



PARLIAMENT OF TASMANIA

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**2005-06 BUDGET SPEECH**  
*'Our State. Our Lifestyle.'*

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BY  
THE TREASURER  
(THE HONOURABLE PAUL LENNON MHA)

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Delivered in the House of Assembly on 19 May 2005  
on the Second Reading of the Consolidated Fund  
Appropriation Bill 2005

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*Presented to both Houses of Parliament by the Governor's Command*



# MR SPEAKER,

The Tasmanian standard of living is the best it has ever been.

That has not come about by accident.

It has happened by design.

The design of a strong, stable majority Labor Government.

A Labor Government that has been prepared to intervene in the economy to make a difference.

A Labor Government that has been prepared to take the tough decisions when they were needed.

We've created an environment of confidence where Tasmanians and people from outside the State are prepared to invest in our future.

Today we add to those achievements.

When Labor came to office in 1998 Tasmania had the second worst taxation severity of any state in the nation.

This was identified by business as the major contributor to the low levels of economic activity that the State was experiencing at the time.

Today we rank behind only Queensland and the Northern Territory as a result of tax cuts delivered in previous Budgets.

Today I deliver a Budget that builds on that achievement with further tax relief of \$234 million over four years.

## Eliminating Net Debt

Mr Speaker, in 1998 we inherited a massive General Government Net Debt burden of \$1.6 billion.

We promised to eliminate this debt by 30<sup>th</sup> of June 2008.

Today I announce we will achieved our promise two years ahead of schedule.

Tasmania's General Government Net Debt will be totally eliminated by 30<sup>th</sup> of June 2006.

And Mr Speaker,

We've kept the Hydro in public hands.

## Bright Future

Mr Speaker today's Budget is framed in the context of a strong economic outlook.

Tasmanians have every reason to be optimistic and business has every reason to maintain its confidence.

Treasury has forecast economic growth at 3.25 per cent in the coming year and employment growth of 6 000 more jobs.

Employment is a remarkable story. At the end of March there were more than 218 000 Tasmanians in work. We have had 36 months of consecutive jobs growth.

Since 1999, 24 600 new jobs have been created.

Mr Speaker there are more Tasmanians than ever before in work and our unemployment rate has fallen to its lowest level in 20 years.

Our population is growing and our young people are returning to take up the new job opportunities we've created.

Just a few years ago our population was in decline. Now it is growing at more than 4 000 a year.

For decades Tasmania relied almost totally on the public sector for capital investment.

That has changed.

Private investment has grown by nearly 14 per cent a year since we came to office. In the 12 months to the end of last December it grew by nearly 25 per cent.

That is a real vote of confidence in the future of Tasmania.

Private sector confidence is a reflection too, of where Tasmania stands compared to other States.

The Competition Index shows that we are the best performing State in 17 out of the 34 indicators.

I want the momentum created by this Government to continue to propel the State forward.

This Budget reflects the Government's ongoing commitment to financial responsibility and strong economic management.

This Budget is about protecting our lifestyle and quality of life.

It is about keeping Tasmania moving forward.

In 1998, Labor set about the task of getting Tasmania back on track.

That task is not finished.

We know that.

We have made progress ... we are moving forward.

We are determined not to slide back into the uncertainty and pessimism of the past.

Tasmanians want and deserve to live in an atmosphere of optimism.

We all want our grandchildren to be able to enjoy the things that make Tasmania so special.

I want the people of Tasmania to be certain that their children can live here or return here ... because we all know it's the best place in the world to live and raise a family.

Mr Speaker,

I promised previously that as our finances improved, funding priority would be given to health, education and law and order.

Today we will deliver on that promise.

In this Budget, health and human services spending increases by \$187 million ... up 20 per cent on last year ... to a record \$1.2 billion.

Already this financial year we have added 25 specialist doctors and 114 additional staff for our public hospitals.

This Budget builds on that by providing for another 25 specialist doctors and 40 more staff at a cost of \$35 million over the next four years.

The health and human services Budget also provides for:

- more funding for child protection and case management;
- assistance to an additional 100 people with disabilities;
- more funding for adult dental health services;
- assistance to another 768 clients under the Private Rental Support Scheme; and
- assistance to another 200 households under the Private Rental Tenancy Support Service.

Mr Speaker,

We have made huge gains on last year's Budget, increasing funding for mental health services by \$18.2 million, up 20 per cent ... Disability Services by \$16.3 million up 17 per cent ... and public hospital services \$85.4 million, up 20 per cent.

The *Affordable Housing Strategy* has to date, provided direct benefits to more than 1 500 Tasmanian households.

And by the end of this year there will be 441 new homes and another 317 will be refurbished.

The Government will review the effectiveness of the *Affordable Housing Strategy* and assess future needs with the full involvement of key stakeholders such as TasCOSS, Anglicare and Centrecare.

We will consider the future of our *Affordable Housing Strategy* when we have that review.

Mr Speaker,

Today I announce significant measures to upgrade the Royal Hobart Hospital.

These measures will lift confidence in this significant public institution that plays an important part in the lives of Tasmanians.

The urgent needs of the hospital will be addressed by a special \$50 million capital program.

The upgrade will include:

- two new operating theatres and an expanded recovery area;
- adding 22 beds to Transitional Care facilities by developing another floor at the Repatriation Centre;
- greatly enhancing specialised care for our children by expanding and upgrading the neonatal ICU and developing a new paediatric ICU;
- improving facilities for pain management, ambulatory care and acute nephrology;
- \$15 million for the new Department of Emergency Medicine;
- more office space for the increased numbers of clinical staff;
- essential maintenance works; and

- a new Magnetic Resonance Imaging (MRI) machine at a cost of \$4.5 million.

Funding is immediately available for all these works and I expect them to be completed by December 2006.

## Education

Mr Speaker,

The Government is determined to protect the future learning opportunities of our children ... a sound education sets them up for life.

This year we will spend a record \$943 million on educating our children.

This record spending is highlighted by additional funding over four years, including:

- \$17 million to support students with high needs;
- \$3 million to help our brightest and most gifted students reach their full potential;
- \$7.8 million for laptops for teachers;
- \$1.4 million to open two new Online Access Centres; and
- a record \$50 million for capital works.

Mr Speaker,

Today I announce that the Government will investigate the need for a major new investment in education facilities in the region south of Hobart.

This is one of the fastest growing population centres in the State, and the demand for public education services is of course growing as well.

Accordingly, I have asked the Education Minister to chair a special taskforce and report to Cabinet as soon as possible.

Specifically, the Minister will report on whether the existing Kingston High School should be closed and a new High School and Senior Secondary College built on a greenfields site.

The investigation will involve detailed consultations with all stakeholder groups, in particular the Kingborough and Huon Valley Councils.

## Skills Training

Mr Speaker,

One of the major challenges for our growing economy is meeting the increased demand for skilled labour.

A positive challenge is far preferable to the despair of a decade ago when people had to leave the State to find jobs.

It is a challenge the Government will meet head-on.

The Budget includes a \$16 million package to improve the skills of Tasmanians.

Included in that amount is \$12.6 million for the Skills for Growth program to address those skills shortages that are constraining business and industry growth in the trades and new industries.

Another \$3.2 million will be available for training and initiatives to identify skills development opportunities and to improve job-readiness.

This funding brings to \$40 million the additional investment in skills development over the past two Budgets.

## Law and Order

Mr Speaker,

Tasmania is the safest State in the nation.

We intend to keep it that way.

It is part of the lifestyle that makes our State so attractive.

Nothing prevents crime better than police on the streets.

Therefore, today I announce increased funding for two additional intakes of police in the coming financial year.

That will be an extra 48 police on the beat.

They will be in addition to the regular intakes and the additional 27 police announced in last year's Budget.

Mr Speaker, this means that Tasmania's police strength will rise to 1 189 ... an extra 137 police officers since we came to office.

It is equally important our police have the latest scientific support available in the fight against crime.

We will spend an additional \$1.5 million this year on upgrading the Forensic Science Laboratories and more than \$1 million to upgrade the Government's radio network.

Now, to the prison ...

Work is well under way on the \$90 million Risdon Prison redevelopment.

This Budget funds another 53 new positions in Tasmania's Prison Service ... 30 extra custodial officers and 23 support positions, including facilitators, educators and psychologists ... at a cost of \$23.5 million over four years.

As a further part of our law and order strategy, we will provide additional funding for the office of the Director of Public Prosecutions of \$800 000 over four years.

This will provide the DPP with additional resources to better equip the Office to cope with increasing demand.

Another \$800 000 over four years will pay additional probation and parole staff, again to meet increasing demand for community correction services.

## Primary Industry

Mr Speaker,

A cornerstone of Tasmania's economy is its agricultural production.

We are the quality food area of Australia and Tasmanian produce is equated with excellence around the nation.

We will spend \$6.4 million over the next four years on the Biosecurity Tasmania initiative to effectively protect Tasmania's primary industries from biosecurity risks and to maintain the market prestige associated with our clean and green reputation.

This includes:

- extension of quarantine barrier controls to manage risks associated with increased vessel and flight traffic;
- increased pest surveillance to protect the State's plant industry; and
- simulation exercises to assess Tasmania's emergency response procedures to the outbreak of exotic pests and disease.

## Tourism

Mr Speaker,

Earlier this year the Government made a strategic investment in the future of the tourism industry by committing \$115 million over three years to support the *Spirit III* service between Devonport and Sydney.

We've already provided the first \$40 million.

This Budget provides an allocation of \$25 million.

In addition, we will provide special marketing funding of \$2 million for the *Spirit III* service.

Mr Speaker,

The Government recognises that the Port Arthur Historic Site, Cradle Mountain and Wineglass Bay are three of the major tourism icons in the State.

This Budget provides \$10 million over the next five years to continue conservation works at Port Arthur; \$6.7 million to improve water; sewerage and other facilities at Cradle Mountain; and \$1.2 million to improve visitor access to Wineglass Bay.

## Pulp Mill Readiness

Mr Speaker,

The Government is determined to ensure that Tasmanian business derives the maximum opportunity from the development of a world-scale kraft pulp mill in Tasmania.

Tasmania is in the unique position of being able to add value to its resource-based industries by the establishment of a pulp mill at Bell Bay.

The Government has set the world's toughest guidelines for a kraft pulp mill.

No mill can be built in Tasmania unless it meets those guidelines to the satisfaction of the independent Resource Planning and Development Commission.

That process will go on into next year. In the meantime we need to get Tasmania pulp mill ready.

We will spend \$2 million over two years to help local suppliers and businesses prepare themselves for the construction of a mill and the opportunities it provides.

## Roads and Infrastructure

Mr Speaker,

Today's Budget invests \$600 million over the next four years in improving Tasmania's vital infrastructure.

Of this amount, the State Government will put a further \$271 million into our roads and bridges. Commonwealth road funding will be in addition to these amounts

Additional infrastructure investment includes:

- another \$54 million for works ranging from information technology to low-cost housing;
- \$10.7 million for the Stage 2 Gas rollout; and
- more than \$80 million in health and \$50 million in education upgrades.

## The Environment

Mr Speaker,

Last weekend we added to Tasmania's forest and conservation values.

Today I announce a package of measures that for the first time creates a focus on the environment in which Tasmanians spend most of their time – their homes, communities and work places.

The Living Environment Program is a \$4.6 million comprehensive package of measures which includes better management of household wastes, cleaner urban waterways, tackling community noise, less household water wastage, managing contaminated urban sites and an innovative web-based Environmental Challenge.

## TSO

The Tasmanian Symphony Orchestra is an icon of which the State can be justifiably proud.

The Orchestra is recognised nationally and internationally and the State Government is committed to continuing financial support.

Therefore, we will provide more than \$2 million additional funding over the next four years to support the TSO.

## Tax Relief

Mr Speaker,

I now turn to measures in this Budget, which provide significant taxation relief for Tasmanian business and families.

As I mentioned earlier, over the next four years, this Budget delivers additional tax relief of \$234 million.

From the 1<sup>st</sup> of July 2005 land tax receipts will be reduced by 25 per cent at a cost of \$13 million per annum.

From the 1<sup>st</sup> of July 2005 debits duty will be abolished at a cost of \$25 million per annum.

From the 1<sup>st</sup> of July 2006 mortgage duty will be cut by 50 per cent and from the 1<sup>st</sup> of July 2007 abolished completely, saving business and families \$17 million in a full year.

From the 1<sup>st</sup> of July 2008 non-real-property business conveyance duty will be abolished at a cost of \$10 million per annum.

Mr Speaker, following a review of the First Home Owner Duty Concession introduced in the 2004-05 Budget the Government will provide concessional duty relief to first home buyers permanently.

Relief from conveyance duty will continue to be available up to a maximum of \$4 000 at a cost of \$8 million per annum.

Further assistance will be provided to young couples and families by the introduction of a stamp duty refund on the purchase of land on which a first home is constructed.

This measure will be backdated to the 20<sup>th</sup> of May 2004.

This measure is estimated to cost \$275 000 in a full year.

The taxation relief measures that I have announced today mean that the level of annual taxation relief that the Government has provided since we came to office will rise to \$119 million in 2005-06, and by the 1<sup>st</sup> of July 2008 to \$148 million.

## Strong Financial and Economic Management

Mr Speaker,

Strong financial management has been a hallmark of the Government since we came to office in 1998.

Today we have delivered on our commitment to eliminate General Government Net Debt two years ahead of schedule.

This means from the 30<sup>th</sup> of June 2006 we will no longer have to pay more than \$150 million in interest payments each and every year.

This means that there is an extra \$150 million that is now being invested into government services such as health, education and law and order.

The performance of the economy means that Government revenue has been strong.

While we are budgeting this year for a small Fiscal Deficit of \$5.5 million, the Forward Estimates show solid surpluses in the years ahead.

This Government has a record of strong financial management that is second to none.

For the future of Tasmania, this Government will not move away from its commitment to responsible economic and financial management.

I am not interested in the State living beyond its means as it did in the dark days that sent Tasmanian plummeting into debt.

That's what got us into trouble a decade ago and no-one wants to go back there.

We have held the line on retiring debt.

And that is now paying off.

## Summary

Mr Speaker,

This is a forward-looking Budget that positions Tasmania for an even brighter future.

It is a Budget that maintains and enhances what we value most as a community ... our quality of life.

It is a Budget that responds to our immediate priorities as a community.

It is a Budget that provides for our future needs through taxation relief increased funding for health, education, law and order and investment in vital infrastructure as well as a range of other important Government services.

It is a Budget that only a stable majority Labor Government can deliver.

I commend the Bill to the House.