

TASMANIA

1998-99 BUDGET SPEECH

by

THE TREASURER

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MR SPEAKER

This is a moment which is historic.

I feel privileged, as Treasurer and Member of the Legislative Council, to come before this House to present to the people of Tasmania the first Budget of a majority Labor Government since 1981.

This is a Budget about building a new Tasmania.

Building a new Tasmanian economy; Rebuilding the Tasmanian community.

On 29 August, the people of Tasmania voted for a return to majority government and in so doing, put their trust in the Labor Party to revitalise the Tasmanian economy and create jobs.

Today's Budget outlines the new Labor Government's plan to build a new Tasmania. This difficult task is the overriding priority of the Government, against which our success as a government will be measured.

This Budget is built upon economic realities, and in so doing explodes some negative myths.

Myth 1 - a debt crisis.

Tasmania does not have a debt crisis as some would lead us to believe. We have a high, but manageable level of debt.

Tasmania has an economic and jobs crisis which must be addressed comprehensively. (I'll discuss this later).

Myth 2 - Tasmania is uncompetitive in terms of business costs.

The fact is that our State has the second lowest business costs per employee in Australia, and significantly below the average of the other States. These facts are outlined on page 6 in Budget Paper No 1.

Myth 3 - Tasmania's economic performance has always lagged the rest of Australia and recent times are no different.

I will explain shortly why this is not the case.

Mr Speaker, John Howard said of the former Keating Labor Government that when he came to power in 1996, he had inherited an economy better than good in parts.

The new Bacon Labor Government in this State has inherited a State economy better than good in no parts, and worse than bad in many parts.

On any economic measure, over the past 6 years Tasmania has progressively slipped further behind the rest of the Nation.

Since the 1991-92 national recession, the solid economic growth seen throughout Australia as a whole has not touched Tasmania.

The past six years has seen the worst continuous economic performance relative to the rest of Australia, since at least the Second World War.

- Economic growth in Tasmania has been just one tenth that of the rest of Australia.
- Employment growth in Tasmania has been less than 1 per cent compared with 11 per cent for the rest of Australia.
- Unemployment in Tasmania remains the highest in the Nation, and is now nearly three percentage points above the national average.

Participation rates in the labour market are so chronically low that people have not only dropped out of the work force, many have left Tasmania in search of work elsewhere.

This mass exodus - over 15 000 more people have left Tasmania than have arrived in the last six years - has caused a population decline for the first time since 1941.

Mr Speaker, the second chapter in Budget Paper No 1 addresses in great detail how Tasmania's economy was performing relative to the rest of Australia over three benchmark periods:

- up until the 1982-83 national recession;
- between 1982-83 and the 1991-92 national recession; and
- post the 1991-92 recession.

The national recessions are used as benchmarks because it allows comparisons of growth and activity coming out of economic troughs, and then tracks subsequent progress.

The chapter also analyses the main reasons for our relative performance over the benchmarked periods.

For some years prior to the 1982-83 recession, when consistent statistics were first compiled, Tasmania was performing as well as, or better than, the rest of Australia in terms of employment growth and unemployment. This performance continued for several years following 1982-83.

Subsequently, our relative decline began to emerge, punctuated by a mini resurgence in 1989-90.

The period following the 1991-92 national recession saw Tasmania's relative decline worsen dramatically, to the point today where we have serious structural economic problems that have been allowed to develop unchecked.

There are a number of reasons for Tasmania's decline, but the most important reason for Tasmania's poor economic performance since the 1991-92 national recession has been continued cuts to the public sector, without an industry development plan to create sufficient jobs in the private sector.

The fact remains that anything that was done over the past six years has been manifestly inadequate, and a significant new approach now must, and will, occur.

Tasmania is now facing a number of serious economic and employment problems which, based on Treasury estimates, will only worsen unless action is taken now to turn the State's economy around.

A concerted effort by Government is needed. Such a response should not focus on one particular industry, or on a particular aspect of the State's finances. Rather, it should be a comprehensive effort to arrest Tasmania's economic decline, by addressing the range of economic problems facing the State.

A majority Labor Government is in a position to provide the leadership and direction necessary to address the problems facing the State's economy.

In doing so, the new Government has adopted a comprehensive approach with two complementary strategies, aimed at addressing the core economic, social, and financial issues facing the State. For the first time, the Government is introducing a fully coordinated and strategic approach to economic development and financial management within the State.

Labor's Economic and Jobs Plan

Mr Speaker, the fundamentals of Labor's Economic and Jobs Plan are straightforward. These fundamentals involve:

First, the presence of a properly structured, streamlined, responsive industry development arm of Government, which is totally geared to the outcomes of the Industry Plan.

Second, a set of programs which comprehensively deal with the major issues affecting industry development.

Third, a detailed understanding of all the Industries in Tasmania - their capabilities, their opportunities, their weaknesses and their barriers to growth.

Finally, and importantly, involvement of the community through Partnership Agreements with Local Councils, and utilisation of local knowledge and input which is vital for a successful regional industry plan.

The Structure

Mr Speaker, the old industry development arm of Government - the TDR - was a spent force. It lacked direction, it lacked focus, and it was under-resourced.

Under the previous Government, the TDR had been almost restructured out of existence.

The new Department of State Development has been structured for the three main drivers of economic activity in Tasmania:

- investment and trade;
- growth from existing State industries; and
- tourism and marketing.

The new Department is streamlined, flexible and able to respond quickly to industry needs, whether that be on a day to day basis, or ensuring the specific industry plans are being implemented or monitored.

The offices of Business Assistance in the regions, together with dedicated personnel in the field, will provide the first line of day to day contact with business, and will be totally integrated with the activities of the Business Enterprise Centres and Local Councils.

This regional focus point will provide the gateway to business assistance and advice, whether that be for issues that can be handled at a local level, or more detailed issues which would be handled by one of the specialist units within the new Department.

Mr Speaker, the specialist units within the new Department have been established in response to the important areas that have been identified as impacting on industry development. Specific programs have been developed to address the following 10 important areas:

- finance facilitation;
- planning certainty for major developments;
- red tape, government regulations and assistance to business;
- networking between industries to create economies of scale and scope;
- import replacement through local content;
- financial incentives for export and import replacement industries;
- middle management requirements;
- skill bottlenecks;
- access to interstate and overseas markets and marketing; and
- harnessing entrepreneurial ideas.

Finance Facilitation

Mr Speaker, a finance facilitation sub-division will work exclusively in the area of sourcing finance for business. The finance facilitation unit will act as an agent for businesses requiring financial assistance, and will work with the business to determine the best avenue available to achieve necessary funding.

The Government's finance facilitation plan will involve:

- attracting a development bank to deal mainly with agricultural industries and infrastructure;
- substantially expanding the funds available for equity development;
- attracting more pooled development funds to Tasmania;
- providing \$1 million a year for the Tasmanian Innovation Board to provide suitable financing for entrepreneurial ideas;
- providing \$10 million over the term of the Government in assistance to small to medium net export industries;
- offering, in conjunction with the banks, government guarantees for net export industries; and
- increasing Internet access by Tasmanian firms to the Australian Stock Exchange sponsored small business loan matching scheme.

Planning Certainty for Major Developments

Mr Speaker, a select group of Departmental Heads will promote and facilitate major economic development projects. The group will be chaired by the Chief Executive of the Department of State Development and will include the heads of the Departments of Primary Industries, Water and Environment, Infrastructure Energy and Resources, Premier and Cabinet, and Treasury.

A key aspect of the Government's approach to economic development will be the marketing of packaged development opportunities to investors. The Government will identify priority projects and undertake sufficient development, including obtaining planning and other approvals, either in-principle or with the Government as the proponent, so that it is able to present attractive investment opportunities to the market.

The objective is to stimulate development by removing obstacles and reducing uncertainty.

Red tape, Government regulations and assistance to business

Mr Speaker, one-stop shops will deliver services to business in the regions of Tasmania, in conjunction with *Service Tasmania* shop fronts. The one-stop shops will:

- provide personal and electronic assistance to businesses requiring information on business regulation and how to deal with these requirements; and information on government assistance available through State, Commonwealth or Local Government;
- it will provide a referral point from various regional bodies in the area, such as the Business Enterprise Centres, and provide a point to be referred to any of the specialist areas in State Development; and

- provide an opportunity for businesses in the regions to be referred to a field officer in State Development for case management relating to a plan for the business to achieve its growth potential.

Networking to create economies of scale and scope

Mr Speaker, networking between individual businesses either in a loose or partial arrangement, or a more detailed involvement, enables greater economies of scale and scope to be achieved.

This provides the networking businesses with an opportunity to access large and more diverse markets resulting in increased production and jobs.

The Industrial Supplies Office has been expanded to take on the role of actively promoting business networks throughout the regions of Tasmania. The ISO will now have a presence in the north and north west of the State as well as the south.

Import replacement through local content

Mr Speaker, maximising local content through purchasing and procurement systems offers an opportunity for Tasmania to increase employment. Utilising a database of industry capability, the ISO can assist buying organisations to source their requirements from local manufacturers and value adding processors who can provide goods, equipment and services competitively against imports.

This can be achieved through forging closer links between buyers and producers and communicating the purchaser's requirements to local companies and organisations.

Financial incentives for net export industries

Mr Speaker, well-targeted financial incentives for net export industries will be used to provide and to pursue new or expanding prospects in existing industries.

It also provides the opportunity to attract new net export industries to the State on the basis of an incentive package arrangement.

From the Government's point of view any incentive provided must be on the basis of an economic return in terms of new investment and jobs.

The Government is currently formulating an incentive plan and this will be detailed in the coming months.

Middle management and skill bottlenecks

Mr Speaker, middle management expertise is often a real problem in businesses employing under 20 people, which are considering significant expansion.

What may have required one owner-manager to successfully manage a profitable business employing under 20 people will require two or three managers to enable the business to double, treble, or quadruple in size.

Equally Mr Speaker, businesses often complain that growth in an existing business or setting up a new business is hampered because of lack of skills in the required areas, or lack of assistance to seek out those skills.

A specialist section within State Development will be responsible for assisting in assessing the middle management requirements of new or expanding businesses and will provide assistance to ensure the middle management requirements of an expanding business are met.

The specialist unit will also be responsible for case managing those businesses which have skill requirements as a barrier to growth.

Interstate and overseas markets and marketing

Mr Speaker, the Marketing, Export and Trade Unit within State Development has the responsibility of achieving larger and more diverse markets for Tasmanian goods and services, and the responsibility for assisting in marketing services for those industries requiring assistance.

It will work very closely with Austrade, capitalising on its worldwide network opportunities, and will enter into discussions with the aim of securing a Tasmanian presence in selected Austrade offices overseas.

Harnessing entrepreneurial ideas

Mr Speaker, \$1 million per annum will be provided to fund a specialist board and provide seed funding so that Tasmanian innovative ideas can be harnessed.

A specialist area within the State Development secretariat will be responsible for liaising with the Innovations Board to ensure the particular ventures assessed by the Board as having merit, are then referred to the appropriate area in State Development to be managed through to fruition.

Industry Audits

Mr Speaker, in order to maximise our opportunities, we must determine in detail our export and import replacement capability in Tasmania. For the first time ever in Australia, a comprehensive Industry Audit will be conducted covering an entire State.

The Audit will establish in detail the opportunities for growth and new industry development across the range of industry groups, which will be vital for medium to long-term planning, but will also expose many opportunities to be pursued immediately.

The medium to long-term planning will be conducted through the new Centre of Research, Industry and Strategic Planning, linked to various key industry councils.

Each Industry Audit will be completed within a specific time frame and the final Audit will be completed by April, 1999. The Audits will be carried out in the following eight industry groups:

- manufacturing and engineering (heavy and light);
- mining and metals;
- agriculture, with sub sectors including forestry, timber and paper;

- energy, building, construction and infrastructure;
- environmental industries;
- fishing and aquaculture;
- advanced technology and information technology; and
- services, with sub sectors including Government - Local and State, tourism/sport and recreation/events, education/training and development, health and community services, business services/finance and marketing.

Mr Speaker, there are a number of exciting developments already just around the corner. The Audit process will increase this number.

Projects which the Government is aggressively pursuing or are ready to go include:

- magnesite mining and magnesium metal production;
- natural gas;
- North West Bay Maritime Park;
- mineral sands; and
- call centres.

New opportunities expected to emerge in the medium-term include:

- light metal casting;
- mine waste retreatment;
- laminated veneer lumber;
- thin medium density fibreboard;
- abalone and flounder aquaculture; and
- multi-media.

The Department of State Development's planned Industry Audits will bring forward additional opportunities.

Partnership Agreements

Mr Speaker, the final and critical component of the Industry Development Plan is the need to create a genuine partnership with the community and Local Councils. The Government's 40 Cabinet meetings within its first term throughout the regions, preceded by community forums, where people are invited to come along with any issues they wish to discuss one to one with Ministers and Heads of Agencies, provides unprecedented Government community contact. Two such occasions have been conducted already and the feedback on each occasion has been overwhelmingly positive.

The Government is in the process of formulating Partnership Agreements with Local Councils and these Agreements will be completed over the coming months.

The Agreements will spell out detailed plans of action to be implemented by both tiers of government in each Local Council area, from job creation projects, to the provision of community services, and the sharing of environmental responsibilities.

Mr Speaker, our Industry Development Plan is considered in great detail in Chapter 15 of Budget Paper No 2.

Economic Outlook

The Bacon Labor Government is very confident about Tasmania's future. We cannot continue along the path of further decline. We must reverse that decline and look to new growth and the building of a new Tasmanian economy.

Labor's Plan is a bold departure from the narrow focus of economic rationalism that has torn the heart out of regional Australia.

Labor's Plan is Tasmania's chance to once again be a State in the Commonwealth which is at least performing as well as every other State.

Labor's economic plan will lift Tasmania's economy out of decline, but it won't happen instantly. A Tasmania reborn in one Budget, or even one year, was not a Labor promise, and we could never deliver that.

Structural economic problems which have been allowed to go unchecked for six years will not be corrected overnight.

Labor's plan will begin to kick in positively in the next financial year and as such, with four months of the financial year gone already, trend economic parameters will remain subdued for the remainder of this financial year.

Having experienced a recession in Tasmania in the last financial year, 1997-98, which no other State in Australia experienced, growth for our 1998-99 financial year is expected to be around 0.5 per cent.

Employment growth for the year is expected to be static until the new Government's Industry Development Plan begins to take affect.

Mr Speaker, Australia has weathered the Asian crisis surprisingly well to date. Equally, Tasmanian exports have held up well, and while there may be an economic flattening effect from Asia, the impact for Tasmania does not look significant at this stage.

The current low value of the Australian dollar will be of assistance to our export industries, but this will be balanced to some extent by a reduction in commodity prices.

Financial Strategy

Mr Speaker, I would like to move on to the Government's financial plan and outline clearly where we are heading.

In the 12 months or so leading up to the announcement of the State election, the previous Government and certain well-orchestrated sections of the community tried to have us believe that our debt situation was so bad that we had to sell or lease the poles and wires of the Hydro-Electric Corporation (HEC).

Literally overnight after the election was called, apparently our debt situation had deteriorated to crisis point and we were told not only did we have to sell the poles and wires, but the generation system had to go as well.

Mr Speaker, let me say once again, Tasmania does not have a debt crisis. The committed decision of the Labor Party to maintain the Hydro in public hands will be shown to be the right decision in the years to come.

Tasmania's debt is high, but manageable. The net debt of \$2.7 billion is more than covered by over \$5.1 billion in Government business assets alone. The Labor Government will be managing our debt and finances responsibly, consistent with our primary focus on Industry Development and jobs.

Mr Speaker, let me remind Honourable Members on the other side, what a debt crisis is, because Tasmania had such a crisis which developed through the Liberal administration in the 1980's.

By the beginning of the 1990's, Tasmania was confronted with a Budget so out of balance that an annual borrowing of around \$280 million would have been required to balance the books.

Tasmania was in a situation where all the benchmark parameters of financial sustainability were not only heading for the outer limits, they were actually entering the twilight zone.

Total debt increasing substantially; debt as a percentage of production over 30 per cent and rising; and the proportion of the Budget allocated to debt servicing through the 10 per cent barrier and escalating unsustainably.

Mr Speaker, that was a debt crisis.

What we have now is a situation where governments of both political persuasions have arrested and controlled that crisis, but at a cost. That cost in recent years has been a contribution to an ever-declining economy through a reduction in public employment.

Mr Speaker, once again, the Labor Government will be managing our debt and finances responsibly, consistent with our primary focus on Industry Development and jobs.

The time has come to put an end to this bizarre doctrine in a small economy such as Tasmania, which says that you can continue to cut the public sector and not expect an economic impact on the wider economy, or on services.

Mr Speaker, a well-resourced, vibrant public sector in Tasmania is vital to the Government's plan and Tasmania's future. Consistent with this need, the Government is announcing that there will be no more expensive redundancy schemes and there will be no more redundancies.

Mr Speaker, I must say that this will be the last Budget to be presented late in the calendar year. The 1999-00 Budget will be presented in May, and each subsequent Budget will be presented in May each year. This change brings our Budget in line with other States and with the Commonwealth Government. A May presentation will allow the Budget to be presented before the beginning of the financial year to which it relates.

Labor will be committing to a number of financial targets and financial principles.

First, the annual Consolidated Fund Budget will be maintained in surplus from 1999-00.

Mr Speaker, this is the first time for at least 30 years that borrowings will not be required to prop up the Budget. Furthermore, an underlying Budget surplus will also be maintained on a Government Financial Estimates basis.

Second, the burden of debt on the Tasmanian community is to be reduced. Total State Government net debt as a proportion of Gross State Product will be reduced to below 20 per cent by 2003-04.

General Government net debt as a proportion of Gross State Product will be reduced to below 10 per cent by 2003-04.

The Government will not increase its net debt.

The cost of servicing debt is to be reduced, with the net interest cost ratio to be reduced to below 5 per cent by the year 2003-04 - a substantial reduction over recent years.

Third, the burden of tax will not increase. There will be no new State taxes and no increase in the rate of existing taxes.

Fourth, the growth in the unfunded liability of the public sector superannuation arrangements is being addressed and will continue to be addressed.

The accruing superannuation liabilities of new public sector employees will be fully funded from 1 July 1999.

Finally, any asset sales above \$2 million will be used to retire State debt. Proceeds from minor asset sales will be applied to improving the State's infrastructure and will not be used for recurrent expenditure.

Mr Speaker, having outlined the Labor Government's comprehensive plan to deal with the Tasmanian economic and jobs crisis, and having outlined the principles of our financial strategy, both of which provide the blueprint for the Government's next four years, I want to now mention the other highlights of the Budget.

Mr Speaker, it must be said that the decision of the former Government to call an election when it did, put enormous pressure on the incoming Government to produce a Budget incorporating Labor's plans for the future of Tasmania, in such a short period of time. The fact that we have been able to deliver a Budget incorporating a new plan to rebuild Tasmania in such a short time is indicative of the fact that Labor had used its time in Opposition well. The detailed policy development and consultation within the community over the past six years has paid dividends for the people of Tasmania, even at this early stage of the Government's term.

Unfortunately the advent of a Labor Government was not soon enough to prevent such wasteful expenditures as the \$2.372 million spent investigating the sale of the Electricity Generation business, but the Government has been able to realise significant savings by reducing the Budget allocation for consultancies and travel, and as a result of a reduction in the size of Parliament, and a reduction in the number of Ministers.

The full year cost saving effect of this is:

- \$2.348 million for consultancies and travel; and
- \$2.671 million for the reduction in the size of Parliament and smaller Government.

The cost saving to the Tasmanian people through these two measures alone is \$5.019 million per year.

The 1998-99 Budget demonstrates the Government's commitment to sound financial management and clearly shows that the debt problems of Tasmania can be managed through a continued process of fiscal reform, without resorting to selling the Hydro, or mass public sector sackings.

The 1998-99 recurrent receipts are estimated to be \$1 970.3 million, compared to \$1 886.7 million in 1997-98, an increase of 4.4 per cent.

Total Consolidated Fund outlays are estimated to be \$2 044.4 million, an increase of \$58.1 million or 2.9 per cent over comparable expenditure last year.

Mr Speaker, the 1998-99 Budget Net Financing Requirement will be \$15.5 million, a reduction of \$21.6 million against the actual 1997-98 Budget outcome of \$37.1 million.

The Forward Estimates show a surplus of \$3.4 million in 1999-00 and a continued surplus thereafter.

Responding to Community Needs

Mr Speaker, the Government will deliver on all its election commitments - election commitments are funded in all areas in accordance with our platform.

Health

In Health, our policy commitments were always conditional on the state of the Health Department's finances being no worse than the Rundle Government publicly revealed.

During the election campaign, the Rundle Government refused to reveal to the Tasmanian community the true state of the Health Budget, despite repeated requests.

We suspected in Opposition that the Health Budget was under serious strain. We stated repeatedly in Opposition that the Labor Government's funding for its Health promises would be applied to the general Health Budget, if the Department's finances were worse than being revealed.

In this Budget we are providing increased base funding for Health and Human Services of \$15 million per annum. This is substantially more than our election commitments provided for, and much more than promised by the previous Government.

Rather than implementing new initiatives, this funding will go into the essential services neglected by the Rundle Government.

Between now and the 1999-00 Budget, to be delivered in May next year, we will be examining in detail the resource requirements of the Department of Health and Human Services, and will develop an approach to funding which is sustainable for the Department and sustainable for the State.

Education

Mr Speaker, the Government has more than doubled its Election policy commitment for computers in schools and will provide more than \$8 million in 1998-99 to provide Government schools with access to school based information technology.

The annual allocation for maintenance in schools has been increased by \$600 000 from the start of the 1999 school year.

The total allocation for the Student Assistance Scheme, which provides assistance towards the cost of levy items for eligible students will increase by \$500 000 from the start of the 1999 schools year.

The allocation is 20 per cent greater than the 1997-98 allocation and will allow assistance rates to be increased for the first time since 1995.

Law and Order

Mr Speaker, a society in which the fear of crime effects our lifestyle is not acceptable.

The Government is committed to increasing the establishment strength of the police service to meet community expectations and, in 1998-99, the Department of Police will commence recruitment of an additional 50 police officers.

Mr Speaker, during 1998-99, the Department of Police will also develop an Integrated Crime Management Strategy, incorporating repeat burglary victimisation plans and community safety and crime prevention plans.

This Strategy will ensure that adequate police resources are deployed in outer suburban and rural areas and ensure that trouble spots are targeted for extra policing.

Primary Industries

Mr Speaker, the potential for further expansion and job creation in Tasmania's primary industries is substantial, and it is for this reason that Primary Industries figure prominently in Labor's Industry Development Plan and in the Industry Audits.

The Department of Primary Industries, Water and Environment will be working closely with all sector stakeholders and the Department of State Development, and within Labor's industry plan, to ensure all opportunities are identified and developed.

Tasmania is free of many pests and diseases found in other States and the Government has strengthened Tasmania's quarantine operations by providing funding in the 1998-99 Budget for four extra quarantine officers to guard against the importation of pests and diseases.

Transport

Mr Speaker, the 1998-99 Budget includes \$200 000 for the provision of a modern public bus service for Devonport.

\$400 000 will be provided annually in future Budgets to enable services to be provided at a standard similar to that provided by Metro in other Tasmanian cities.

To ensure that Tasmania has a long-term road strategy that accurately reflects current and future needs, in 1998-99 the Department of Infrastructure, Energy and Resources will develop a five year medium-term road strategy, and a 10 year long-term road strategy.

These strategies will be incorporated in the Partnership Agreements with Local Councils, and will ensure that road funding and setting priorities for road works is undertaken in an open and clear way and encourages public participation and includes social, environmental and economic criteria.

Tourism

Mr Speaker, the creation of the Department of State Development will enable a coordinated and focused approach to industry development in Tasmania.

One of the most significant industries in Tasmania is the Tourism Industry, and the 1998-99 Budget delivers increased support of an additional \$500 000 to fund expanded national and international marketing as part of a fully integrated marketing plan.

This funding will rise to \$1 million in 1999-00, and in future years.

Support for the *Devil Cat* will continue over the peak tourism season from December 1998 to April 1999.

Environment

Mr Speaker, the Government's Integrated Industry Development Plan has been developed with parallel policies, including environmental considerations.

The Government will seek to adopt an appropriate balance between development and environmental considerations.

Major initiatives to be advanced during 1998-99 include:

- creation of marine protected areas in the Kent group of Islands and at Port Davey;
- construction of visitors' centres at the Royal Tasmanian Botanical Gardens, Mt Field and Freycinet National parks, and the development of the Hastings State Reserve;
- creation of a new suite of parks and reserves under the Regional Forest Agreement;
- upgrading of walking tracks in World Heritage Areas;
- the introduction of a permit system to limit the number of walkers in sensitive areas; and
- seeking expressions of interest for environmentally sensitive development of the newly acquired lighthouse sites.

Capital Investment Program

Mr Speaker, the 1998-99 State Capital Program will total \$391.1 million, a marginal increase over the 1997-98 actual expenditure of \$389.3 million.

The Budget includes funding for a number of major capital investment projects and a continuing emphasis on the maintenance of the State's capital stock through smaller labour intensive projects. Major projects include:

- the completion of Stage 2 of the Royal Hobart Hospital redevelopment at a cost of \$9 million;
- the completion of the Visitor Centre at the Royal Tasmanian Botanical Gardens at a cost of \$1.3 million;
- a visitor centre at the Hastings Caves State Reserve;
- a visitor centre at the Mount Field National Park;
- redevelopment of the Inveresk Art Gallery; and

- major works at a number of schools, including Brighton Primary School; Cosgrove High School; Cygnet Primary School; George Town High School; Lilydale District High School; Sheffield District High School; the Don College; Westbury Primary School and a number of other schools and colleges.

Mr Speaker, the Government's initiative of introducing a May Budget from 1999-00 will allow capital investment projects to commence earlier in the financial year as projects will not be delayed by an extended Supply period.

In addition, to reduce uncertainty and provide a sound planning framework for the construction industry, the Government will re-establish a rolling three year forward program to provide the industry with an indication of future investment projects.

This initiative will allow the industry to plan more effectively which will have the direct benefit of ensuring more construction projects are undertaken by the local industry, and provide greater stability of employment for employees in the construction industry.

Conclusion

Mr Speaker, the process of revitalising Tasmania has already begun.

Tasmania does have an economic and jobs crisis, but the plan to build a new Tasmania is now in place.

Mr Speaker, there is no debt crisis. This Government will produce a May 1999-00 Budget in surplus.

Over the next four years, the success of this Government's industry plan and fiscal strategy presented today, will be measured.

Mr Speaker, I confidently look forward to very positive results.

I commend the Bill to the House and in doing so present the Budget Papers for the information of Honourable Members.