



2011-12 BUDGET SPEECH

'Strong decisions. Better future.'

BY
THE TREASURER
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MR SPEAKER

Since I became Treasurer a little over six months ago I have consistently said the Government faced some tough financial challenges and needed to make some strong decisions.

Strong decisions in the wake of the Global Financial Crisis.

Strong decisions in response to falling GST and State tax revenues.

Strong decisions to avoid Tasmania returning to the bad old days of government debt, high unemployment and a stagnant economy.

We started making those decisions following the release of the Mid-Year Financial Report.

Since then, in last month's Commonwealth Budget, we have lost another \$343 million in GST revenue.

That means some \$1.5 billion has now been wiped from our expected revenues.

Today I will announce how we will go about restoring the Budget to a sustainable position.

Mr Speaker, I am absolutely determined to continue Labor's record of responsible financial management.

This determination is shared by our Green partners and I thank them for their positive contribution throughout the Budget development process.

It is critical that we do not lose sight of why strong management is needed.

It is not an end in itself.

It is needed so we can continue to afford to pay for the strong public services that both Labor and the Greens believe in.

It is needed so we can continue to care for those in our community who are most vulnerable and most in need.

If we go back into debt, funds that should be spent on providing key services and supporting Tasmanians struggling with rising costs would again be wasted on paying interest on that debt.

The result would be high unemployment, a lower standard of living and Tasmanians leaving our shores in droves as they did in the 1990s.

But if we make the strong decisions now I am confident we will have a better future.

A future where our economy continues to grow at the solid levels we have seen reflected in recent data.

A future where Tasmanians can find jobs and raise their families while enjoying the unique lifestyle of this beautiful State of ours.

But doing the right thing for Tasmania's future is not just about balancing the recurrent budget.

It is also about investing in capital that will help to grow jobs and pave the way for broader economic growth.

That is why this Budget will continue the Government's massive investment in infrastructure: in hospitals, roads, rail and schools.

Over the next four years the Government will invest \$1.6 billion in infrastructure projects in addition to the \$2.8 billion being spent by Government businesses.

This amounts to a \$4.4 billion infrastructure program, supporting economic growth and jobs as we lay the foundations for better services in the future.

And we should not lose sight of the fact that, despite the pressure on the Government's finances, we are still spending more than \$4.7 billion on the basic services that tens of thousands of Tasmanians access every day.

Budget Saving Strategies

Mr Speaker, every Tasmanian family understands the importance of living within its Budget and this principle applies no less to state governments.

In the Mid-Year Financial Report, I announced a range of initial actions to achieve savings of \$159 million over the 2010-11 Budget and Forward Estimates, including \$52 million in 2011-12.

Building on these actions, we have identified further savings of \$238 million, delivering total savings for the financial year of \$290 million.

Over the course of the Forward Estimates these measures will deliver total savings of almost \$1.4 billion.

Achieving these savings will not be simple and it will not be painless.

It will impact on public sector staff and, where it is unavoidable, it will impact on some services they provide to Tasmanians.

The burden of making the savings needed will be shared across all government agencies.

And it will be shared across the public and non-government sectors.

This will ensure that by 2014-15 the State Budget will be delivering a Net Operating Surplus that is sustainable into the longer term and it will do so without returning to Net Debt in line with a new Fiscal Strategy.

New Fiscal Strategy

Mr Speaker, the Government's fiscal strategies have evolved in recent years in response to changing circumstances.

Given the significant changes that have occurred in the State's financial position over the last 12 months, the Interim Fiscal Strategy developed in response to the GFC no longer meets our needs.

As a result a new Fiscal Strategy will focus on the establishment of a sustainable Budget position and maintaining a competitive business and tax environment.

Over the last three years the savings built up over the previous decade allowed us to weather the worst financial crisis since the 1930s.

We need to once again put money in the bank which we can fall back on in hard times and use to invest in key infrastructure.

Public Sector Productivity Strategy

Mr Speaker, in the Mid-Year Financial Report I said the savings we needed to make equated to the wages of 2300 full time public servants over four years, although that did not mean we intended to sack 2300 people.

I also made it clear that where possible we would minimise the impact on jobs by first taking steps to reduce our other costs, such as cars, phones, travel and the like.

We have done just that.

Last week, for example, I announced savings in the Government car fleet of up to \$5 million per annum.

That measure alone reduces the task facing us by the equivalent of around 60 public sector jobs.

Many of the other savings we will make will further reduce the impact on staff.

As a result of the reduction in non-salary costs, the latest estimate from Treasury is that the savings we will make over the next four years equate to 1 700 full time equivalent salaries, although again that does not mean we intend to sack 1 700 staff.

Through vacancy control and increased public sector productivity we aim to minimise job losses so involuntary redundancies are needed only as an absolute last resort through the fair and lengthy process I outlined to the House two weeks ago.

The importance of public sector productivity was highlighted by the Auditor-General in October 2010.

He found a significant rise in the number of public sector employees between 1999 and 2009 had resulted in increased service delivery, but the growth in employee costs had exceeded the growth in services.

To address these issues, the Public Sector Productivity Strategy will include the implementation of:

- a revised wages policy and funding framework;
- individual agency saving strategies; and
- central program reviews.

Wages Policy

Mr Speaker, employee related costs account for almost 50 per cent of the State's total Budget costs.

Increases in wage and salary costs have a significant impact on our Budget position and our capacity to deliver critical government services.

Over the last decade public sector salaries have grown on average by 5.3 per cent per annum, compared with growth in private sector salaries of 3.5 per cent.

The Government recognises the critical contribution public sector employees make in the delivery of services, and we value the hard work and dedication of our staff.

But the historic levels of public sector pay growth are not sustainable.

A new Wage Policy will allow for non-productivity based wage increases of 2 per cent per annum for all new agreements, with flexibility for measureable productivity improvements of up to 0.5 per cent to be negotiated.

This policy is consistent with public sector wage restraint being shown in other jurisdictions.

The revised wages policy and funding framework will deliver savings of \$8 million in 2011-12, increasing to \$63 million by 2014-15.

This level of wage restraint will ensure all new wage agreements are affordable in the current Budget and minimise the need for further job losses in the State Service.

Agency Savings Strategies

Mr Speaker, the Government has embarked on an extensive review of our programs to identify savings.

This process is ongoing.

Ministers and agencies have worked to identify those areas where savings can be achieved with the least possible impact on core services.

These decisions have been difficult and the Government has taken no pleasure in making them.

In 2011-12 they will deliver savings of \$177 million, rising to \$237 million in 2014-15 and totalling \$877 million over the Budget and Forward Estimates.

Before I detail those savings, there are a range of other key measures I wish to address.

Improved Returns from GBEs

Mr Speaker, in these difficult times we are asking government businesses to deliver better returns to allow the Government to invest in key services.

Today I announce that:

- Hydro Tasmania's dividend will increase from 50 per cent to 70 per cent of underlying profit;
- Aurora Energy's dividend will increase from 50 per cent smoothed over a five year period to 60 per cent of underlying profit; and
- Transend's dividend will remain at 60 per cent. However, Transend will meet the equity requirements of Tas Rail to relieve the burden on the Consolidated Fund.

However, the dividend payment required from the Motor Accidents Insurance Board will be reduced from 70 per cent to 50 per cent of underlying profit to ensure its ongoing viability.

The dividend position of each Government business will be reviewed each year with their corporate plans.

These measures will return an additional \$18 million to the State Budget in 2011-12, and a total of \$131 million over the Budget and Forward Estimates.

Revenue Measures

Mr Speaker, this Budget has no new taxes or increases in the rate of any existing tax.

A big tax grab would act as a disincentive for business to invest and grow jobs at a time when they are just starting to show signs of recovery post-GFC.

However, consistent with sound taxation principles, we have taken the opportunity to close a number of tax subsidies and concessions which we can no longer afford to provide.

In addition, the profit-based cap on mining royalties will rise by 0.5 per cent to 5.5 per cent of net sales from early next year, boosting revenue by \$1.8 million in 2011-12, while remaining competitive with royalty levels in other states.

The taxation changes in 2011-12 include:

- ceasing the First Home Owners Duty Concession for Vacant and Established Dwellings, saving over \$9 million. Reviews have found this measure not to be a significant factor in the cost of housing. This change will not impact on the existing First Home Owners Grant scheme;
- limiting Land Tax Concessions for Pensioners to Principle Places of Residence and Primary Production Land, saving \$1.6 million;
- removing the Land Tax Exemption on Holiday Home Land, saving \$3.2 million in 2011-12;
- removing the Tasmanian Trainee and Apprentice Incentive Scheme and redirecting savings to a new Payroll Tax Rebate which will be a more effective way to provide broad incentives to grow employment in the State; and
- removing the Cider Subsidy, saving approximately \$800 000 per annum.

These measures will cause pain, but they are responsible and do not compromise the approach of the current State Taxation Review.

Water and Sewerage Reform

Mr Speaker, in 2009 the Government announced a 5 per cent cap on price increases for customers of the Water and Sewerage Corporations.

Funding was to be provided to the Corporations until 1 July 2012 to bridge the gap in their revenue.

To date, the Government has provided funding of \$21.5 million to the Corporations in lieu of the revenue forgone.

In response to requests from the Water and Sewerage Corporations, the local councils who own them, and the interim report of the Water and Sewerage Select Committee, the Government has agreed to amend the 5 per cent price cap.

From 1 July this year, it will be replaced with a cap of 10 per cent or \$100, whichever is greater.

The Government is acutely aware of the impact this price rise may have on the cost of living of those in our community who are most in need.

As a result, the water and sewerage concession payment will be indexed to increase in line with this change.

The Government will also provide the Corporations with \$6 million over two years, with a further \$4.3 million over three years for the Cradle Mountain Water Corporation to ensure its ongoing viability.

These new funding arrangements will provide a saving to the Budget and Forward Estimates of \$15.7 million while ensuring the ongoing delivery of sustainable water and sewerage services to Tasmanians.

Strong Government Services

Mr Speaker, Labor and the Greens believe in and support the critical role Government services play in improving the well-being and livelihood of the Tasmanian community.

But we must take responsibility and make the strong decisions now that will ensure we can continue to provide those services in the future.

Health and Human Services

Health Savings

Mr Speaker, the Department of Health and Human Services delivers some of the most important services to the Tasmanian community.

Given the size of task before the Government, it has not been possible to quarantine the Department from the need to achieve savings.

In 2011-12, the Department will implement strategies to achieve savings of \$100 million, increasing to \$150 million by 2014-15.

To achieve these savings we will undertake a systematic evaluation of business efficiency and productivity to identify opportunities for improvement, such as:

- reducing duplication in areas such as payroll;
- reducing expenditure on locums, travel, motor vehicles and conferences;
- reforming procurement; and
- reducing the number of employees without impacting on service delivery and the quality of care.

The Government will also seek to achieve savings through the National Health Reforms which will require us to improve the efficiency of our public hospitals.

Achieving these improvements will deliver savings of approximately \$73 million in 2011-12 from the \$1.4 billion acute and primary health care budget.

These savings will rise to \$119 million in 2014-15.

Investing in Health

Mr Speaker, despite these savings, overall expenses in health and human services will still grow in 2011-12 by 5.2 per cent to a record \$1.84 billion.

The National Health Reforms will demand that our approach to healthcare is smarter, more streamlined and focussed on delivering the best possible care for patients.

But to achieve this improvement will take investment, including \$22.5 million in 2011-12 in Australian Government payments to Tasmania under the National Health and Hospitals reform program.

This includes over three years:

- \$15 million to improve elective surgery;
- \$11 million to improve access to emergency departments; and
- \$35 million for new sub-acute beds.

These measures aim to reduce the length of time our patients have to wait for emergency treatment and elective surgery.

A key part of achieving a more sustainable and efficient health system is ensuring we have modern facilities and, together with the Commonwealth, we are spending \$565 million on the redevelopment of the Royal Hobart Hospital.

In 2011-12, \$51 million will be spent from the State Government's \$100 million Hospitals Capital Fund to address ageing buildings and infrastructure at the RHH, and to improve and expand key services.

\$10 million will also be spent towards incorporating the Women's and Children's precinct in the greater redevelopment.

This work will run in parallel with the demolition of part of 'B' Block, in readiness for a major new building that will commence construction in 2012.

Mr Speaker, we will also be making a significant investment to boost staffing at the Launceston General Hospital to complement the extensive capital works at the hospital and improve access to elective surgery and emergency services, with \$10 million to be spent in 2011-12, increasing to \$26 million from 2013-14.

And \$4 million will be provided towards the \$5.5 million expansion of car parking at the North West Regional Hospital.

Mr Speaker, across our health services we will also continue to invest in the efficiencies offered through improvements in information technology, with \$3.5 million available in 2011-12.

In line with Tasmania's Health Plan, we are also focussing on preventative health and keeping Tasmanians active, with the development of the State's first Health and Wellbeing strategy.

The Strategy will bring together key organisations and government agencies to support Tasmanians to live healthy lives.

Human Services Savings

Mr Speaker, our Human Services provide critical assistance for the most vulnerable members of our community.

We have protected the recent increase in the funding to the Community Equipment Scheme but savings have had to be found elsewhere in the Department.

Non-Government Organisation Indexation

Mr Speaker, the rate of indexation currently provided to Non Government Organisations is 3.3 per cent.

From 2011-12, the rate of indexation will be reduced to 2.25 per cent, with a further 0.5 per cent to be held as a contingency to meet cost pressures as they arise.

Despite this reduction, indexation for the NGO sector is comparable with the level of indexation provided to government agencies.

It is expected this will deliver savings of \$3.2 million in 2011-12.

Single Pension Rent Calculation

From September 2009, the Commonwealth Government provided all single pensioners with an increase in their basic Centrelink pension.

The Tasmanian Government committed to excluding this increase from the calculation of public housing rents for 12-months.

The 2011-12 Budget will now see this increase included in future rent calculations, consistent with moves in some other states.

Investing in Human Services

Affordable Housing

Mr Speaker, providing safe and secure housing is one of the most basic ways in which a government can support people in need.

In partnership with the Commonwealth we are investing \$68 million in housing infrastructure in 2011-12.

This includes the final instalment of the \$126 million allocated to Tasmania through the Australian Government's *Nation Building - Economic Stimulus Plan*, which is delivering 531 new affordable dwellings across the State.

Housing Reform – Rent Setting

Mr Speaker, the current rent setting method for Housing Tasmania clients was devised more than 23 years ago and does not account fairly for today's household incomes and household configurations.

The 2011-12 Budget will see a move to a more equitable system where all tenants pay a flat 25 per cent of their income in rent, in line with most states and territories.

To protect households on the lowest incomes, it is proposed to hold their contribution after two increments at 23.5 per cent and allow them to transition gradually over a number of years to 25 per cent.

Some tenants will see their rents fall under the new system.

Education

Savings in Education

Mr Speaker, we need to build a stronger, viable and sustainable education system not just for now, but for future generations.

Many of our schools are ageing and require significant funding to ensure they provide a modern learning environment.

Many also have under-utilised classrooms as school populations have fallen.

If we do not act now, Tasmanian schools will be filled to less than 60 per cent of their capacity by 2013.

The measures we need to take to renew our education system are not just about saving money.

They are about ensuring we provide the right services in the right place so all of our students can have access to the best education possible.

Today I announce that up to 20 schools have been identified for possible closure.

The Minister for Education and Skills will begin consulting with each school community immediately, giving them the opportunity to put their views.

I want to stress that no final decisions have been made.

Importantly, all proceeds from school sites that are able to be sold will be reinvested back into schools so we can provide better services in future.

Mr Speaker, the vast body of educational research shows the most important factor in ensuring good student outcomes is high quality teaching, not the size of the class.

From the 2011-12 school year, the Government will cease the payment of funds to schools to reduce the size of classes.

It is expected that the increase in Prep to Year-7 class sizes would be less than one student on average.

This will deliver savings of \$7 million in 2011-12 increasing to more than \$9 million from 2012-13 onwards.

Funding for students with special needs will not be affected.

Mr Speaker, the Government will also be looking to achieve savings in non-government schools.

The current formula to decide the level of recurrent funding provided to non government schools is based on around 19 per cent of the average cost of a student in a government school.

From 2011-12, this percentage will be reduced to 18.15 per cent of the average government school cost, delivering savings of \$2.5 million per annum.

This change will not impact on the needs based funding formula introduced by this Government which ensures student populations from lower socio-economic backgrounds receive a higher share of funding per student.

And despite this reduction, the overall level of funding provided to non government schools will still increase by 4.4 per cent in 2011-12.

The measures announced today will achieve total savings in the education budget of \$46 million in 2011-12 and \$190 million over four years.

Investing in Education

Mr Speaker, although we will be making savings in education, total funding will still grow in 2011-12 and over the course of the Forward Estimates, albeit at a slightly slower rate.

In 2011-12, \$1.3 billion has been allocated to Education.

The Government will invest an extra \$4 million a year in early years, and literacy and numeracy initiatives, to help make a real difference to the lives of young Tasmanians.

This includes \$2 million per year for the Early Years and Launching into Learning program, bringing total funding for this program to \$6.4 million.

And it includes an extra \$2 million per year to be invested in the Raising the Bar Closing the Gap 7-Up initiative, bringing total State Government funding now to \$5 million.

This funding will support more high schools to improve students' functional literacy and numeracy skills.

We must also ensure Tasmania's training sector continues to grow and develop.

In this Budget, almost \$17 million is being invested in partnership with the Australian Government in the highly successful Productivity Places Program giving the opportunity for more than 3 500 people to enter the workforce or obtain the qualifications and skills they need to progress in their jobs.

Children and Families

Mr Speaker, a government can make no more important investment than in looking after children and supporting families.

That is why we have made every attempt to shield from cuts the frontline services we provide in child protection.

In the 2009-10 Budget, the Government announced a new program to fund up to 30 child and family centres at a cost of \$76 million.

Given the current Budget position, we have decided to defer the roll-out of Stage 3 Centres and concentrate our efforts on the eleven Stage One and Two centres in the highest priority areas of Beaconsfield, Queenstown, East Devonport, Ravenswood, Clarence Plains, Risdon Cove, Chigwell, George Town, St Helens, Derwent Valley and Burnie.

This will deliver one-off savings of \$42 million.

These Centres will be at the forefront of our efforts to improve and better integrate our services in the community.

To help them achieve this, today I can announce additional funding of \$1.4 million in 2011-12 to support the employment of new staff to manage and operate the services of Child and Family Centres.

This increases funding for operational expenditure to \$2.4 million in 2011-12.

Additional funding of \$259 000 a year will also be provided to help Tasmanian grandparents caring for their grandchildren in recognition of the important role they play in supporting vulnerable children.

Mr Speaker, the Government's soon to be released Agenda for Children and Young People also aims to improve the health, education, protection and wellbeing for Tasmania's children and young people so they can achieve their full potential.

Police and Emergency Management

Mr Speaker, Tasmania's Police are amongst the nation's finest and we live in Australia's safest communities.

I understand that an effective and visible Police Service is important in ensuring that the community feels safe and secure.

The magnitude of the current Budget challenge means we cannot quarantine police, nor can we increase the service by 30 officers as promised in the State Election.

In 2011-12, the Department of Police and Emergency Management will implement strategies to achieve savings of \$8 million, increasing to almost \$17 million by 2014-15.

These savings strategies will include:

- reviewing procurement practices to ensure the best possible price for goods and services purchased;
- reviewing the management of the vehicle fleet; and
- managing administrative and police staffing numbers.

A focus on the removal of positions of an administrative nature will help to minimise impacts on the community.

In 2011-12, 20 positions will be reduced bringing the total number of Police to 1 178.

Over the Forward Estimates, a number of factors will impact upon savings however all endeavours will be made to keep the reduction of police numbers to less than 100 FTEs.

Based on average separation rates, these savings could be met largely through natural attrition and further recruitment may still be required.

Despite these changes there will still be more police on our streets than when Labor came to office in 1998.

The Government is continuing to invest in community safety infrastructure, including the continuation of the \$20 million, four year construction of new facilities at Risdon Prison and the redevelopment and refurbishment of Police Headquarters in Devonport and Glenorchy.

Infrastructure

Mr Speaker, investing in our transport infrastructure – road, rail, ports and sustainable transport – will create jobs and encourage future economic development.

In 2011-12, a further \$45 million in Commonwealth and State funding will allow the continuing critical upgrade of our rail network and rolling stock.

As part of total roads expenditure of \$151 million, more than \$16 million has been allocated in 2011-12 as part of the \$90 million Community Roads Program.

Work will also continue on other major road and highway upgrades across Tasmania, including the \$21 million West Coast roads package.

The Government will also maintain its investment in water infrastructure across Tasmania, paving the way for future economic growth and job creation in our primary industries.

Tourism

Mr Speaker, this Budget also recognises the critical importance of our tourism industry to our economic future.

Ongoing annual savings of \$2.9 million by 2013-14 will be achieved by reducing expenditure on trade shows and events such as G'day USA, closing the Launceston Contact Centre and reducing staffing in Tourism Tasmania.

These savings will ensure there are no cuts to all-important tourism destination marketing, while also proceeding with construction of the iconic Three Capes Track and the Tarkine Drive.

To complement this investment we will also provide new support for hospitality training, which has been put forward by the industry as a key priority.

Jobs and the Economy

Mr Speaker, prior to the onset of the GFC, the Tasmanian economy experienced an unparalleled level of jobs and investment growth.

It is now apparent that while the primary impact of the GFC was softened through Federal and State stimulus measures, the aftershocks continue to have an impact on confidence.

Tasmania is now dealing with these ongoing challenges in an environment of higher interest rates, the withdrawal of Commonwealth stimulus spending and a punishing exchange rate.

I acknowledge that Tasmania has been in the slow lane of the national two-speed economy.

But through this time we have shown incredible resilience and recent data shows that our economy has turned the corner.

Over the past year, State Final Demand has grown by 4.5 per cent, outstripping the national growth rate of 3 per cent.

The most encouraging aspect of these figures is continued growth in private sector investment, which has seen three consecutive quarters of growth.

This is evidence that as the Government tightens its belt the private sector is taking up the slack and growing jobs with confidence that a healthy Budget position will be restored.

Despite the difficult business conditions that we confront, we have also seen further growth in our export sector with some \$3.3 billion worth of merchandise exports in the past year.

And today we have an unemployment rate of 5.7 per cent, which in historical terms is comparatively low.

We have seen the creation of over 6 000 additional jobs in Tasmania since the employment market turned around some 18-months ago.

Tax Rebate

Mr Speaker, my Government is determined to create the right conditions for further jobs growth and give the private sector the right incentives to employ new staff and grow.

That is why I am reintroducing a Payroll Tax Rebate for businesses that create new jobs from today.

This is a full rebate on the payroll tax liability for any business that adds to employment levels over the course of the year and maintains the position until 30 June 2013.

This scheme is a proven performer and was shown to support the creation of more than 850 jobs when it was implemented in the 2009-10 Budget.

Economic Development Plan

Mr Speaker, the Government understands that Tasmania's economy is going through a period of structural change to become more competitive and productive.

That is why next month the Government will launch Tasmania's Economic Development Plan.

The Plan will provide a whole-of-government approach to helping create a more business-enabling environment that supports our industries and regions for the long term.

Business Tasmania

Mr Speaker, today I announce the establishment of Business Tasmania as the first major initiative of the Economic Development Plan.

Business Tasmania will cut red tape by providing a new online portal to make it easier for businesses to interact with Government and find the information they need.

For the first time, all government licences, permits, regulations and related forms will be available in one place.

Planning Reform

Mr Speaker, the Government has begun reforming our fragmented planning system but we recognise that much more needs to be done.

Today I announce the Government will allocate more than \$6 million over four years for the Tasmanian Planning Commission to support planning reform.

The building blocks are now falling into place with the Regional Strategies nearing finalisation, the planning scheme template now being applied across Tasmania and the implementation of the Residential Code that is now being considered by the Minister for Planning.

These are the foundations for the development and implementation of new, consistent and contemporary planning arrangements.

However, I recognise that developers and the community continue to express frustration with the planning process.

Through the combined resources of Economic Development and other relevant agencies, we will set up a Major Development Facilitation Group to work closely with project proponents to provide early clarity and understanding of the process.

This is about setting the expectations early so all parties have a better understanding of what is required at the start of a development process and can avoid unexpected and costly delays.

In addition, we will examine further legislative and process changes aimed at making approval processes quicker, simpler and more certain for planning applicants.

Forestry

Mr Speaker, our forest industry is undergoing a major transition.

I believe we can and must protect our most important forests while maintaining a sustainable forest industry which provides jobs for Tasmanians and creates wealth for the State from our natural resources.

The forests have been a flashpoint for conflict in our community for too long.

That is why the Tasmanian Government has been supportive of the process undertaken by the signatories to the forest Statement of Principles.

The forest principles facilitator, Bill Kelty, led a delegation to Canberra on 30 May 2011 to outline progress to date on identifying and resolving the key issues to ensure that the Australian Government is fully aware of the expectations of the Signatories.

The State and Federal governments are now waiting on a final report and recommendations from the Signatories to inform the development of a package of measures to progress the next steps.

In the meantime, we continue to work through issues around the pace, extent and basis for a transition to the sector which is in line with the interests of the Tasmanian community.

We will progress policy, regulatory and structural changes as required.

In addition, a strategic review of Forestry Tasmania is underway.

Caring for Tasmanians in Need

Mr Speaker, as a Labor Premier the most important reason to maintain strong financial management is so we can continue to afford the critical services that vulnerable Tasmanians rely on: affordable housing, funding for people with a disability, and support for children and families in need.

I know this is a value shared by the Greens, who have also been strong advocates for the measures I announce today.

The Government is committed to supporting Tasmanian families facing financial hardship through rising rents, higher energy and water bills, or unforeseen expenses as basic as replacing a broken washing machine.

In the recent Federal Budget the Australian Government announced \$5.4 million over three years for initiatives to support Tasmanians who are doing it tough.

I am pleased to announce that the Tasmanian Government will complement that funding with \$2 million over the next two years, including \$1.5 million to go towards an Emergency Relief Fund to be administered by the non Government sector.

This fund will provide eligible applicants with assistance in meeting urgent cost of living expenses.

We have also allocated \$300 000 over two years to Foodbank, Second Bite, and Produce to the People for emergency food relief.

These charities provide an essential service collecting food that would otherwise have been discarded and providing it to community organisations and households in need, either free or at low cost.

And we will provide \$180 000 over two years to help low-income families to reduce their energy costs by subsidising the purchase of energy efficient whitegoods and heating.

Our expanded breakfast program within the Department of Education will also continue.

While emergency relief is an important part of the Government's response to cost of living pressures, Professor David Adams' soon to be released Cost of Living Strategy will also focus on tackling the symptoms of disadvantage.

Prevention is always better than a cure and we want to help communities to build their capacity to respond to these challenges.

I am therefore pleased to announce additional funding of \$825 000 per annum from 2011-12 to support Neighbourhood Houses throughout Tasmania.

Mr Speaker, I can also announce today that the Government will provide \$1 million to improve the energy efficiency of Tasmanian homes and give people practical help to drive down their energy costs.

Eligible households in the private rental market will be given energy efficiency audits to identify ways in which they can achieve real savings on their power bills as well as reduce carbon emissions.

The Government will also provide \$2.5 million in 2012-13 and 2013-14 to fund energy audits and energy efficiency improvements in public housing.

Conclusion

Mr Speaker, this Budget is not about making strong decisions and reducing expenditure just for the sake of it.

We are doing so because it is the right thing to do.

It is the right thing by the State's economy.

It is the right thing for Tasmanians.

It is the right thing for the future of this State.

I commend the Bill to the House.