



2007-08 BUDGET SPEECH

'Delivering our plan. Shaping our future.'

BY
THE TREASURER
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Reading of the Consolidated Fund Appropriation Bill (No. 1) 2007

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

MR SPEAKER,

The 2007-08 Budget continues delivering Labor's plan to shape a stronger future for Tasmania.

It is a Budget by a proactive and progressive Government.

We're taking action today for a stronger tomorrow.

To do this Mr Speaker,

We need to make sure our health services are sustainable,

We need to increase education retention rates,

Drive structural economic change,

Increase productivity,

Build infrastructure to improve service delivery, and

Attract investment for sustained jobs growth.

Delivering better services today and investing to shape our future is what underpins the Budget.

Delivering Financial Responsibility

Mr Speaker,

Responsible management of the State's finances is the way to a stronger future for Tasmania.

It will ensure that our economy continues to grow,

That we have jobs for our children,

That we remain the best place to raise a family, and

That we maintain a lifestyle that is the envy of the nation.

This Government leads by managing finances well.

We have a proven track record over the past nine years.

We set challenging fiscal strategies for Tasmania and the results speak for themselves.

It's no accident that Tasmania no longer has more than \$1.5 billion of debt.

It's no accident that Tasmania now saves over \$150 million in interest payments every year.

It's no accident that last December the financial position of the Tasmanian Government was rated triple A by Moody's for the first time ever.

It's no accident ...

It's the deliberate result of Labor's purposeful and strong financial management.

Mr Speaker,

Last year's Budget established bold new financial targets for Tasmania for the next five years.

I am pleased to report that we are on track to achieve these targets.

We are net debt positive and this position continues to improve.

This Government will never let Tasmania's state finances get out of control.

The Budget estimates also show a much reduced Operating Deficit for 2007-08 and a return to Operating Surpluses from the following year.

This emphasises the sustainability of the Government's financial position.

Mr Speaker,

A strong financial position and a strong economy go hand in hand.

Delivering a Strong Economy

In a time of global markets and multinationals it is possible for a small economy to lose its way.

This is where Tasmania was in the 1990s.

The Tasmanian population knew that and left the State in droves.

That is not the Tasmanian economy of 2007.

In less than a decade, the Tasmanian economy has been turned around.

Last financial year our economy grew by 3.1 per cent, the third time in the past five years that the Tasmanian growth rate exceeded the national rate.

We've driven our unemployment rate down from 11 per cent to a record low of 5.4 per cent.

We've created more than 30 000 new jobs.

We've seen record employment levels set on a regular basis.

We've attracted record levels of private investment.

We've seen five consecutive years of population growth in Tasmania.

Tasmanians can now invest their hopes and dreams in Tasmania's future.

Mr Speaker,

That is what has already been achieved.

The Government knows we can achieve much more.

In a small state, Government leadership is vital.

The government can be a catalyst for economic growth.

That is why Tasmania is where it is today.

In this Budget, the Government will continue to lead economic growth by increasing productivity, increasing efficiency and increasing competitiveness.

Shaping a Productive Future

Mr Speaker,

Increasing productivity is the cornerstone of economic growth.

Without it, a return to a rust belt economy is a certainty.

This Government will not allow that to happen.

Over the past five years, our annual rate of growth in productivity has, on average, outstripped the national rate.

But we still have a long way to go.

The eighties and nineties left Tasmania with a productivity deficit.

Addressing this productivity deficit is a key feature of the 2007-08 Budget.

Transport Reform

Mr Speaker,

The cost of transport affects the competitiveness and productivity of many Tasmanian businesses.

Transport reform is vital to Tasmania's economic future.

During 2007-08, the Government will pursue the development of the Southern Transport Investment Program.

This \$280 million investment program includes the establishment of the Brighton Transport Hub.

This reform of our transport network will dramatically cut rail turnaround time between Hobart and Burnie by 50 per cent.

That's down from 48 hours to 24 hours.

This major development will also have other benefits such as a reduction in heavy vehicle movements in the greater Hobart area and through Launceston.

Water and Sewerage Reform

Mr Speaker,

Water and sewerage reform is an issue for all Tasmanians.

It affects the quality of our drinking water, the quality of our environment and also has a huge impact on future development and productivity.

The Ministerial Taskforce on Water and Sewerage has undertaken extensive consultation with Local Government on water and sewerage issues.

I personally have met with representatives of 20 Councils to discuss how we can improve Tasmania's water and sewerage services.

The work undertaken by the Taskforce to date shows that the status quo is not an option.

The Budget provides additional resources to support the Ministerial Water and Sewerage Taskforce continuing its important work.

This work will involve further consultation with all sectors of our community.

With 12 per cent of Australia's water on only one per cent of the land, Tasmania has a significant competitive advantage over the rest of Australia.

The Government is providing the leadership necessary to ensure that we don't squander this valuable opportunity.

Communications Reform

In a modern economy productivity is also about communications.

The Government's leadership in developing Tasmania's communications infrastructure is well established.

The Government has invested \$30 million into its optic fibre assets.

This was an important strategic investment for Tasmania's future economic growth.

The Government is seeking to commercialise its optic fibre network and has received a strong response from telecommunications companies.

This project will drive a more competitive industry structure in Tasmania.

It will also encourage new investment in broadband infrastructure and create an environment that will stimulate innovative and emerging technology businesses.

The Budget includes \$2.7 million to finalise this vital project.

Education Reform

Mr Speaker,

Perhaps the greatest challenge that we face as a State to our ongoing productivity and economic performance is to improve education outcomes.

Education and skills are critical to our competitiveness and our ability to meet the challenges of the 21st Century.

For every year that we can add to the average level of educational attainment by young Tasmanians, we will add eight per cent productivity to the Tasmanian economy.

Most importantly, it will also create a brighter future for many young Tasmanians.

Mr Speaker,

This Budget includes an exciting new strategy to take Tasmania's education sector forward to a more productive future.

It is the biggest reform of post Grade 10 education in Tasmania for 35 years.

It is a strategy that goes hand in hand with other major strategies being pursued by the Government to boost our productivity.

The Government will restructure our post-compulsory education and training sector to align it with stronger pathways to employment and applied learning.

Under this new initiative three new organisations will be created from our existing senior secondary colleges and TAFE Tasmania.

Each will have a clear new role.

An academy will be established to focus on academic learning.

This will provide a curriculum and academic pathway for Year 11 and 12 students seeking university entrance.

A polytechnic will be established to focus on learning which is practical and applied.

Vocational and academic courses will also be provided for Year 11, Year 12 and mature age students seeking employment or university articulation.

Learning in this organisation will focus on the 'real life' application of skills and knowledge.

The Government will also establish a new training organisation to focus on developing employee skills in line with the skills requirements of their employer.

These important changes will come into effect from 1 January 2009 to provide young people with more opportunities to achieve the skills and qualifications that our economy needs.

Mr Speaker,

This strategy is the next step in the Government's bold approach to creating education communities in Tasmania that put the student at the centre.

It will give more young Tasmanians the opportunity to gain meaningful qualifications,

It will raise educational standards,

It will ensure that we make the best use of the expertise of our teachers and of our resources,

It will support and encourage lifelong learning and workplace application, and

It will support Tasmanian businesses and drive improvement in productivity and our economy.

Mr Speaker,

The ultimate value of a strong economy is in what it provides for its people.

Shaping a Healthy Future

Good health and wellbeing is central to the quality of life in Tasmania.

The Government will continue to work with Tasmanian Affordable Housing Ltd.

Over the next four years, head-leasing arrangements will be developed to provide for up to 700 affordable rental dwellings.

Over the next 18 months, the Government will release up to \$10 million of Crown Land to accelerate the construction of affordable housing.

In 2007-08, the Government will also implement a shared equity scheme to create opportunities for existing public housing tenants to buy their own homes.

The Government also continues to provide support to first home owners.

Since 2000, assistance of \$190 million has been provided by the Government through duty relief and the First Home Owners Grant program.

Mr Speaker,

State Government funding to the Department of Health and Human Services has increased by 40 per cent in the past three years alone.

Budget expenditure for health and human services this year is almost \$1.4 billion, an increase of \$90 million on the 2006-07 Budget estimate.

Despite the Government's increasing investment, the pressures on health services in Tasmania remain the same as those across the country and around the world.

The Minister for Health and Human Services recently released *Tasmania's Health Plan*, which provides the framework for addressing our health care challenges.

The Government is totally committed to the implementation of this much needed health reform.

A safe, sustainable and efficient health system that provides all Tasmanians with the care they need, when they need it, is a priority for the Government.

The Government's plan will transform the delivery of health care throughout Tasmania and guide its development into the future.

The Budget provides substantial support for our health system.

It provides \$5 million this year for planning associated with the construction of a new Royal Hobart Hospital on the preferred site at Macquarie Point; and

\$1.5 million to immediately address priorities arising from the ongoing review of alcohol and drug services, the report on child protection services and the work of the *Tasmanian Health Plan*.

And Mr Speaker, this Budget continues the Government's commitment to the children of Tasmania.

It provides an additional \$9 million this year for child protection and family support. This provides much needed funding to better help our vulnerable children, young people and their families.

Our children are our future and the Government is committed to protecting our future.

Mr Speaker,

Reform of funding for ambulance services will also support the implementation of *Tasmania's Health Plan*.

In 2007-08, \$3.4 million will be spent as part of the Government's \$11 million Election commitment for a 100 hundred new ambulances.

We have invested in our ambulance service but rising demand and the cost of delivering high quality patient transport services has put our ambulance system under pressure.

In the five years to 2005-06, demand for ambulance services grew by more than 27 per cent.

Implementation of *Tasmania's Health Plan* and the ageing of the Tasmanian population will bring with it requirements for additional resources for our ambulance and medical transport service.

It's important for our community that our ambulance service be moved to a sustainable funding basis.

At present, Tasmania is the only State which provides ambulance services with no form of cost recovery.

The Budget introduces sustainable ambulance funding through the introduction of an Ambulance Service Fee from 1 July 2008.

Let me emphasise two fundamental points in relation to this service fee.

First, no one will be refused ambulance assistance on the basis of their financial position.

The fee will be payable after the service has been provided and not before.

And second, all monies raised from the Ambulance Service Fee will be allocated to meet the cost of ambulance and medical transport services.

The service fee will be structured so that families or individuals holding private health insurance will be able to be fully covered for appropriate use of the ambulance service.

For those that choose not to take out private health insurance, separate ambulance-only insurance will be available from private health funds.

In other states, the additional cost to a family with comprehensive private insurance is minimal and ambulance-only insurance costs around \$25 to \$35 a year for individuals and \$50 to \$70 for families.

The Government expects that insurance cover will be available in Tasmania at a similar cost.

To help those most in need, the Government will provide a rebate of 50 per cent of the insurance cost to Pensioner Concession Card and Health Care Card holders.

Mr Speaker,

This is a very important initiative.

Not only will it provide a source of funding for our ambulance service that is tied to demand ...

It will also release existing funding for investment in improved ambulance and medical transport services, and illness prevention and health promotion around the State.

Further details relating to these new arrangements will be finalised in coming months and announced well in advance of the start date of 1 July 2008.

Shaping a Sustainable Future

Mr Speaker,

The 2007-08 Budget is a Budget which will build a strong and sustainable future for Tasmania.

The Budget makes an unprecedented state-wide investment in upgrading infrastructure in our national parks and reserves.

\$12 million will be provided over four years to implement a strategic asset maintenance program focusing on repairing and replacing roads, bridges, walking tracks, toilets and other parks infrastructure.

This is a significant injection of funds to address a fundamental environmental and conservation issue.

There are many challenges that we will face in the future to ensure the sustainability of our beautiful natural environment and our communities.

One of these challenges is that of climate change.

It is an issue that is vital to current and future generations.

The Budget commits \$1.8 million over the next three years to establish the Tasmanian Climate Change Office to coordinate climate change policy in our State.

The Budget also provides \$1.2 million over the next three years for a practical strategy to begin to mitigate the impacts of climate change in Tasmania.

These important initiatives lay the foundation for a strategic and comprehensive response to this very important issue.

Mr Speaker,

The Government has recently entered into an agreement with the Australian Government to fund urgent action to protect Macquarie Island and its unique flora and fauna.

Under this agreement, the State Government will contribute \$12.3 million to this conservation project.

This expenditure will now be incorporated into the Budget Forward Estimates and will be reflected in the revised estimates presented in the Mid-Year Financial Report.

In addition to support for Macquarie Island, the Government will provide \$1.5 million in 2007-08 to mitigate the impact of devil facial tumour disease and \$2.5 million per annum for our long-term program to protect Tasmania from foxes.

The 2007-08 Budget is a Budget that proves yet again the strong commitment of this Government to protecting our environment.

Shaping a Vibrant Future

Mr Speaker,

Tasmania's vibrant and creative arts sector, museums and art galleries make Tasmania a special place to live.

This Budget provides the biggest boost in funding to Tasmanian artists and arts organisations in decades.

We will increase funding for the arts by \$1.5 million per annum.

In the current financial year we will provide an additional \$500 000 to refurbish the seats at the Theatre Royal and \$400 000 to improve the acoustics at the Federation Concert Hall.

Mr Speaker, we are also providing massive support to arts and culture in Tasmania through the Government's \$30 million redevelopment of the Tasmanian Museum and Art Gallery.

This is a very exciting development.

The revitalised TMAG will provide a better home to the most significant and diverse collection of heritage buildings on the one site in Australia.

The Budget provides almost \$9 million for preservation and conservation of these buildings and an archaeological site survey, site investigation and planning.

Mr Speaker,

This Government's support for the arts and culture in Tasmania is second to none.

We are a Government for all Tasmanians.

We believe that it is the responsibility of a government to provide support for all areas of community interest whether they are cultural, sporting or other forms of entertainment.

We also believe that the benefits of such support should never be understated.

Investment in sporting, cultural and entertainment events and infrastructure, supports our lifestyle, supports business and supports our health and wellbeing.

Diversity is part of our lifestyle and the Government will continue to invest in the arts, in our galleries and in sport and recreation to secure the vibrancy of our lifestyle now and in years to come.

Shaping an Inclusive Future

The Budget also includes another important long term initiative to plan for our communities into the future.

\$100 000 each year will be provided to establish a high-level taskforce of community stakeholders to assess barriers to social inclusion.

This new taskforce will report to the Minister for Community Development on the state of our communities and identify strategies to make Tasmania more inclusive.

Mr Speaker,

People are healthier and more productive when they are physically active and engaged in community activities.

Unfortunately, many Tasmanians face significant barriers to participation.

These barriers can include economic hardship, cultural differences and geographical isolation.

In this Budget, the Government is acting to break down these barriers.

Starting in 2007-08, the Government will establish a new community recreation grants program.

The Program will provide an additional \$1 million in funding each year to address barriers to the participation of Tasmanians in sport, recreation and physical activity.

Sport and recreation is an important part of our lifestyle and people who face barriers to participation will now have a greater opportunity to enjoy the benefits these activities provide.

Shaping a Safe Future

Mr Speaker,

A strong economy and strong financial position means that we can create a stronger and safer Tasmania.

Safe communities are an essential part of building strong communities.

High levels of safety are one of the things that make our Tasmanian lifestyle so unique.

Today, there is no more important safety issue than road safety.

One death on our roads is one too many.

The Budget implements the Government's 10-year Road Safety Strategy.

The Strategy:

Will improve road infrastructure,

Will make sure vehicles travel at safer speeds,

Will improve vehicle safety, and

Will increase the safety of our young road users.

This Strategy will be funded through a new road safety levy.

The levy will be set at \$20 and will be payable with every vehicle registration from 1 December this year.

The concession rate will be \$12.

It is estimated that over the next five years the levy will raise \$42.5 million.

Every last cent of this money will go into improving road safety.

Let there be no doubt ...

This levy will help save lives.

Mr Speaker,

The Government has a responsibility to use its resources wisely.

This is a responsibility we take very seriously.

The Government has undertaken a review of the Criminal Injuries Compensation Scheme.

This review has found that this scheme is not meeting the objectives which were originally established for its operation.

The Government will cease operation of this scheme and redirect the funding to other areas of need within the Justice portfolio.

Funding will be redirected to:

- establish a Court mandated Drug Diversion Program to break the drug and crime cycle;

- implement a state-wide adult and child witness support program; and
- establish a program of support through the Legal Aid Commission for people appearing before the Mental Health Tribunal, the Forensic Tribunal and the Guardianship and Administration Board.

An additional \$2 million will be provided over four years to establish a Victims Assistance Scheme to help victims of person-to-person violent crimes.

Reinvesting in Our Future

Mr Speaker,

This Government is committed to investing every dollar it can in the future.

To achieve this goal the Government has a responsibility to review public assets.

The investments of the past are not always the best investments for the future.

The Government has made a decision to sell three non-core Government-owned businesses.

The Southern Regional Cemetery Trust,

The Printing Authority of Tasmania, and

The Hobart International Airport Pty Ltd.

The sale of the Southern Regional Cemetery Trust and the Printing Authority of Tasmania is vital to the future viability of these businesses.

Both of these businesses are subject to legislative or other restrictions on their capacity to compete in very competitive markets.

The Boards of each business have made it very clear to the Government that continuing to operate under the current constraints is not a viable option in the long-term.

The Boards have also advised the Government that if the existing constraints are not lifted, then the best option for the business and their employees, is for the business to be sold.

Mr Speaker,

We have considered this advice and believe it is vital that we give these businesses every opportunity to achieve a sustainable future in the private sector.

Hobart International Airport is in a different circumstance to the Cemetery Trust and the Printing Authority.

It is a profitable and strong company.

It is an entity that has been in State Government ownership for less than 10 years and is the only capital city airport that's controlled by government.

It is now an appropriate time for the Government to sell the Hobart Airport to enable reinvestment of those resources into new infrastructure.

The new infrastructure projects will include ...

The development of Macquarie Point as a site for the new Royal Hobart Hospital.

The Southern Transport Investment Program, which includes the new Brighton Transport Hub; and Agricultural water storage and irrigation.

These projects are vital for the future of Tasmania.

It is not appropriate to give any indication of what price we expect to receive from the sale of any of these businesses.

To do so could adversely affect the sale process.

This is why we have not factored the expected sale proceeds into the Budget.

It is the Government's intention to immediately progress the sale of these businesses to minimise the impact of the sale process on their ongoing operation.

I would also like to assure employees of these organisations that all accrued entitlements at sale date will be preserved and that a strong emphasis will be placed on continuity of employment and, to the greatest extent possible, current employment conditions will be maintained.

Mr Speaker,

As part of its review of government businesses, the Government also considers that it is an appropriate time to seek special dividends from TOTE Tasmania and the Motor Accidents Insurance Board.

A special dividend of \$12 million will be paid by TOTE Tasmania over four years while a special dividend of \$30 million will be paid by the MAIB over three years.

These businesses are in a strong financial position and have sufficient retained earnings to meet these dividend payments.

Payment of these special dividends reflect the Government's strong belief that the funds concerned would be of greater value to the community if they were used to provide other government services.

Shaping a Competitive Future

Mr Speaker,

This Government is a strong supporter of Tasmanian business.

In just nine years we have taken Tasmania from being the second highest taxing state in Australia to the second lowest.

By 2010-11 the Government will have implemented or committed tax cuts worth over \$1.2 billion.

That's \$1.2 billion staying in the pockets of Tasmanians.

This Budget delivers further tax cuts of \$24 million every year.

We will completely eliminate mortgage duty from 1 July this year.

We will cut motor vehicle tax by 21 per cent.

We will cut duty on heavy vehicle transfers from three per cent to one per cent.

This will bring the total tax cuts provided by the Government to \$170 million every year.

Mr Speaker,

The cuts in motor vehicle tax and heavy vehicle transfer duty will be funded by the abolition of the existing petrol and diesel fuel subsidy.

The Government has been concerned for some time that this rebate might not be finding its way into the pockets of Tasmanians.

These tax cuts remove any doubt over who benefits from this Government assistance.

The Government's financial management has created a strong economy and a strong foundation for Tasmania.

The challenge now is to lock in these gains and build on this foundation.

The Budget includes two important initiatives which will support business growth across industry sectors.

\$4 million will be provided over the next four years to expand our successful Enterprise Growth Program which provides help to small and medium sized businesses in Tasmania.

\$7.5 million will be provided over three years, beginning in 2008-09, for a new program to encourage jobseekers and support apprentices and trainees.

A particular focus of this second initiative will be to provide support for disadvantaged and long-term job-seekers.

Mr Speaker,

The funding for these initiatives will be provided by the reallocation of funding from IT industry payroll tax assistance and the Tasmanian Trainees and Apprentice Incentive Scheme (TTAIS).

The Government has reviewed the effectiveness and sustainability of the funding which it provides to the business sector.

This review found that the provision of indirect support through payroll tax assistance is not the most effective means of achieving desired policy objectives.

In particular, the linking of assistance to payroll tax arrangements means that only businesses over the payroll tax threshold can benefit from this assistance.

The Government supports the development of all businesses and that includes small to medium sized business.

That's why the Government will phase-out this payroll tax related assistance.

IT Industry assistance will be phased out over three years while TTAIS will cease operating from 1 July 2008.

All of the funds from these two schemes will be returned to business through the new business growth and training initiatives.

The phasing-out of payroll tax assistance and the allocation of funds to new initiatives will increase the level of support available to the broader Tasmanian business community.

Existing recipients will still be able to seek support under the new initiatives.

Mr Speaker,

Planning processes can impact significantly on business as well as the broader community.

The Government creates an environment for business to prosper. When businesses grow we have jobs for our people, a strong economy and a strong future.

For business to grow in Tasmania our planning schemes and regional land use strategies need to be reformed to encourage consistent and contemporary planning schemes across the State.

The Budget will provide \$1.5 million over two years to work with Local Government to renew Tasmania's regional land use planning system and secure foundations for our future.

Shaping Foundations for Future Growth

Mr Speaker, the Budget provides infrastructure investment to equip Tasmania for the future.

Infrastructure drives our productivity.

It drives long term security for our services.

And, it drives our prosperity.

The Budget provides \$920 million over the next four years for investment in new infrastructure in Tasmania.

This consists of both new investments and the continuation of the Government's 2006 Election commitments including:

- \$91.6 million of investment in schools, colleges, TAFE and library facilities, and the construction of a new high school at Kingston;
- \$74.1 million of investment in health including hospital equipment and capital works at the Launceston General Hospital, the Mersey Campus of the North West Regional Hospital and the Royal Hobart Hospital; and
- a \$511.4 million infrastructure package for our roads.

The Budget also provides vital infrastructure reforms including transport, water and sewerage, and education.

Mr Speaker, in addition, the infrastructure that we put in place when we came to government is creating new opportunities for economic growth today.

Major projects such as Basslink, the gas pipeline, new telecommunications infrastructure and greater sea and air access are already paying productivity returns to the Tasmanian people.

And Mr Speaker, the biggest-ever public infrastructure commitment in Tasmania's history by far will be the development of a new Royal Hobart Hospital.

There's nothing more important than our health.

A new hospital will ensure healthy Tasmanian communities for generations to come.

And this Budget plans for the new hospital and that future.

Infrastructure investments provide a clear pathway to a stronger future for Tasmania.

With the Budget this Government is planning, acting and investing in the things that are important to Tasmanian people.

Shaping a Stronger Tasmania

Mr Speaker, it is only through responsible financial management that we can now afford to invest for the future.

The Budget maps a plan for structural change and infrastructure investment to drive productivity and maintain strong growth in Tasmania's economy.

It's a Budget that makes the decisions and reforms that are needed to secure our lifestyle now and for decades to come.

In a small state, the Government has to lead the economy.

This government leads by managing the states finances well and being a catalyst for economic growth.

By looking forward and acting now, the Budget delivers the Government's plan to shape a strong and sustainable future for Tasmania.