

2005-06

TASMANIAN BUDGET

Presented by the Honourable Paul Lennon MHA, Premier and Treasurer



Our State. Our lifestyle.

AT A GLANCE



Tasmania

Treasurer's Message

Highlights of 2005-06 State Budget

- 1. \$1.5 billion in additional expenditure over the next four years.**
- 2. Record spending in 2005-06 for health (\$1.2 billion), education (\$943 million) and law and order (\$244 million).**
- 3. A \$600 million investment in Tasmanian infrastructure.**
- 4. \$234 million in additional tax cuts for the Tasmanian community.**
- 5. Strong short- and long-term financial results.**
- 6. General Government Net Debt to be eliminated by 30 June 2006.**
- 7. 6,000 additional jobs to be created in 2005-06.**
- 8. Continued positive population growth.**



This year's Budget provides exciting opportunities for Tasmania.

Our strategic fiscal program since 1998 has made Tasmania's unique lifestyle even better and we are working vigorously to protect and enhance the quality of life in Tasmania.

Tasmanians treasure our natural advantages, the privileges of our island status and the ability to forge our own future.

The 2005-06 Budget is geared at safeguarding the lifestyle values that set us apart and make Tasmania an increasingly attractive place to live in – particularly for young families and young people wanting to build their future here.

This year's Budget sees record spending in health, in education and in public safety.

There is a wide range of programs revolving around the quality of life that Tasmanians enjoy.

In arts and cultural activities, more money is being provided for the Tasmanian Museum and Art Gallery and we are continuing to support our iconic symphony orchestra.

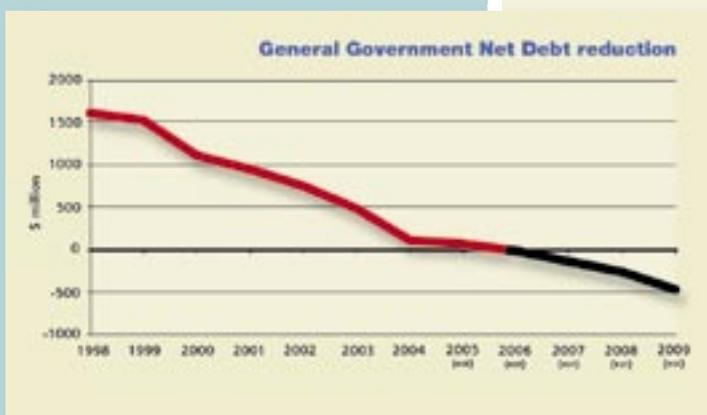
And speaking of icons, ambitious conservation projects at Port Arthur's Separate Prison, Penitentiary and Dockyards have been funded to ensure that the heritage values of the internationally-significant tourist destination are preserved.

The living environment program has been framed to make our living standards cleaner and more environmentally-sustainable.

As well, we are continuing to attack state debt, freeing up money that would otherwise have gone on interest payments.

That means more money for the things we want to do to improve our lifestyle.

This year's Budget is strategic and forward looking, with benefits for every Tasmanian.



\$1.6 billion in General Government Net Debt has been wiped out in just seven years.

Paul Lennon

Premier and Treasurer

Every Tasmanian is proud of our special lifestyle. It's a lifestyle that means so many different things to so many Tasmanians. It's a lifestyle that delivers jobs to our people, provides quality health and education services to the community, extends a helping hand to those most in need and provides a safe and caring environment in which families can grow. It is also a lifestyle that is deeply rooted in our wonderful environment. An environment that has led to a world-wide reputation for quality in our work, our produce, our creativity and our people.

Since first elected in 1998, this Government has had a vision for Tasmania and a desire to continue to improve our wonderful lifestyle. This vision and desire is at the very core of the 2005-06 Budget.

Our Health

The foundation of our lifestyle is health and the health of Tasmanians has been a number one priority for this Government. There is no clearer indication of this priority to the Government than the massive 74 per cent increase in direct funding to the Health Department which has been delivered since 1998. The 2005-06 Budget continues, and significantly extends, the State Government's investment in better health services for all Tasmanians.

Our Hospitals

- **\$496 million** more over the next four years for hospitals and ambulance services – taking total funding every year to over \$550 million, or more than \$10 million each week, including:
 - **\$21.2 million** more for ongoing costs of the Better Hospitals 1 package, including more than 150 extra positions for doctors, nurses, health professionals and support staff.
 - **\$15.4 million** more to improve services in the north-west.
 - **\$8.8 million** more for a second round of the Better Hospitals package to increase the number of specialist doctors by 25 FTE positions, together with additional nurses and other support staff.
 - **\$4.5 million** to meet 2005-06 costs of the staff specialists package, which has boosted recruitment and retention of specialist doctors across the hospital system.
- **\$50 million** for the redevelopment of the Royal Hobart Hospital, including a \$5 million project to double the size of the Transition Care Unit in Davey Street, \$15 million for the Department of Emergency Medicine, and \$4.5 million in 2004-05 for a new magnetic resonance imaging (MRI) machine.
- **\$27 million** in 2005-06 and following years for health infrastructure, including regional hospitals at Scottsdale, Smithton, Queenstown and George Town.

Mental Health

- **Over \$100 million more** for mental health over the next four years, including:
 - An extra \$47 million to meet 2005-06 costs of the *Bridging the Gap* mental health development program, including the creation of an additional 48 FTE clinical positions.
- **\$5 million** to open a 12-bed cluster house in Hobart providing 24-hour, seven-day-a-week supported accommodation for the south; build a 12-bed cluster house at Ulverstone for the north-west; and progress a \$2 million, 12-bed, high-support community mental health facility in Launceston for the north.



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Disability Services

- **Over \$80 million more** for disability services over the next four years, including:
 - **\$14.8 million** to implement the results of the review of Disability Services.
 - **\$15 million** to ensure the continuation of services to 55 clients through group homes, intensive support services and acquired brain injury accommodation options.
 - **\$12 million** for an additional 76 individual support packages to enable people with disabilities to remain in their home community under the Care in the Community program.
- Opening of five new or redeveloped disability group homes and a two-bed unit for people with acquired brain injuries as part of a **\$7 million statewide program**.

Oral Health

- **\$3.4 million** over four years to further improve oral health services, including employing two additional dentists and providing an additional surgery at Clarence and upgrading the surgery on Flinders Island.

Children and Families

- **\$57 million** more over four years for children and their families, including:
 - **\$15 million** to meet anticipated ex-gratia payments under the Listen to the Children program for adults who were abused as children while in state care.
 - **\$8.1 million** for child protection and case management services.
 - **\$1.8 million** for the introduction of a Kinship Care program to enable the placement of more children in need of protection with members of their extended family.

Housing

- **An extra \$5 million** over four years to help a further 1,280 clients with private rental assistance, bringing the total number of clients being assisted to more than 5,000.
- In 2005-06, over **\$45 million** will be spent on Housing Tasmania capital projects including:
 - completion of stage 1 of the Government's **\$90 million Affordable Housing Strategy**, including purchase or construction of 441 new homes and upgrading of 317 existing properties.
 - **\$8.75 million** to complete major works on the construction of 53 units at Walford Terraces (formerly Windsor Court) in Hobart.
 - **\$6.5 million** for the construction of 59 units at Launceston, East Devonport and Warrane.
 - **\$6.5 million** for new and replacement group homes and 24-hour supported accommodation for clients with disabilities and mental health problems.
 - **\$1.8 million** to replace emergency housing for people in crisis, including new northern and southern youth shelters, and a new Hobart Women's Shelter.



Our Education

With total spending of **\$943 million**, the education of our students is clearly a top priority for the Government.

Tasmania's education system is moving into world class, with Tasmanian achievements – such as Reece High School and curriculum development – catching international attention.

This year's Budget introduces a number of initiatives, aimed at making our school system more efficient and our students more successful.

- More than **\$50 million** has been allocated to building and maintaining schools and TAFE facilities in the 2005-06 Budget.
- **\$17.2 million** over four years to support students with higher needs in our schools, including:
 - **\$3.2 million** to continue the provision of 11 FTE additional teaching staff for the Managing and Retaining Secondary Students at School (MARSSS) program.
 - **\$8 million** to increase staffing capacity for clusters of schools to provide additional support programs for students in low socio-economic areas.
 - **\$4 million** to support increased numbers of professional support staff such as guidance officers and speech pathologists to support students, teachers and families.
 - **\$2 million** to expand flexible education delivery options throughout the State, including new facilities in the north and north-west.
- **\$7.8 million** over four years for the Laptops for Teachers program so that all teachers have improved electronic access to curriculum planning, assessment and organisational tools.
- **\$12.6 million** over four years for the Skills for Growth initiative to directly address skills shortages identified by industry and the Government.
- **\$3 million** over four years to establish a Centre for Extended Learning Opportunities (CELO), which will provide resources and services to support the learning of highly capable and gifted students and those requiring extended learning.
- **\$1.4 million** over four years to establish two new Online Access Centres (OAC) in Glenorchy and Clarence Plains, and to assist OACs to provide free access to computers and the Internet to the most disadvantaged in our community.
- **\$1.2 million** over four years for an Institute of Inclusive Learning Communities to develop and deliver programs of professional learning for students with special needs.
- **\$2.6 million** over four years to extend the English as a Second Language (ESL) Program to provide additional support for students who are refugees or migrants to Tasmania.



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- **\$750,000** to establish a non-profit *Tasmanian Early Years Foundation* to support early learning and development, research, promote the involvement of the corporate sector in early years programs and promote public awareness of the importance of the early years.
- Development of an exciting proposal for a **major new investment** in education facilities in southern Tasmania.

New investment in education facilities in southern Tasmania

An exciting proposal for a major new investment in education facilities will be developed reflecting the State Government's vision for improving educational opportunities in the region south of Hobart.

This proposal will include the development of a new high school and college in Kingston and the most effective utilisation of the significant flexibility that this project would have on the current Hobart College facility at Mt Nelson.

As part of the proposal, the Government is particularly interested in exploring the opportunities for the establishment of a College of Creative and Contemporary Arts on the Mt Nelson campus.

The State Government is committed to the development of this proposal in consultation with all important stakeholder groups, including the Kingborough Council, other affected councils, arts-related groups such as Arts Tasmania, the University of Tasmania and the Institute of TAFE Tasmania.

In order to progress this exciting initiative, the Government will be establishing a taskforce to fully investigate the implementation of the proposal. The taskforce will be asked to provide a report to the Government by the end of August this year.





Our Safe Communities

Already the safest State in Australia, Tasmania recorded an eight per cent drop in reported offences in the 12 months to the end of March 2005.

The fall in crime is the consequence of firm policies on community safety issues – such as the *Safe at Home* package addressing family violence.

The efforts of dedicated professionals, and committed volunteers provide the front-line service delivery that keeps our communities safe and protected.

Police

- **\$11.8 million** over four years to boost our front-line operational police by 48 more officers.
- **\$2.4 million** to upgrade and replace Tasmania Police information systems and to enhance the mobile radio network to meet whole-of-government needs.
- **\$2.4 million** over three years to expand the Natural Disaster Reform and Mitigation projects to increase this State's preparedness for, and capacity to deal with, emergency and disaster situations.
- **\$1.6 million** over four years to build on the foundations of the successful *Safe at Home* project, which provides a comprehensive response to family violence.
- **\$1.5 million** to enhance the accommodation at St John's Park to meet forensic science needs.
- **\$1.7 million** over two years to continue the refurbishment of the Launceston police headquarters.

Justice

- **\$9 million** for the redevelopment of Tasmania's major prison facilities, bringing total investment to \$90 million.
- **\$23.5 million** to complete the transition process to the new and redeveloped prison facilities, ensuring the provision of appropriate training and resourcing of both custodial and non-custodial staff in Prison Service – including 30 more prison officers and 23 additional support staff.
- **\$800,000** over four years to provide additional resources to assist with more timely finalisation of civil matters within the Office of the Director of Public Prosecutions.
- **\$1.4 million** over four years to assist the Legal Aid Commission of Tasmania to provide legal assistance to those persons who would be considered disadvantaged if they were not granted legal representation.
- **\$800,000** over four years to provide additional resources to respond to the growth in demand for the services provided by Community Corrections.



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Our Environment

Tasmania is recognised globally as a region with a largely unspoilt environment. Such status is instrumental in attracting visitors, is treasured by Tasmanians and provides a valuable marketing tool for Tasmanian products.

The environment is pivotal in the pursuit of social and economic goals. It is central to the health and wellbeing of all Tasmanians and it is fundamental to many economic activities from primary industry production to tourism.

In this Budget, the Government continues to invest in our environment with a wide range of environmental initiatives.

- **\$4.6 million** over three years to implement the **Living Environment Program**.

The innovative **Living Environment Program** – dealing with a cluster of urban environmental issues – will build a healthier and cleaner Tasmania.

The Living Environment Program is a vigorous package of measures which, for the first time, creates a focus on the environment in which most Tasmanians spend most of their time – their homes, communities and workplaces.

Key issues include better management of hazardous household wastes, cleaner urban waterways, tackling community noise, less household water wastage, contaminated urban sites and an innovative web-based Environmental Challenge.

- **\$6.4 million** over four years for services to effectively protect Tasmania's primary industries against a changing array of **biosecurity** risks and maintain the market prestige associated with the State's clean and green reputation. This includes:
 - Extension of quarantine barrier controls to manage risks associated with increases in the level of vessel and flight arrivals.
 - Increased pest surveillance to protect the State's plant industry.
 - Simulation exercises to assess Tasmania's emergency response procedures to the outbreak of an exotic pest or disease.
- **\$2.1 million** over four years to progress the implementation of the Chemical Usage Action Plan developed by the Agricultural, Silvicultural and Veterinary Chemicals Council (ASCHEM) to maintain the quality and safety of Tasmania's water.
- **\$9 million** to improve visitor infrastructure in our iconic national parks, including Cradle Mountain, Wineglass Bay, Cynthia Bay and Hartz Mountains.
- **\$5.3 million** for Parks and Wildlife Services for maintenance and planning.
- **\$1.1 million** to undertake important works for our nationally-recognised Royal Tasmanian Botanical Gardens.



Our Heritage and the Arts

Our heritage and the arts are a vital part of what makes the Tasmanian lifestyle so special. The Government is committed to working to protect, conserve and promote Tasmania's unique historic heritage assets and to raising the status of the arts as a cultural and economic driver for the State.

The 2005-06 Budget provides:

- **\$8 million** over four years to undertake an ambitious program of conservation at the Port Arthur Historic Site in the Separate Prison, Penitentiary and Dockyards.
- **\$2 million** over four years for the Tasmanian Symphony Orchestra to ensure that its status as a Tasmanian icon is maintained.
- **\$4 million** for the Tasmanian Museum and Art Gallery to improve maintenance and security of its valuable collections.
- **\$540,000** to consult with the Tasmanian community on the development of new Tasmanian Aboriginal heritage legislation, to secure appropriate protection and regulatory arrangements and processes for this unique cultural legacy.



Our Healthy Lifestyle

The promotion of a healthy lifestyle is a key factor in improving the long-term health of our community. Key initiatives to promote healthy living include:

- **\$700,000** to develop sport in our schools and support our Playground Blitz, Health and Wellbeing and Premier's Physical Activity Council initiatives.
- **\$1.1 million** to facilitate the relocation and upgrade of buildings and refurbishment of the Wirksworth recreational property at Bellerive.
- **\$851,000** to assist Project Hahn to increase participation in sport and outdoor recreation for 'at-risk' groups.
- **\$840,000** to support the Premier's Physical Activity Council so that it delivers a coordinated approach to the promotion and provision of opportunities for physical activity in Tasmania.
- **\$200,000** in 2004-05 for new equipment for our sports men and women who attend the Tasmanian Institute of Sport.
- **\$8 million** for northern Tasmanian sports including the Silverdome, Elphin Sports Centre and the new Aquatic Centre in Launceston.

Continuing the Momentum



Every Tasmanian is aware of the changes that have occurred in our State since 1998. Over 24,000 new jobs created, unemployment heading towards the national rate, strong economic growth, positive population growth for the first time in years, a dramatically improved government financial position and record business confidence. These are all signs of the new Tasmania, which so many people have worked hard to achieve. It is vital that the positive momentum that has been created by the Government continues to be driven forward for the benefit of all Tasmanians.

Tax Cuts – a \$234 million priority

Tax relief has always been a priority for this Government.

Not only do tax cuts benefit the business community but also, importantly, our families and young people through tax concessions such as stamp duty relief for first home buyers.

To help continue the momentum that has already been built up in Tasmania and to continue to provide benefits to our businesses and families the 2005-06 Budget provides tax cuts that will total \$234 million over the next four years.

- **\$13 million** every year in land tax relief.
- **\$8.3 million** in assistance to first home buyers, including those purchasing land to build their first house.
- **Mortgage duty cut by 50%** on July 1, 2006 and abolished on July 1, 2007 at a full cost of \$17 million per annum.
- The **abolition of debits duty** at an annual cost of \$25 million.
- **Abolition** of duty on non-real-property business conveyances at a full cost of **\$9.9 million** per annum.

This will bring total tax cuts provided by the Government since 2000 to **\$148 million** per year and the total value to the community over the next four years in excess of **\$500 million**.





Improving Skills

Tasmania's consistent pattern of jobs growth has led to a smaller pool of available skilled workers. The need to increase the skills of Tasmanian workers has been identified by Tasmanian businesses as a constraint to continuing the momentum of recent years. This is acknowledged by the Government and taking action to improve our skills is again a priority in this year's Budget.

- In this Budget, a new **Skills for Growth** package of **\$12.6 million** over four years directly addresses skills shortages, which are currently constraining business and industry growth.
- **\$3.2 million** for training and initiatives to identify skills development opportunities and to improve job readiness.
- That equates to \$40 million in additional funding for skills development in just two Budgets.
- Major skills-focused programs to be undertaken by the Government will include:
 - **Supporting Enterprise Development** – this will enable TAFE Tasmania to provide subsidised training to targeted industries to stimulate demand for training for existing employees.
 - **Skills Direct** – this will provide short training programs to meet specific industry skills requirements, including those associated with the proposed pulp mill development.
 - **Trades Express** – this is an accelerated trade recognition and training program for mature-aged Tasmanians and new workforce entrants in trade areas that are in demand in the Tasmanian economy.
 - **Training Outcomes for Migrants and Refugees** – this program will provide training to improve employment outcomes for migrants and refugees.
 - **Apprentices and Trainees Travel** – this initiative will provide travel and accommodation for up to an additional 800 trainees and apprentices per year to help them undertake more specialised training.
 - **Partnerships to Jobs Program** – this program will provide a springboard into more jobs growth.
 - **Industry Research Collaboration Program** – this initiative will complement the *Partnerships to Jobs* initiative by investing systematically in job readiness and skills development opportunities in targeted communities.
 - **Fishing, Aquaculture and Maritime Industries** – this initiative will provide funding for training in these vital industries.



Continuing the Momentum



Our Vital Infrastructure

Improving our State's infrastructure is vital to our continued economic and social development.

A highlight of the 2005-06 Budget is a **\$600 million** program of investment in strategic economic and social infrastructure.

Agencies' Capital Investment Program

A four-year \$135 million agency capital investment program including:

- **\$17.8 million** for state schools and TAFE colleges, including \$4.2 million for Launceston Northern Suburbs, \$1.6 million for Bridgewater High School, \$1.5 million for North West Support School and Inclusive Education and Training Facility and \$1.4 million for the TAFE Alanvale campus.
- **\$33 million** for health projects, including \$19.4 million for redevelopments at George Town, West Coast, Smithton and Scottsdale district hospitals and \$5 million for hospital information systems replacement.
- **\$53.4 million** for the Prison Infrastructure Redevelopment Project.
- **\$9 million** to improve visitor facilities in our national parks, including \$6.7 million for Cradle Mountain and \$1.2 million for Wineglass Bay.

Royal Hobart Hospital Redevelopment

\$50 million for the redevelopment of the Royal Hobart Hospital.

Improving Our Roads

The 2005-06 Budget provides \$271 million over four years for our road infrastructure, including:

- **\$5 million** to complete the West Tamar Highway between Cormiston Creek and Legana.
- **\$4.8 million** to implement improvements associated with the North East Tasmania Access Study.
- **\$1.7 million** to complete the Huonville loop ramp at the Channel Highway, Kingston Interchange.
- **\$1.7 million** to complete improvements to the Glen Huon Road.
- **\$15 million** for upgrading the Bass Highway through to Sisters Hills.
- **\$1.5 million** for improvements on Bridport Main Road.
- **\$500,000** for sealing and safety improvements on Port Sorell Main Road.
- **\$5.1 million** for upgrading the West Tamar Corridor.
- **\$1.4 million** for enhanced line marking across the State.



Economic and Social Infrastructure Fund Investment

Economic and social infrastructure expenditure over four years of \$132 million, including:

- **\$2 million** for the Main Street Makeover initiative aimed at improving main streets, to further develop them into places that local community members and tourists find more inviting and attractive.
- **\$4.6 million** for the Living Environment Program.
- **\$17 million** for education-related projects, including the information and communications technology strategy and programs for students with high needs.
- **\$21 million** for the Affordable Housing Strategy.
- **\$60 million** for economic development projects including gas, general industry assistance and *Partnerships to Jobs*.

Major Projects

Private and public investment has been at record levels in recent years.

This record investment has been driven in many ways by several large infrastructure projects in the energy, tourism, forestry and communications sectors.

These infrastructure projects will be a key part of transforming the Tasmanian economy for decades into the future.

The Pulp Mill Proposal

A package of initiatives totalling \$6.3 million over three years has been included in the 2005-06 Budget to support the proposed pulp mill project.

These initiatives include:

- **\$2 million** for a Pulp Mill Supplier Development Program to ensure Tasmanian business maximises its benefits from the project.
- **\$2 million** to ensure that a full, open and transparent assessment is undertaken by the Government of the Gunns' pulp mill proposal.
- **\$2.3 million** to support the Government's Pulp Mill Taskforce.



Continuing the Momentum



Tourism Infrastructure

The Government is committed to the continued operation of *Spirit of Tasmania III* between Devonport and Sydney.

To this end, the 2005-06 Budget provides **\$25 million** as part of a **\$115 million** four-year commitment to TT-Line Pty Ltd.

\$2 million is also provided to build awareness of the Tasmanian tourism brand in New South Wales in order to maximise opportunities from the Spirit III service.

This level of funding, together with an increase of **\$4.3 million** in annual funding for the Department of Tourism, Parks, Heritage and the Arts, represents a massive commitment to the Tasmanian tourism industry.

The Government is also injecting substantial additional funds into tourism infrastructure in icon areas such as Port Arthur, Cradle Mountain, Wineglass Bay and the Hartz Mountains.

Investing in Energy Options

Since 1998 the Government has secured over **\$2 billion** worth of investment specifically focused on improving energy options for Tasmania.

In just seven years we've reached a point where gas is flowing in Tasmania, the Basslink cable connecting us to the National Electricity Market is getting close to completion and wind energy is a reality. These are structural changes that will have major benefits for business and household consumers for many years to come.

Telecommunications

\$2 million is allocated in this year's Budget to assist in developing a comprehensive fibre optic telecommunications network.

The development of this network will facilitate a more competitive telecommunications industry structure in Tasmania and encourage new investment in broadband telecommunications facilities within Tasmania.

Promoting Long-Term Change

The 2005-06 Budget contains a range of vitally important projects focused on continuing structural change in the Tasmanian economy, protecting the integrity of Brand Tasmania and facilitating improvement in vital systems and processes, which otherwise might hamper development.

This forward-looking package includes **\$1 million** for the Brand Tasmania Council, **\$1.8 million** for the State Infrastructure Planning System and **\$1.8 million** for the State of Growth program.

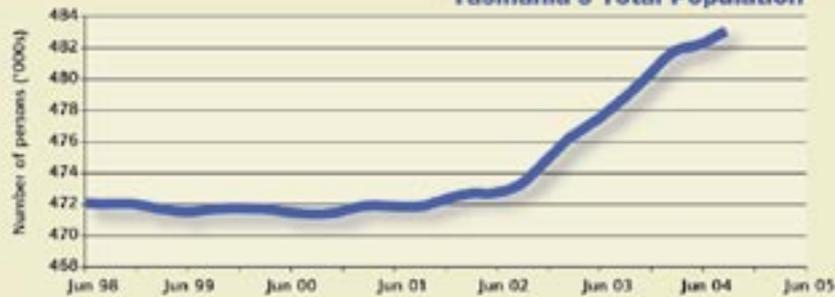
Strong Economic and Financial Management



Tasmania is experiencing its best economic conditions in decades, a direct outcome of this Government's sound fiscal and economic strategies. These are strategies that were developed prior to coming to government in 1998 and which have been implemented from day one of being in government. These strategies have worked because they have been right and because the Government has worked in partnership with so many Tasmanians who passionately believe in our State.

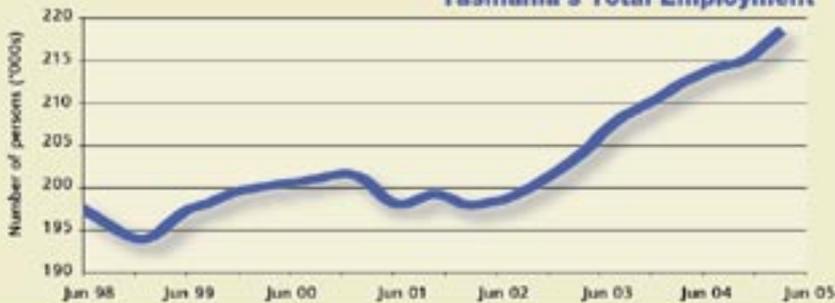
The success of our economic and financial management strategies is fundamental to improving our special lifestyle and to continuing the positive momentum that has been generated in recent years.

Tasmania's Total Population



No longer are Tasmanians leaving our State in droves. Our population is at record levels and in recent times the level of the increase in net interstate migration has been second only to Queensland.

Tasmania's Total Employment



Over 24,000 new jobs have been created in Tasmania since the job recovery began in January 1999. This is equivalent to finding new jobs for the entire city of Devonport.

State Final Demand



Since June 2003, State Final Demand for Tasmania has been growing at a rate greater than the national rate.

Business Investment



Business confidence in Tasmania has reached record levels and this is reflected in the growth in private sector investment in Tasmania.



Tasmania