHAIR - In terms of cost?

Mr THOMPSON - In terms of cost, but also we are at the higher end in terms of productivity. So, both in terms of our efficiency and our economy, the indicators are all indicating that we're leading in this space. There's a range of challenges, but we have continued to gain and improve in a range of efficiencies. So what's happened as the state has grown, in size and complexity and number of entities, we've been able to deliver the audit services at a continually very efficient and economic amount.

CHAIR - So, Martin, one of the other things that the Treasurer, and secretary I think also mentioned, was there was a - and we remember, I can't remember exactly how many years ago now, but there was a provision made for data analytics, which we were the only jurisdiction I think that didn't have the data analytics capability. He claimed that this has sort of now come to its end and so that's the difference. Can you talk us through that?

Mr THOMPSON - Yes, so part of the reduction in funding in the current year is the cessation of funding for our data analytics capability. That funding has been used to establish the capacity, in terms of our data and report insight function. We still need to fund that on an

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ongoing basis, so we can't - this wasn't a capital project, it was a capacity-building project. We've built the capacity and we need to continue to find funds to support that.

CHAIR - So it's not really a fair representation of reality, is that what you're saying?

Mr THOMPSON - It's a fair representation that we got initial funding to establish the capacity, but the capacity, to be clear, is people and development of those people. We've got to the point where that's been established. We have actually provided some really meaningful data insights in a range of our reports as a result of that. When we talk about reporting through the parliament, some of the insights we've had on cumulative expenditures, some of the insights we've had on performance reporting, the analysis in our review of landfill operations across multiple agencies has all been supported by that data analytics capability.

CHAIR - It made your office more efficient in delivering.

Mr THOMPSON - Yes. We continue on all benchmarks to be quite efficient. We've actually structured our data analytics team outside of both of our core service delivery agencies so that we focus both on the efficiency and the development of our internal business operations as well as it goes out into the service lines and delivers audit assurance activities as well. It's a little bit different to the way that we focus the rest of the business, but it's so that we make sure we get the benefit across all three.

Ms O'CONNOR - Thank you, Chair. Auditor-General, you've produced a number of reports, obviously in your time in the role, and some of them quite damning. The Health department's management of community sector grants. The way the fraud was dealt with in the agency. We've got a really striking report that you've done on the Human Resource Information system.

CHAIR - Community sector funding health, which was another one.

Ms O'CONNOR - That was my first one, the community sector grants. And yet you've had a cut in funding. Does it feel to you in any way like the government's trying to shorten your office's leash?

Mr THOMPSON - I don't know the motivation, and I take the commentary and commitments made by both the Secretary of Treasury and Finance and the Treasurer on face value.

But the impact of this is, if we ended up where we are in the Budget now, would be a significant reduction in our performance audit deliverables, that would be point 1. So, we're planning six. This funding cut probably takes us back to three. And more worryingly, it eats into our capacity in terms of critical mass.

We spent quite a bit of time over the last two years building up the skills and capability of the team and we're still not there yet. But this increase in funding that was proposed, because the commitment was to restore the funding, would help us build that critical mass.

It's two parts. If we go below a certain level in terms of the available resources, those resources will disappear from Tasmania. We've looked at contracting in; it's incredibly expensive and the resources that you can get and not to the standard we need. It's important to

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understand that there will be immediate reduction in the volume of work done and there'll be a significant reduction in our capability.

Ms O'CONNOR - From this perspective, it looks deliberate and I know that you can't possibly comment on that. It is such a significant cut because it's the \$300,000 on top of the \$400,000 that you needed.

CHAIR - It's quite a small budget overall.

Ms O'CONNOR - In a small budget and a small, highly productive, highly efficient and much-respected unit, what is your next step in terms of engaging with government on some of the conversations that you've had with the Treasurer and the Secretary of Treasury about how you might make sure that the effect of this cut is not to half your output?

Mr THOMPSON - We will be meeting with both the Treasurer and the Secretary of Treasury and Finance to gain a greater understanding of how they're proposing to address the funding gap that has been committed to address, both in 2026-27 and in the current year in the first instance, but also on an ongoing basis to get the budget rightsized to reflect what's required.

Ms O'CONNOR - Thank you for that. Have you as a consequence of seeing the numbers in the Budget gone back to your work plan?

Mr THOMPSON - No. As a consequence of seeing the numbers in the Budget, I engage with both Treasury and Finance who - the secretary said it was too late to change anything and I've engaged with the Treasurer, who's acknowledged that he recognises the commitment that was made and that asked us to work with Treasury about working through a New Year resolution to the funding in the context of 2026-27.

Ms O'CONNOR - Thank you. Can I just quickly check at what point in March were you told it was too late to change anything, given that the budget goes to the printers about two weeks before budget date?

Mr THOMPSON - It was late March. We went back to, sorry, it was late March that we received the budget information, after some conversations. We formally wrote to the Treasurer, sorry, Treasury and Finance on 4 April, and it was shortly thereafter that Treasury and Finance responded, sorry, sorry, to us on 27 March, I apologise. We then wrote to the Treasurer on 4 April, who responded on 17 April.

CHAIR - Saying it was too late?

Ms O'CONNOR - Two weeks after -

Mr THOMPSON - 27 March was when we were advised.

Ms O'CONNOR - that it was too late. Nearly two full months before the Budget was handed down. Some of us aren't buying it.

[inaudible]

Ms THOMAS - It's only a point in time though, isn't it. Point in time.

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Ms O'CONNOR – I think that's going to live on, that saying.

Mr THOMPSON - I would prefer, I guess, that the correspondence was requested from those who wrote it.

CHAIR - Your letter to [critical]. Would you be happy to share that with the committee?

Mr THOMPSON - I'm happy to share our letter.

CHAIR - Yes. Thank you.

Ms LOVELL - Martin, the Premier told parliament that you had written to ASIC or that you'd referred TT-Line to ASIC over your concerns that we canvassed last year around the question of their solvency. Have you received any correspondence back from ASIC about TT-Line?

Mr THOMPSON - No, I have not.

Ms THOMAS - Does that concern you at all?

Mr THOMPSON - No. So my obligation in relation to that: it's a personal obligation on the auditor under the *Corporations Act* to inform ASIC where I've formed a reasonable suspicion that may have been a breach of the the relevant legislation. I've done that, and it's in the hands of ASIC as to whether they do anything from there.

Ms LOVELL - And there hasn't been any further conversations or correspondence with TT-Line or the government about that question?

Mr THOMPSON - We've had ongoing conversations, as part of our normal audit process, with TT-Line. It's important to note we will make another assessment regarding solvency, as part of the solvency ongoing concerns, part of the current audit cycle. We are awaiting documentation from TT-Line to support us in our initial planning, and the risk assessment processes that we need to do in relation to that.

Ms LOVELL - Have there been any problems getting that information? Or is that normal that you're still waiting for that documentation? Are there any concerns that have been raised through that process?

Mr THOMPSON - It's not normal. And we had made a number of requests that have been initially declined to provide information.

CHAIR - When would you normally expect to get it? That's the thing.

Mr THOMPSON - This information we would normally expect to have part of and, again, I understand in this case there was a process that the company was going through, but we would normally expect to get it as part of our initial information, as part of our planning processes, which was undertaken late 2025, early 2026. In this case, there was a formal request that was denied. We elected to wait until the company indicated there was work that was being done, and they would provide us with the information after the Budget.

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We gave them a deadline of last week. And we still haven't received anything.

Ms LOVELL - Have you escalated, or would you at any point escalate that to the minister? Or do you deal just with TT-Line?

Mr THOMPSON - We would typically just deal with with TT-Line, and the board of TT-Line. We would report to the minister the outcomes of the audit. But again, that is likely to happen later in the cycle.

Ms LOVELL - But you wouldn't escalate to the minister at this point, if they're seemingly not providing information that you've requested? That would be -

Mr THOMPSON - No, is the short answer at this point in the cycle. There's reasonably clear protocols in terms of an auditor engaging with shareholders and when that would happen in the cycle. And we recognise the ministers and the Treasurer as the shareholders' representatives. But there certainly will be a reporting process, as part of the audit cycle. And that will happen towards the end.

Ms LOVELL - Can you remind me when that audit cycle finishes?

Mr THOMPSON - It is a little bit contingent on the company, and when they finalise the preparation of their financial report, and the directors form an opinion. The requirement under the *Corporations Act* is effectively 31 October that everything will need to be completed by. Traditionally it's been closer to mid-August.

CHAIR - Everything being completed is including your audit of their financial reports?

Mr THOMPSON - and the financial report and in this year's case the sustainability report and the director's report lodged with ASIC.

Ms O'CONNOR - I have a question on landfill, but will wait until others have -

CHAIR - On one other thing that feeds into your budget, you mentioned the challenge of getting in support if you need it for particular audits and that sort of thing. We've talked about this in the past: is the labour market pretty tight still and the skills that you need?

Mr THOMPSON - We've made a conscious decision to reduce the level of contract-out work we do and to employ mainly Tasmanian graduates and develop them as part of our workforce. One of the things that's happened is our headcount over the last few years has gone from about 50 to about 67 now. Whilst that seems a significant increase, we had brought back in house a range of audits that were previously being contracted out. The reason we've done that is twofold: one is to build the capability internally and to deliver that in our office. A lot of the time when we were contracting out, work was being resourced on the mainland. Our longer-term plan is to only contract out a very small number of audits and to build the skills internally. We are reasonably fortunate in attracting entry-level staff. We have a reasonable number of graduates going through and our office is more and more being seen as an attractive place to start a career. I like to attract curious Tasmanians for a rewarding career, a career that matters. We do have a challenge retaining them over a period of time. We do lose quite a few staff to the mainland, more so than anywhere else.

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CHAIR - Do they pay them more? Is that what happens?

Mr THOMPSON - Yes. But there are lots of reasons. Lots of people want to move to the mainland to be close to family, friends, those sorts of things. We don't necessarily see that as an entirely bad thing. In my previous roles, it's been very hard to attract entry-level staff. Here we're in a different position.

Ms O'CONNOR - I do have questions. Thank you. I might first ask you about access to Cabinet documents. I think that fits here. In both the audits of the human resources information system and the sale of Wilkinsons Point, you noted you were prevented from accessing Cabinet documents, which limited the investigation. Is it reasonable in your view for the Auditor-General to be provided access to Cabinet documents?

Mr THOMPSON - Yes, and it's quite common in other jurisdictions. Indeed, independent analysis of our legislation that was recently undertaken indicated that their view was that the current legislation provided access to Cabinet documents, but in their words, the legislation has been read down to restrict access that's not consistent with the intent of the legislation. We've also had conversations with the drafter of the 2008 *Audit Act* who was of the view that it intended to provide access to Cabinet documents. I want to be really clear here. We need to see submissions to Cabinet and the decisions of Cabinet to enable us to adequately assess how the state sector has delivered the direction of cabinets. We're not at all interested in deliberations of Cabinet. It's irrelevant for our purposes. It's the submissions and the decisions that we need to see.

Ms O'CONNOR - Thank you. Noting that confidentiality in itself is just a convention, there's no statutes or regulations around it, I note that in the Wilkinsons Point report, DPAC referenced:

... the long-held principle of public interest immunity for Cabinet documents.

as the reason they couldn't be provided. Is it possible that the Cabinet documents relating to Wilkinsons Point or the human resources information system would actually impact the government's ability to fulfil an essential function, in your view?

Mr THOMPSON - Our access to the information doesn't equal disclosure of the information. Again, our legislation is currently quite clear on that. I need to consider very carefully whether to disclose information and if to disclose that information is in the public interest. A range of those tests need to be considered as part of any process. I think the short answer is no. Access by the Auditor-General to the information is not disclosure and we need to distinguish between the two things and indeed the act actually recognises that and puts additional hurdles around whether such information is to be disclosed if it's obtained as part of an audit process.

Ms O'CONNOR - Can I ask, have you or might you in the future seek legal advice, externally, potentially, about the public interest immunity in relation to documents requested under the *Audit Act 2008*?

Mr THOMPSON - We have, as a state sector entity, followed the relevant rules and sought legal advice from the Solicitor-General, who is relying on an older piece of advice that indicates that that restriction stands or that limitation stands.

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Ms O'CONNOR - Can you get external advice? Are you able to?

Mr THOMPSON - There is a process that we could go through and there's a process of declaratory relief that we could apply to the Supreme Court for, but -

CHAIR - We could just change the legislation to make it really super clear.

Mr THOMPSON - The costs associated with some of this is of such a level that I can't in good faith incur that sort of cost when I think, as the Chair mentioned, the legislation could be changed and we do have correspondence from Treasury and Finance about some approved amendments to the *Audit Act* that have been proposed that would clarify this situation. There's a little bit more work, but I recognised this is a problem soon after my appointment, I met with the then treasurer in September or October 2024 who agreed to the need to review the *Audit Act* and we're still working through that process now.

Ms THOMAS - Going back to workforce and capability and retention, I guess. I note that our Premier, Jeremy Rockliff, has rather publicly and strongly pushed back against a number of findings that you have made or a number of reports, I should say, that the government has generally accepted the recommendations and procedural recommendations outlined in the reports that you publish.

However, in relation to the Health HRIS report, he said that the report was incomplete and in material respects potentially misleading. In relation to the TT-Line solvency issue, he dismissed this as just one man's opinion. Clearly, you and your office adhere to auditing standards and take your role very seriously and that is respected very much by this parliament, but claims like that from our state's leader must have an impact on morale in your team. Does it, and how does that impact on workforce retention, if at all?

Mr THOMPSON - A couple of points in terms of the HRIS report: I think the challenge was with the characterisation of the findings rather than the findings themselves, and we received feedback from, as part of the natural justice and the report process, we provided it to a range of involved stakeholders, including minister for Health, Premier in his role over Department of Premium and Cabinet, Treasurer, Treasury, Head of Treasury, I think, and the departmental secretaries and a number of people provided feedback.

In terms of departments, it's not uncommon for agencies to feel the level of discomfort when we have these conversations and I include in the reports these sorts of matters. I reiterate that our audits and our reports are fact based. They're based on the relevant standards, and a level of evidence needs to be amassed and accumulated before we report. We have a concept of sufficiency and appropriateness in relation to our evidence. In terms of the most recent HRIS report, that report not only went through an internal quality assessment, so through our technical review committee that independently assessed the findings and formed a conclusion of them independent of the audit team, it was also subject to an external quality reviewer who reviewed all aspects of the audit, the audit filing, and the evidence before we released that report.

So, I'm very comfortable with the factual accuracy and the conclusions drawn in the report. I do take note when there is a degree of commentary or contest around the report and I do make sure that the team, internally, are engaged as part of that process and reassured and they take great comfort and I take great comfort in the rigour of our methods and our processes

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that stand up to significant scrutiny both through the processes I just mentioned, but also through a periodic performance audit of our office that's undertaken by an external party.

There are 122 state entities that I audit finance reports of. We're the only one that has a performance audit every five years, and the last performance audit that was undertaken raised a number of recommendations, which we embraced, but also found that we were efficient and effective, and found no areas of concern with our methodologies and processes.

CHAIR - We're just about out of time. Are there any pressing questions? Do you want to close with any comment at all Martin, or explain. I think you've done a pretty good job of telling us how it is.

Ms O'CONNOR - I've got another quick question, though, if we've got a little bit more time?

CHAIR - Well, not much.

Ms O'CONNOR - The landfills report.

CHAIR - Just quickly.

Ms O'CONNOR - Just very quickly, because I thought we had another five minutes?

CHAIR - No, we don't. We need a five-minute break.

Ms O'CONNOR - That's fine, if Martin wants to make some closing comments.

Mr THOMPSON - I'm happy to answer the landfill question quickly.

Ms O'CONNOR - Okay, so in your Management of Landfills in Tasmania report, you found that EMPCA is overdue for review and is no longer fit for purpose in addressing the complexity of contemporary environmental management, including landfill regulation. Have you conducted other audits in which you found that the *Environmental Management and Pollution Control Act* to be not fit for purpose, and, notwithstanding whether you have or not, do you think reviewing this legislation should be a priority for government?

Mr THOMPSON - The answer to the first question is: no, we haven't done anything else in that space. Good practice would indicate that all the legislation is subject to a periodic review.

Ms O'CONNOR - Thank you.

CHAIR - Well, thanks very much for your time, we appreciate that. It certainly helps us in fulfilment of our duties as well.

Mr THOMPSON - Thank you.

The committee suspended from 3.41 p.m. to 3.46 p.m.

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Macquarie Point Urban Renewal

CHAIR - Thank you, Treasurer and Minister for Macquarie Point Urban Renewal. I will get you to introduce the team at the table and anyone else you bring to the table during the period. And I understand you don't want to make an opening statement. We just go straight to questions. Sure.

Mr ABETZ - Yes, thank you, Chair. On my right, we have the exceptional CEO of Macquarie Point Development Corporation Anne Beach, who's doing a fantastic job. On my left is Mr Mathew Healey, better known as Mat, but Mathew Healey, who is a Deputy Secretary, Department of Premier and Cabinet and next to him on his left is Mr James Avery, CEO of Stadiums Tasmania. We are open for questions.

CHAIR - Well, I will go straight to Cassy, who's the lead on this.

Ms O'CONNOR - Sorry. Thank you. Thank you, Chair.

CHAIR - I thought you would be ready and raring to go, I'm sorry. I can just start if you're not quite ready.

Ms O'CONNOR - Busy feeding my face. I have a question about potential conflicts of interest. The chair of Macquarie Point Development Corporation is Kim Evans. He's also on the Southern Waste Solutions, which looks after Copping, which will deal with the contaminated materials from the site. Has Mr Evans declared any conflict of interest given his dual roles where on one hand he's the chair of a corporation which is dealing with contaminated waste and on the other he's on the board of a company which will be dealing with that contaminated waste at Copping.

Mr ABETZ - He has mentioned that to me. Ms Beach, are you able to take us through the formalities of that?

Ms BEACH - Yes, it's a standing declaration at the start of all of our board meetings and the chair does remind us of that whenever there's any discussion on waste.

Ms O'CONNOR - Mr Evans mentions his conflict whenever the discussion of waste comes up and then how is it dealt with?

Ms BEACH - We haven't had any decisions for board in relation to waste disposal, so we haven't had to exclude him from any discussions, but it is a standing declaration in our meeting papers and at the start of each meeting.

Ms O'CONNOR - Okay, thank you. Anne. Has the Construction Environmental Management Plan for the site been completed?

Ms BEACH - No. There will be a Construction Environmental Management Plan for each stage and for each contractor onsite and they need to be consulted on and approved. There's none in place at this time.

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Ms O'CONNOR - What about the site suitability statement, which the Tasmanian Planning Commission noted hadn't been completed at the time it handed down its report recommending against the stadium?

Ms BEACH - The site suitability statements are through our act. They're transitioning from remediation to being ready for development. There is one site suitability statement still to be issued, and the rest have all been issued for the site.

Ms O'CONNOR - Okay, so a site suitability statement for the stadium footprint itself, has that been completed?

Ms BEACH - There's one section that's just being finalised that's currently with the Environmental Auditor.

Ms O'CONNOR - Okay, that's the contaminated land auditor, is that correct? Has that contaminated land auditor undertaken works on the site in relation to identifying the contaminants and how they will be dealt with onsite, further to our conversation last year?

Ms BEACH - They don't actually do the activity themselves. We have a remediation consultant who assists us in that scope of works and in the review of those. Then that's submitted as a package of data and reports to the Environmental Auditor. It's a fresh set of eyes. They are consulted in things like the sign-off of updates to the site, environmental management plan, and the scope of work. We make sure work we're doing makes sense and then he reviews at the end of that process.

Ms O'CONNOR - Are you able to update the council on where the remediation work is at precisely at this point in time?

Ms BEACH - Yes. The actual physical works are complete. We're just going through the finalisation of seeking site suitability statements. In some instances, we have ongoing monitoring for a period of time. That's really important just to make sure the expected results are maintained particularly for groundwater monitoring. There's no active remediation required onsite. We're just going through the close-out of the final site suitability statement.

Ms O'CONNOR - Okay. If I could just disentangle that: did you say there's no remediation being done onsite?

Ms BEACH - Not physical remediation. There are audit areas the site's divided into and each of those sections have been progressively remediated and approved over time through the Environmental Audit process. We have completed those physical works and it's just closing out the documentation and approval of site suitability statements.

Ms O'CONNOR - All of the materials we discussed at last year's Estimates which contain potential chemicals of concerns - asbestos, lead, petrochemicals, those materials which have been identified by MPDC as being onsite and within the footprint of the stadium itself - have all been removed, have they?

Ms BEACH - There's the transition from a remediation focus to delivery. Any excavation that is still-contaminated material needs to be managed in that way, but it's been remediated to a point that it is safe for use as set out in the precinct plan.

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Ms O'CONNOR - Thanks for that clarification. When does MPDC expect excavation and disposal of contaminated materials from the site to commence?

Ms BEACH - Initial works we're anticipating in July and then more substantive starting in September and it could be up to 12 months' work.

Ms O'CONNOR - Okay. Last year at this table when we talked about the potential volume of contaminated soils within the footprint of the stadium, it was a very big number. I don't have it in front of me, but I thought it was 220,000 cubic metres. Are you able to update the committee about the understood quantity of contaminated soil.

Ms BEACH - Yes, just give me one moment.

Mr ABETZ - We were agreed it was more than a couple of wheelbarrow loads. We will get the exact figure for you.

Ms BEACH - Just over 100,000 cubic metres.

Ms O'CONNOR - Has that come down from last year's assessment, has it?

Ms BEACH - I think that is a reduction, yes, in the estimate. This is material to be removed. There is also some dolerite that will be removed later. But this is the contaminated fuel material.

Ms O'CONNOR - I have one last question, Chair, if that's okay.

CHAIR - And that's it?

Ms O'CONNOR - For this round. That 100,000 cubic metres of contaminated soil that's been identified - is it MPDC's expectation that the majority of those contaminated materials will be dealt with at Copping.

Ms BEACH - We're still working that through around those, but it is one of the depots we can use.

Ms O'CONNOR - When I was talking earlier about Mr. Evans's conflicts of interest, I left out a key part. Not only is he the chair of MPDC, he's also a director of C-Cell Pty Ltd and chair of Southern Waste Solutions. And I ask this question of the minister: do you see that that is a significant conflict of interest?

Mr ABETZ - A potential conflict of interest and that has been raised with me by him verbally and the actual way that is handled has been explained to you by Ms Beach.

Mr HEALEY - Can I add to that that at all times if this subject comes up in oversight committee discussions, Mr Evans has always declared his potential conflict.

Ms O'CONNOR - Thanks Mat. It's one thing to declare a potential conflict, but then to chair a corporation which will produce contaminated materials which will go to a business that he is part of. That is not just a perceived or potential conflict of interest; that is unarguably a conflict, isn't it minister?

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Mr ABETZ - It is only an actual conflict if it is not managed in an appropriate manner. I have every confidence that with the mechanisms in place, one that he was upfront with me verbally, but then has pursued the appropriate course of action with the declarations et cetera, and verbally reminding people on each and every occasion when issues of this nature arise that I think we can be confident that it is being managed.

Ms O'CONNOR - Just for clarity, how do you do that? How do you actually manage that conflict, where the chair of your corporation has a pecuniary interest in another corporation which will take a product from the corporation that he is a chair of and secure revenue from it? How do you, in practical terms, realistically manage that conflict?

Mr ABETZ - Look, you could ask the same, in reverse, of the company that he chairs that, is he going to be seeking a good deal for Macquarie Point at the expense of the company. So, you can look at that both ways and that is why it is important -

Ms O'CONNOR and the CHAIR - That's the problem.

Mr ABETZ - That why it is important that both sides, one, are notified, advised about it, and that the appropriate mechanisms are put in place.

Ms O'CONNOR - Sorry, Chair, I'm just trying to understand what that appropriate mechanism might be.

Mr ABETZ - That it is fully declared at all times.

Ms O'CONNOR - And?

Mr ABETZ - Well, it's fully declared at all times.

CHAIR - What about when decisions are being made?

Ms O'CONNOR - Yes.

Mr HEALEY - Oh that's, can I? I don't want to go too far in my knowledge of the mitigation measures that Mr Evans may have in place. But I know in his declarations he's been quite clear with us that he is not participating in any of the discussions related to the relationship between Mac Point and Southern Waste, in terms of that transaction.

Ms O'CONNOR - Does he leave the room? Does he actually leave the room?

Mr HEALEY - In our discussions he hasn't needed to because we haven't had conversations that go to the decision; that's a procurement issue from Macquarie Point.

Ms O'CONNOR - Would he be expected to leave the room?

Mr ABETZ - Ms Beach might have that information.

Ms BEACH - Through you minister, he hasn't needed to but it is a standing declaration, and to the extent that we have discussions around that, it is a practice for the director that has a perceived or actual conflict to leave for that period. If it's an online meeting, they'll leave and

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then we'll admit them back in after the discussion. If it's an in-person meeting, you'll be a physical step out from the room.

Ms O'CONNOR - That'll do me for now, thanks, Chair.

CHAIR - So, minister, no Treasurer, sorry.

Mr ABETZ - No, minister on this occasion.

CHAIR - I mean there's some people in your side of the team who don't like that, previously. So you're happy to have minister on this occasion?

Mr ABETZ - Absolutely, because I'm appearing here in my capacity as minister.

CHAIR - I know that, but yes. Anyway, budget paper 2, page 229, shows -

Mr ABETZ - Anything that's half polite I will deal with.

CHAIR - Okay. That shows approximately \$35 million in grants and subsidies to MPDC for debt servicing across the forward Estimates and approximately \$27 million for operations. The questions I have on that are: is the interest cost accruing to Macquarie Point Development Corporation borrowings during construction included in the state funding cap, or treated as additional state expenditure outside it?

Mr ABETZ - The state funding cap - you're referring to the \$375 million?

CHAIR - Yeah, what you committed to, or not you, but the Premier did on your behalf and you reaffirmed this morning.

Mr ABETZ - Yes.

Ms BEACH - Through you, minister, it is separate. So, this operating grant is separate to the Budget for the multipurpose stadium of \$1.13 billion.

CHAIR - So, the overall cost of the stadium doesn't include any of the costs that MPDC incurs outside of actual construction. Is that true?

Ms BEACH - No, so the project budget includes costs associated with the Budget. That includes resourcing, so capitalisation of wages, all of the design and associated work, so general costs we've gone through in the POSS process. That's all part of the 1.13. What's separate here is, there's an operating grant allocation, so that's an equity injection and this is an operating allocation that starts in 28-29 to assist with the debt associated with the project.

CHAIR - What's the interest rate being modelled on for MPDC borrowings?

Ms BEACH - It's set out in budget paper 1 on page 192. That's just over 6 per cent across the Budget and the forward Estimates.

CHAIR - Page 192 budget paper number 1?

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Ms BEACH - Yes, bottom left.

CHAIR - That's what your modelling borrowings on? That's what you'll take to TASCORP?

Ms BEACH - Yes, that's the allocation in the Budget. That's what Treasury's used to inform that at that allocation.

CHAIR - Treasurer, can you confirm that interest costs and consultant fees will not be funded - well, maybe you can't confirm this now from what I just heard - just to be clear - that interest costs and consultant fees will or will not be funded outside the cap in a way that understates the total state project contribution?

Mr ABETZ - Just trying to get my head around the question.

CHAIR - Will interest costs and consultant fees be funded inside or outside the cap?

Ms BEACH - Just to separate the two: this relates to interest-only and the operating grant relates to that. The cost associated with the project such as consultant fees is included in the 1.13. This operating to service the interest is separate to the 1.13.

CHAIR - All the cost to the GGS by giving money to MPDC to pay for interest on the loan, because they can't possibly do it because there's no capacity to earn money during construction, is an additional cost on top of the 1.3, just to be really clear. The interest cost - the money we're paying - you and me are paying - to fund the borrowings sits outside of the project cap, the price cap?

Mr ABETZ - What do you mean by the price cap? The current figure of \$1.13 billion?

CHAIR - Yes, the cost, that you've committed to. Is there another cap? Is there another number?

Ms THOMAS - \$875 million state contribution.

Mr ABETZ - Yes, the cap has been often referred to as the \$375 million. The current indicative cost is \$1.13 billion and that is to the best of what quantity surveyors, et cetera but - I'm not sure that's been referred to as a cap, the \$1.13 billion.

Ms O'CONNOR - It's just the cost estimate.

Mr ABETZ - Yes, it's a cost estimate currently. I just wanted to make sure that we're agreed as to what we were talking about. The interest payable on the debt which will be incurred towards the end of the build, that will be, that's not included in the \$1.13 billion.

Mr HEALEY - The consultant costs are.

CHAIR - Consultants costs are. Assurance activities - are they included in the \$1.13?

Mr ABETZ - Assurance? Yes.

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CHAIR - Design revisions - if there needs to be design revisions along the way, they're included in the \$1.13 billion? And contract variations including the \$1.13 billion, even though we don't have a clue what they are? There are always variations. I mean, let's be fair.

Mr ABETZ - Yes, and that is why you have contingencies built in.

Ms BEACH - I'd describe them as two separate bundles. So there's the funding, there's the budget for the project itself, which we receive as equity and it covers all of those things you just listed.

CHAIR - Up to a point, then you've got to borrow.

Ms BEACH - And then, from a functional perspective, servicing of interest is same as our operating. So, operating expenses: we receive funding through a different mechanism for those. So interest is serviced through the operating grant; the project is through equity and that totals - including borrowings - \$1.13 billion.

Mr HEALEY - That's the way that every capital program would be treated across all agencies. The capital is provided. Given the financial situation of the government, all of that capital, it could be argued, is being borrowed, and a proportion of that would incur interest payment expenses. That's not attached to the project. That is dealt with separately.

Ms THOMAS - Do you know what the total borrowing costs are expected to be across the life of the program?

Ms O'CONNOR - That gets to the question of what it will end up costing, of course, which we don't know.

Mr HEALEY - In the life of the project, did you mean the life of the asset, the 30-year life of the asset, or what do you mean, to practical completion?

Ms THOMAS - To practical completion to start with; has that been estimated?

Mr HEALEY - I'm not sure if the - I'm not aware of the figure for the last year that sits outside the forward Estimates. Obviously the interest costs that are in the forward Estimates are included within the table, but I couldn't confidently give you a number that sits outside of that.

Ms THOMAS - Okay. In 2028-29 it's \$7.31 million?

Mr HEALEY - Yes.

Ms THOMAS - In 2029-30 it's \$22.31 million.

Mr HEALEY - That's correct.

Ms THOMAS - They're the borrowing costs that are estimated for those years.

Mr HEALEY - And look, I do know that Treasury has estimated those. I think they provided those previously to the multi-partisan budget panel, but I don't have them.

PUBLIC

CHAIR - None of us are on that, remember. Maybe you could provide that.

Mr ABETZ - Ms Beach has some extra information.

Ms BEACH - Through you, minister: I can step through, so the first interest operating grant allocation is in 2028-29.

CHAIR - Where are you reading that from, just so we can -

Ms BEACH - Sorry, I am in budget paper 1 on page 61 and table 3.4 - details of general government sector cost of debt to cash receipts. The third line in that table is where it says supported borrowings. The first allocation there is \$7.3 million in 2028-29, and then it has \$22.3 million in 2029-30, but as was flagged, that's only the initial stages of the build. Working on the estimated interest rates I noted before in 2030-31, the estimated cost is \$31.3 million, in 2031-32, \$32.6 million.

CHAIR - At some point that debt will be handed over to Stadiums Tasmania.

Ms BEACH - It will be handed over to someone.

Mr ABETZ - Yes. That is -

CHAIR - The Treasurer told us it would be Stadiums Tasmania.

Ms O'CONNOR - Well, to the people of Tasmania, ultimately, for generations.

Mr ABETZ - No. It is still being determined, but likely.

CHAIR - Whoever has it, whether it's MPDC or some other body, or Stadiums Tas, there's going to be significant debt, and it's still going to be needed to be funded. Unless it's some - I don't know who it could possibly be, because if it's the government you still have to pay the interest; if it's MPDC, you still have to pay the interest; if it's Stadiums Tasmania, you still have to pay the interest. There is still going to be a continuous outflowing of money to furnish the debt for some time. Is that a fair statement?

Ms O'CONNOR - 20 years, 30 years?

Mr HEALEY - But the full profile of that is yet to be determined. I note there's other commercialisation activities from the Macquarie Point on the rest of the site, and if that generates additional capital inflows to Macquarie Point, that might -

CHAIR - It might reduce the level.

Mr HEALEY - provide Macquarie Point with some capacity to pay down that debt. That's work that's yet to be done.

Ms O'CONNOR - A lot of guesswork here.

Ms THOMAS - Considering, minister, the AFL will impose penalty conditions if certain deadlines are not achieved, like if the Macquarie Point Stadium construction is not 50 per cent

PUBLIC

completed by October 2027; is the government confident it will meet all the deadlines set out in the agreement, and what is the full liability to Tasmanians if these deadlines are not met and all the penalties are applied?

Mr ABETZ - As I understand it, and I will be corrected, but the penalties, whilst part of the agreement, the penalty payments, should they be incurred, flow to the Tasmania Devils.

Mr HEALEY - Yes. It's an important distinction that they're not penalty payments, they're just a recognition that the team will incur additional costs if it doesn't have access to the stadium. The state has agreed to cover those additional costs, I think \$4.5 million a year, for the period in which the stadium is not available to the club. In terms of the delivery on those dates, we we're actively talking with the AFL around where we're up to with the delivery of the TA facility and the stadium and, as far as we're aware, the AFL is very comfortable with the progress.

Ms THOMAS - Okay. Is it beyond the forward Estimates? I guess it's beyond the forward Estimates, that \$4.5 million liability?

Mr HEALEY - It's also subject to ongoing discussions with the AFL.

CHAIR - Wasn't that 2027, though, the initial \$4.5 million? There was 50 per cent -

Ms THOMAS - Completion.

CHAIR - completion before 2027?

Mr HEALEY - That's just a - it's a trigger for us to advise the AFL of the likelihood of completion. So, there's some milestones -

CHAIR - It's just the likelihood -

Mr HEALEY - There's no financial transaction associated with the October 2027 date. It was merely the state flagging the progress in terms of the delivery of the stadium. The cost to the state arises when the team is incurring additional costs for not having access to the stadium. That, from memory, was if the stadium wasn't available by December 2028.

CHAIR - Well, it's not going to be, according to our Public Accounts Committee hearings.

Mr HEALEY - Yes, that's right, but as I said, we will need to continue to talk with the AFL around the arrangements, particularly once we've got a lead contractor and we've got a firm program that we can start to talk to. At the moment it's all planning. A major renegotiation of milestones is a bit pre-emptive when we haven't got a program for a lead contractor.

CHAIR - It is pretty clear that there's going to have to be some additional funding provided to the Devils, because we've been told in PAC quite clearly that it won't be completed: at the earliest 2030.

PUBLIC

Mr HEALEY - You're right, but all of those arrangements will depend on, for example, the ground occupancy agreements that James will be negotiating with the AFL around certain venues. There are many moving pieces at the moment that we would need to work through.

Ms O'CONNOR - Are you saying it could be more than that, or you're saying -

Mr HEALEY - No, no. I'm saying it's uncertain as to what exactly those costs might be and when they might be incurred, so -

Ms THOMAS - And how.

Ms O'CONNOR - Exactly. All the guesswork.

Ms THOMAS - Still to be determined.

Ms O'CONNOR - And we're expected to believe it's going to cost \$1.13 billion.

Ms THOMAS - When you came to the Estimates table in November, there had been some minor amendments made to the AFL funding agreement -

Mr HEALEY - Yes.

Ms THOMAS - and they were tabled on notice to the committee, I believe. Have there been any further amendments since November to the agreement with the AFL?

Mr HEALEY - I don't think so.

Ms O'CONNOR - You would know if there were.

Mr HEALEY - No, no, we don't renegotiate the CFDA.

Ms O'CONNOR - Who does?

Mr HEALEY - That is done through the Department of State Growth. They have lead responsibility for that. I know there was some discussion around just the arrangements and the ownership of the delivery of the TA facility; that's the only area that I'm a little bit hesitant, to make sure that there weren't some modifications to the agreement to reflect those arrangements after that hearing. I'm not sure.

Ms THOMAS - Would there be an expectation that amendments to that agreement are reported through to the oversight committee, given the link to the penalty?

Mr HEALEY - Yes. We would get updates. I do have a list of all of the amendments that have been made to the CFDA, and I think it's probably the same as the one that we provided last time, but I just want to give me a little bit of room in case I'm wrong.

Ms O'CONNOR - Can I just check, Bec, sorry: provided last time to who?

Ms THOMAS - We got it on notice here, in Estimates in November.

PUBLIC

Ms O'CONNOR - Are you able to update?

Mr HEALEY - Yes. We -

Mr ABETZ - Not to PAC. Sorry, a cheap jibe.

Ms O'CONNOR - Would you be prepared to update that?

Ms THOMAS - Would you take that on notice, minister, to provide a copy of that? We can check if it's the same, or if any further amendments have been made.

Mr ABETZ - Yes.

Ms O'CONNOR - Just back to the remediation: is it MPDC's plan to provide a clean signed-off site, from a remediation and removal of contaminated materials perspective, to the design and construct contractor? Or is it that the design and construct contractor will be expected to undertake those remediation and removal works?

Ms BEACH - Through you, minister: there's a site environmental management plan that needs to be followed for the management of the site. We tabled a version of that in the Legislative Council in December as part of the discussion on the debate on the order. It's approved, but it is also a live document, so it's updated as required. We have appointed Hazell Bros to commence bulk excavation. The intent of that is that we'll remove some of the material, but the main contractor will still be responsible for managing that material until it's capped and sealed.

Ms O'CONNOR - Okay, that's interesting. So, the design and construct contractor will have a primary responsibility on the site for dealing with the contaminated soils.

Ms BEACH - Through you, minister. They'll be responsible for the footprint under that contract and to comply with all of those requirements, yes.

Ms O'CONNOR - So, the site excavation works in dealing with the new figure of 100,000 cubic metres of material that is to be removed, that will be undertaken by the design and construct contractor, is that correct?

Ms BEACH - Through you minister, so we have appointed directly Hazell Bros to commence that work, that is ahead of us appointing the main contractor, so we're doing that site preparatory works. Similarly, to the other piece of preparatory work we've appointed a contractor is Hunter Mason to remove the Goods Shed. They will be novated to the main contractor once they're in place.

Ms O'CONNOR - I'm still trying to understand which entity or organisation will deal with the 100,000 cubic metres and, while you're answering the question through you minister, did Hazell Bros have to go through a competitive tender?

Ms BEACH - Through you minister, yes, we released the tender for those in December, and we've completed the assessment and now awarded the contracts for both of those. They were both open tender processes. In terms of the removal of material, the bulk of that will be removed by Hazell Bros under that contract, yes.

PUBLIC

Ms O'CONNOR - Okay, so the bulk of the 100,000 cubic metres within the footprint of the stadium itself will be removed by Hazell Bros to where?

Ms BEACH - It depends on what the material is. We've undertaken a number of assessments, there's a number of accredited disposal depots that we can use and we're also looking at the ability to reuse some onsite for fuel. So, the entities that are accredited are Mcrobies Gully, Copping and Tolosa Street.

Ms O'CONNOR – Okay, thank you. So in terms of the role of the design and construct contractor in dealing with the removal of contaminated materials, they're not responsible for removals - is that what I'm hearing here, that it's primarily Hazell Bros and another contractor who will be removing the materials from the site?

Ms BEACH - Through you minister, the 100,000 is the initial bulk excavation. There is also some dolerite and other material that will be removed later, to the extent that has any contamination that would also need to be removed, but we're anticipating being able to reuse a lot of that material.

Ms O'CONNOR - Sorry, but the question was, which contractor will have primary responsibility for removing the bulk of 100,000 cubic metres. That is Hazell Bros?

Ms BEACH - That's right. Yes.

Ms O'CONNOR - Okay, thank you very much.

Mr ABETZ - The other contract that you may have got confused with, that was Hunter Mason for the Goods Shed.

Ms O'CONNOR - Oh, thanks. So, what work was undertaken to downward revise the amount of contaminated material to 100,000 cubic metres?

Ms BEACH - Through you minister, the larger amount we'd previously discussed included dolerite, so this is dividing it into the separation that we can do through the bulk excavation of fuel material. That's a relatively simple task that we can constrain in a contract and take that as preparatory works to be undertaken in the first stage of the contract. And then the management of dolerite is more disruptive, I guess, and so that's been included in the main parcel of work.

CHAIR - Requires explosives, does it?

Ms BEACH - Not necessarily, but it just requires a bit more, I guess, planning ahead of that and managing those. So that full package includes all of that material.

Ms O'CONNOR - Okay. Alright. Minister, can I take you back to a question I asked earlier today, and it relates to the P90 document that you referenced in your letter to my colleague to my left on 4 December last year, given what Treasury has said about design being a schematic at this point, will you confirm at the table that what you were referring to at the time was not an industry standard P90 assessment requires finalised scope, design contingencies, risks -

Mr ABETZ - Now P90, you were wanting to know whether it was a -

PUBLIC

Ms O'CONNOR - I'd like you to confirm what I understand to be the truth, and that is that, the P90 to which you referred in your correspondence of 4 December last year, was not to an industry standard, because it could not be, because the designs and scope, for starters, were incomplete and all contingencies weren't understood.

Ms BEACH - Through you minister, the designs are well advanced and we did follow a standard P90 process.

Ms O'CONNOR - Thank you. With respect, that is not the answer to the question. The question was, was the P90 which was referenced on 4 December last year, to an Australian standard? To an Australian industry standard?

Ms BEACH - Through you, minister, yes.

Ms O'CONNOR - Oh yes, it was? With incomplete design and scope and unknown contingency risks?

Mr HEALEY - Through you, minister, if I can. I think you mentioned schematic design before. The design is well beyond schematic design. The design -

Ms O'CONNOR - I refer you to Treasury's risk assessment in the budget papers.

Mr HEALEY - The design is at 75 per cent of detailed design.

Ms O'CONNOR - Okay, in order for a P90 to be an industry standard, in order to deliver a 90 per cent certainty of a cost, then the design has to be basically complete.

Mr HEALEY - And 75 per cent detailed design is basically complete.

Ms O'CONNOR - What doesn't Treasury understand about how finished the design is? Because, they've said that it's a risk, because the design at the moment is largely schematic.

Mr HEALEY - I can't explain to you why Treasury have used those terms. I can tell you, as a fact, that the stadium is at 75 per cent detailed design and that is not 75 per cent of the design with 25 per cent not known. That is, all of it is known and the detailed design, i.e. where you put in power points on walls and how you're hanging doors, 75 per cent of that has been done. Ordinarily in a project like this, you would not move beyond that before you appoint a lead contractor because they need some room in the arrangements, in order to make sure that they're delivering project at least cost. So, that is a design level that is absolutely appropriate for a P90 assessment. In fact, P90 assessment and industry standards could be completed well before that point.

Ms O'CONNOR - No, they can't.

CHAIR - And you were there in December last year?

Ms O'CONNOR - I mean, what evidence do you have that, sorry, with respect, Chair. What evidence do you have that you can have an industry standard P90 -

Mr HEALEY - At 75 per cent of detailed design -

PUBLIC

Ms O'CONNOR - You said well below that.

Mr HEALEY - Well, you could - 75 per cent of detailed design is a long way through the design process. Now, the P90 process can be done at regular points throughout the development of a project and you will get more certainty as you go through, so your P90s and your P50s should come together as you go through the project. But, certainly at 75 per cent of detailed design, that is more than adequate to be looking at P90 assessment and have some confidence in it.

Ms O'CONNOR - Thank you Mr Healey. So, you're prepared to sit here at a parliamentary scrutiny hearing and tell this committee that what was presented in the 4 December letter last year was to an industry standard?

Mr HEALEY - That's the advice that we have. Yes.

Ms O'CONNOR - An Australian quantity surveyor industry standard.

Mr HEALEY - That's the advice and assurance that we had.

Ms O'CONNOR - Who gave you that advice?

Mr HEALEY - Well, Macquarie Point, in the process, provided that advice to the oversight committee and we have experienced people on that committee that accepted that as being reasonable advice.

Ms THOMAS - Can I follow on from that? Minister, through you, are you aware of all Macquarie Point Development Corporation, are they able to provide evidence of the specific Australian standard that has been referred to in terms of the P90? Is there some advice that can be, perhaps, provided to the committee, in terms of what the requirements are, what that standard says, and that evidence as the member for Hobart -

Ms O'CONNOR - I know what they are.

Ms THOMAS - asked, where the member for Hobart suggesting the advice she has seen suggests that it's not to industry standard, couldn't be. Are you able to table something for the committee that backs up the assertions that in fact it is?

Ms O'CONNOR - It can't be industry standard.

Ms BEACH - We certainly, with the minister's comfort can take that on notice to provide that advice. A P90 can be done at multiple stages throughout the process. We are at 70 per cent of the detailed design process. That doesn't mean 30 per cent isn't designed, it's 70 per cent of the way through the detailed documentation process. The next stage is issue for construction. You need to make product decisions and similar, to close out that documentation process.

Ms O'CONNOR - Why didn't you call it a P75? Given that it was only 75 per cent completed design, you cannot - sorry with respect, deliver an industry standard P90 with incomplete design and scope. I call rubbish.

CHAIR - Can we allow Anne to finish answering that question.

PUBLIC

Ms O'CONNOR - Sure.

Ms BEACH - Sorry, we can provide an overview of that and how the P90 works, and where we're up to in that process.

Ms THOMAS - Thank you.

Ms O'CONNOR - Well, the government wasn't prepared to show to the whole of the Legislative Council.

CHAIR - Just a second, can we be clear then what we're asking for here? We're wanting some explanation with the Australian industry standard is for AP90, and how did the project in December, when that agreement was made, meet that? Are we clear on that?

Ms BEACH - Yes.

Mr HEALY - If I can, I may just correct, for the Chair. I think I might have mentioned 75 per cent detailed design, and as referenced, 70 - Anne obviously has greater understanding of that stage than I do, apologies for that error.

CHAIR - It is 70 per cent complete.

Ms O'CONNOR - It is 70 per cent, and how much was completed last 4 December, was it the same amount of design?

Mr ABETZ - In my brief I have the probabilistic cost-risk model was prepared in accordance with state government, Australian government, industry guidance documents, and ISO 31000 2018 Risk Management Principles and Guidelines.

Ms O'CONNOR - I don't believe you.

Mr ABETZ - Well, that is fine, but the person that asserts must prove. It's not just good enough to say you don't believe me.

Ms O'CONNOR - But your government decided not to show the Legislative Council that document on a confidential basis, which does elevate suspicions.

Mr ABETZ - Only if you don't want the project to proceed, and you want to put that out into the public ether.

Ms O'CONNOR - I'm here as the member for Hobart. Trying to protect my corner.

CHAIR - Order.

Mr ABETZ - Because other people would know that there is a very active process underway at the moment, in relation to procurement.

CHAIR - You have committed, as I understand, minister, to provide some detailed explanations as to how you met that expectation.

PUBLIC

Mr ABETZ - Yes, with the P90

Ms O'CONNOR - Perhaps in that you could put all of the elements in the P90, the alleged P90, you don't have to, you don't want to show it, right. You don't want to show it.

Mr ABETZ - We don't want to show it publicly.

Ms O'CONNOR - Perhaps in that explanation, could put all the elements of what makes up that alleged P90, that was cited to influence the Legislative Council vote last December.

Mr ABETZ - Because as I understand it, the risk model simulated 10 to 20,000 possible outcomes, from which the P90 cost estimate is extracted. Please if we have to provide all those various possible outcomes it would be a mammoth amount of work.

CHAIR - I think it's a description of how.

Ms O'CONNOR - I was expecting you to prove it was to an industry standard.

Ms THOMAS - That's what we've taken on notice. Can I move back to the the negotiations with the AFL on the actual contract? But I think what I heard the Treasurer, is it not questions for you about amendments and negotiating amendments to the deed, the funding agreement with the AFL, who would those questions be directed to if not to you?

Mr HEALY - Yes, Department of State Growth have been leading the negotiations with the AFL around the changes to this Tasmanian Club Funding and Development Agreement. They do provide advice through to the oversight community. We do have that information; I just didn't want to be inaccurate in saying we've tabled them all before.

Ms THOMAS - To be clear, do you know if there has been any attempt to negotiate with the AFL on those additional costs that will be incurred to the team and the state being liable to cover those?

Mr HEALY - No, not that I'm aware of. All of the amendments to date have been sort of minor variations to some of the early dates associated with the planning approvals, the budget approvals. There were variations because the Devil's constitution was updated. I think they had a draft constitution in the original agreement which was replaced with their actual contribution.

CHAIR - Constitution.

Mr HEALEY - I'm sorry, constitution, I think there's also been some amendments to the agreement associated with the responsibility for the delivery of the training and administration facility.

Ms THOMAS - Okay. It will be interesting to see what they are. Do you know what they are?

Mr HEALEY - It's just the team is looking to take a greater role in making sure that facility is being delivered.

PUBLIC

CHAIR - How are they doing that?

Ms THOMAS - They're going to pay a bit more for it are they?

Mr HEALEY - They are playing a more active role in the project delivery.

CHAIR - What does that mean?

Mr HEALEY - As in, they may engage the project managers in the delivery of that facility.

CHAIR - Tell them how they want things.

Ms THOMAS - They're going to construct it, get a grant from the government with \$105 million will be paid as a grant.

Mr HEALEY - With the state engaged in the governance of that facility as well.

Ms THOMAS - That's my understanding. Is that right that the \$105 million state contribution will be paid as a grant to the Devils.

Mr HEALEY - To the Devils yes.

Ms THOMAS - To deliver that?

Mr HEALEY - To deliver the facility, yes.

Ms THOMAS - Therefore, they won't just be playing a more active role they will be delivering it.

Mr HEALEY - That's right.

CHAIR - This is the football club. I'm not sure, they're doing very good at football, but building, constructing major facilities, is that actually what's in their skill set?

Mr HEALEY - They they would have to engage appropriate expertise, experts to deliver it. Yes.

Ms THOMAS - They have \$12 million government funding a year to do that, I think they will be right. The \$4.5 million that we came back to before the Chair said the date in the CFDA for completion was 2028, therefore if there is that \$4.5 million liability.

Mr HEALEY - Can I just clarify because I might have been a little unclear. The amendments to date have been a commitment to negotiate those arrangements. They haven't been committed into the agreement, but the agreement said that we would look to negotiate with the team -

CHAIR - They will talk about it.

PUBLIC

Mr HEALEY - to see if we can enter into those arrangements and they haven't been finalised. It is just a process-based set of items.

Ms THOMAS - It's not reflected in the budget papers as a liability because those negotiations are likely to occur or are ongoing.

Mr HEALEY - The negotiations are ongoing, yes.

Ms THOMAS - Okay, thank you. That clarifies that. I have others, but if other people have others.

CHAIR - You're all right.

Ms O'CONNOR - I have always got more.

Mr ABETZ - Silly question, yes.

Ms THOMAS - In terms of the actual budget, it appears the grand amount allocated from DPAC to MPDC for operating costs increases from \$3.5 million to \$8.5 million in 2028-29 and 2029-30. What's the purpose of the increase and how was that amount determined?

Mr ABETZ - As the project ramps up - yeah.

Ms BEACH - There's a couple of key things driving that. One is increasing our capacity for our team and in our ability to deliver that project and other works. You will also under the statement of comprehensive income on page 15 will note that interest we're able to generate also drops away and other revenue. We currently have a car park on site that generates revenue. As we move into delivery, our ability to interim activation and self generate revenue reduces. And then the other element is we will need to move off site so construction can be commenced so there will be accommodation costs. They're the key three drivers.

Ms THOMAS - And those borrowing costs we referred to earlier that are outlined in table 2.2, are they all for the stadium?

Ms BEACH - Yes. We're not borrowing for any other purpose, no, not at this stage. Okay.

Ms O'CONNOR - Just back to the P90, assuming that you could do a P90 with 75 per cent complete design, of the 25 per cent not designed is the full assessment.

CHAIR - It is 30 per cent not designed.

Ms O'CONNOR - Now we know it's 30 per cent not designed, let me put it this way, a P90 requires assessment of remaining uncertainty, of risk and contingency analysis, historical estimating, data scope assumptions, exclusions, escalation assumptions and schedule assumptions. Were all of those in the P90 that was referenced on 4 December in correspondence to the Legislative Council last year.

Ms BEACH - Yes and to clarify, 70 per cent design does not mean 30 per cent of the structure is not designed, it's 70 per cent of the way through the detailed design process, the level of design that's captured in the drawings and we are able to consider all of those things.

PUBLIC

It is a really important thing to do because it did inform the contingencies which led to the proposed \$1.13 billion budget that was put to the minister.

Mr HEALEY - Through you, minister, the schematic design is 100 per cent complete. Detailed design is 70 per cent complete. It's 70 per cent of the last level of detailed design.

Ms THOMAS - Like what the carpet is.

Mr HEALEY - What the fittings are. Where to put the light fittings, where to put the power points. It's the detail. It's the stuff that once the detailed design is done, you can walk in and you can finish that room. It is quite different to saying that we're 70 per cent of the way through the design. That is not true. If you added up all of the stages, it would be much, much closer to complete as an overall percentage.

Ms O'CONNOR - What did the risk of contingency analysis in the alleged P90 of 4 December last year tell government about the cost?

Ms BEACH - Through you, minister, it informed the contingency allocation. There are three types of contingencies, client design and construct. That helped us inform getting the balance of those contingencies right.

Ms O'CONNOR - There would have been a fair bit of guesswork in that, wouldn't it?

MS BEACH - Through you, minister, it's a risk analysis assessment and then allocating an estimated cost to those risks. And then as the minister said, running through 10s of thousands of scenarios to identify between you can do a P10 to a P90, and as we get close to a P90, there's greater contingency allocated so that we have more confidence in that number.

You often here in the roads program they'll talk about a P50 and a P90. The difference between a P50 and a P90 is the level of confidence and the extent of contingency and other things that have been allowed for to stay within that budget,

Ms O'CONNOR - I guess within those thousands of contingencies and risks that were apparently modelled, not one of them said the war will break out in the Middle East. That is obviously going to have a significant impact on the cost.

Mr ABETZ - With all the best endeavours in the world, even with the crystal ball, I dare say you cannot -

CHAIR - Have you got one of those?

Mr ABETZ - No, I don't. You cannot account for all the contingencies. Even if I did have one, I'd ever know how to use it.

Ms O'CONNOR - What can you contingency or a crystal ball?

Mr ABETZ - I'm sure it wouldn't necessarily tell us all the, what's it called? The unknown unknowns.

PUBLIC

CHAIR - I wouldn't have thought that a Middle East war was that unknown though, in fairness, it's what's been going on for some time.

Ms O'CONNOR - Can I ask about the bulk earthworks again on the site? Are they considered site-preparatory works under the Macquarie Point order?

Ms BEACH - Through you, minister, some but not all. The order prescribes what preparatory works are. So there's some elements in that scope that are preparatory works but not the full scope. The main bulk excavation is not preparatory works under the definition of the order.

Ms O'CONNOR - Okay.

MS BEACH - We've identified it as the stages. It's the initial stages that will be undertaken before stage 3, which is the commencement of the main construction.

Ms O'CONNOR - Okay. When should the EPA expect to receive an updated and comprehensive site environmental management plan that relates to those earthworks?

MS BEACH - Through you, minister, there's one, I think, that has either been issued or will be imminently to the EPA for review. We did have a site environmental management plan that was provided to the EPA ahead of the test roof construction. It was suitable for those works. Then we've reviewed to make sure it is ready for the bulk excavation stage.

Ms O'CONNOR - Noting what you said about some are part of the preparatory works under the order, are they considered part of the first stage of construction?

MS BEACH - Through you, minister, in the staging plan, we've set out multiple stages. Stage 1 is the bulk excavation and part of that includes preparatory works and part is more substantive works. The items listed in the order that are included that we would be progressing as part of those works are archaeological investigations, so digging that area. There's a section also where it's useful to do some further soil farming and so to store that on-site. So to do that first before the main excavation starts, is how we've staged it, and those first elements are preparatory works and within the scope of those and then the rest is more substantive work. It would need to meet the broader requirements of the order.

Ms O'CONNOR - I'll let this one go shortly, but on the P90, what were the escalation assumptions in the P90?

CHAIR - In terms of dollars?

Ms BEACH - There's two parts of that. There are contingencies which are actually for management of risk and then escalation is for inflation. I'd need to check the year-on-year. As a multi-year project, there's assumptions around each year because the cost of materials on day one is quite different to the cost of materials at the end of the project, but I can check the escalation we use.

Mr HEALEY - Can I just say the published breakdown of the cost of the stadium includes \$147.6 million in escalation.

Ms O'CONNOR - So, \$146 million?

PUBLIC

Mr HEALEY - \$147.643774 for escalation.

Ms O'CONNOR - Within the alleged P90 of 4 December last year, was there an escalation assumption that led to this number \$147 million?

Ms BEACH - There's two ways to do the project estimates. We did a cost plan where the quantity surveyors look at the detailed designs, and they look at the amount of individual materials. They have a unit allocation for each of those, and so it's a measured allocation to go, 'This is the cost of materials.' Then, on top of that, they add market loading resources, head works, contingencies, escalation and that gets to a figure.

The P90 goes further than that and looks at, in terms of risk, what are things we've identified, quantifying those and running thousands of scenarios to test, is there enough in that contingency? And that led in addition to the contingency which is part of what makes up the \$1.13 billion. It needs to have that base to run the scenarios, the Monte Carlo scenarios, to be able to get the risk allocation, which is testing, 'Is our contingency sufficient?'

Ms O'CONNOR - I'm trying to understand what the escalation assumptions are, though, not even necessarily the dollar figure, what are the assumptions around escalations?

Ms BEACH - Escalation is basically looking at an inflationary-type of figure sorts of percentage. Contingency is risk; escalation is more looking at the cost of goods over time. Both of those are factored in two separate elements in the estimate.

Mr HEALEY - Just to clarify, in the in the move from \$945 million to \$1.13 billion there was an additional allocation of \$97.5 million for escalation and delay associated with - a lot of which was associated with the election and the delays associated with that. And there was an additional \$63 million that was put into the budget as a client contingency to also lower the risk of the project.

Ms O'CONNOR - That was at a point in time though last November, December, was it?

Mr HEALEY - Yes, the actual date that that was moved I'd have to check, but that was the last revision of the total budget for the state.

Ms O'CONNOR - Is the P90 a living document? When I say living document: is it something that it would be wise to review and renew potentially given what we know about soaring fuel prices, interest rate uncertainty, all of the things that we know can lead to very significant cost escalations and which we're seeing on the mainland, escalate costs of construction by around 18 per cent in the past year.

Ms THOMAS - You'd let the tender process play out first, wouldn't you?

Ms BEACH - Yes, so it's a tool for us to inform the assessment of the tender bids that we receive. We'll also have quantity surveyor support throughout that process to be reviewing the bids that we received and to the extent there's any variation, looking at what the drivers from what that might be and a reasonableness test. The P90 is one of a number of tools we have to inform our assessment.

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Ms THOMAS - I just want to ask the minister about the federal government. There's a recent sign off on the Macquarie Point Precinct plan and the housing plan, I understand as well, which was a milestone set out in the Federation Funding Agreement for the Commonwealth contribution of \$240 million. Have all the milestones in there FFA now been meshed?

Mr HEALEY - Yes, all of the existing the previous milestones have been met and we're currently just revising. You've seen the last milestone for the FFA; it said that we would then work through some additional milestones for the payment of the \$240 million. That's what we're actively engaged in that discussion at the moment.

Ms THOMAS - When will they be finalised and published, do you expect?

Mr HEALEY - I expect that - publishing is not up to me - I expect to finalise the discussions around those milestones within the next couple of weeks.

Ms THOMAS - Okay, so minister, is that something you'll be able to table in the parliament or publish, what those milestones are? I mean the milestones with the existing agreement, the Federation Funding Agreement.

Mr HEALEY - In the Federation Funding Agreement.

Mr ABETZ - That's already on the public record.

Mr HEALEY - Yes, it would be an updated FFA based on some additional milestones including the milestones for the initial payments of funding from the Commonwealth to the state. Without trying to pre-empt the outcomes of those discussions, there may need to be some further discussions once we get a program delivered to us by a lead contractor. That may also influence some of the latter milestones towards the end of the \$240 million payment. The FFA would ordinarily be publicly released by the Commonwealth.

Ms THOMAS - Yes, that's what I thought. So, it's likely that this one will be?

Mr HEALEY - Yes.

Ms THOMAS - But it may be not until October that it's available.

Mr HEALEY - I would expect, through you minister, I would expect it to be earlier than that.

Ms THOMAS - Right, okay. But you're not sure exactly when?

Mr HEALEY - No, it's my -

Ms THOMAS - It's the Commonwealth?

Mr HEALEY - Yes.

Ms THOMAS - Okay.

Mr ABETZ - I have just been advised we can table an update.

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Ms THOMAS - Okay, great, thank you. Are these additional milestones that are being negotiated likely to require budget appropriations to deliver outcomes across the forward Estimates, and if so, is there an appropriation in the Budget?

Mr HEALEY - Through you minister, these are about the payment of the Commonwealth's funding to the state.

Ms THOMAS - So there's -

Mr HEALEY - So there's no, they're not seeking additional contributions.

CHAIR - There's no matching contributions or anything like that?

Mr HEALEY - No, I mean the FFA already recognises the significant financial contribution that the state is making to the precinct generally. These milestones are about when the Commonwealth will release their \$240 million for the construction of the stadium.

Ms THOMAS - So, it's not likely that those additional milestones will include requirements around housing?

Mr HEALEY - The FFA already requires a housing plan and delivery of housing onsite.

CHAIR - Is there a timeline for the delivery of housing?

Mr HEALEY - The discussions at the moment are around the milestones for freeing up the \$240 million for the construction of the stadium. I'm not thinking that there's a significant risk associated with it being tied to the delivery of housing, but I don't want to go too far because those discussions have yet to be completed.

Ms THOMAS - I guess that that was the reason for my question.

Mr HEALEY - We're not seeing it as a risk to the accessing of the \$240 million; put it that way.

Ms THOMAS - So, the housing plan's been delivered, but there's not likely to be any requirement by the Commonwealth that the plan is actually delivered.

Mr HEALEY - The commitment of the FFA is to deliver the housing plan.

CHAIR - The plan, not the housing?

Ms THOMAS - Not deliver the housing?

Mr HEALEY - That's right.

CHAIR - Just deliver the plan, not the houses. Fantastic.

Ms O'CONNOR - That's great, isn't it.

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CHAIR - That'll work really well. People can live in a plan, what are they complaining about, seriously? Anyway, that was completely tongue-in-cheek for whoever is watching and thought I was really nasty.

Ms THOMAS - A point in time, Chair.

CHAIR - Yes, so Treasurer, I know that there are many people who are concerned about the loss of the northern rail corridor, through this development, and then the question goes to the use of rapid transit buses, in terms of getting rapid transit buses in, which are supposed to be rapid, out of a congested site, how's that going to be managed?

Mr ABETZ - Look, in relation to northern rail, I think that's sort of been dealt with over a period of time. In relation to the bus mall and other things, I'll refer to Ms Beach.

Ms BEACH - Through you minister, so there's transport modelling that's been undertaken that looked at, including access of buses, the north-east corner is our key drop-off for buses on a large event day. That's been designed working with State Growth who are delivering the northern access road. So, the DDA compliant bus stop space in there is part of the delivery of the northern access road. That's informed part of our transport and access. We've also done dynamic pedestrian modelling so -

CHAIR - Just before we go onto pedestrians, can we just stick on the buses for the minute. So, the buses, in terms of clearing out rapidly - I've gone to the train outside the G - you know, it's a full-on crush - when Collingwood's been playing anyway. Depending on which one you're going to, you take your life in your own hands.

Mr ABETZ - I hope you're not watching Collingwood.

CHAIR - No, I wasn't. I was watching the other team.

Mr ABETZ - Oh, good.

CHAIR - I've been there a few times. It is quite the rush, and so there's huge pressure on these nodes or these places where that bulk transport sits. So, how is the plan to clear them properly from the site? Because isn't that the whole purpose of a rapid transport system? Once you catch the train, you're on the train, but this bus has still got to navigate some roads.

Ms BEACH - Through you, minister. That's where the transport modelling, and the dynamic pedestrian modelling interplay. So, we need to make sure that the design of the footpath allows room for queuing for buses, so there's multiple bus stops in there for queuing and for people to safely pass. So, we've modelled both of those, looking at clearing the site and modelling people from their seat to their destination in the city.

CHAIR - But let's think about it, people get on the bus - that's the people walking, you know, either to the bus or beyond the bus, to go walk across the bridge or wherever and go into the city, or wherever they're going. The buses that leave the site - how do you ensure they don't get caught up in other traffic? My point is: the rapid transit bus means you get on there and it gets out of town.

Ms BEACH - Through you, minister. The dedicated event day buses are designed to move people rapidly, to the extent that they're not utilised and we have excessive vehicles on

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the road that will undermine their effectiveness but, ideally, people will be seeing the buses going past while they're sitting in their cars, and take the bus next time.

CHAIR - There's lots of people who don't go to the footy on the days. They're still using the road.

Ms BEACH - We have modelled that and, looking at multiple times of day and when different major events can occur, and having bus event services available and having just over 20 per cent of people using those, we don't have a significant impact on the road network. At its worst, it was found to be similar to coming to work on a Monday to Friday in the morning for a limited period.

CHAIR - Some people don't like that either.

Mr HEALEY - Can I, through you as well, just for clarity. The detailed business case for the rapid bus service is being developed now, including how that rapid bus service would operate. Whilst it's very much connected and is relevant to the game-day bus services for the stadium, they are slightly different. The game-day bus service will be a dedicated set of transport arrangements to support the stadium, which would feed into, eventually, the rapid bus system, but they're slightly different.

CHAIR - Yes, but there are two different problems you're dealing with. You've got the ones who can go on the rail corridor - once they get there, okay. You've got the others who are going other places.

Mr HEALEY - Yep.

CHAIR - I'll go to Bec, now. She's got a question.

Ms THOMAS - Thank you. Minister, there are 146, I believe, conditions in the stadium order. Is that right? Yes, 146 conditions. So, as the minister responsible for Macquarie Point Development Corporation, what oversight do you have of how work towards meeting these conditions is progressing?

Mr ABETZ - We have a variety of oversight mechanisms and there is - and Ms Beach can take you through those various stages and then we have a Cabinet subcommittee that looks at the MPDC as well. And that is where, if you like, all the information comes to myself and some Cabinet colleagues.

Ms O'CONNOR - Then you have to run it past the AFL, don't you, under the contract?

Ms BEACH - Through you, minister. There are two main pathways where we keep the minister abreast of progress on those. So, one is through our regular reporting through the oversight committee, where we're identify anything we've submitted, and how they're tracking. And that goes to the Committee of Cabinet, as the minister noted. The other is the minister does ask us for regular updates. We have an internal weekly working group that's looking at the order management because there are a number of streams, and making sure we're engaging with all of our regulators and sharing information through those, so we're not dumping something on for approval, they know it's coming and we've had a forward program of that

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coming ahead. Through our regular fortnightly meetings, we give the minister a regular update on how they're tracking as well.

Mr HEALEY - Can I add to that to say that the government's oversight and assurance framework is being fully implemented by the oversight committee and the Cabinet committee. There is a probity adviser that's also been appointed by the Department of State Growth, who regularly monitors the integrity of the decision-making process within the order and that probity adviser reports directly to the oversight committee on any observations that they have with regard to the delivery of all the conditions under the order. We also have regular meetings with the Hobart City Council as well to make sure that there's good communication between the state and essentially, the planning authority, to make sure that everyone understands exactly how we're meeting all of the conditions of that order.

Ms THOMAS - Minister, are you aware of any risks that conditions in the stadium order won't be met, or won't be met in accordance with expected timeframes that will cause delays?

Mr ABETZ - None. None that -

Ms O'CONNOR - Would you tell us?

Mr ABETZ - Would I keep a secret from you?

Ms O'CONNOR - I reckon you might.

Mr ABETZ - There aren't any that are not manageable.

Mr HEALEY - No. Through you, minister: we are certainly learning how best to - and I'm talking a little bit on State Growth's behalf here - it's beyond what we are accountable for, but I do understand that they're learning how to effectively engage with the regulators and with the Hobart City Council and get the approvals working as they need to under the order. It's quite a complex system of approvals. The early stages are going well, but we are certainly learning how to streamline that and make sure that it goes the best that it can go.

Ms O'CONNOR - Learning on the job: how reassuring.

CHAIR - Are you finished?

Ms THOMAS - Yes. On that one I am.

CHAIR - We've only got a couple of minutes left. So, if you have any others?

Ms O'CONNOR - I've got one quick one. It's not on the P90.

Mr ABETZ - Just quickly on the P90, if I may, Chair: WT, the outside consultants, prepared the P90 for us, and their professional reputation is staked on doing these things. So, when we hear the alleged P90, et cetera, I think we can take comfort that it's not something that was -

Ms THOMAS - Cooked up.

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Ms O'CONNOR - Does WT have a bigger name, or not?

Mr ABETZ - I don't know.

Ms THOMAS - They go by WT Partnership.

Ms O'CONNOR - It's not the consultants whose reputation I'm questioning here, just to be clear. Has the government undertaken a sort of whole-of-project cost assessment, and that's not just the stadium, because we're talking here about precinct enabling works, transport upgrades, public realm and urban renewal works, AFL-mandated facilities.

Mr ABETZ - The whole of precinct - are you talking about?

Ms O'CONNOR - Yes. The whole of project, so, Macquarie Point Urban Renewal. What is the government's understanding of the whole-of-project cost?

Mr HEALEY - Through you minister: you probably know under the governance oversight and assurance framework, what that does is sets all elements of the urban renewal, including the TA facility, the upgrades of the precinct generally. It requires the delivery of detailed project parameters for each of those components and those components also include detailed costs. You did mention the rapid bus transit. Some of those are outside of the responsibility of the oversight committee, but anything within the purview of the oversight committee, there is a systematic process of providing advice to government on the parameters within which each of those projects should be delivered. That's the primary control mechanism.

Ms O'CONNOR - Thank you. With respect, Mat, you didn't answer the question, but that's okay. I'm not surprised. Who chairs the governance oversight and assurance committee?

Mr HEALEY - The secretary of the Department of Premier and Cabinet.

Ms O'CONNOR - Okay, so Kath Morgan-Wicks chairs that.

Mr HEALEY - If I can be direct to your question, then, for those projects within the purview of that oversight, which is the Macquarie Point Urban Renewal-related projects, there is absolutely a process for making sure that we understand what the costs of all of those projects will be, and that advice is provided to government in a very systematic way.

Ms O'CONNOR - Okay. And it is not provided to the parliament or to the Tasmanian people. I'm with the minister now: last year when I asked you, for example, what the pedestrian upgrades along Davey Street might cost, you said something, and I don't want to verbal you completely, but you said something like, we don't think they're needed, or there was some statement that made me question whether or not those works would be done, let alone funded. I'm trying to get a picture here of

a more honest assessment of what the whole project will cost. I'm not having a crack at you, minister, it's the whole thing: the whole thing.

Mr ABETZ - You are.

Ms O'CONNOR - Well, you can handle that. You can.

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Mr ABETZ - You know I'm sensitive.

Ms O'CONNOR - Stop it. The question is: the government must have an understanding of the whole-of-project costs, not including building houses on the site. There's a whole lot of elements there, and we haven't even talked about the underground car park that's apparently been sort of abandoned. The whole-of-project costs, there must be an understanding of that beyond the stadium construction cost.

Ms BEACH - Through you, minister: there's a number of parts to that. There is the stadium budget that's public, the \$1.13 billion. There is the northern access road, which has also been in the last two budget papers for \$75.9 million.

Ms O'CONNOR - Static cost, apparently. Sorry, Anne.

Ms BEACH - It's okay. We have funds at bank to progress the precinct infrastructure, initial works that are required for the delivery of the commercial precinct on the eastern side and for the housing development. Our intent is to take those to market and be private sector led, so that's not a direct cost to us. We will be looking for those to be delivered as part of - we will be doing business case work, and our intent is for those to be fully commercially led.

Ms O'CONNOR - If there's no appetite in the commercial sector for these little slivers of land around a stadium, what happens then?

Ms BEACH - Through you, minister: they're pretty substantial pieces of land. There's 17,000 metres squared in the southern end of that commercial zone and then 10,000 in the north, and then there's also the space on TasPorts land that we're working on progressing how we deliver that together. To the extent that there were any issues with those, we would flag that with the minister, and he has previously indicated that that would be flagged with the community.

CHAIR - We need to wrap it up, because we've only got a 15-minute break and we will be back for a new portfolio that you're taking on today.

Mr ABETZ - Community Services: instant expert on it.

The Committee suspended from 5.02 p.m. to 5.23 p.m.