



2010-11 BUDGET REPLY

Leader of the State Opposition,

Will Hodgman, MP

Tuesday 22 June 2010



Delivering the leadership, vision and stability Tasmania needs.

This year's State Budget confirms that Labor break their promises and you can't expect the Greens to deliver theirs.

As if Tasmanians needed any more convincing, this Budget adds another layer of proof that you cannot trust this government.

This is what happens when you trade away your principles, and when you compromise what you stand for.

The consequence is that Tasmanians cannot know which of Labor's promises are genuine, and which are dispensable.

They won't know if the decisions you make are based on good principles, or if they are a result of you having to trade away your principles.

Because you promise one thing when it suits you – like during an election campaign – yet do the exact opposite.

By the Treasurer's own admission they were not able to deliver one out of four of their election policies – and it's probably worse than that.

Mr Speaker,

This is a government characterised by its inability to keep its commitments. It stands for nothing.

Chameleon like – willing and able to change its appearance in an instant, if it thinks it's in its political self interest.

Mr Speaker, breaking these promises has consequences – just like Mr Bartlett's broken promise not to do a deal with the Greens, which he said he would never do.

For example, breaking a promise means that there is no plan in this Budget for Labor's \$565 million redevelopment of the Royal Hobart Hospital.

So breaking this promise means that Tasmanians now won't get the new Royal Hobart Hospital that Mr Bartlett promised with all the fanfare...

Or Labor's \$90 million election promise of work to upgrade sixteen roads across the state...



There are no allocations identified in the budget for funding to upgrade these roads, and Labor are now saying that they will need to get "business case" approval for each road first.

Well that's not what you told the people of Tasmania when you made them that promise during the election campaign.

So many communities are now unsure whether they will ever see these upgrades.

And the Tasmanians who use Ferry Road at Kettering, or the Arthur Highway, or the Tasman Highway, or the Highland Lakes Road, will continue to drive on roads that Mr Bartlett said just three months ago needed urgent upgrading.

Or, Mr Speaker, their broken promises means that Tasmanian households and business will face massive electricity price hikes – price hikes Labor and the Greens promised to prevent.

The list goes on.

These broken promises have real consequences for Tasmanians.

And these broken promises diminish trust in what you say, and weaken confidence in the decisions you make.

Integrity and trust matters. And broken promises have real consequences for Tasmanians.

They won't join you in your indulgent self-congratulations over your ability to do whatever it takes to hang onto power.

They want to know when their road is going to be fixed, as you promised.

They want to know why you said you would redevelop their hospital before the election, but now abandon that promise.

That is what Tasmanians care about.

Mr Speaker

Last year, the Premier said he thought the sort of coalition government we now have would be a recipe for inertia and instability.

So it was hardly surprising when a leading business survey recently reported that Tasmanian business has lost confidence.



There is uncertainty and instability – and the Budget delivered last week by the Labor-Green government fuels it by being one of broken promises, cop-outs and backflips.

Green-wash

Then of course there's the coalition partners, the Greens. Virtually nothing delivered.

The Green tinge in this Budget which Mr McKim has tried to clay claim to is nothing more than a shade when you see that he, and his Cabinet colleague, Ms O'Connor, weren't even able to deliver on Green election promises for which he has direct ministerial responsibility - like their promised mini-buses for Kingston, or re-establishing a stand-alone Environment Department.

This was the first substantive test of the Leader of the Greens/Labor Government cabinet Minister Nick McKim's – and what a fizzer.

If Labor have managed to deliver barely three quarters of their election promises, the Greens have, as they say, Mr Speaker, delivered three fourths of stuff-all.

During the election the Greens passionately argued for a stand-alone Department of Environment as one of the key environmental policy objectives for Tasmania. We agreed. The Greens have failed to secure it.

The Tasmanian Liberals are now the only party that remains committed to a stand-alone Environment Department, and we would have delivered it in addition to the commitments to the Parks and Wildlife Service contained within this years' Budget.

The Greens made a lot of noise during the election campaign about lowering the cost of living – but they have short-changed Tasmanians.

Not only have they failed on this promise – they have excused Labor's backflip and abandoning of the commitment to cap power prices for all Tasmanians.

The Greens couldn't deliver their promises, and despite your all-too-desperate attempts to claim credit for a number of the initiatives in this Budget, Tasmanians will not be fooled that you have struck out and sold out.

Economic challenges

Mr Speaker,

As the Budget Papers acknowledge, Tasmania is facing a number of serious economic challenges.



Our economy is forecast to grow at just 2 ¼ percent this year and 2 ¾ a percent next year, compared to a national rate of 3 ¼ and 4 percent respectively.

In less than a year our unemployment rate has gone from amongst the lowest in the country to the highest and employment growth is forecast to be barely positive at little more than half the national growth rate.

In our labour market the labour force participation rate is flat-lining.

Tasmania has suffered a 40% collapse in private sector investment over the 12 months to March 2010, with a decline of over 26% from the December 2009 quarter alone.

In the recent Sensis Business Index, business confidence in Tasmania recorded its biggest quarterly fall in the survey's history.

Treasury also raises concerns about workers leaving Tasmania because of a lack of investment in the construction sector, as they migrate to states that are attracting more investment, resulting in more jobs.

On top of this, Tasmania is facing a looming crisis as the federal stimulus money starts to dry up in 2010-11. Once the stimulus money leaves the system, Tasmania will face the twin problems of plummeting public investment combined with a massive decline in private investment.

Of ongoing concern is the fact that Treasury predicts population growth will be less in the next four years than it was in 2008-09.

Our rate of population growth, a key driver to economic growth, is forecast to remain at less than half the national average, and below recent rates of modest growth.

And after 12 years in Government, Labor still doesn't have any plan for addressing the 'demographic time bomb'.

This Budget shows that not only have Labor broken their promises, and the Greens have failed to deliver theirs, it shows that the Labor-Green Government has no plan for the future and is muddling along without a clear direction.

Tasmania needs certainty, it needs stability, and it needs a government that can be trusted to make the right decisions for the right reasons.

And it needs a government that has a plan.



But the Labor-Green Government doesn't have an industry plan, doesn't have an exports plan and only has a plan to create an economic development plan sometime in the future.

It only has *plans for plans*.

It fails to set out any coherent long-term economic strategy for Tasmania's future.

After 12 years in government you would have thought Labor would have by now had such a thing.

But even now, we can't expect to see it until next year.

Last year the Premier said he thought a coalition government of this type – one he promised he would never be a part of – would be a recipe for inertia and instability.

We are seeing it happen.

This Budget reflects it.

Instability and uncertainty with no clear plan for the future.

Our alternative agenda

Mr Speaker

As you would know, the Tasmanian Liberals went to the 2010 State Election with a comprehensive set of policies to provide leadership and vision, and to;

- Drive our economy forward and invest in local communities to create local jobs and make Tasmania a more competitive and attractive place to do business in;
- Give Tasmanians with honest, accountable government;
- Provide better health services closer to home;
- Raise education standards and stop the experiments in our school system;
- And to strengthen our community and protect our lifestyle – and help keep the cost of living down.

Our policies were fully costed, and fully funded.

And they were subject to scrutiny by our political opponents, the media and (for the first time) the Department of Treasury and Finance, through the Charter of Budget Honesty process.



And Mr Speaker,

I can confirm that within the fiscal parameters of this State Budget we would have delivered on *each and every one of them*.

Building a new generation Royal Hobart Hospital...

Investing \$20 million in upgrading the regional roads around the state we promised to upgrade...

We would have completed the planning work for a four-lane Midland Highway...

We'd have re-established the stand alone Environment Department that Labor abolished, and which the Greens have failed to re-establish...

A cancer centre at Burnie within two years...

Unlike Labor and the Greens, dredging silt from the Tamar River, with a clear plan and a commitment to minimise silt build-up into the future...

Our bold policy to abolish land tax...

Investing a record amount in protecting and promoting our precious Tasmanian brand...

To name just a few...

Mr Speaker,

All of our policies could be delivered, and with a better budget bottom line – as detailed in our financial statement.

Mr Speaker,

Our financial statement I release today outlines exactly how every one of our policies are affordable.

We said during the election campaign that if you voted for us you knew what you were getting, but if you voted for Labor or the Greens they would trade away some of their policies.

We were right.



And we can deliver all of our policies, and maintain a better budget bottom line, because we will also reduce government expenses and waste...

And because in government we would do the work to provide the right environment for our government business enterprises to return a better dividend to the state.

The business of government

Mr Speaker,

The decreasing returns from Government businesses are of ongoing concern to us.

Back in 2007 I said we needed to investigate ways we can ensure government business enterprises are best placed to have the best opportunity to prosper, and therefore enhance their returns to the state.

We have announced policy to establish an expert taskforce to investigate how to get better returns from government businesses.

By way of example the Government's admission that our energy sector is now on the brink of a 'Californian style crisis', and the recent announcement by Forestry Tasmania that it will record a loss this financial year are of major concern.

Currently Aurora and Forestry are now not expected to return a dividend for 4 years.

Tasmanians have more than \$1 billion in equity invested in these two companies and it is an appalling state of affairs that the Government have allowed to develop.

And the government is apparently clueless about what to do.

With more than \$4 billion in equity invested in our Government businesses Tasmanians can rightly wonder how it is that the businesses the State owns are not making a greater return.

The disastrous performance of Aurora and Forestry Tasmania make our case for the need for this review.

We still believe that a taskforce should be established including representatives from Treasury and Economic Development as well as independent senior economic and management experts from the private sector. This taskforce needs to uncover, understand and then report to both Houses of Parliament on firstly why our Government businesses are forecast to provide less money to the state over the next few years than what they did five years ago.



It is not acceptable that in 2013 the government is planning to receive less of a return from our Government Businesses than we actually received in 2006.

And in relation to forestry, an industry which is facing considerable challenges on a number of fronts, I repeat my commitment, and that of my Party to strongly supporting the forestry industry, and the thousands of Tasmanians who live and work in it.

For example, we repeated our commitment during the election campaign, of support for the Regional Forest Agreement and the Community Forest Agreement continuing into the future, to provide resource security and stability.

And we support value-adding operations to the industry, including the pulp mill, and through investment in innovation, research and development.

But in forestry, as in energy, there are pressing challenges facing the sector.

Forestry Tasmania, that is responsible for managing 1.5 million hectares of multiple use state forest, including vast forest reserves for both commercial and public good benefits, over recent years has had provided declining economic returns to the state.

Again, it is our position that it is prudent to be constantly look at how we can derive the maximum return and benefit from all government businesses.

There is ongoing debate about what might be the ideal placement for FT to undertake its operations, and whether the removal of constraints associated with government might lead to more efficient and profitable business practices.

And this debate must be undertaken in a thorough way, and in an honest and transparent forum.

We do believe that there should be an inquiry, and a comprehensive, review of the operations of Forestry Tasmania including whether the structure of their long held responsibilities for Forestry Tasmania is appropriate for 2010, Or whether a difference mix of responsibilities between the public service and the operations of this entity is the right mix.

Such a review could have a long-hard look at issues like divesting the functions of land management, tourism, and community service obligation to another entity, possibly a Government department, with an accountable Minister.

That would leave Forestry Tasmania as the corporate entity it needs to be to provide proper returns for our timber resources, as well as make appropriate annual dividends to the Government.



We believe that the inquiry must, and should take place in the interests of a growing strong, sustainable forest industry into the future.

The cost of living

Mr Speaker,

A critical issue facing Tasmanian households is the cost of living.

Tasmanian household budgets are under increasing pressure.

More Tasmanian families than ever before are now doing it very tough.

We have for many months been arguing strong policies and initiatives to keep a lid on the cost of living.

Power prices have been increasing dramatically, transport, school fees, water and sewerage fees, taxes and charges and most of the other basic necessities of life have all been increasing steadily.

Tasmanians deserve to know that at least one political party - the State Liberals - understand these hip pocket pressures, and more importantly, are prepared to do something about them.

We went to the election with a range of policies that we believe would have significantly assisted Tasmanian families to better manage their household budgets.

- a doubling of the pensioners heating allowance, to assist our most vulnerable;
- free school buses which would have put more than \$800 per year back in the pockets of families with two children.
- Our policy to abolish all primary school so-called "voluntary" levies would have made public education in Primary schools free again, as well as providing a level of assistance to parents with children in the independent sector as well.
- Water and sewerage reform was handled very badly by Labor and the impact of a move to full cost recovery in two years time will dramatically increase water and sewerage bills. That was why we said it should be halted, and fixed to ensure that the cost for water and sewerage remained affordable whilst also ensuring that the public health challenges could also be met in a reasonable timeframe.



- We understood the need to recognise the work that volunteers do, as well as grandparents who care for their grandchildren and this was why we had strong policies to assist those who give up their time and much of their lives to assist and care for others.
- Furthermore, we understand the challenges that parents face regarding the daily struggle to have their voices heard when dealing with Government departments on issues relating to children with special needs. That was why we committed to the A-Team and to improving the funding for special schools.
- And of course our policy to abolish land tax recognised that land tax affects every business, every rental property whether commercial or residential and flows through to everyone as a cost of living because it is embedded in the costs paid for the services we use or the purchases we make.

Mr Speaker, we know Tasmanians have been, in many cases, struggling to make ends meet.

That was why we took such a strong set of policies to the election that would have significantly reduced the cost of living for all Tasmanians.

Of course, Labor and the Greens also claimed to be concerned about the cost of living.

For example, in the last week of the election campaign, the Greens copied our idea of free bus travel for students.

They promised to lower electricity prices by up to \$700 per household.

And Labor, well, they promised to cap electricity price rises at five percent.

All these promises – and more – have been broken.

Tasmanian students won't travel to school for free – despite what Mr McKim promised.

And far from saving money on their electricity bills promised – Tasmanians now face price hikes, and will not get the concessions promised by Mr Bartlett and Labor during the election campaign.

Another promise made to Tasmanians which Mr Bartlett he knew he couldn't keep.



Mr Speaker,

The Tasmanian Liberals will keep developing and backing policy that will keep a lid on the increasing cost of living for Tasmanians.

Child Protection

Mr Speaker,

Another critical role government plays in our society is to look after our most vulnerable – particularly our children.

There has been a considerable increase in the number of children coming in State care over the past recent years, and in the past few months we have seen serious indicators that point to a child protection system in crisis, with vulnerable children falling through the gaps.

These vulnerable Tasmanians deserve the best level of care we, as a community, can provide, and we have a duty to provide it.

We will actively pursue reforms that increase the level of support and protection provided to children in state care, including our proposal to allow the Commissioner for Children to advocate for children living out of home, and give them an independent person to approach if they have concerns or complaints, or somebody to act as their voice if their concerns are not being heard.

Currently, the Commissioner does not have the power to advocate for individual children and his role is limited to examining legislation, policy and practices that impact on children and young people.

And a child can only talk to their Child Protection Worker or their carer, but if the complaint relates to the standard of care, or is about their worker, this obviously can sometimes create difficulties.

So notwithstanding the government's unwillingness to act, we will pursue this issue, and also to provide children with access to a Children's Visitor, someone to visit them regularly that is not their child protection worker. A check on the system to children in care are safe, feel safe and are protected.

Tax Review

Mr Speaker,

As Liberals, we firmly believe that the best way to better provide public services is through a robust and prosperous economy.



We have a clear commitment to making Tasmania the most competitive place to do business.

Where the cost of business is reduced.

And we have long argued for tax reform, and indeed a broad based review of our taxation system.

We welcome the fact that the Government have finally accepted that a broad based review of State Taxation is appropriate.

I can inform the House today that the State Liberals, after reviewing the draft terms of reference for the taxation review proposed by the Government, will be writing to the Treasurer with our proposed suggestions regarding the conduct and scope of the review.

We do believe that if a Parliamentary style review like this is to proceed it should be truly representative of the Parliament, and it should then include an independent Member, or Members, from the Legislative Council

I have raised this with the President of the Legislative Council, and would hope that if the review is to be as robust as it can, and inclusive of broader political perspectives, than surely the government will agree with this suggestion.

And we believe that the terms of reference should also provide for review to include the report from the expert panel that will be investigating the state of the energy sector.

The expert panel is expected to report on the energy sector by mid-2011 and therefore the findings and recommendations will be available well before the tax review is planned to be completed.

As the expert panel may make recommendations that would potentially have a material effect on the revenue side of the budget it appears both sensible and logical that the tax review panel take these recommendations into account.

Leadership, vision and stability for the future

Mr Speaker,

As I said repeatedly over many months, despite the challenges facing our state, I am immensely positive about the future of our state.

But to achieve this positive future we need a government which can be trusted.



Trusted to manage our economy well, with good policy that benefits all Tasmanians.

Accountable for its decisions, and trusted to keep its word to Tasmanians.

A government which provides certainty and stability.

But by their actions in breaking dozens of promises in this budget, and over many months, Labor and the Greens have shown that they cannot be trusted to deliver the certainty and stability Tasmania needs.

So we will continue to provide the leadership, vision, and stability in an uncertain political environment where backflips and compromises are now the norm, according to Mr Bartlett and Mr McKim.

In contrast, as I have demonstrated today, the Tasmanian Liberals would have kept all our promises.

We have shown how we could pay for them, and manage our state's finances with care.

And we would deliver certainty and stability.

We remain committed to providing Tasmanians with a strong, alternative government.

And to holding this Labor-Green government to account.

We will continue to develop our strong policy agenda.

And we will continue to propose policies and initiatives that are affordable, but which will deliver better outcomes for Tasmanians.

Driving our economy forward, to create more jobs...

Better health services, closer to home... But with a change of focus to investing in keeping Tasmanians healthy, and out of hospitals...

Higher education standards...no more experiments on our children...

Making Tasmania a more competitive place to do business...

Where there are more reasons to stay here, then to leave...Making Tasmania a magnet to attract people here to live, work and raise their families.

And where the government can be trusted to make the right decisions, for the right reasons.