



Tasmania

PARLIAMENT OF TASMANIA

2006-07 BUDGET SPEECH

*'Strong Economy. Strong
Communities.'*

BY

THE TREASURER

THE HONOURABLE MICHAEL AIRD MLC

Delivered in the House of Assembly on 15 June 2006 on the Second
Reading of the Consolidated Fund Appropriation Bill 2006

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

MR SPEAKER,

This Budget is the Government's four-year plan.

It will maintain Tasmania's economic momentum.

It will invest the returns of our strong economy to further strengthen our strong communities.

It is our fiscal plan, our economic plan, our infrastructure plan, and our social plan.

But most of all it is our action plan.

It delivers.

It delivers unprecedented security for continued business investment and development.

It delivers record levels of investment in economic and social infrastructure.

It delivers - in health, in education, in community safety, and initiatives to help our people who are most in need.

Most of all Mr Speaker, it delivers to the people of Tasmania the very plan that they endorsed on the 18th of March this year.

It honours all election promises made by the Government in the 2006 State election.

Mr Speaker, this Budget gives expression to good public policy.

It contains policies to address poverty and social disadvantage in Tasmania.

It will keep our economy strong and it will build strong communities.

It is a financially responsible Budget.

And it is a Budget that plans for and responds to the future challenges and opportunities facing Tasmania.

STRONG ECONOMY

Mr Speaker, in 2006-07 Tasmania is again expected to be amongst the leaders in state economic growth.

Treasury forecasts that the Tasmanian economy will grow by 3.5 per cent.

This forecast is above the forecast growth rate for the national economy of 3.25 per cent.

6 100 new jobs are also forecast to be created.

This reflects employment growth of 2.75 per cent.

Importantly, population growth is also expected to continue.

In the current year it is estimated that Tasmania's population will grow by 2 900 people and this rate of growth is also forecast in the Budget year.

Mr Speaker, the Labor Government's strategic approach to managing the Tasmanian economy continues with this Budget.

We will continue to focus on creating a competitive business environment.

We will continue to encourage the diversification of our economy.

We will continue to actively promote business investment in Tasmania.

And, we will continue to support Tasmanian businesses in their drive to become more internationally competitive, to export more and to be more innovative.

Only the Labor Government has a plan that will capitalise on Tasmania's economic achievements and a vision for Tasmania as a competitive and creative participant in the global economy.

The Government understands that a strong economy goes hand in hand with a strong Fiscal Strategy.

STRONG FISCAL STRATEGY

Mr Speaker, since 1998, Labor has developed and implemented two Fiscal Strategies.

These strategies have been vital in turning around the State's financial position.

These Fiscal Strategies have been challenging.

Setting easily achievable goals is not our way.

With the 2006-07 Budget, the new Labor Government implements a new Fiscal Strategy.

It incorporates these fundamentals:

- the Consolidated Fund will be maintained in surplus;
- the General Government Sector will remain Net Debt free; and
- there will be no new taxes or increase in the rate of any existing taxes.

Like previous Labor Fiscal Strategies, our new Fiscal Strategy will also include challenging targets:

- the Net Operating result and Fiscal Balance will be maintained in surplus over a rolling four-year period;
- the ratio of Total State Sector Net Debt to Revenue will fall over a rolling four-year period; and
- the State's unfunded superannuation liability will be extinguished by 2033.

Mr Speaker, the Budget delivers a Consolidated Fund Surplus of \$3.8 million.

And the Fiscal Balance is estimated to be a deficit of \$84 million.

Most importantly, the Forward Estimates show an improving Fiscal Deficit in 2007-08 and 2008-09 before returning to a Fiscal Surplus of \$11 million in 2009-10.

The General Government Sector will remain Net Debt free with our position forecast to improve by a further \$332 million over the Budget and Forward Estimates.

Mr Speaker, Labor is proud that it has delivered three credit rating upgrades over the past four years.

Our new Fiscal Strategy targets will continue our commitment to responsible and strong financial management.

STRONG COMMUNITIES

Mr Speaker, a strong economy is one of the foundations on which strong communities are built.

A strong economy drives job creation, attracts private investment and creates confidence.

It also ultimately enables a government to increase its investment in services to the community and economic and social infrastructure.

The Government is committed to creating even stronger Tasmanian communities.

This Budget delivers on this commitment.

Healthy Communities

This Budget builds on the significant investment already made by the Government for quality health care for all Tasmanians.

In 2006-07, the budgeted expenditure for the Department of Health and Human Services is almost \$1.3 billion, an increase of \$100 million on the 2005-06 Budget.

Additional recurrent expenditure of \$346 million over the next four years will be invested in health and human services for Tasmanians.

In addition Mr Speaker, \$114 million of capital funding will be invested in infrastructure for our health and human services.

Across our hospitals, ambulance, and dental care services, this Budget delivers more doctors, nurses, health care professionals and equipment for our health system.

In particular it delivers:

- an additional 450 staff to the Royal Hobart Hospital;
- \$12 million for a new Department of Emergency Medicine at the Launceston General Hospital;
- capital spending of \$5 million at the Mersey Campus of the North West Regional Hospital;
- \$8 million for additional elective surgery procedures at the Launceston General Hospital;
- 43 clinical nurse educators;
- \$320 000 every year to screen newborn babies for permanent hearing loss;
- \$4 million for expansion of the Refugee and Humanitarian Arrival Clinics at the Royal and the LGH;
- \$1.2 million for continued development of the GP Assist service;
- \$25 million to establish a Hospital Medical Equipment Fund;
- funding for 100 new ambulances; and
- two new ambulance crews, one in Hobart and one in Launceston.

Mr Speaker, I am sure that you will agree that we have a vastly improved health system compared with the one we inherited in 1998.

I am particularly pleased to announce a package of more than \$20 million in this Budget for oral health care.

Poor oral health and access to dental services is a challenge for many disadvantaged Tasmanian people.

Oral health is so important to well being, to self-esteem and to getting a job.

In this Budget, the Government will make dental treatment more affordable for disadvantaged adults who require emergency treatment by abolishing the \$25 co-payment.

The importance of this measure should not be understated.

It is the action of a compassionate Government that cares about people most in need.

Mr Speaker, this Budget will also deliver:

- more general dental treatments in the public and private sectors;
- additional dental surgeries and treatment facilities;
- a new educational dental facility in southern Tasmania; and
- the recruitment of seven new dentists in the public sector.

These initiatives will ensure that all Tasmanians have better access to dental health services.

Mr Speaker, the 2006-07 Budget and Forward Estimates also continue the Government's \$100 million commitment to improving mental health services and to implement our Bridging the Gap mental health plan.

This commitment will help many more Tasmanians live full lives in their communities.

The Government is also committed to supporting those with disabilities in our community.

The Budget will provide \$1.8 million to support the establishment of a new Disability Bureau in the Department of Premier and Cabinet.

This meets the Government's 2006 election commitment to improve access and support for people with disabilities.

The establishment of the Disability Bureau and a Companion Card scheme also fulfils a commitment made in the Disability Framework for Action endorsed by the Government.

Clever Communities

Mr Speaker, education is also a key element of strong communities.

In Tasmania we are dedicated to a quality curriculum and quality teaching.

Clever communities with high education standards will help all Tasmanians reach their potential and provide a skilled workforce for our growing economy.

In 2006-07, budgeted expenditure for the Department of Education is \$974 million.

Over the next four years, additional recurrent funding of more than \$50 million will be provided for education in our State.

In addition, the Government will provide \$45 million over four years to deliver quality learning environments.

This Budget provides:

- an additional 60 teachers at a total cost of \$13.4 million to reduce class sizes in Years 2 to 6;
- \$2.25 million for additional classrooms;
- \$6.6 million for an additional 29 teachers to reduce class sizes in Year 7;
- \$5 million to help students with high and/or additional needs; and
- \$30 million for a new Kingston High School.

The Tasmanian Government's education plan will equip students with the skills they need for the new Tasmania.

Addressing skills shortages is one way the Government will deliver further growth and opportunity for all Tasmanians.

This Budget provides \$9.7 million to TAFE Tasmania to address the demand for training and to attract and skill up to 340 more apprentices in key trades such as building and construction, metals and allied trades.

This takes the Government's investment in skills development to more than \$50 million in just three Budgets.

Safe Communities

Mr Speaker, this Budget continues the Government's commitment to ensuring Tasmania remains the safest state in the nation.

Over the next four years, additional recurrent funding of more than \$40 million will be provided for the safety of Tasmanian communities.

The initiatives to be funded include:

- an additional 12 police officers to support early intervention for 'at risk' families;
- introduction of community respect orders;
- expansion of the U-Turn program;
- further support for the State Security Unit for counter-terrorism measures;
- support for Neighbourhood Watch and the Royal Australian Volunteer Coastguards;
- \$1.5 million capital funding for the Huonville Police and Community Youth Club; and
- \$4.2 million to prepare for an enhanced Tasmanian Government Mobile Radio Network.

Regional Communities

Mr Speaker, the Government is determined to ensure that economic development extends beyond urban centres.

This Budget provides many initiatives that will greatly benefit regional communities.

\$22.8 million will be spent over the next four years to implement the Sustainable Management of Agricultural Resources in Tasmania, or SMART Farming initiatives.

These initiatives will help maintain and grow markets for Tasmanian agricultural products and will help the long-term vitality and viability of the Tasmanian rural economy, community and the environment.

The Government will also strengthen Tasmania's mining sector.

This Budget includes initiatives to encourage new mining activity and promote the industry in Australia and overseas.

Also crucial to the development of Tasmania's regional communities is maintaining local infrastructure that is needed to keep our communities running.

Regional communities will benefit greatly from the Government's infrastructure investment plan, in particular from its \$332 million investment in roads.

This Budget also commits \$2 million for the State Government to work with and support Local Government through our Main Street Makeover Program.

Unique Communities

Mr Speaker, the Government is committed to investing in the many areas that make Tasmania such a unique state to live, work and visit.

It is committed to the sustainable management and promotion of the State's natural and cultural assets and to the development of tourism as a key economic driver for the State.

The key initiatives in this area are:

- \$31 million for a Tourism Promotion Plan to position Tasmania prominently in the national market, through:
 - promotion of TT-Line's Melbourne to Devonport service;
 - tactical marketing of the State in major interstate markets;
 - the development of regional marketing material;
 - enhancing regional tourism infrastructure; and
 - improving tourism facilities and signage;
- \$1.3 million for a new winter events program;
- \$1.8 million for the 'Trail of the Tin Dragon' tourism experience in the State's north-east;
- \$30 million for the redevelopment of the Tasmanian Museum and Art Gallery;

- \$3 million for the Queen Victoria Museum and Art Gallery at Inveresk;
- \$1.2 million for the State's smaller public museums and galleries;
- \$634 000 for the Tasmanian Symphony Orchestra; and
- \$617 000 for the Theatre Royal.

The Government knows how important our natural environment is to the Tasmanian Brand and our tourism appeal.

We are committed to protecting our environment for its own sake and for intergenerational sustainability.

In this Budget we have committed:

- \$400 000 to establish an Environment Protection Authority;
- \$3 million in the next two years for research to combat the effects of the Tasmanian Devil Facial Tumour Disease;
- funding to continue the \$4.6 million Living Environment Program, which tackles urban environment issues such as noise, litter reduction, waste contaminated sites and stormwater;
- \$2.7 million for air monitoring in local and regional areas around the Tamar Valley;
- \$6.6 million for Cradle Mountain infrastructure;
- \$75 000 to pursue World Heritage listing for some of our best known convict sites; and
- \$100 000 for a feasibility study for another iconic Tasmanian walking track.

Building Communities

Mr Speaker, infrastructure helps build strong communities.

Schools, hospitals, colleges, ambulance, fire and police stations and community housing provide a foundation for the delivery of vital Government services.

Our roads, ports and railways provide the basis of our transport system and the movement of goods and services.

Our parks, jetties, sporting facilities, gardens and museums provide Tasmanians with a unique lifestyle.

The Government is committed to ensuring that Tasmania's infrastructure is both maintained and developed.

Mr Speaker, the 2006-07 Budget contains \$631 million in infrastructure expenditure to be undertaken by the Government over the next four years.

This investment will provide a foundation for the development of strong communities for decades to come.

Key elements of the Government's infrastructure plan are:

- \$332 million to develop and maintain Tasmania's roads;
- \$106 million for Tasmania's hospitals and emergency services;
- \$39 million for schools;

- \$24.5 million for the important gas infrastructure project; and
- \$15.5 million for sporting infrastructure.

Mr Speaker, the 2006-07 Budget also includes the first annual \$6.9 million contribution as part of the Government's financial package to support the State Rail network.

This impressive list of infrastructure investment will build stronger communities, literally, from the ground up.

Maintaining our commitment to building strong communities and building a stronger economy relies on continued jobs and investment growth in Tasmania.

This Budget is also committed to public and private sector cooperation to build stronger business communities.

Business Communities

Mr Speaker, Tasmania has seen record levels of public and private investment over the past eight years.

Another \$2.5 billion in investment is planned or underway, reflecting the high levels of confidence shown by Tasmanian businesses.

A major driver of business confidence has been the tax cuts provided by the Government.

Labor's tax cuts will return over \$1 billion to the Tasmania community over the nine years to 2009-10.

This Budget continues to create the conditions for private investment to thrive in Tasmania.

The 2006-07 Budget supports business through:

- a commitment to abolish mortgage duty and non-real-property business conveyance duty, meaning tax cuts of \$80 million over the next four years;
- \$1 million for the Workforce Development Fund;
- \$480 000 to help establish 30 new exporters in northern Tasmania;
- \$1.8 million to trial enhanced business incubation services at the Technopark; and
- \$115 000 to introduce the Employer of Choice awards to recognise business productivity and employee work-life balance.

The Budget also provides \$1.5 million to establish an Australian Innovation and Research Centre at the University of Tasmania.

Our support for this new Centre will include funding to conduct research into labour productivity.

This means that cutting edge information will be available to help business increase productivity through the development of a skilled, secure and stable workforce.

Mr Speaker, the Government also strongly supports the development of better workplaces.

This Budget provides \$300 000 for a business advice service focussed on the creation of more flexible and supportive workplaces through the implementation of new human resource practices.

The Tasmanian business community will also benefit significantly from the initiatives in our major tourism, SMART farming and infrastructure investment packages.

Caring Communities

Mr Speaker, this Budget is designed by a compassionate government that is committed to building caring communities.

This Budget commits resources to social intervention at crucial times in people's lives.

It provides support for our children in their early years.

It provides help, care and protection for our most disadvantaged.

In this Budget the Government delivers:

- \$12.6 million for the Launching Into Learning initiative to build on the Government's Early Years Strategy to assist children and families at risk;
- \$9.2 million additional funding over two years for Child and Family Services to support increased staffing and assist with program costs;
- \$500 000 in 2006-07 to employ five psychologists to support victims of child abuse;
- \$3 million over four years to start a new home visiting service for at-risk teenage parents and their babies;
- \$1.1 million for the Claremont Young Mothers Program to support teenage parents to stay in education and learn valuable parenting and life skills; and
- \$2.9 million for Project Hahn to help disadvantaged Tasmanians make a significant contribution to local communities and build a better future for themselves by participating in meaningful work.

Strengthening Communities

Mr Speaker, this Budget is not just about investing in the present.

It's about responding to the past.

And, it's about planning for the future.

Mr Speaker, we have acknowledged the suffering of victims of child abuse in State care.

We also reaffirm our commitment to the Stolen Generation advancing reconciliation with the Tasmanian Aboriginal community.

In this, Tasmania is taking a national lead in building strong communities that can acknowledge past injustices and correct them.

It is the Tasmanian Government creating strong communities through sound public policy of which we can all be proud.

Mr Speaker, the Government will keep listening to the Tasmanian people, working together with our communities, taking Tasmania to a future they seek.

Through Partnership Agreements with Local Government, regional community forums and *Tasmania Together* we are achieving this future.

The Government is continually reviewing progress and setting new standards for Tasmania.

Tasmania Together's recent five-year review has renewed community goals and aspirations.

We will continue to measure our social and economic progress against our own objectives and this Budget continues to align our financial strategy with *Tasmania Together*.

This Budget invests in planning for the challenges of the future.

Demographic change is a national issue that will have significant economic, social and fiscal implications in future decades for Tasmania.

We all know that Tasmania's population is ageing more rapidly than other states, we have a relative shortage of people in the 'child raising' age groups, and a lower labour force participation rate.

The Government knows that in order to have a strong economy and strong communities we need to appreciate and understand the implications of demographic change.

Mr Speaker, today I announce that the Government is establishing the Demographic Change Advisory Council.

As Treasurer I will chair the Council.

Membership of the Council will include the Ministers for Health and Human Services and Education.

I have also invited the Chancellor of the University of Tasmania, and the Presidents of the Tasmanian Council of Social Services, the Tasmanian Chamber of Commerce and Industry, and Unions Tasmania to be members of the Council.

I look forward to their participation.

This Council will bring together all sectors of the community to plan for Tasmania's demographic challenges and opportunities.

Together, the Tasmanian Government and the Tasmanian community are planning for the future to ensure that we continue to have a strong economy and strong communities.

CONCLUSION

Mr Speaker, this Budget delivers every promise made by the Government to the people of Tasmania during the 2006 election campaign.

The Government said to the people of Tasmania: 'give us your trust' we said, 'we won't let you down'.

This Budget is the proof that we are a Government of our word.

That's what good government is about.

Mr Speaker, it is a true democracy when the people of Tasmania get exactly what they voted for.

The people of Tasmania voted for stability and for fiscal responsibility.

They also voted to take Tasmania forward to a future with security, with certainty and with opportunity.

This Budget is a coordinated and strategic four-year plan to maintain Tasmania's economic momentum.

It delivers to the people of Tasmania the very plan that they endorsed on the 18th of March this year.

It is the plan the people voted for.

For a strong Tasmanian economy and strong Tasmanian communities.

Mr Speaker, I commend the Bill to the House.