



2016-17 BUDGET SPEECH

'Back on track.

Reinvesting in essential services.'

BY
THE TREASURER
HON PETER GUTWEIN MP

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Second Reading of the Consolidated Fund Appropriation Bill
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*Presented to both Houses of Parliament by the Governor's
Command*

Madam Speaker,

This is the third Budget I have handed down as Treasurer, and I can confidently say that under the Hodgman Liberal majority Government, Tasmania is back on track.

The economy is back on track.

The Budget is back on track and will be back in surplus in 2016-17 - three years ahead of schedule.

Because of that, the Government is now able to re-invest to improve the services Tasmanians need while continuing to grow the economy and jobs.

This Budget strengthens the fundamentals and has a firm eye to the future.

Madam Speaker,

The Tasmanian economy is growing at the fastest rate in six years and business confidence levels are among the highest in the country.

Under this Government, more people are working and the unemployment rate is down.

The Budget is framed to improve the State's economic performance and support the delivery of essential services to provide an important safety net for those who are vulnerable.

Budget Position

Madam Speaker,

This Budget continues and builds upon the plan we began a little over two years ago.

One of my earliest acts as Treasurer was to get a clear picture of the State's financial position through the preparation by Treasury of the Risks Report. It was, unfortunately, a picture of unsustainability, and so we set out to fix the mess.

Our first Budget wiped \$446 million from the cumulative deficits we inherited and fundamentally shifted the debt path the State was on.

Madam Speaker,

Our second Budget built on those foundations and continued the job of Budget repair, while making prudent decisions on frontline services and investing in the future through a \$1.8 billion infrastructure program.

Importantly, we carefully managed the windfall gains in our forecast GST revenues.

We did not make the mistake of locking in recurrent expenditures that one day we might not be able to afford on the back of the revised GST expectations.

The 2015-16 Budget set the path for the delivery of a Budget surplus, three years ahead of schedule. The Budget I am handing down today delivers on that, forecasting a surplus of \$77 million in 2016-17.

Furthermore, across the Budget and Forward Estimates period, a cumulative operating surplus of close to \$50 million is forecast. This contrasts sharply to the financial outlook we inherited, which was for cumulative deficits of more than \$1 billion over the then Budget and Forward Estimates period.

In preparing the 2016-17 Budget, the Government has had to deal with some large financial shocks. We have had to write-down expected GST receipts by around half a billion dollars, largely reversing the upswing that was evident last year.

Madam Speaker,

That is a turnaround of \$1 billion in revenue in a 12-month period, and shows the volatility of the single largest revenue item in the Budget.

We have had to deal with the consequences of the record low rainfall and the simultaneous outage of the Basslink cable, which has meant writing down over \$100 million from Hydro in revenue while we rebuild our water storages.

In addition, the challenging 2015-16 bushfire season has been a hit to our finances, thus far tallying \$31 million.

Yet, despite these significant financial set-backs, in this budget a surplus is achieved with no new taxes, and no new savings measures.

However, we have had to take some difficult decisions. We have deferred the introduction of the planned reduction of duty on compulsory third party premiums and the reduction in motor tax that were to commence in 2017, until the Budget is in a stronger position.

This decision has not been taken lightly, but in the context of a write-down of more than half a billion dollars, a deferral is the responsible course of action.

Because we have been prepared to make difficult decisions, like those we took early in our term of Government to put the Budget onto a sustainable footing, we can now invest more in essential services, while delivering balanced Budget outcomes.

The fact is, without the savings strategies from our first Budget, the Budget would still be in deficit to at least 2020 - and it certainly wouldn't be able fund the infrastructure program or support the new initiatives I will outline today.

Madam Speaker,

Discipline and careful management of expenditures is the key. Like any household, the Government must live within its means. The growth in spending over the life of the Hodgman Liberal Government is estimated to be around 1.6 per cent per annum through to 2019-20.

The growth in revenue over the same period is expected to be 2.3 per cent, which is well below the long-run trend of 4.6 per cent per annum, primarily due to lower growth forecasts for GST revenue.

By contrast, the growth in annual expenditure over the eight years from 2005-06 to 2013-14 was 4.9 per cent, which outstripped revenue growth of 4.1 per cent.

Madam Speaker,

Put simply, the early return to surplus is because we have, and continue to, be disciplined, not because of large windfalls in revenue.

A key element of Budget management is controlling the public sector wages bill, because employee costs account for nearly half of all operating expenditure.

Our wages policy is, as in past years, that the increase in costs for each industrial agreement is to be no greater than two per cent per annum.

This setting provides for real wages growth for Tasmania's public servants, when compared with the current rate of inflation, which is around one and a half per cent.

This Budget provides funding for Agencies consistent with our wages policy. It needs to be remembered that even a once-off one per cent increase in employee expenses would cost around \$100 million across the Budget and Forward Estimates period.

The Government's priority is to use its available funding to meet emerging service needs, whilst also providing for modest real wage increases.

Madam Speaker,

I am very pleased to confirm that even with the impact of a reduction in GST of around a half a billion dollars and reduced returns from Hydro Tasmania, the Government will stay out of Net Debt.

This Budget forecasts that the Government will continue to hold Net Cash and Investments right across the Forward Estimates period, and they are expected to be around \$300 million as at 30 June 2017.

Being in a positive Net Cash and Investments position across the Forward Estimates period ensures that we have the balance sheet strength to fund the Infrastructure program that is set out in the Budget.

The 2015-16 Budget contained a significant \$1.8 billion in job-creating infrastructure funding, \$200 million more than the prior Budget. I am pleased to announce that the Government will maintain \$1.8 billion of investment across the Budget and Forward Estimate period. The infrastructure program will once again touch all corners of the State and provide a major stimulus for economic activity in both large and small business.

Economic Outlook

Madam Speaker,

The Tasmanian economy continues to recover after several years of weak economic activity.

Business confidence is amongst the highest in the country and at record levels, household spending is showing strong growth, private investment is maintaining its recovery, the tourism industry is buoyant and Tasmania's international exports have returned to strong growth.

In 2015-16, Tasmania's economy is expected to grow by 2½ per cent, the strongest growth rate since 2007-08 and above Tasmania's long-term trend of around two per cent growth.

For 2016-17, Treasury is forecasting economic growth to remain above the long-term trend at 2¼ per cent.

Continued strong growth in real gross state product per capita is expected, following the large increase in 2014-15. This is good news for all Tasmanians.

Over the term of this Government, the labour market has strengthened. The unemployment rate has fallen from 7.5 per cent when we came to office to 6.6 per cent now, and 2 300 jobs have been created. Treasury is estimating that year-average employment levels for 2015-16 will be similar to the levels in

the prior year - this is in the context of the extraordinary rate of jobs growth in 2014-15, which was three times the long-run average.

In relation to employment growth in 2016-17, Treasury is forecasting trend growth through the year, representing 2 300 more jobs by June 2017.

The Government understands that there is more that can be done to work with industry sectors to support business and grow jobs, and this is an important focus of this Budget. The Budget contains \$425 million in an ongoing industry support and jobs package.

Madam Speaker,

While jobs remain the Hodgman Government's number one priority, the unashamed focus of the new initiatives incorporated in this Budget is strengthening the delivery and availability of essential services to all Tasmanians.

Reinvesting in Education

Education continues to be a high priority for the Government. The Budget provides both ongoing and new support for the implementation of broad reforms to improve educational outcomes for the Tasmanian community.

The Government is investing a record \$1.48 billion into education and training this year so we can deliver better results for our children, upskill our workforce and create a job-ready generation.

Education Infrastructure

Madam Speaker,

The Government knows that the built environment within which education is delivered is very important in supporting learning outcomes and in making sure our young people want to attend school.

To further support Tasmanian students, over the 2016-17 Budget and Forward Estimates period, the Government will provide new funding of \$50 million and a total package of \$113 million to support the redevelopment of a number of schools, colleges and TasTAFE facilities.

The \$113 million investment in education infrastructure is the largest education capital program ever made by a State Government.

This will include new infrastructure projects at 14 Tasmanian primary schools, high schools and colleges, as well as new investment in important training infrastructure.

Madam Speaker,

This is good news for students, its good news for teaching staff, and its good news for jobs. Resourcing for education has never been in a stronger position than under the Hodgman Liberal Government.

Fairer Funding

Furthermore, over the Budget and Forward Estimates period the Government will continue to fully meet its commitment to provide \$134 million over six years to implement the Students First education reforms.

This additional funding will be spent on a range of initiatives supporting student needs and wellbeing such as progressing reforms that flow from the Ministerial Taskforce for supporting students with disabilities, further targeted literacy and numeracy support and STEM programs, and programs for combatting bullying and student health.

Year 11 and 12 Extension

Madam Speaker,

One of the most important structural reforms this Government is implementing is to tackle the historically unacceptable rate of retention of our young people in the education system. Extending year 11 and 12 education to the State's high schools sets this Government apart from those that have gone before it.

This year there is a 57 per cent increase in students studying Year 11 and 12 in the first 12 schools that have been extended. In 2017, another 18 High Schools will extend to Year 11 and 12 for the first time, and the Budget provides for additional staff and infrastructure to support this absolutely vital reform.

Combatting Bullying

Keeping our children safe and ensuring they enjoy turning up to school is of paramount importance in ensuring that they are encouraged to learn. Funding of \$3 million over four years has been allocated to develop and implement a program to combat unacceptable behaviours, especially bullying, in our schools. This initiative will particularly target cyber bullying as well as address other bullying issues.

Reinvesting in Health

Madam Speaker,

The health of Tasmanians is a very high priority for this Government, and this is well-demonstrated by the priority we continue to give health in our Budget decisions.

The Hodgman Liberal Government is continuing its record investment in Tasmania's health system with \$6.4 billion over four years to help deliver a better health system.

In 2016-17 alone, funding of \$1.6 billion will be made, representing nearly 30 per cent of all expenditure. The Budget provides new funding of \$50 million over the Budget and Forward Estimates, in addition to the \$100 million in the previous Budget, to this key area of Government responsibility.

One Health

Madam Speaker,

We are getting on with the job of fixing the broken health system and putting patients back at the centre of decision-making. Through our One Health System Reforms, including our Patients First plan, we are working hard to ensure Tasmanians get the health services they need and deserve.

This Budget provides additional funding of \$29.5 million over four years to support One Health System reforms as well as \$9.5 million in capital funding for improved Health Transport and Coordination infrastructure. This is in addition to \$17 million in operational funding to improve transport services. This funding of \$26.5 million will result in enhanced patient coordination, transport and accommodation to support our One Health System reforms.

Madam Speaker,

Waiting lists remain a priority. To the end of February, we have achieved a nearly 60 per cent reduction in average excessive wait times for very long waiting non-urgent patients - a legacy we inherited. This is a 288 day improvement in average wait times for these patients since June 2014.

But there is more to be done. We will continue to roll out our extra \$76 million investment in elective surgery and from July the Mersey Community Hospital will become a dedicated elective surgery centre, which will assist even more Tasmanians to get their surgery sooner and help reduce surgery cancellation rates.

Health Infrastructure

The Government recognises that delivering better outcomes for health will be supported by our health professionals and patients having contemporary facilities. The Budget provides for more than \$515 million investment into frontline health infrastructure.

The Royal Hobart Hospital Redevelopment is the single largest public construction project in the State and it will deliver a state-of-the-art health facility for generations of Tasmanians to come. This Budget provides \$457 million to complete the task, which has an overall Budget of \$689 million.

Through our prudent approach to managing our finances, the Government is in a position to enhance the redevelopment and has provided new funding in this Budget of \$3.7 million to redevelop the pharmacy at the Royal Hobart Hospital.

The Budget also provides new funding of \$7.9 million to upgrade Ward 4K at the Launceston General Hospital. This ward is the current children and paediatrics ward and its expansion will enable young people suffering from a mental illness to be treated in a clinically appropriate environment.

The construction of a new St Helens Hospital will ensure a modern and accessible environment for patients, clients and staff on the East Coast. A further allocation of \$1.1 million is provided in the 2016-17 Budget in addition to the existing allocation of \$7 million. It is anticipated that the total cost of the redevelopment will be \$12.1 million with expected completion in 2020-21.

Healthy Tasmania

Madam Speaker,

While we are making new investments in frontline health, the Government knows that a healthier Tasmania must start with promoting a healthy lifestyle and preventing chronic disease.

We have set the goal of making Tasmania the healthiest population in Australia by 2025.

The Budget allocates \$2.6 million over four years for Healthy Tasmania, which includes new funding of \$1.6 million. Targeting smoking and obesity will be key priorities. The Health Council of Tasmania is guiding the future direction of preventive health plans in Tasmania in a way which will have a real and practical impact on our health system.

In addition, \$2 million has been allocated to support Tasmanian Government schools to promote student health and wellbeing.

Mental Health

Madam Speaker,

The Government recognises the importance of mental health for the community and additional funding of \$3 million will support the implementation of a number of priority actions under the Government's *Rethink Mental Health Plan*.

This funding will assist to develop an integrated mental health system that provides support in the right place, at the right time and with clear signposts about where and how to get help, and to deliver targeted assistance.

Protecting the Vulnerable

Madam Speaker,

One of the fundamental roles of any Government is to stand alongside the most vulnerable to provide an essential safety net for those most in need.

The Hodgman Liberal Government has already made substantial investments in this area since coming to office, and this Budget goes further with new funding in a range of areas and in total over \$900 million is made available to support vulnerable Tasmanians.

Affordable Housing Strategy

This Government believes that all Tasmanians should have the opportunity to have a roof over their head.

That is why a centrepiece of this Budget is new funding of \$60 million over three years to implement the Government's priorities under our Affordable Housing Action Plan. The Government's target is to provide 1 600 vulnerable Tasmanian households with support over the four year term of the Action Plan. This includes the construction of 941 new homes and support to access affordable homes in the private market.

The implementation of the Affordable Housing Action Plan will deliver a range of outcomes, in addition to helping vulnerable Tasmanians. The injection of \$60 million right across the State will also be a massive boost for Tasmania's construction sector - for both large and small businesses, providing jobs and opportunities for building workers right around the State.

Strong Families - Safe Kids

Strong Families, Safe Kids is the first stage of a redesign of child protection services in Tasmania and the most significant investment in this area for the past eight years. We want all children to be safe and this Budget provides total funding of \$20 million over four years to support its implementation.

The redesign will deliver better outcomes for children and their families and fundamentally change the way in which government and non-government agencies work collaboratively to deliver services to improve the wellbeing of all Tasmanian children.

The Budget also provides one-off additional capital funding of \$550 000 for immediate stabilisation and upgrades to the Child Protection Information System.

Safe Homes, Safe Families

Madam Speaker,

The Government's \$25.6 million Family Violence Action Plan 2015-2020, known as *Safe Homes, Safe Families* was launched in August 2015 and this Budget provides for the full delivery of the programs as announced.

It is a coordinated whole-of-government plan that focuses on three areas of action - changing attitudes and behaviours; supporting families affected by family violence and; strengthening legal responses. We were privileged to have Rosie Batty work with us on the development of this program and we thank her for the valuable time she spent in our State.

NDIS

The National Disability Insurance Scheme is a massive reform that will bring certainty and dignity to people living with a disability, their families and carers. The NDIS will give people greater choice and control over the support they receive. By 2019, almost 10 600 Tasmanians are expected to be participants - a tenfold increase.

Over the 2016-17 Budget and Forward Estimates period, more than \$572 million in cash and in-kind contributions are forecast to support the NDIS, including \$17.3 million of new funding set aside in this Budget.

Neighbourhood Houses

Madam Speaker,

This Government is a strong supporter of the Neighbourhood Houses network. That is why we made, and delivered on, our election commitment of an additional \$25 000 per year for two years for every one of the Houses in the network.

Given that this supplementary funding comes to an end this financial year, the Government has set aside almost \$1 million to provide further additional annual funding of \$15 000 per house over the next two years to enable them to continue the grass-roots support they provide to Tasmanians in all regions of the State.

Funding for Community Sector Organisations

Madam Speaker,

This Budget provides a record level of funding for the community sector - some \$260 million this year alone - to assist them in their day to day work with Tasmanians in need. This includes base funding of \$233 million, indexation of \$5 million, \$21.5 million in funding for the equal remuneration order, and the third instalment of \$2.5 million from the additional funding we committed at the 2014 election.

Resetting the relationship with the Aboriginal people

The Government is resetting its relationship with the Tasmanian Aboriginal community. We are seeking to achieve greater understanding and respect between Tasmanian Aboriginal people and non-Aboriginal Tasmanians in a way that acknowledges Aboriginal history and culture.

The Budget provides almost \$24 million in existing and new Aboriginal programs and services over the next four years. New initiatives include services in education, child protection, family violence and joint land management with over \$2 million in additional funding provided over the Budget and Forward Estimates period. New initiatives include funding additional trainee rangers and support for Aboriginal women impacted by family violence.

Supporting Industry and Jobs

Madam Speaker,

While the Tasmanian economy is unquestionably stronger under the Hodgman Liberal Majority Government, we know that more can be done to work alongside Tasmania's industry sectors, and with individual businesses, to grow the economy and create jobs.

The Budget funds a package of new measures, in aggregate worth around \$140 million that, combined with the ongoing funding contained in last year's Budget of around \$285 million, establishes a \$425 million industry support and jobs package.

Supporting the building and construction sector

Madam Speaker,

One of the key components of the new \$140 million industry support and jobs package is a range of measures that will support the Tasmanian building and construction sector.

I have already mentioned the \$60 million affordable housing package that will put roofs over peoples' heads and create jobs right around the State.

Police Housing

The Budget also provides new funding of \$5 million for investment in police housing and this is in addition to the \$2 million program that was previously allocated for police housing on the West Coast. These works will be particularly attractive to small businesses in the residential construction market.

First Home Building

Madam Speaker,

The Government understands that if the building and construction sector is busy, jobs are being created, retail does well and, importantly, so does our economy.

Building on our \$60 million investment into affordable housing and our police housing initiatives, the Government also wants to see more first homes built. History shows that the first home builders' market is responsive to stimulus, and accordingly, the Government intends to double the grant available to first home builders from \$10 000 to \$20 000, backdated from 1 January 2016 through to 30 June 2017.

This means that Tasmania will have the highest first home builder grant offered by any State government. In the context of our lower median house price of \$392 000, compared to the Australian average of \$696 000, Tasmania can rightly claim to be the most attractive place in the country to build your first home.

Northern Major Cities Development Initiative

Madam Speaker,

The Budget allocates an additional \$30 million towards the Northern Cities Development Initiative, taking the total investment to \$90 million. This initiative will see the Coordinator-General working in close collaboration with Northern Tasmanian councils to help revive communities through infrastructure projects, including Devonport Living City, the Launceston University of Tasmania Campus Relocation Project, and enhancing the presence of the University of Tasmania at West Park in Burnie.

Importantly, the State Government's \$75 million to underpin the UTAS Northern Tasmanian education and economic transformation project is now fully funded.

iPlan

The Budget also provides new funds of \$1.9 million for the ongoing development of *iPlan*. *iPlan* will deliver an online 'one stop shop' development approvals system, benefitting every home builder and commercial developer in the State, as they will have real time access to the planning and building rules that apply to their land to help them make decisions about their project. They will also be able to track the progress of their applications to Council.

There is new funding in the Budget of \$400 000 to continue planning reform work and to enable the Tasmanian Planning Commission to undertake its statutory functions under the new Planning Scheme laws.

Supporting primary industry and fishing

Biosecurity

Strong biosecurity is about protecting our community, economy, industries and environment from the negative impacts of pest and disease.

This Budget builds on the existing \$4 million of additional investment the Government made in the 2015-16 Budget for biosecurity, by committing a further \$2 million to continue to enhance biosecurity services.

This funding will increase the number of detector dogs and handlers where biosecurity risks are identified as being the highest. The initiative will also support a Biosecurity Officer on King Island along with seasonal increases in Biosecurity Officers to address periods of peak demand.

The Budget also provides the second instalment of \$1 million towards the upgrade and development of biosecurity infrastructure and operating systems.

Fishing and aquaculture

Madam Speaker,

The fishing and aquaculture sectors are key employers in regional Tasmania and generators of substantial economic value.

The Tasmanian oyster industry has been severely disrupted by the outbreak of Pacific Oyster Mortality Syndrome. In response, the Government is providing 24 months fee and levy relief for all marine farming leaseholders licenced to farm Pacific Oysters as they recover from the impact of the disease. This relief includes provision of an additional \$600 000 for the continuation of the Tasmanian Shellfish Quality Assurance Program, which would ordinarily be funded by the industry through a levy.

We are also waiving licence fees, lease rental fees and the Primary Produce Food Safety Accreditation Fee, bringing the total package to \$861 000 for 2016-17.

An additional \$400 000 in funding has been provided to supplement the Shellfish Quality Assurance Program. This is in addition to previous commitments of \$600 000 over three years to supplement the Program and \$500 000 over three years to the Institute of Marine and Antarctic Studies for salmon industry research.

New funding of \$400 000 has also been provided to support the Wild Fisheries Management Program.

Finally in relation to the fishing sectors, the Budget provides new funding of \$1.2 million over two years for the ongoing development of the Fisheries Integrated Licensing and Management System.

Dairy Industry

The Government understands the challenges facing Tasmanian dairy farmers and will continue to work with the industry to help combat these difficulties. We are supporting the industry-led response and the Skills Response Unit is providing advice to those in need, including affected employees and farm workers.

We have always supported our farmers, with programs such as the \$10 million Drought Concessional Loan Scheme, the TFGA Fodder Register, Rural Relief Fund and counselling programs when they are needed.

The Government will provide an additional \$135 000 over three years to the Rural Financial Counselling Service to allow it to provide additional services to farmers. This will take the total Tasmanian Government funding to the RFCS from \$40 000 to \$85 000 per year over the next three years.

The Tasmanian Government will also provide Rural Alive and Well with funding of \$569 000 in 2016-17. This continues the Government's commitment to extend mental health support in rural communities as part of our long-term plan for mental health in Tasmania.

Supporting the Tourism sector

Madam Speaker,

Tasmania has cemented its place as a must see destination for national and international visitors alike. The Government strongly supports this key part of the Tasmanian economy, and the jobs that it delivers.

The Tasmanian Visitor Survey confirmed that 2015 was the most successful year ever for Tasmania's tourism and hospitality sector.

A record 1 153 300 travellers visited our island, they stayed a record 10 million nights and they spent a record \$1.95 billion while they were here.

Importantly, every region has shared in the record growth, with the South recording a 10 per cent increase, East Coast 15 per cent, North seven per cent and Cradle Coast 11 per cent.

The number of international visitors to our shores rose 20 per cent in 2015, with spending up by 34 per cent.

This Budget invests a further \$8.8 million to ensure we continue this strong growth.

The Budget provides new funding of \$1.25 million to provide an Aviation Market Development Fund. This will support dedicated cooperative international airline marketing partnerships through the establishment of airline codeshare arrangements and cooperative marketing agreements to accelerate growth of Tasmanian visitors on their networks.

We know that the Tasmania brand is in demand and the Budget also includes a new investment of \$650 000 to further strengthen our position. The goal is to turn up the spotlight that is already shining on our people, places and produce, which are the best in the world.

Madam Speaker,

Spreading the dividends of tourism outside our major centres is a key objective for the Government. In this context, the Budget provides new funding of \$6.3 million to help boost regional tourism on Tasmania's East Coast, through enhancements to the Great Eastern Drive between Orford and St Helens.

The Business Events sector contributes over \$110 million to the Tasmanian economy annually, predominantly in the shoulder and winter periods. The Budget provides \$600 000 funding to further support Business Events Tasmania's marketing and coordination activities, including additional resources in the North of Tasmania and increased focus on international markets.

Tasmania's national parks and reserves are clearly drawcards for visitors, and of course, are enjoyed by a great many Tasmanians. The Budget provides \$5.7 million to continue the High Priority Maintenance and Infrastructure program.

The Budget also provides \$4 million towards construction of Stage Three of the Three Capes Track which, once completed, will provide improved access to Cape Raoul.

New funding of \$220 000 is allocated to develop a preferred management model and strategy for Maria Island to ensure its full potential as a tourism asset for the East Coast region and Tasmania is realised.

Funding of \$250 000 has also been allocated in 2016-17 for a research initiative investigating the impact of climate change on future bushfire risk in Tasmania's wilderness world heritage areas and determining appropriate firefighting responses.

Madam Speaker,

The Cradle Mountain Master Plan is a bold and exciting concept for tourism in Northern Tasmania. The Government is very supportive of this project, which we believe, could be a real game-changer for our tourism industry, especially in the North.

The proposal is for a three-way funding approach involving the State Government, the Australian Government and the private sector.

The State Government component of the Plan, which is estimated to be around \$15 million, will be assessed through the Structured Infrastructure Investment Review Process.

Once costings are finalised, and subject to it meeting our expectations, we will fund the Tasmanian Government's share of the Cradle Mountain Master Plan from the infrastructure provision we have made in the 2016-17 Budget.

Supporting the Mining Industry

Madam Speaker,

The mining industry is an important traditional economic sector and the Budget provides new funding of \$1.4 million for Geoscience. This new program of targeted geoscience projects focused on the North West and Western regions of Tasmania will provide Tasmania the best opportunity to attract investment as the mineral exploration and mining sectors recover.

Supporting the Forestry Sector

Madam Speaker,

The forestry industry is being rebuilt under this Government. Forestry Tasmania is being placed onto a sustainable pathway and a solution for the southern residues challenge is being finalised.

The private sector is stepping up and exciting options for other innovative uses for certified plantation and native timber are being developed. The Government wants to support these innovative options for growth.

The Budget allocates \$1.25 million towards a Wood and Fibre Processing Innovation Program, which will help develop innovative uses for wood and fibre, such as for higher value engineered building products as well as biomass for renewable energy and heat production.

It will also focus on increasing the use of timber and agricultural residues to create value-added products and includes targeted programs for the Dorset and Huon regions and the private forestry sector as well.

Working with industry, the Government will develop the State's first ever policy to encourage the use of more certified timber and wood products in Government building projects. It is expected that this policy will commence in 2017, and its development is in light of recent ground-breaking changes to the National Construction Code, which now allow for timber to be used for construction in more classes of commercial properties. It also builds on the already announced agreement with the University of Tasmania to consider certified timber in the Northern Transformation Project.

We will also work with the industry and provide up to \$500 000 in matched funding for strategic marketing of Tasmanian forestry products to help grow the industry and expand export markets.

Tasmanian Jobs and Investment Fund

Madam Speaker,

The Budget provides the \$8 million in new funding required to co-contribute to the jointly-funded \$24 million Tasmanian Jobs and Investment Fund, which was agreed with the Commonwealth in late 2015.

The fund attracted 140 highly competitive applications, with 56 projects, worth \$92.6 million being successful. Those investments are expected to generate 774 new jobs.

Community Infrastructure Fund

New funding of \$5 million has been allocated in 2016-17 for the establishment of a \$13.9 million Community Infrastructure Fund. This will be used to support private sector and community projects as well as assisting local government to generate economic development opportunities in their municipalities.

Supporting Small Business and Training

Madam Speaker,

This Government is well aware of the importance of small business to the Tasmanian economy. The State's 37 000 small businesses employ around 100 000 Tasmanians.

A great many of the initiatives I have outlined today will be of benefit to the small business sector, either directly or indirectly.

Furthermore, this Budget also directly provides new funding of \$600 000 to support small business with apprenticeships and traineeships. Coupled with funding assistance, the Government will work with small businesses and Group Training Organisations to make it easier for small businesses to employ an apprentice or trainee.

In addition, new funding of \$900 000 over two years has been allocated to support growth industries to give young Tasmanians an opportunity to develop technical and work-ready skills.

The Budget also provides \$200 000 per annum in 2016-17 and 2017-18 to support an improved state-wide small business assistance program that enables targeted business development.

Energy Sector

Madam Speaker,

2016 has been a challenging year in the energy sector. Record low rainfalls and the unprecedented loss of Basslink required us to act decisively and implement our Energy Supply Plan. That Plan has worked. Energy security has been maintained.

It is important, however, that we take stock and learn from what has transpired. That is why we have provided funding in the Budget for the Energy Security Taskforce to undertake a risk assessment and provide advice on measures to enhance energy security.

Furthermore, we understand that Tasmanians and Tasmanian businesses are now more acutely aware of their energy needs, and it is timely that we look to improve how well we use energy at the household and small business level.

Accordingly, the Government is, in partnership with Aurora Energy, developing a Tasmanian Energy Efficiency Loan Scheme. This new scheme will facilitate up to \$10 million in no interest loans to support small businesses and households invest in a range of energy efficiency products.

In addition, the Government will support the continuation of Aurora's highly successful energy efficiency initiative for vulnerable customers.

TT-Line Vessel Replacement

Madam Speaker,

There is no question that *Spirit of Tasmania I* and *II* are an important part of Tasmania's tourism and freight infrastructure. Accordingly, it is important that the Government prepares for their replacement in the early-to-mid 2020s.

TT-Line has performed very strongly in a financial sense and has a very strong balance sheet and currently expects to hold over \$100 million in cash at 30 June 2016.

To that end, we have decided to create a Vessel Replacement Fund initially seeded by \$80 million comprising a \$40 million special dividend from the TT-Line in 2016-17 and a second expected special dividend of \$40 million in 2017-18.

Specific legislation will be introduced to lock the fund ensuring it can only be used for the Spirit replacements.

Further contributions are expected to be made to the Fund in future years as the Budget situation and TT-Line's cash position allows, noting that even after the initial budgeted contribution of \$80 million to the Vessel Replacement Fund, TT-Line will still have significant cash reserves.

This is a clear example of how the Hodgman Liberal Government is future-proofing the State by taking a long-term view and making careful decisions to build for the future.

Metro Tasmania Pty Ltd

Tasmanians rightly value their public transport, but there is no doubt that Metro's current bus fleet is getting tired.

The Government has decided that it will support Metro Tasmania accelerate its bus replacement program. The Budget provides new funding of \$18 million to Metro Tasmania to assist the purchase of 100 new busses. We will also provide \$13 million in equity in 2015-16 to strengthen Metro's balance sheet for this program.

This is an exciting development for Tasmania's advanced manufacturing sector, and I would encourage them to bid for manufacturing, customisation and fit-out work arising from the program. This initiative will not only provide new buses, it will provide jobs, a revitalised fleet and a stronger advanced manufacturing sector.

Conclusion

Madam Speaker,

The 2016-17 Budget shows that the Hodgman Liberal Majority Government is on track and importantly prioritising spending where Tasmania needs it most.

Unlike those before us, this Government is actively managing the Budget, by making careful and considered decisions about how we meet the needs of Tasmanians, manage risks and grow the economy.

Madam Speaker,

Every householder knows the importance of living within their means and making decisions about how to spend, and this Government knows that as well.

As a result of the difficult decisions we made early in our term to put the Budget back onto a sustainable footing, this Budget can now reinvest the dividends where they are most needed.

It invests in our future - preparing for new ships, revitalising public transport, building more affordable housing, and investing in better schools and hospitals.

It protects our future - strengthening biosecurity, building our Brand, and investing in our people.

The Budget enhances the safety net for Tasmania's most vulnerable and creates opportunity for industry to grow and create jobs.

It is a Budget that reflects a State that is back on track.

Madam Speaker,

I commend the Bill to the House.

