

# The Liberal Alternative Budget 2011/12

*Getting the priorities right for today. Providing a vision for tomorrow.*



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I am pleased to present the Liberal's Alternative Budget for 2011/12.

The Liberal's Alternative Budget for 2011-12 is a true alternative to the Green-Labor plans to slash front-line services, close schools and make the cost of living worse.

Last year in our Alternative Budget we demonstrated how we could have funded all of our election promises, while delivering a better budget bottom line. Since then, all those policies have been under review, which is the normal practice post election.

In this year's Alternative Budget we fund a new set of policies which best addresses the challenges Tasmanians face today, and which are affordable in the current fiscal climate.

Budgets are about priorities.

They are about making the tough decisions about where to best put scarce government resources, particularly at a time such as this when the State's finances are in such a mess due to the economic incompetence of Labor and the Greens.

Budgets are also about providing a vision and hope for the future; of presenting solutions not only to the short-term problems facing our state, but also a longer-term plan to deal with the bigger issues we face.

The Liberal Alternative Budget for 2011-12 achieves these goals.

As a result of our getting the priorities right, we are able to achieve a budget bottom-line which is nearly \$40 million more than that of Labor and the Greens over the forward estimates, while at the same time protecting front-line services, and adhering to our pledge of no forced redundancies in the State Service.

I am also pleased that we have been able to create a new \$60 million fund to keep schools open that Labor and the Greens want to close.

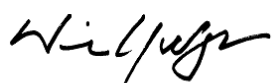
The Alternative Budget also announces our visionary new plan to address the yawning year-10 retention gap, with our plan for high schools to go from years 7-12 within a decade of us taking office.

We have also provided a plan and a vision to re-boot our economy by implementing a single state-wide planning code for all of Tasmania, refocussing Tourism Tasmania, and injecting some funds into events attraction.

We remain committed to introducing full retail competition in the energy market, and to amalgamating the four water and sewerage corporations into one, to put downward pressures on prices and on the cost of living.

Our Alternative Budget gets the priorities right for today, and provides a vision for tomorrow.

Yours sincerely,



Will Hodgman MP  
Leader of the Liberals

## How Labor and the Greens have wrecked the Budget

It is very important to put into context the reasons why this Green-Labor Government now finds itself in such a difficult financial position.

We agree that that the financial circumstances of our State are desperate but the Premier and Treasurer is in denial about why this has occurred.

We don't dispute the fact that GST expectations have reduced since the setting of the 2010-11 State Budget. However, GST revenue has actually increased since the first post-GFC budget.

It is the spending habits of this Government, and in particular their failure to stick to the savings targets outlined in the 2009-10 budget (the first post-GFC budget) that are the prime cause for the budget crisis of today.

### **Green-Labor overspending**

Since 2004-05, the Government has spent over a **billion dollars more** than was budgeted for.

Even this year in February the Government's own Mid Year Financial Report told us that they yet again had overspent their budget, this time by \$112m. It is of note that this latest overspending is for the current Green-Labor Government, meaning that the Greens cannot escape culpability for the over-spend.

After telling the people of Tasmania that the Government had yet again overspent its budget and that they were on track to take the budget back into net debt, one would expect that Labor and the Greens would have tightened their belts.

But instead, only seven weeks later, Labor and the Greens introduced a \$195m supplementary appropriation bill to Parliament so that it could approve even more overspending by this Government.

This Government has been in power for thirteen years, and its spending addiction has gotten bigger as it ages and decays, as chart one shows, with an over-spend of more than \$1 billion since 2004-05.

### **Lara Giddings is at the heart of the problem**

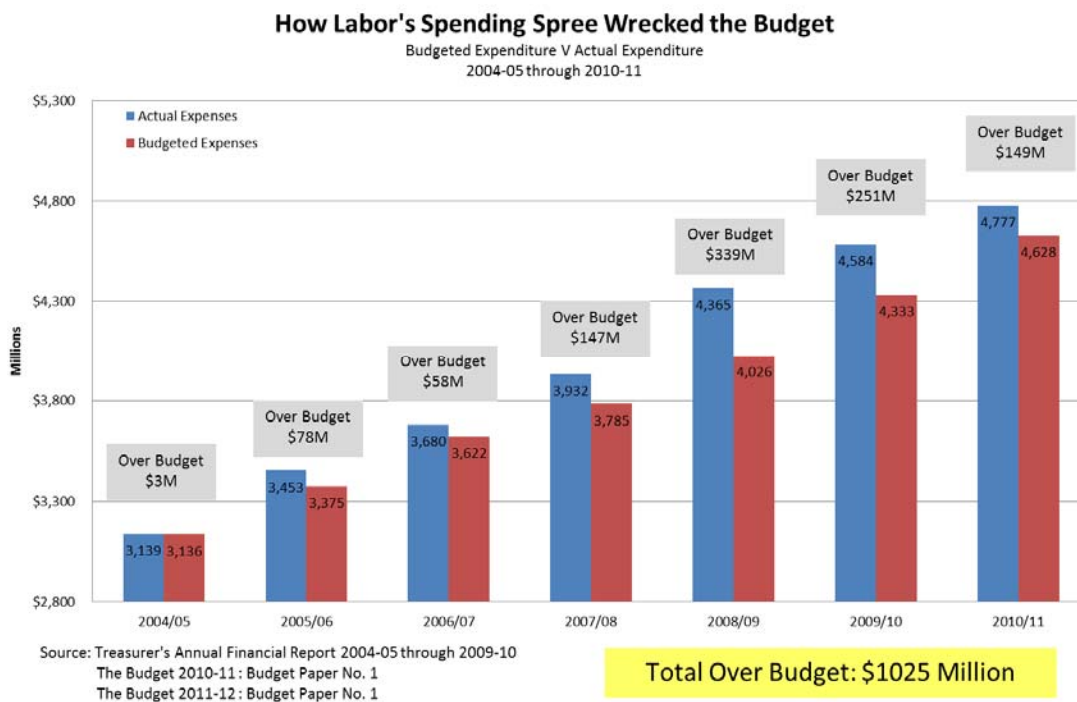
As can also be seen from the following chart, since 2008-09, when Lara Giddings was elevated to the senior leadership of this State, first as Deputy Premier, then Treasurer and then Premier, the Government has over spent its budgets by \$739m.

She has also been one of the key architects of our financial demise, being a member of the powerful budget sub-committee.

In the six months leading up to the election campaign Labor committed to around \$500 million in new expenditure that wasn't included in the budget for that year.

And during the election campaign last year, Labor made more than \$400 million worth of election promises, which were shoehorned into this year's budget without a single saving.

## CHART 1



### It's a spending problem

While it is clear that it has been a spending binge that has created the budget black hole, the Government continues to falsely claim that it is falling GST revenue that is the major cause of its budget woes.

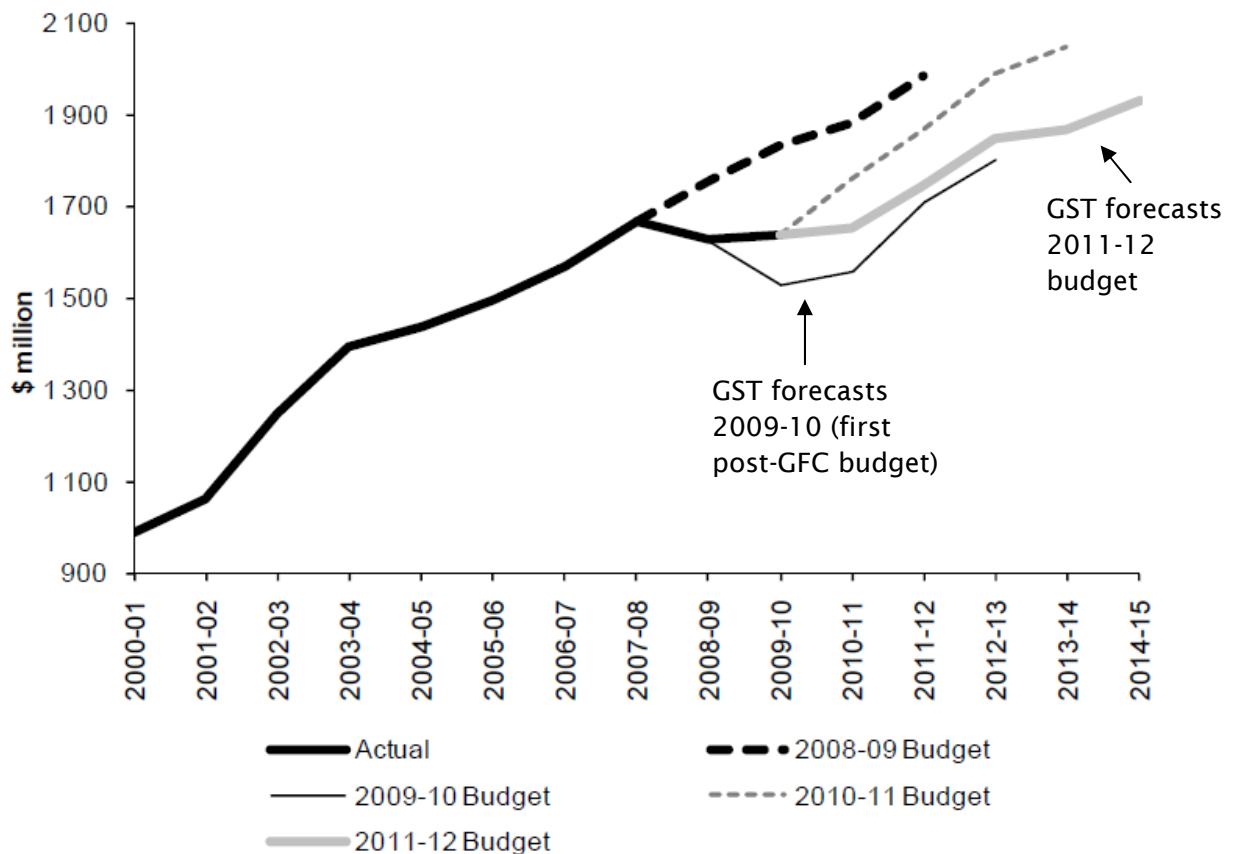
The Liberals have never once said that this State hasn't suffered a fall in estimated GST revenue, but what we have said is that if the budget was better managed, we would not be in this mess.

It is very important to take a step back from this year's budget and consider the impact of the Global Financial Crisis in late 2008.

In 2009-10 the Government brought down its first post GFC budget which included a re-assessment of GST expectations (the bottom line on Chart 2). However, as the Government's own revenue chart shows (Chart 2), even the most recent GST estimates are higher than that which was expected in the 2009-10 budget.

Ms Giddings compares GST revenue to pre-GFC budgets because it suits her purposes to do so. However, the more correct approach is to take the first post-GFC budget (2009-10) as the starting point, the budget in which revenues and expenses were recast to take into account the GFC, as after all, it is Ms Giddings who constantly claims that it is the GFC to blame for the budget woes.

**CHART 2**



Source: Chart 5.2: GST Revenue to Tasmania, 2000-01 to 2014-15, *The Budget 2011-12*.

To re-iterate that point - just 18 months ago, in the shadows of the GFC - this government estimated it would receive lower GST receipts than it now predicts. However, rather than taking a cautious approach, every time that there has been an upward revision in GST, it has made commitments to spend it. So much so that now there is a downward revision, it has no room to move.

### Failed Budget Management Strategy in 2009-10

In the face of the GFC and reductions in GST revenue expectations, the Government launched a budget Management Strategy in 2009-10 which was aimed at saving around \$200m dollars a year.

However, with all the dust settling after the announcement, and the 2010 election looming ever nearer, this Government ditched its budgetary measures and went back to its big spending ways.

In the six months leading up to the election campaign, Labor committed around \$500 million in new expenditure that wasn't included in the budget for that year. And during the election campaign last year, Labor made over \$400 million worth of election promises which were shoehorned into last year's budget without a single saving.

**If Labor had stuck to its post-GFC budget management strategy, the budget would not be in the dire situation it is in today.**

Ms Giddings was part of this failed strategy – for example, as the Minister for Health in 2009, Ms Giddings oversaw the expenditure of \$3.3 million to buy out 81 jobs in her department – but then not only replaced these 81 employees, but employed an additional 305 full time employees on top of that!

What hope do we have that the Government Ms Giddings now leads, with largely the same senior bureaucrats in charge, will be able to achieve the required savings this time around?

## **LIBERAL POLICY INITIATIVES**

### **1. \$60 million Education Investment and School Retention Fund**

A Hodgman Liberal Government will make education a priority.

We will address once and for all the yawning post-year 10 retention gap with our visionary plan for high schools to go to year 12 within a decade of us taking office.

We will also fight to keep open schools right around Tasmania, including in regional communities, that Labor and the Greens want to forcibly close.

*Budget expenditure of \$60 million over four years.*

#### **a) Year 7-12 High Schools within a Decade**

**Under a Hodgman Liberal Government, Tasmanian High Schools will go up to year 12 within a decade of us being elected to office.**

It's a damning fact that Tasmania continues to have the lowest retention rates in Australia.

Only 47 per cent of Tasmanians have a post year 10 qualification, yet 86 per cent of jobs require this level of educational attainment.

Worse still, ABS statistics<sup>1</sup> show that only 51 per cent of Tasmanians are considered to be functionally literate.

Of Tasmanian students who were in Year 10 in 2008, only 51 per cent went on to complete year 11 and 12 studies.<sup>2</sup>

It is telling that Tasmania is the only state in Australia that maintains a system where secondary education finishes at year 10, and that we also have the lowest retention rates in the nation.

The Liberal education policy for Year 7-12 High Schools will address our retention black-hole and will build a job ready generation.

Of course, such a substantial but necessary reform won't take place overnight, and after a decade of Labor experiments it is essential that we get it right, at a sensible pace, and take the community with us.

We are committed to consulting widely with all those who share our passion for education, and will make changes only after a clear implementation plan has been

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<sup>1</sup> ABS Cat. 4228.0.55.004

<sup>2</sup> Tasmanian Qualifications Authority Annual Report

developed. This stands in stark contrast with the ego-driven approach taken by this Government.

We will start by expanding the offering of vocational, Year 11 and Year 12 subjects in Rural and Regional High Schools. As part of this process we will explore how best to utilise technology such as the NBN, so geography is no longer a disadvantage.

We will then move to gradually expand secondary education to Year 12 in major population centres.

The first stages of this long-term visionary policy will also be funded from our new \$60 million Education Investment and School Retention Fund.

Under our visionary plan, city-based colleges could be retained as places of Year 11-12 and adult skills and academic training, depending on the needs of local communities.

We will not close or sell existing colleges.

#### **b) Fighting school closures**

Out of nowhere last Thursday, without a word of warning, Ms Giddings announced that the Government will be closing up to 20 schools.

In yet another broken Green-Labor promise, these closures have been announced with no consultation with the local community, in a “shoot first, ask questions later” approach.

Particularly in regional areas, the closure of a local school can mean the death of a community, and hours spent on a school bus for children as young as four or five.

No forced closures used to be Labor’s policy.

No forced closures used to be the Greens’ policy – until they became obsessed with the trappings and perks of power.

**No forced school closures remains Liberal policy.**

**We will create a new \$60 million Education Investment and School Retention Fund, a fund that will be available to keep open schools that Labor and the Greens want to forcibly close.**

Based on the figures provided by Mr McKim on Monday, 20<sup>th</sup> June, our \$60 million fund will be more than sufficient to save the schools Mr McKim wants to close.

***We will fight for each and every school on that list.***

## **2. Tourism, Events and Regional Economic Stimulus**

In the 2010-11 Mid Year Financial Review, Labor and the Greens cut \$3.8 million out of the Events Attraction Program to this state.

For every dollar invested in this program, there is a \$10 return.<sup>3</sup>

That means that Labor and the Greens effectively cut \$38 million from our economy.

**A Hodgman Liberal Government will re-instate those funds, in a new program, to be called the Events and Regional Economic Stimulus program.**

This fund will be used to attract events to Tasmania – like the V8 Supercars – which will provide an economic stimulus to the local and surrounding economies.

**In addition, a Hodgman Liberal Government will dramatically restructure and refocus Tourism Tasmania.**

**In line with the recommendation of the Legislative Council Select Committee on Tourism, we will separate Tourism Tasmania from the bureaucracy, with a model to be developed in close consultation with the industry and other stakeholders.**

This change will make Tourism Tasmania more accountable for its performance, and more responsive to the needs of industry.

Under this model, Tourism Tasmania's prime focus will be about marketing our State to attract visitors.

That is what we need in this State - more visitors - to keep this vital part of our economy growing.

In accordance with our commitment to the Tasmanian people, there will be no forced redundancies as a result of this change.

*Budget expenditure of \$5.3 million over four years.*

### **3. Planning Reform**

**A Hodgman Liberal Government will create one single state-wide planning code.**

Tasmania needs one planning code, not the 36 that Labor and the Greens currently have in place.

We have already announced one state-wide residential planning code. This policy extends that to all development, both residential and commercial. It will supersede the Government's half-hearted three regional planning schemes approach.

A planning code with four key elements that will remove the major impediments to growth in the Tasmanian economy.

One planning code that will be fairer, cheaper, simpler and faster.

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<sup>3</sup> David Bartlett media release, 23 October 2009

**Fairer** - Frivolous, excessive and deliberately delaying appeals against developments in this state have long been a source of community angst, and is a key reason why many investors have just walked away.

The Liberals absolutely support the right to appeal, but these rights must be clearly defined so the system is fair to all.

So under our proposal to restore fairness to our planning system, appeals would need to be pre-qualified, and on legitimate planning grounds only.

**Cheaper** - Tasmanians know that the costs borne by anyone wanting to build in this state under Labor and the Greens' planning mess are prohibitive to investors.

The Liberals will get rid of the excessive fees that are currently charged for developments in our state, right from the simplest extension, through to the construction of a new home.

**Simpler** - Under Labor, the planning system in this state has become a complicated mess.

It is time to get rid of the endless red-tape and to simplify the planning approval process.

For example, the Liberals believe that at the same time a building permit is approved, the building surveyor should be able to advise the planning authority on compliance with necessary requirements, instead of the current complicated system of numerous and over-lapping approvals.

**Faster** - Delays in planning approvals have discouraged many people from seeking approval to undertake work on their homes and businesses.

The Liberals will implement a 24-hour turn-around for basic planning permits under the new Code.

Further, we will seek to enforce legislated timelines, meaning that the excessive delays Tasmanians experience at the moment would no longer occur.

Additionally, some of these reforms will be based on many of the elements of the Development Assessment Forum's leading practice model, which is already being used interstate.

*Budget Expenditure of \$3 million over four years.*

#### **4. Amalgamating the water and sewerage corporations**

Due to the bungling of the reform process for the water and sewerage sector by Labor, Tasmanians face price shocks of up to a 100 per cent increase over the next seven years.

To cut down on duplication and cost inefficiencies we will combine the current four corporations into one streamlined, modern and focused Corporation, to deliver water and sewerage services that will drive economic development around Tasmania, as well as deliver services at the lowest possible price.

With a reduction in duplication and cost inefficiencies, we estimate the corporations would save around \$20 million over the forward estimates which would ultimately reduce pressure from water and sewerage bills for Tasmanians.

And we will work with Councils over a 12-month transition period to ensure they have an appropriate say on how the Corporation operates.

Because savings and efficiencies will be made through this amalgamation, budget support provided by the Government to the existing corporations will only be required in the first year.

*Budget Expenditure of \$4.9 million in 2011-12.*

## **5. Sustainable Fiscal Strategy for the Future**

Over the past decade, the Government has set fiscal targets and when they have failed to meet those targets, rather than taking corrective action they have irresponsibly redefined the targets to suit their own political aims.

The Liberals believe that a financial strategy that has as its main aim the achievement of short term fiscal targets framed around a political cycle, rather than an economic one, is not adequate to ensure the long term financial health of the State.

A Hodgman Liberal Government will legislate an enduring set of principles that clearly set out a framework for responsible financial management and Government decision making into the future.

*Further details about the Liberal's Sustainable Fiscal Strategy for the Future are on page 20.*

## **REVENUE MEASURES**

### **1. Increase in fines**

Given the extreme pressure on our frontline services, including our police service, a modest increase in the rate of fines is considered an appropriate response. Only people that break the law will be affected by this revenue measure. Further, there is significant community concern that the current level of traffic fines have not keep pace with incomes, leading to a loss of deterrence against re-offending.

*Revenue of \$12 million over four years.*

## **SAVINGS MEASURES**

### **1. Strategic Position Management**

Public sector costs have blown out under the Green-Labor Government and under previous governments to a point which is unsustainable. The Premier's strategy to reduce the size of the public sector is not achievable, as a result of the fact that she would need to sack 1000 public servants within weeks to achieve her savings in 2011-12.

We believe that the public sector does need to be smaller, and we believe that by using strategic position management, over the course of each year over the forward estimates, the public sector can be reduced by an average of around 425 people a year (550 in 2011-12). This will reduce the public service by the same size as the Government proposes, but our plan will actually be deliverable, by spreading the reduction over four years, rather than trying to shoe-horn them all up front as the Government is.

Under the Liberal plan, there will be no forced redundancies and we will protect frontline nurses, teachers and police.

Under our plan, as up to five per cent of the public sector leaves each year (or around 1,250 people) due to retirement, ill health or to take up opportunities elsewhere, we believe that achieving an average reduction of around only 425 positions is very achievable. By managing the public sector strategically, we will ensure that the right people are in the right jobs and importantly, that costs associated with retrenchment, such as voluntary redundancy payments, are kept to a minimum.

*Savings of \$383 million over four years.*

### **2. Discontinue State Architect**

In the context of sacking teachers, nurses and police and closing up to 20 schools, the State Architect's position is a luxury that we can no longer afford.

*Savings of \$1.06 million over four years.*

### **3. Supplies and Consumables – consultants, advertising etc.**

Supplies and consumables have increased to more than \$1billion. Whilst the Government has planned some savings in this area, we believe that more savings are achievable. For example, the Government has made an art form out of shirking responsibility and handing out work to consultants. In the previous two financial years, the Government averaged more than \$40 million a year in consultancies. This is unacceptable.

*Savings of \$52 million over four years.*

### **4. Leading from the Front – 2 percent politician pay cap for four years**

At a time when state servants are being forced to accept a two percent cap on pay increase for four years, politicians should lead from the front and do likewise by also accepting a 2 percent pay cap for four years.

*Savings of \$600,000 over four years.*

### **5. Leading from the Front – Additional Savings in Department of Premier and Cabinet**

While the Labor-Green Government are happy to force a savings measure of 6.5 percent upon the Department of Health and Human Services, which will inevitably have an impact on healthcare services, the Premier's Department is only cut by 2.3 percent. We believe that these sorts of savings measures should start from the top and, as such, the Department of Premier and Cabinet will be asked to find additional savings. This savings measure, unlike Labor's, won't have an impact on frontline services.

*Savings of \$4 million over four years.*

### **6. Reduce Boards and Committees**

Over the last 13 years, Labor has shifted many of their decision making responsibilities to various boards and committees, and it is estimated that the Government now has around 200 boards with around 1500 board members. Government itself should be responsible for the decisions it makes, and we believe that in a state the size of Tasmania, it is simply unnecessary to have this many boards and committees.

*Savings of \$9.5 million over four years.*

### **7. Discontinue Tasmania Together Board and Administration**

The Liberals believe that Tasmania Together should continue, however the roles and functions of the Tasmania Together Progress Board can and should be undertaken

within Cabinet by the responsible Ministers on behalf of the Tasmanian community. *Savings of \$4.46 million over four years.*

## **8. Reduce Senior Executive Service**

In the last 10 years, growth in the Senior Executive Service has outstripped growth in the general public service. Despite attempted savings in recent years, we still have 60 Senior Executives more than we did 10 years ago. We believe that with a smaller and more efficient public service, there is no need for such a large Senior Executive Service. We will reduce the Senior Executive service by another 25 positions. *Savings of \$20 million over four years.*

## **9. Metro Park and Ride**

This program, which was announced as a policy in the lead up to the 2010-11 election, is no longer affordable. Metro will be requested in conjunction with Local Government to continue development of the strategies included in this initiative, however it is no longer possible as a result of Green-Labor mismanagement of the budget to fund this proposal.

*Savings of \$16.23 million over four years.*

## **10. Passenger Transport Innovation Program**

Whilst recognising that this initiative was to fund programs set under the Tasmanian Urban Passenger Transport Framework, as the Government is now in a position that it cannot guarantee the jobs of Teachers, Nurses and Police, and is actively looking to close 20 schools due to long term financial mismanagement, this program cannot be afforded.

*Savings of \$4.65 million in 2011-12.*

## **11. Whole of Government Social Inclusion Focus**

The Liberals believe that social inclusion should be a whole-of-government focus, function and aim of Government; and that all Departments must ensure policy decisions, program and initiatives take into account the needs of all Tasmanians.

We do not believe we need a separate Social Inclusion Unit to do what should already be occurring, but we do believe that the Social Inclusion Commissioner has a key role in assisting governments in ensuring policies and programs benefit those most in need.

We will discontinue the Social Inclusion Unit in the Department of Premier and Cabinet, while preserving all grant programs and the role of the Social Inclusion Commissioner in providing independent advice to Government on matters such as cost of living. Administration for grant programs and support for the Social Inclusion Commissioner will be transferred to the Community Development output in the Premier's Department.

*Savings of \$3.6 million over four years.*

## **12.Reduce Treasurer's Reserve**

The Treasurer's reserve is used to fund unforeseen expenses at the time of developing the budget. We believe that with strong financial management the Treasurer's reserve can be reduced from \$20 million down to \$10 million. Reducing this reserve will ensure fiscal discipline and avoid the budget blow-outs that Labor have produced.

*Savings of \$40 million over four years.*

## **13.Re-focus Funding for Fox Eradication Branch**

We believe there is a need for greater accountability of the funds invested in the fox eradication program. Given the short sighted approach by the State Government to quarantine services with further real terms cut to the budget this year, it seems illogical that we are pouring millions into just one program - the fox eradication program - yet leaving our borders exposed to other possible pest incursions.

It is imperative that we focus on strengthening our biosecurity and protecting Tasmania's primary production, economy, natural environment, community health economy and our Tasmanian island brand from exotic weeds, pests and disease incursions.

A Hodgman Liberal Government will place the Fox Eradication Branch into the Biosecurity and Product Integrity division within DPIPW, and apply the experience gained from that program to protecting Tasmania's borders to future introductions of all unwanted pests and diseases.

This new division - ***Biosecurity Tasmania***, will continue the state-wide strategic fox baiting program and other eradication operations and monitoring activities.

Should further evidence of a fox population in Tasmania emerge, then additional resources will be provided as appropriate.

*Savings of \$6 million over four years.*

## **14.Discontinue Get Healthy Fitness and Coaching Info Line**

During its operation, only 134 people have utilised this NSW-based service, at a cost of \$3,700 per person. The Liberal's believe that taxpayers' funds could be much better spent in other areas.

*Savings of \$500,000 over four years.*

### **15.Improving the Efficiency of the Tasmanian Planning Commission**

The answer to fixing Labor's planning mess is not throwing more and more taxpayer money at it. The Liberals have announced their plan to fix planning in Tasmania once and for all, by implementing one state-wide planning code. By simplifying the system and making it understandable, we will ensure that planning hold ups are minimised and that road blocks to investment are removed. We believe that this reform can be achieved at a lower cost than what Labor and the Greens are proposing.

*Savings of \$6 million over four years.*

### **16. Water and Sewerage**

The Liberals have already announced our belief that the four water corporations should be amalgamated into one, streamlined, focussed and efficient corporation, saving the water corporations around \$5 million per year.

Through these savings, the newly formed corporation will no longer need the financial support promised by the Government in 2012-13 and 2013-14. However, in the first year (2011-12) the investment is maintained, as detailed in the policy initiatives section.

*Savings of \$10.2 million over four years.*

## FINANCIAL INFORMATION

2011-12

2012-13

2013-14

2014-15

Total

	\$M	\$M	\$M	\$M	
<b>Green-Labor Net Operating Balance</b>	\$ (113.80)	\$ 48.40	\$ (14.50)	\$ 1.90	\$ (78.00)
<b>Remove Labor's Unachievable Public Service Cuts</b>	\$ (87.80)	\$ (105.00)	\$ (125.00)	\$ (143.00)	\$ (460.80)
<b>Sub-total</b>	\$ (201.60)	\$ (56.60)	\$ (139.50)	\$ (141.10)	\$ (538.80)
<b>Less Liberals Savings Initiatives</b>					
Strategic Position Management	\$ 44.00	\$ 80.00	\$ 120.00	\$ 139.00	\$ 383.00
State Architect	\$ 0.26	\$ 0.26	\$ 0.27	\$ 0.27	\$ 1.06
Supplies and Consumables - Consultants etc.	\$ 13.00	\$ 13.00	\$ 13.00	\$ 13.00	\$ 52.00
Leading from the front - 2 percent politician pay cap	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.60
Leading from the front - Additional P&C Savings	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 4.00
Reduce Boards and Committees	\$ 2.00	\$ 2.50	\$ 2.50	\$ 2.50	\$ 9.50
Tasmania Together Board and Administration	\$ 1.13	\$ 1.10	\$ 1.10	\$ 1.13	\$ 4.46
Reduce Senior Executive Service	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 20.00
Metro Park and Ride	\$ 4.53	\$ 3.90	\$ 3.90	\$ 3.90	\$ 16.23
Passenger Transport Innovation Program	\$ 4.65				\$ 4.65
Redirect Social inclusion unit	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 3.60
Reduce Treasurers Reserve	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 40.00
Re-focus funding for Fox Eradication Branch	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 6.00
Get healthy fitness and Coaching info line	\$ 0.50				\$ 0.50
Planning Commission Efficiencies	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 6.00
Water and Sewerage Restructure	\$ 4.90	\$ 3.40	\$ 1.90		\$ 10.20
<b>TOTAL SAVINGS</b>	\$ 95.02	\$ 124.21	\$ 162.72	\$ 179.85	\$ 561.80
<b>Revenue Initiatives</b>					
Increase rate of fines	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 12.00
<b>Sub-total</b>	\$ (103.58)	\$ 70.61	\$ 26.22	\$ 41.75	\$ 35.00
<b>Green-Labor Net Operating Balance</b>	\$ (113.80)	\$ 48.40	\$ (14.50)	\$ 1.90	\$ (78.00)
<b>Net Improvement</b>	\$ 10.22	\$ 22.21	\$ 40.72	\$ 39.85	\$ 113.00
<b>Policy Initiatives</b>					
Education Investment and School Retention Fund	\$ 2.00	\$ 15.00	\$ 18.00	\$ 25.00	\$ 60.00
Events and Regional Economic Stimulus	\$ 0.80	\$ 1.50	\$ 1.50	\$ 1.50	\$ 5.30
Single State-wide Planning Code	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 3.00
Water and Sewerage Restructure	\$ 4.90	\$ -	\$ -	\$ -	\$ 4.90
<b>TOTAL INITIATIVES</b>	\$ 8.45	\$ 17.25	\$ 20.25	\$ 27.25	\$ 73.20
<b>LIBERAL'S NET OPERATING BALANCE</b>	\$ (112.03)	\$ 53.36	\$ 5.97	\$ 14.50	\$ (38.20)
<b>Green-Labor Net Operating Balance</b>	\$ (113.80)	\$ 48.40	\$ (14.50)	\$ 1.90	\$ (78.00)
<b>BOTTOM LINE IMPROVEMENT</b>	\$ 1.77	\$ 4.96	\$ 20.47	\$ 12.60	\$ 39.80

Notes: 1. The budget bottom line is improved in every year across the forward estimates period; 2. The surplus increases in 2012-13; 3. We return to surplus in 2013-14 instead of a deficit; 4. The surplus increases in 2014-15; 5. As we improve the bottom line each year we improve the net debt position; 6. Infrastructure investment is maintained and increased due to investment from the investing in education fund; 7. An estimate of the Government's employee cost savings has been used in 2012-13 and 2013-14, based upon the 2011-12 and 2014-15 figures; 8. Savings strategies that have not been removed or re-profiled in this document have been retained.

## **Liberal's Sustainable Fiscal Strategy for the Future**

Over the past decade, the State Government has set fiscal targets and when they have failed to meet those targets, rather than taking corrective action, they have irresponsibly redefined the targets to suit their own political aims.

This cannot go on.

The Liberals believe that a financial strategy that has as its main aim the achievement of short term fiscal targets framed around a political cycle, rather than an economic one, is not adequate to ensure the long term financial health of the State.

The Liberal's view is that a legislated enduring set of principles must be formulated that clearly set out a framework for responsible financial management and Government decision making.

A set of enduring principles that will ensure that the State is able to navigate through turbulent economic times, and repair the damage caused by the current Government.

Recently Mike Vertigan and Don Challen, both former heads of Treasury in this State, along with economist Ian Harper, conducted a review of state finances for the Victorian Government, the outcomes of which the Victorian Treasurer Mr Kim Wells has briefed us on.

We believe that Tasmania should take heed of their findings, and should immediately begin transitioning Tasmania towards a Financial Management framework that is based on a set of legislated enduring financial principles that can guide governments approach to financial management into the future.

**The enduring set of principles we will adopt in Government are as follows:**

- 1. Manage the State's finances responsibly for the well being of all Tasmanians;**
- 2. Take care of the future for the next generation of Tasmanians;**
- 3. Manage for the unexpected by building a robust financial position;**
- 4. Improve services to Tasmanians by creating efficiencies and building a strong economy; and,**
- 5. Allocate public resources to gain the maximum community benefit.**

In Government, the Liberals will bring these principles into effect through the development of and a commitment to, strategies that will deliver the outcomes enshrined in the principles.

To ensure that our strategies are on track every year, we will report on progress annually against a clear set of objectives framed to take into account the medium term nature of the economic cycle that will be formalized in Government after the true state of the budget is understood.

We believe that the following objectives framed around rolling 5 year timeframes will ensure that the State's finances are restored not just for this generation but for

future generations as well. Short term targets will also be reported on annually to ensure that all Tasmanians can understand whether the State is on track to meet its medium term objectives.

- **Over 5 year rolling periods, the general Government net operating balance will be in surplus and equal to the medium term sustainable level of net infrastructure investment;**
- **Over 5 year rolling periods, the net infrastructure investment will be at least equal to 0.5% of the historical 5 year average of Gross State Product;**
- **The General Government sector is kept net debt free and financial assets will exceed gross debt by \$300m. over a rolling 5 year period;**
- **Government superannuation unfunded liabilities are equal to zero by 2035;**
- **When revenue growth exceeds the rolling five year average the excess is preserved in cash reserves or equivalent financial assets; and,**
- **The States credit rating will be maintained and improved over a 5 year period.**

One of my first acts as Premier will be to amend the current Charter of Budget Responsibility Act to enshrine the enduring principles and the objectives that my Government and future Governments will be expected to achieve.