



Tasmania

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PARLIAMENT OF TASMANIA

2002-03 BUDGET SPEECH

'Jobs, People, Progress'

BY

THE TREASURER

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MR SPEAKER

This is a Budget that cares for people. This is a Budget that gives hope to the most disadvantaged in the community – the unemployed, the sick, the elderly and the young.

At the same time, it is a Budget that continues on the economic and financial progress of the last three and a half years.

This is the fifth budget of the Bacon Labor Government, and like the previous four budgets, it is about jobs, people and progress.

Mr Speaker, along with people, jobs remains the Government's number one priority. Together with the Industry Plan laid down on day one of this Government, this Budget like the previous four, provides significant funds to promote and enhance major developments, and to create a more competitive business environment.

Initiatives to achieve this include:

- further reductions in state taxation of \$9.4 million, building on the \$34.7 million State funded tax relief of the last budget;
- \$44 million per year over four years to enable the purchase of two high-speed monohulls, heralding a new era for tourism in the State. These vessels represent the most significant purchase of any previous Tasmanian Government, guaranteeing tens of thousands more people visiting our State and thousands more jobs for Tasmanians; and
- a \$30 million major projects fund to enhance and create new opportunities around the major infrastructure projects of gas, wind and fibre optics.

Mr Speaker, putting people first by providing better and more responsive services to the Tasmanian community has been a hallmark of the Bacon Government. Building upon its previous four Budgets, this Budget takes the total increase in funding for social and community services to \$190 million each year in real terms. This massive injection of funds represents an increase of 14 per cent in real terms since 1997-98, an increase necessary to address the neglect through most of the 1990's.

This Budget delivers a \$96 million increase on last year's funding for services, with emphasis on health, education, the environment and law and order.

Funding initiatives putting people first include:

- a \$21 million increase in base funding for Health to cope with the increased demand pressure on our public health system;
- \$5.3 million for new dental services and \$5 million extra to increase elective surgery over four years;
- increased State funding together with Commonwealth matching funding to deliver \$2.3 million extra each year for Home and Community Care;
- \$1.8 million over three years for students who are at risk of failing to receive an adequate education;
- \$2 million recurrent in extra assistance for parents on low incomes to help meet the cost of education;
- \$2.4 million over two years injected into the Fox Free Tasmania program; and
- \$4.5 million to progress the Water Development Plan.

Mr Speaker, the important progress made in Tasmania over the past three and half years has been underpinned by strong financial management, reducing debt and delivering greater budget flexibility. This important process is continuing on in this Budget with a new set of bold financial targets.

This Budget provides for expenditure of \$2.42 billion and a consolidated fund surplus of \$8.5 million.

Revenue growth has been delivered through an increase in relativity as determined by the Commonwealth Grants Commission of \$32 million, a higher population share, and anticipated growth in own source revenue due to an expected increase in economic activity.

\$60 million in surplus funds from the current financial year will be carried over into the new financial year to provide for the \$30 million Major Projects Fund and a new \$30 million Social Infrastructure Fund.

The \$60 million surplus funds have arisen mainly as a result of lower interest payments due to debt reduction, and a one-off increase in stamp duty from better than expected real estate activity, and building and construction activity.

Mr Speaker, like the previous four budgets, this budget underpins a clear strategic approach by the Government to deliver three major objectives – sustainable jobs, improving services to people and progress through financial management.

This strategic approach by the Government since its first budget in November 1998 has delivered significant benefits to the State and is about to launch Tasmania into a new phase of industry development, not seen since the early days of Hydro industrialisation.

Sustainable Jobs

Mr Speaker, in relation to the first strategic objective, with approximately 20 per cent of the State's production being exported overseas; 30 per cent being consumed interstate and 50 per cent being consumed locally, there is much a state government can do to influence growth in all three areas. The Government's industry focus has been directed to this end.

However, equally, Mr Speaker, factors beyond State Government control impact on these areas as well.

Factors such as international events determining demand for our exports, interest rates, inflation, the value of the Australian dollar, commodity prices, Federal Government taxation, and national economic growth can all impact in either a positive or negative way.

The State Government's approach to promoting growth and jobs in all three areas of production has been, and will continue to be, to secure major developments and create a more competitive business environment by:

Firstly measuring, addressing and monitoring a range of areas impacting on competition - such as labour costs and other business costs including energy and freight costs, skill levels and other areas as indicated in the Government's Competition Index document.

Secondly, by promoting enterprise development in Tasmanian businesses and promoting major infrastructure projects through the many specific industry programs contained in the Government's Industry Plan.

Thirdly, by continuing the process of eliminating anti-competitive features in legislation that do not have a public benefit.

Mr Speaker, this strategic approach to a more competitive business environment has assisted the State's recovery since early 1999 which has seen the creation of around 3 500 new jobs, and on average the unemployment rate reducing from 10.5 per cent on coming to office to 8.6 per cent, substantially due to job growth.

This strategic approach will guarantee an accelerated jobs recovery in the coming years.

Mr Speaker, let me briefly remind Members of the economic situation prior to this government coming to office.

At that time many considered Tasmania a basket case; a rust belt.

An unemployment rate stuck above 10 per cent, job opportunities plummeting with 6 000 jobs lost in the previous two years, and along with this, Tasmanian population in free fall. This was at a time when the national economy was growing at 4 per cent per annum, had been for six years, and had created 300 000 jobs in the two years Tasmania lost 6 000.

Mr Speaker, the State was paralysed by minority government, business confidence was all but gone, and the State Government/Local Government divide had become an abyss.

There had been much talk of major projects, but the State had not seen one in over 20 years.

People in the community were wondering if Tasmania could ever again achieve a major development in the State.

The real irony Mr Speaker, selling off our wealthiest assets, the electricity entities, proposed as a saviour by some for our economic woes, would have made it impossible to secure the major energy infrastructure developments we are seeing now and which will underpin Tasmania's future employment growth.

Mr Speaker, Tasmania has turned the corner, make no mistake about that, and our future is very bright.

Construction of the gas pipeline across Bass Strait and its on-land laterals is well underway and will be completed by August this year.

This is the first major development in the State in over 20 years and has been of immense psychological as well as material importance to the State.

The construction of the gas laterals in the North and Northwest has enabled fibre optic cable to be laid simultaneously, and this cable will be a precursor to a fibre optic network direct to households and business throughout the State as gas is reticulated later this year.

Together these major infrastructure developments will not only generate jobs in the construction phase, and new opportunities around the major developments, they will underpin sustainable growth opportunities throughout the state as a result of a more competitive business environment in energy and telecommunications.

Mr Speaker, Basslink will occur, and with it comes the opportunity to expand wind energy production from a \$200 million project already underway to over \$1 billion over the next ten years.

Wind development, apart from its direct investment, has already secured flow on investment with the announcement by Vestas to set up a manufacturing plant for the components of the windmills in the North West of the state.

The recent purchase of the two, high-speed monohull ferries to service Bass Strait represents a third important area of infrastructure development for Tasmania, that of tourism transport, and freight. This together with energy and telecommunications infrastructure provides another huge competitive injection for the state.

The State Government's announcement in last year's Budget to provide \$10 million to develop irrigation projects has progressed now to the point where the Meander Dam project will commence later this year.

This will be the first step in providing new irrigation schemes in the State to assist reaching the target of doubling Tasmania's primary industries output by 2008 and to increase the value of production to \$2.5 billion.

Mr Speaker, the State Government has worked hard to secure these major infrastructure developments for Tasmania, developments which will underpin the state's economic future.

Getting the major infrastructure developments to the point where they are now a reality has not been easy and has involved a range of complex analyses and transactions. This has only been possible because all government agencies have been adequately resourced and have co-ordinated their activities under the Government's Industry Plan and Financial Plan, and with the State's electricity assets in public ownership.

Mr Speaker, this is a Government that sets bold targets.

Integral to the Government's strategic approach, bold targets have been set to assess Tasmania's progress in creating sustainable jobs, improving services to people and putting the State's finances on a continually improving path.

Mr Speaker, some of these targets have been achieved well ahead of schedule, while others remain and will continue to be pursued.

The Government's financial targets have been achieved two years ahead of schedule. The Government's target of reversing population decline and returning to population growth has been achieved, despite the Opposition's claim it couldn't be done.

The Government has achieved its aim of returning the State to job growth. However, while the State has experienced a recovery since early 1999, overall the last financial year saw employment levels drop off. The 197 100 Tasmanians employed in April 2002 is around half a percent less than the number at the beginning of the 2001-02 financial year.

The \$152 million financial stimulus in last year's budget clearly played a part particularly in the North West, where job growth has occurred assisted by the State and Commonwealth Government's capital investment programs.

Had this \$152 million stimulus not been in place, then it is obvious substantially larger job losses would have occurred.

A reduction in the unemployment rate has been achieved - 10.5 per cent to 8.6 per cent over the past three and a half years - substantially due to jobs growth. A reduction in the number of unemployed Tasmanians has been achieved - the unemployment queue has reduced by more than 4 000 people. However, a drop in employment levels over the past year means the State will not reach the national unemployment rate over the next 12 months.

Mr Speaker, it must continue to be the bold target of all Tasmanian governments to reduce our unemployment rate to at least the rate of the rest of the nation.

Mr Speaker, as I've said, the Government's target of returning to population growth within our first term has been achieved. ABS figures for the September quarter show Tasmania's population back in growth and ABS figures provided to the recent Treasurers' Conference show further growth of 700 in the December quarter 2001.

The State Government's integrated population strategy released in February 2001 details the important policy measures the Government has taken since coming to office and will continue to take to reverse the population freefall under the previous government.

These set of integrated policies are working and will continue to work to maintain population growth into the future.

Mr Speaker, as I mentioned at the beginning of the speech, while there is much a State Government can do in an economic sense, there are economic influences beyond State Government's control which can impact adversely.

Some of these important influences have not been favourable to Tasmania over the past 12 months, such as the national economic downturn which saw national economic growth reduce by nearly half

to just over two percent over the calendar year 2001, and a world economy in decline exacerbated by the events of September 11.

Given 50 per cent of production in Tasmania goes interstate or overseas, it is easy to see how major national and international downturns as experienced over the past 12 months have impacted on Tasmania's employment growth.

However, the economic influences outside State Government control I have referred to are predicted to be overwhelmingly positive over the next 12 months and beyond.

The international economy is picking up and set to accelerate in 2002-03. The national economy is set to return to the four per cent average growth level it had experienced between 1992 and 2000.

The combination of the low Australian dollar and commodity prices is looking positive for Tasmanian exports; and interest rates and inflation, while moving higher than recent low levels, are still predicted to be positive for general business conditions.

Mr Speaker, this combination of unprecedented infrastructure development in the State and overwhelmingly positive national and international economic parameters places Tasmania in the best position for growth it has seen for decades.

Treasury has estimated infrastructure investment over the next three financial years in Tasmania will elevate private investment in real terms to around 30 per cent higher per year than the average of the past 15 years.

There has been significant momentum in the building industry in Tasmania, and this coupled with the major infrastructure projects underway will see high levels of building and construction activity over the next 12 months and beyond, when other States will be experiencing a slowdown in activity.

Consumer spending has remained very strong, increasing by 2.4 per cent in the December quarter 2001 on the same time the previous year, and this is expected to maintain its momentum over the next 12 months.

Mr Speaker, Treasury has estimated jobs growth to be around 4 000 over the next 12 months and forecast a continuing reduction in the unemployment rate to 8.4 per cent.

This forecast has been consistent with recent assessments by Access Economics which has now included the major infrastructure projects in its analysis, and is now predicting similar job growth.

It is also consistent with the most optimistic outlook in recent times recorded by the latest Tasmanian Chamber of Commerce and Industry/Commonwealth Bank survey, and consistent with the recent ABS Australian Business Expectations and Yellow Pages Index.

Mr Speaker, consistent with the Government's strategic objective of a more competitive business environment, this Budget provides for a \$30 million major projects fund to be expended over several years to ensure that new opportunities associated with the major infrastructure developments of gas, wind and telecommunications are optimised and enhanced.

And Mr Speaker, this Budget builds on the \$27 million recurrent business taxation cuts contained in last years budget, with a further \$9.4 million recurrent taxation reduction package.

This year's taxation package is directed towards small and medium sized business and microbusiness.

This package eliminates a number of duties including lease duty, a range of miscellaneous duties, non-quoted marketable securities duty and hire of goods duty. It also eliminates duty on public liability premiums at a cost of \$1.7 million per annum, giving relief to small business and community groups alike.

The abolition of duties on the hire of goods, at a cost of \$4 million per annum, will provide the many small businesses and self-employed significant relief on hiring of equipment.

This package also lessens the burden of land tax on small business at a cost of \$2 million per annum.

The reduction in land tax will be achieved by raising the general threshold below which no tax is payable from \$1 000 to \$15 000, and by reducing the number of steps in the land tax scale. The effect will be to deliver a relatively higher benefit to those with lower valued land and will particularly assist small business owners.

Furthermore, a rebate will be provided to those homeowners in transitional circumstances who incur a land tax liability through moving from one residence to another.

Mr Speaker, over the last financial year and this coming financial year, businesses in Tasmania will have received taxation cuts totalling over \$35 million per annum – by far the largest in the State's history, and there can be no dispute now that Tasmania is a low tax state.

Mr Speaker, the independent Commonwealth Grants Commission each year releases a State-by-State comparison of taxation severity. This comparison is recognised as the official overall State-by-State comparison of taxation levels including payroll tax.

This is the measure Queensland used to claim its place as the lowest taxing State in Australia. It is also the measure Victoria has used to claim this year it is a lower taxing State than NSW.

Mr Speaker, the independent Grants Commission in its recent report shows Tasmania's overall tax severity is the second lowest of all the States and Territories behind only Queensland. In contrast, Tasmania in 1996 was the second highest taxing State.

Surely Mr Speaker, if Queensland and Victoria regularly quote this measure as the benchmark for taxation competition, in fact recognised by all the State and Territories as such, then Tasmania can correctly claim our State is the most competitive business taxation environment in Australia outside Queensland.

The State Government's belief, Mr Speaker, is that in the next report by the Grants Commission, as a result of this Budget's taxation initiatives, Tasmania will have close to the lowest overall tax severity in the nation.

Mr Speaker, consistent with my commitment last year to publish a State by State comparison of the effective payroll tax rate after the payroll tax cuts in last year's Budget, this has been included in the Budget papers.

What it demonstrates is that using average Australian wages for a business employing up to 50 employees, Tasmania has the lowest effective payroll tax rate of all the States and Territories except the Australian Capital Territory. 98 per cent of all Tasmanian businesses fall within this category.

For businesses employing up to 100 employees, Tasmania has a lower rate than Victoria, New South Wales, Queensland, South Australia and the Northern Territory.

For businesses employing 200 employees, Tasmania has a highly competitive rate below the average of all the States and Territories.

For those businesses wanting to relocate to Tasmania or Tasmanian businesses wanting to expand up to 200 employees, which accounts for 99 per cent of all businesses in the State, Tasmania either has the lowest effective payroll tax rate or a rate below the average of all the States and Territories.

The Government's message to the business community in Tasmania is very clear. The competitive business environment is the best it has ever been in the State; an unprecedented number of major projects are occurring or about to occur creating a range of indirect business opportunities; and the national and international economic outlooks are overwhelmingly positive.

Now is the time to get on with the job and invest with confidence in the future of Tasmania.

Mr Speaker, the strategic approach of promoting major developments and producing a more competitive business environment, as I have outlined in this section of the speech, is fundamental to the well being of the whole Tasmanian community. It is all about creating opportunities and jobs for Tasmanians.

It will underpin the attainment of the many economic and social benchmarks laid down in the Tasmania *Together* process, and is fundamental to maintaining our population growth.

Improved Services to People

Mr Speaker, the Bacon Government's commitment to improving services to people, as in the previous four Budgets, has not been applied by a government deciding unilaterally what is best for the community.

This commitment has been based upon wide community consultation through the processes of Tasmania *Together*, partnership agreements with Local Government, and regular consultations across agencies with community groups and individuals.

This community consultation process has included 30 community forums held throughout the State over the past three and a half years where Ministers and Agency Heads have been able to directly address issues of concern in a variety of communities throughout the State.

Over the past few years through these processes, community organisations have highlighted the plight of the disadvantaged in our society, and the need for improved services delivered by Agencies to communities throughout the State.

In the previous four Budgets, the Government has given a very high priority to re-establishing and improving these services – services that were underfunded and rundown for many years.

The Budget before last provided a \$30 million recurrent social package to assist in funding a range of social services. In last year's Budget this was supplemented with a \$20 million Social Infrastructure Fund, and the provision of \$65.7 million in extra funding for social services.

Mr Speaker, this Budget continues on the second strategic objective of the Government, that of providing improved community services.

This Budget commits once again to a massive injection into government services, with particular emphasis on Health, Education, Law and Order, and the Environment.

This Budget provides for increased service-related spending of \$140 million on 2001-02. After excluding the \$44 million as the State's contribution to the purchase of the Bass Strait ships, there has been an increase in Agency spending of \$96 million.

Mr Speaker:

- Health receives a boost of \$48 million;
- Education receives an increase of \$30 million;
- Justice receives an extra \$8.5 million; and
- Environment has an additional \$7.9 million.

Consistent with the Government's financial strategy of one-off spending as budget flexibility allows, as mentioned previously, \$60 million in surplus funds have been carried forward from last year's Budget to establish a \$30 million Social Infrastructure Fund as well as the \$30 million Major Projects Fund.

Legislation to achieve this carry forward, as last year, will be introduced with the Consolidated Fund Appropriation Bill.

Mr Speaker, additional funds in this year's Budget from the \$30 million Social Infrastructure Fund; increased agency allocations; new funds from the capital investment program, and the \$30 million Major Projects Fund will deliver significant benefits to the Tasmanian community in the coming financial year and beyond.

These funding sources together will provide a range of new initiatives:

- Increased base funding for Health and Human Services of \$21 million will deliver Health the ability to provide for improved services in our hospitals, in community health centres and for people with disabilities in community settings, as demands of an ageing population increase.
- Increased funding of \$12.2 million for Law and Order including \$4.3 million in base funding for justice services.
- A \$15 million package to support Tasmanians on low incomes who are disadvantaged or are in poor health, including:
 - \$5.3 million over four years for new dental services;
 - \$5 million over four years to increase elective surgery at public hospitals;

- increased State funding for Home and Community Care ensuring an extra \$2.3 million per annum will be available for people with disabilities;
- an increasing amount, starting at \$250 000 in the first year, for pensioner rate remissions;
- an increase to 50 per cent in the taxi fare concession for people with disabilities;
- \$1.8 million over three years for Education to assist students at risk of failing to receive an adequate education;
- \$2 million recurrent in extra assistance for parents on low incomes to help meet the cost of education;
- \$350 000 recurrent in increased funding will be provided to Education for students with disabilities; and
- a 50 per cent increase in the isolated students conveyance allowance from 8 cents a kilometre to 12 cents a kilometre.

Further, a \$20 million program will provide better community facilities in regional Tasmania.

This \$20 million program includes upgrades of the Georgetown, Scottsdale and Smithton district hospitals; expansions at the Tasman multipurpose centre and a new linear accelerator at the Royal Hobart Hospital.

This program includes \$8 million for community renewal from the Social Infrastructure Fund, \$1 million of which will go to the Low Head Pilot Station development.

A \$76 million road program providing road and bridge maintenance and construction throughout the State is also included in the Budget. The Minister for Infrastructure, Energy and Resources will be providing details next week on the four-year forward program.

In addition to these programs, total funds provided to non-government service providers and community organisations in 2002-03 will be \$112 million, an increase of \$6 million or 2.6 per cent from 2001-02. This includes funds provided through the two main community grant programs – the Tasmanian Community Fund and the Community Support Levy.

Mr Speaker, State Government funding for the arts has increased by 106 per cent since 1998.

This budget continues Labor's support for the arts and cultural industries, with new initiatives in excess of \$400 000 in addition to recurrent funding for the sector. Importantly, this Budget also includes \$1.6 million over two years for the redevelopment of the Theatre Royal.

Mr Speaker, one of Tasmania's greatest assets is its unique environment, an asset acclaimed worldwide.

Maintaining and improving our environment is important to Tasmanians, and important to our economy. Tasmania's clean air and water, and its pest and disease free status are integral to growth in industry sectors like tourism, food and wine.

The State Government's discretionary funding has always provided the vast majority of management services each year for our environment, including our world heritage areas. The State this year will be providing \$90 million in discretionary funding for this purpose.

The Commonwealth Government has always provided additional funding under specific purpose allocations.

Over the last five years the Commonwealth has provided a National Heritage Trust which delivers funds to all States and Territories for specific projects relating to national heritage. This was continued on in last week's Federal Budget where a further National Heritage Trust program over five years was provided for.

In recognition that Tasmania manages its own world heritage areas, and has by far the largest proportion of its landmass in world heritage, for 19 years successive Federal Governments have provided an additional recurrent allocation. Over the last four years this has amounted to \$5.3 million per annum.

Mr Speaker, in last week's Federal Budget this recurrent funding, provided by successive Commonwealth Governments for 19 years, was terminated.

The one-off funding for States and Territories through the National Heritage Trust has remained for individual projects, but the recurrent funding has been removed. This is a huge penalty for Tasmania and the State Government will have to provide funds from the Treasurer's Reserve, normally used for unforeseen circumstances that develop throughout the financial year.

The State Government has funded a range of new environmental initiatives in this year's Budget.

- \$2.4 million over two years for a Fox Free Tasmania;
- \$4.5 million to progress the Water Development Plan;
- \$1.1 million recurrent funding for water management and assessment;
- \$2.1 million to continue the \$10 million upgrading program of infrastructure at Cradle Mountain;
- \$850 000 for improving waste reduction; and

- a further \$1 million rolled back into visitor facilities in parks and reserves.

Mr Speaker, the continued massive injection of funds into community services will be fundamental to achieving the many social benchmarks laid down in the Tasmania *Together* process relating to health, education, the environment and law and order.

Progress through Financial Management

Mr Speaker, I now want to turn to the third strategic objective of the Bacon Government since coming to office – that of providing strong financial management to reduce debt and deliver greater budget flexibility.

Three and a half years ago at the last State election, the Tasmanian community was told time and time again by the previous government, the State had a debt crisis and the only way out was to sell our electricity assets.

Mr Speaker, on coming to office in September 1998 the Bacon Government inherited very high levels of debt, huge annual interest payments and a budget which still had to borrow over \$30 million per year to provide government services. Creative accounting was being employed in the Health Department in order to balance its books, and a rapidly growing unfunded superannuation liability urgently needed to be addressed.

Within eight months the Bacon Government had eliminated the \$37 million budget deficit and produced the first balanced budget for over 100 years. Within eight months the Government had set a comprehensive range of financial targets to be achieved within five years including substantially reducing State debt.

This was before the never-ever GST, when the GST was just a twinkle in Peter Costello's eye.

Total public sector net debt which stood at \$2.7 billion on coming to office will be reduced to \$1.8 billion by the end of the 2002-03 financial year.

Importantly, the General Government component of net debt will have more than halved from \$1.6 billion on coming to office to \$675 million by the end of 2002-03 financial year.

The General Government net debt Mr Speaker, is the debt which has accumulated over decades to prop up government services, and along with it, increasing annual interest payments to service the accumulated debt.

Interest payments consumed \$155 million of government revenue when the Bacon Government came to office.

The significant reduction in General Government net debt over the five Bacon Government budgets has reduced annual interest payments to \$71 million, delivering a recurrent saving of \$84 million per annum.

This annual saving has significantly assisted the Government in delivering greater budget flexibility, and will provide continued flexibility into the future as general government net debt is progressively reduced.

Mr Speaker, the massive improvement in the State's finances over the five budgets of the Bacon Government has been brought about by strong disciplined financial management working to a financial plan with clear, bold targets.

The five-year financial targets laid down in the first budget have been exceeded, and this budget provides for a new set of bold financial targets for the state.

These new targets will see:

- General Government net debt and interest payments eliminated by 30 June 2008.
- Total State sector net debt reduced to less than \$1 billion by June 2008. At this level it will be less than one-third its peak of \$3 billion in June 1995.

Budget Paper No. 1, page 18 clearly sets out the new financial targets which also demonstrates that the unfunded superannuation liability, which four years ago was predicted to take 60 years to eliminate, will now be eliminated within 16 years.

Mr Speaker, the Financial Plan embarked upon in the Bacon Government's first Budget and continued on in this Budget has extracted Tasmania from the never-ending disastrous debt, interest spiral.

It has produced an upgrade in our credit rating to AA and importantly, it has also positioned Tasmania financially to become the strongest performing State in the nation in the years ahead.

Positioning Tasmania to reach this point is not an achievement which has been pursued for its own sake.

This achievement has been pursued because of the very important benefits the entire Tasmanian community will derive.

Benefits such as increasing resources for community services, increasing business and community confidence, in the knowledge that new taxes or tax increases will not be imposed; a community

confident that all government resources are being injected into productive outcomes not burdened by the dead hand of debt and interest payments.

Positioning the State financially in this way has been achieved without redundancies; with greater expenditure on government services and with significant reductions in taxation benefiting both the business community and the wider community.

It has been achieved while maintaining full public ownership of our electricity businesses, which has been of vital importance in securing the major infrastructure projects I referred to earlier in my speech.

This strategic approach to managing the State's finances underpins the achievement of not only the financial goals, but the vast majority of the goals contained in the Tasmania *Together* document. It also positions the State in future years to deal better with the challenges imposed by an ageing population.

Conclusion

Mr Speaker, this fifth Budget of the Bacon Government continues on and encapsulates the significant progress the State has made over the last three and a half years.

On coming to office Tasmania was a State going nowhere but down relative to the rest of Australia.

A community divided, and plagued by the instability of minority government.

Community services were under-funded and rundown and the business community had no confidence whatsoever in investing in the future of the State.

Mr Speaker, the last three and a half years have been very different.

The State is clearly on the path to substantial recovery.

The five Budgets of the Bacon Government have underpinned the Government's strategic objectives directed towards sustainable jobs, better services to people, and progress with debt reduction delivering greater budget flexibility.

The State Government's strategic approach has not only delivered progress over the past three and a half years but has provided the platform for accelerated progress in the coming years.

This is a proud legacy of the Bacon Government that no amount of talking down can destroy.

Mr Speaker, the State has come a long way, but we do have a way to go.

One thing we can all be certain about is, when we roll up our sleeves and work together with strategic objectives focused on jobs and people, Tasmania can make considerable progress.

Mr Speaker, this Budget testifies to that.

I commend the Bill to the House.