



## **2009-10 STATE BUDGET**

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**Response by the Leader of the Opposition,**

**Will Hodgman, MP**

**Tuesday 16 June 2009**



\*\*\*\* CHECK AGAINST DELIVERY \*\*\*\*

## Vision and leadership

Tasmania's economic circumstances do not just demand a response.

They demand change.

They demand a brand new direction.

They demand leadership and vision for the future.

The last thing the State needs right now is more of the same from a tired, stale Labor government that puts its political survival and self-interest ahead of the long term interests of our state, and is letting Tasmania down.

We are seeing some of the consequences of that now.

Tasmania is heading into recession.

More and more Tasmanians have joined the dole queues and thousands more are set to follow. Households are struggling to make ends meet. Talk to any small business and they will tell you things are grim. And the State Budget has also been significantly affected by the global financial crisis.

We cannot blame this all on external events.

A decade of strong economic growth and record GST receipts has been frittered away. The tough decisions, the long-term planning and the structural reforms – were never made.

This Budget demands strong fiscal discipline and a plan for the future.

But Labor has no plan for the future beyond the next election.

And after a decade of waste, excess and inefficiency, a complete change of culture is required to deliver the fiscal discipline Tasmania needs, not just now, but in the years ahead.

Tasmania needs leadership to make the tough decisions that are in our long-term interests.

To level with Tasmanians, and call it as it is, not shy away from the truth and sugar coat everything with spin.



But also to inspire hope and show Tasmanians that the situation we are in presents opportunities too; if we're courageous enough to seize them we can emerge from this downturn stronger than ever before.

So we must start looking to the future and planning for prosperity now.

My vision is for a Tasmania where the government is trusted to make the right decisions; for the right reasons.

A place where local business is backed to create local jobs

A place renowned for its strength and unity – envied by the rest of the nation

But we won't get there without leadership and vision, or without change.

### **Budget framework**

We have framed our budget response so that it fits broadly within the same parameters as the Government.

Taking this approach also puts the Liberals and the ALP on the same fiscal footing in the lead up to the election.

It also means that we accept the Government forecasts on growth and employment and other measures as set out in Budget Paper 1.

We have done this because, at the time of the next election, the financial year will have only three months to run. It would not be possible to alter this year's Budget.

This also puts an end to all Labor's dishonest scare campaigns.

We both start from this Budget.

If either side wants to spend more it must say where the money is coming from – either how it will raise it or what spending it will cut to pay for it.

All the measures I outline today are paid for by identified cuts in Government spending, new revenues or unallocated funds.

The bottom line is that the operating result is improved under the Liberal plan compared to Labor.



## **Budget responsibility**

There are some tough decisions that have to be made now.

And we must get our priorities right, now.

Tasmania's finances have changed drastically since I addressed this House in response to the Budget last year, so we must adapt.

That's why today, I announce that the policies the Liberals will take to the next election will be those that we announce between today and polling day.

The policy platform that we took to the 2006 election was framed in a different economic time.

We are a responsible Opposition and we cannot ignore the fiscal situation the State is now in.

I commit that Liberal policies will be affordable.

Today I will also outline additional savings and how these savings will fully-fund new policies, and those that I recommit us to today.

I am not interested in outspending the Labor party or throwing taxpayers' money around to try to buy votes. That is not leadership.

And before I announce these I want to explain the fiscal strategy that will guide the shaping of our policy framework.

*Under a Hodgman Liberal Government, the budget will return to the black by 2012-13 with both the net operating balance and the fiscal balance in surplus.*

*Under a Hodgman Liberal Government, Tasmania will remain net debt free.*

*Under a Hodgman Liberal Government we will do more for business by reducing the tax burden and making Tasmania a much more competitive place to do business.*

*Under a Hodgman Liberal Government capital expenditure will, at minimum, equal depreciation on a rolling four year basis.*

And I will ensure that risks to the Tasmanian economy are managed to ensure that, even in these difficult times, Tasmania's credit rating can be maintained.



## Quarterly Financial Reports

A sound fiscal strategy requires clear parameters under which policies are developed. And importantly, I believe it also needs a commitment to honesty, transparency and accountability.

To provide for greater budget honesty, a Hodgman Liberal Government will legislate for quarterly transparent Financial Reports to be tabled in the Parliament.

These will report on revenue and expenses for government agencies, the number of Full Time Equivalent employees in government agencies, the number of new positions created in agencies and progress on budgeted infrastructure expenditure.

The last eight months have shown how quickly economic circumstances can change, and revenues plummet. Governments must not be able to pull the wool over taxpayers' eyes and spend up big at the same time revenues are bleeding.

Other States and Territories provide quarterly financial reports to their taxpayers – one even issues monthly reports. But Labor abolished quarterly reports in 2003 in a bid to evade scrutiny, and that was in the good times.

We will be a government that really values honesty and transparency, fiscal responsibility and accountability.

*And a Hodgman Liberal Government will produce quarterly budget reports for greater fiscal accountability.*

## Sullivans Cove Waterfront Authority

A government I lead will be one that offers vision and leadership, and one that delivers results.

The Lennon-Bartlett Government has amassed an extensive resume of unfulfilled promises, failed projects and wasted opportunities.

This government struggles to deliver results.

A prime example is the Sullivans Cove Waterfront Authority.



It has lasted longer than the First World War but hasn't delivered on the important task of progressing appropriate development in this exceptional part of Tasmania.

Over seven and a half million dollars spent, and there still isn't a Master Plan for the precinct.

It would be laughable if it weren't so serious.

A government I lead will immediately axe this extravagance.

It should be abolished immediately.

Its planning functions should be returned to the Hobart City Council. The Master Plan should be developed in the Office of the State Architect, with appropriate input from the Council and other interested stakeholders.

Waterfront development can be overseen by the Department of Economic Development and Tourism, in collaboration with the Hobart City Council.

This will save the state over \$7 million over four years.

***A Hodgman Liberal Government will immediately abolish the Sullivans Cove Waterfront Authority.***

### **Anti-corruption and ethics commission**

David Bartlett admitted when he became Premier that his government was a mess. Since then, things have only got worse. Abuse of process, shonky decision making, cronyism, secrecy and evasion are hallmarks of this tired, 11 year old government.

The Premier promised to fix the mess, yet Labor's budget provides not a single dollar for the establishment of an independent anti-corruption and ethics authority our state needs.

Once again, hollow words from this Premier.

We will use the money saved from abolishing the Sullivans Cove Waterfront Authority to set up and fund an independent anti-corruption and ethics commission.

I also reaffirm today my commitment in government to apply a strict new code of conduct for Ministers, advisers and public servants, and implement a radical reform agenda to change the culture of government and make open government the law.



It's a question of having the right priorities.

And my vision is of a Tasmania where the government is trusted to make the right decisions.

So it is a priority for the Party I lead to implement these policies without delay.

*A Hodgman Liberal Government will establish an independent anti-corruption and ethics authority.*

### **Budget restraint**

For months now the government has been warning of the massive belt-tightening that is required, threatening public servants with pay freezes, even their jobs.

Yet this budget shows that elected Ministers have ducked the tough decisions and hand-balled them to agency heads.

Much of the budget pain has of course also been shamelessly deferred so that it doesn't hit until after the next election.

This year's Budget is one designed to get Labor through to the next election, not Tasmania through the economic challenges.

But now, more so than ever before, waste and inefficiency is not acceptable, and tough decisions must be made.

I announce today that we would:

- *cut support for Ministers to save \$4 million over four years;*
- *cut the government car fleet to save \$6 million over four years;*
- *cut government advertising and promotion by \$4 million; and*
- *cut fees payable for government boards and committees.*

Tasmania has over 200 boards comprising some 1,500 members, and given that we all have to tighten our belts, we will be reducing payments to them by a further \$1 million over four years.

We must make every dollar count in this economic climate if we are to look after Tasmania's long term interests. Labor, however, would rather spend it on self-interest and self-promotion.



Currently, the Tasmanian State Service has 285 Senior Executive Service officers. This number has grown by over 41 per cent since 2002, more than doubling the rate of growth across the broader public sector for the same period.

The Government has announced a reduction of 25 SES. We don't believe that this goes far enough.

*A Hodgman Liberal Government will reduce the number of SES by another 25 positions, saving \$5 million per year for the next four years.*

As I have previously committed we will improve efficiency in government, and we will make the tough decisions necessary to do so.

### **Government businesses**

In 2007 I said we need to investigate ways we can ensure government business enterprises have the best opportunity to prosper, and therefore enhance their returns to the state.

I can announce, that a Hodgman Liberal Government would establish a taskforce to investigate how to get better returns from government businesses.

The taskforce will be comprised of representatives from government agencies - State Treasury and the Department of Economic Development - and it will also include eminent economic and management specialists from the private sector.

The taskforce will receive an allocation of \$250,000 and administrative support from those departments to undertake this analysis and report within 6 months on ways to improve efficiency and returns from all Government businesses.

On behalf of the shareholders - the people of Tasmania - *a Hodgman Liberal Government will act to improve the returns we receive from government businesses.*

I don't expect these decisions to be popular. But real leadership is not a popularity contest. It's not about endless photo opportunities and ribbon cutting.

These savings are required to put our economy in the best possible position to emerge from this downturn stronger than ever before.



They will also promote a practice of restraint in government that is clearly beyond the current Labor government.

But today, also, I want to emphasise key elements of our policy agenda.

Our agenda, which differs starkly from that of the tired Lennon-Bartlett Government, is one which will;

- drive our economy forward;
- deliver accountable government;
- achieve better health results;
- raise education standards;
- strengthen our community and protect our lifestyle.

### **Small business**

As I have said previously, I fundamentally believe that a strong economy where business and enterprise can prosper is the best way to achieve that policy agenda.

I have repeatedly said that my vision is for Tasmania to be the most competitive and most attractive place in the country to run a business.

And I will back Tasmanians and Tasmanian businesses to get us through these challenging economic times.

In Tasmania, so much of our economic engine room is the small business.

And I believe that if we have the courage to put in place reform now, we can emerge out the other side of these economic challenges more resilient and better placed to realize our potential.

So today I announce key policy reforms that back business, and provide it with a better environment to prosper and to create more local jobs.

Our fully-funded business and jobs package will:

- **cut land tax**
- **streamline planning approvals**



- match payroll tax rebates
- protect and generate jobs in tourism
- and boost exports

And as economic times improve, so too will the capacity for greater reform and change. Our commitment and our policy agenda to back business will remain.

### Land tax

Tasmania has the second highest Land Tax burden of all Australian states.

A recent Institute of Public Affairs Report concluded that *“measures to reduce Land Tax liabilities are necessary if Tasmania is to promote a more business-friendly environment.”*

Part of my vision is for Tasmania to be the most competitive place to do business, and today I reaffirm the Liberal Party’s aspiration to ultimately abolish land tax in this State.

I accept it would not be responsible to abolish Land Tax immediately, given the current financial climate, but nor can we afford to unduly burden Tasmanians and Tasmanian businesses.

As a sign of my commitment to making Tasmania the most competitive place to do business, today I announce that a *Hodgman Liberal Government will make land tax cuts in its first term of office.*

We will raise the threshold to \$65,000, which means that almost 19,000 properties in Tasmania would not have to pay Land Tax, an increase of over 14,000 on the Government’s policy.

### Planning

Tasmania’s twenty nine local councils administer thirty eight planning schemes.

This is just ridiculous.

We cannot make our state attractive to business investment with a cumbersome planning system.



We need to seriously streamline our planning system, with an independent planning commission.

We need to remove inconsistency between different schemes, duplication, delays in approvals, and the miles of red tape.

It is holding up investment, and stifling new jobs.

Labor's been talking about fixing it for 11 years, but despite one expensive review after another, little has changed.

At no additional cost to the Budget, *my government will establish a single statewide, residential planning code.*

We will use the successful regional template adopted by North West councils.

The consolidation of the thirty eight planning schemes to a statewide approach would significantly reduce the planning bureaucracy and deliver more consistency in the format, provision and application of planning schemes.

And in line with the intentions of the North-West Coast Regional Planning initiative, a statewide residential code would improve the operation of local planning schemes and planning outcomes whilst ensuring that regional planning considerations are preserved.

And we will work closely with local government and other stakeholders to develop such a code, and I will deliver it within my first year of government.

### **Protect and generate jobs in tourism**

We recognise that the tourism industry is a vital asset to our State, creating thousands of jobs and generating great economic and social activity.

But it also represents a glaring example of where the Lennon-Bartlett government has headed in the wrong direction.

Whilst other states are marketing themselves to the domestic market, aggressively chasing more tourist dollars for their State, in Tasmania the Labor government cuts the tourism budget; dismisses repeated calls for destination marketing; cuts funding to our parks, and dismantles the Department of Environment, Parks, Heritage and the Arts.



Labor is not only missing an opportunity, but also damaging the brand we have worked so hard to build.

And Labor persists with spending \$23 million on its flawed Tarkine plan it knows may actually damage tourism and the Tasmanian wilderness brand.

Because I back small business in this State, I back tourism to the hilt.

*My government will invest an additional \$5.5 million over three years in tourism promotion, to bring more tourists, and tourist dollars to our state.*

And I'll fund that by cutting waste from the government's budget.

This is a higher priority than the absurd number of cars in the government fleet, or glossy government advertising, or spin doctors for useless ministers.

*And our visionary Tarkine Plan will also provide a much needed boost to the industry, especially in the North West.*

Our plan will directly boost jobs and tourism businesses in the North West region through

- \$18 million for capital works on the South Arthur Forest Drive Loop, including the establishment of a visitor centre and upgrade of the western explorer road
- \$500,000 for Tarkine eco-tourism capital infrastructure grants for environmental innovation
- \$2.5 million for marketing of the region and the provision of tourism information services and upgrades and
- \$1.5 million to the parks and Wildlife Service to ensure a high quality visitor experience within the Tarkine.

And, I can announce that *under a Hodgman Liberal Government, there will be a Department of Environment and Parks.*

## Exports

Nearly one in four jobs in Tasmania is in the export sector.

As an island state we have to export to survive and prosper. And we need to support those businesses in export markets.



Exporters are doing it tough, but there is still potential to tap into new markets, grow the level and value of exports in existing ones and help the Tasmanian economy emerge stronger once the economic storm clouds pass.

Labor, in a typically short-sighted way, cut export facilitation funding in the Budget.

*My government will reverse that, providing \$2 million over four years, because my government will be all about backing business to create jobs.*

A central policy commitment of a Hodgman Liberal Government is to back local business, and provide it with a better environment to prosper and to create more local jobs.

## Infrastructure

We must invest in infrastructure that will generate wealth and productivity into the future.

It is an absolute disgrace that this government is still just talking about producing a State Infrastructure Plan – after 11 years in government.

Is it any wonder our roads are substandard.

Is it any wonder rail is at its knees?

We are committed a long-term State Infrastructure Plan, and a central element of it is to build a four-lane Midland Highway.

This is a National Highway, our main arterial highway, and even the Infrastructure Minister concedes it is a 'goat track'.

And yet Labor does not believe that Tasmanians deserve better – now or in the long term.

Labor has not secured a better deal from the Federal Government for Tasmania.

A four lane Midland Highway is a major, long term project.

This is a 20-year plan.

But it's Labor that thinks that the current state of the Midland Highway adequate.

The Tasmanian Liberals do not.



We will not accept second best for Tasmania.

Our plan allows for the high speed sections of the highway to be upgraded progressively.

The initial estimates of the costs associated with the works on the high speed sections of the highway, which together amount to about 120 kilometres of road, is expected to be approximately \$400M.

Consistent with AusLink funding arrangements, we will seek federal funding at 80% of the cost as this is a National Highway project.

Planning will commence in 2011/12 and we will allocate funding to begin this work.

*A Hodgman Liberal Government will act on the vision to upgrade the Midland Highway to four lanes.*

*Importantly, we will also continue to advance our vision to build a state water grid to usher in a new era for irrigated agriculture in Tasmania.*

And of course, Tasmania needs an efficient, working rail system.

It is essential to our industry, to our transport and export links, and to minimise the amount of heavy freight on our roads.

This Labor Government has overseen our rail system grinding to a halt.

And federal money allocated four years ago specifically for rail remains largely unspent.

The Tasmanian Government has the obligation to take charge and to find a solution urgently.

The Shadow Minister for Infrastructure will elaborate on these, and other important infrastructure challenges in his reply speech.

### **A smarter Tasmania**

We have a fundamental commitment to a creating a smarter Tasmania.

And given the government says it shares the community's concerns about our low school retention rates, we simply cannot understand Labor's decision to end Pathway Planning for Tasmanian high school students.



I announce today that *a Hodgman Liberal Government would invest \$2.5 million a year into Pathway Planning for Tasmanian high school students.* The money will go directly into our high and district high schools, to ensure that up to 35.5 FTE Pathway Planning positions are available to work directly with students, schools, training providers, industry and the community.

Their role will be to help students understand, plan and develop potential pathways to engaged future learning, training and qualifications, and job futures.

This is a vital service to also help students that are disengaged, have special needs, contribute to absenteeism in high schools, and need to find a positive focus toward work, learning, and self worth.

### **A fairer Tasmania**

Just eight months ago the Joint Committee on Community Development tabled a substantial and yet damning report that highlighted the inadequate funding of the Community Equipment Scheme.

The report found that children needing wheelchairs had outgrown them by the time they arrived and people were bedridden for weeks while parts were sought for their wheelchairs.

This is certainly not a kind, clever and connected Tasmania.

*A Liberal Government will inject an additional \$1.5 million per year into the Community Equipment Scheme which provides equipment, aids and technology to Tasmanians with a disability. This amount will be indexed annually.*

The timely provision of equipment and technologies to people with disabilities should be seen as a social investment as it helps to prevent the deterioration of conditions that would otherwise need more intensive and costly interventions.

More importantly, it helps to restore dignity to the individual.

### **Health infrastructure for the future**

We have to fix our public hospitals and improve health services to Tasmanians.

Despite record amounts of spending, under Labor hospital waiting lists have increased dramatically.



And for 11 years, Labor has presided over the deterioration of Tasmania's major public hospital.

For the last three years they have been obsessed with building a new hospital on the waterfront.

And now, after three years of mismanagement and millions of dollars wasted, they have abandoned their warped plan and promised a \$2 billion hospital somewhere down the track that is not costed, or funded.

This is a Bartlett black-hole.

This appalling episode typifies a tired government that makes poor decisions and can't deliver major projects.

What a waste of 11 years in government.

Tasmania needs a New Generation Royal Hobart Hospital and we will build one.

And our New Generation Royal Hobart Hospital will be built without taking Tasmania into debt.

TOTE Tasmania represents a truly Tasmanian asset. It is held in trust by the government on behalf of the people of Tasmania. Now it is up for sale, it is essential that all Tasmanians benefit from the proceeds.

We know, given that the Treasurer did not include a sale price in the budget papers, that this Labor government intends to squander the proceeds from the sale of TOTE on short-term vote-buying for its own political survival.

That is unconscionable.

Any money from the sale of TOTE must be used to benefit all Tasmanians.

I announce today that *we will establish a New Generation Infrastructure Fund from the revenue of the sale of TOTE Tasmania.*

Its prime purpose will be to fund a New Generation Hobart Hospital, and also to upgrade hospital and other capital infrastructure around Tasmania.

*A Hodgman Liberal Government will build a New Generation Hobart Hospital.*



## School bus fares

A Hodgman Liberal Government will also make bus travel free for students travelling to and from school, using a funding model that will ensure there will be no change to the contractual arrangements currently in place for private school bus operators.

We believe in improving public transport options and making school more accessible and less expensive for all parents, whether they choose to send their children to a public school or a non-government one and regardless of where they live.

We estimate this commitment to Tasmanian parents and their school-age children will be an ongoing annual cost of up to \$8 million, and we will fully fund that by cutting the government's wasteful budget.

*A Hodgman Liberal Government will make bus travel free for students travelling to and from school.*

## Conclusion

Tasmania is facing dark economic times but our potential remains immense and our future is bright – if we make the tough decisions that are needed now, and plan properly for our future.

I will lead a financially responsible and disciplined government.

I am not interested in outspending a Labor party more interested in its own short term interests, than the long term interests of our state.

These financial circumstances demand more than a survival plan for a Labor government.

They demand change.

A more disciplined and responsible approach to how we manage our finances.

And change in how we spend that money to deliver Tasmanians the services and the infrastructure the state needs and deserves.

I remain committed to an action agenda that;

- gives business the best environment to prosper;
- builds infrastructure for our future;



- gives Tasmanians the quality health and education systems they deserve.
- And protects our lifestyle and strengthen our communities.

And despite the immense challenges of the day my vision for Tasmania remains.

Where the government is trusted to make the right decisions; where local business is backed to create local jobs; and where all Tasmanians have the opportunity to achieve their potential.

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