

Speaking Notes - Consolidated Fund (Supplementary Appropriation for 2011-12) Bill 2012

Mr Speaker, the *Consolidated Fund (Supplementary Appropriation for 2011-12) Bill 2012* provides for a Recurrent Services appropriation of \$45.5 million to meet expenditure that was not foreseen when the 2011-12 Budget was prepared.

The financial impact of these costs was fully reflected in the *2011-12 Mid-Year Financial Report*.

The rationale for all of the expenditure detailed in this Bill was also explained when I released the Report on the 15th of February this year.

This expenditure will not compromise my Government's overall spending reduction target of \$1.4 billion over the Budget and Forward Estimates in response to the \$1.9 billion that Tasmania has now lost in GST and State revenue since the start of the Global Financial Crisis.

My Government has made strong decisions to return the Budget to a sustainable position in light of this lost revenue and we remain absolutely committed to achieving our savings targets.

To inform the community of the Government's progress in implementing these decisions, my Government has also taken step of committing to the preparation and release of quarterly progress reports by the Department of Treasury and Finance.

Mr Speaker, no government has been more open and transparent about the Budget challenges being faced in Tasmania than this one, and no government has been more open and transparent in informing the Tasmanian Community about its progress in delivering on its Budget plan.

Much of the additional expenditure reflected in this Bill is either unavoidable 'one-off' expenditure or, as in the case of health, simply a reflection of Budget savings that have not yet been fully implemented.

The various areas covered by this Bill will come as no surprise to the House or the Tasmanian community, however I will take a little time to address each of the individual expenditure items separately.

Return of Domain House to the University of Tasmania

Mr Speaker, the Government is committed to the continued evolution of the Hobart waterfront, and to building on Tasmania's educational, health and science capabilities now and into the future.

I have long supported the vision of Hobart as a University town, with students and academics bringing new life and energy to the CBD through facilities spread across the city centre.

We are already seeing the benefits of this at the Arts School, the Menzies Research Institute and the Clinical School.

I am delighted that by working with the University of Tasmania we are now able to take this vision another step by transferring ownership of the historic Domain House and Princes Wharf No. 2 Shed to the University.

As part of the agreement, the State Government has taken ownership of the Hobart Clinical School based on the campus of the Royal Hobart Hospital, helping to pave the way for our \$500 million redevelopment of the RHH.

This agreement also enables the University of Tasmania to develop the \$45 million Institute for Marine and Antarctic Studies on Hobart's Waterfront, and the University has been returned its original home, Domain House.

IMAS will be a wonderful addition to the Hobart Waterfront, and will make a great contribution to cementing Tasmania's role as the gateway to the Antarctic and to Southern Ocean research.

To ensure that Domain House is preserved for future generations, the Government has provided \$3.5 million from the building's sale proceeds to the University of Tasmania for maintenance and restoration.

This Bill will provide Parliamentary approval for that \$3.5 million transaction.

Tasmanian Forests Agreement – Transition Support for Workers

Mr Speaker, as we are all aware, Tasmania's forest industry is facing some unprecedented challenges.

The industry has been adversely impacted by Gunns' withdrawal from native forests, the high Australia dollar, changing markets and effective environmental campaigns which are undermining our markets here and overseas.

These changes have resulted in the loss of half of the jobs and many of the businesses involved in Tasmanian forestry over the last six years.

The Tasmanian and Australian Governments negotiated the Tasmanian Forest Agreement in response to the problems the industry was facing.

The IGA supports the workers, families and communities affected by the changes in our forest industry.

It aims to create new jobs and develop new industries to support the regional economies affected by the decline in forestry, and it seeks to protect more of our high conservation value forests.

Through the IGA my Government agreed to provide transition support payments to workers directly impacted by the industry restructuring, including the employees of contractors whose jobs are made redundant as a result of Gunns' exit from native forest processing.

The payments total \$15 million, and they too are covered by the Bill before the House today.

These payments deliver on the Government's commitment to support workers who, through no fault of their own, face losing their jobs.

They are a very tangible demonstration of my Government's commitment to address the many impacts of the downturn in our forest industry as we seek to put it on a sustainable footing for the future.

Health and Human Services – Delayed implementation of Budget Savings Strategies

Mr Speaker, the Department of Health and Human Services was set the challenging task of achieving Budget savings of \$100 million during 2011-12.

Setting this Budget savings target was a decision that was not taken lightly by the Government and we recognised the impact that this difficult decision would have on the Tasmanian community.

It is clear, however, that we need to make our health system more efficient and sustainable if we are to avoid the threat of health consuming the entire State Budget within the next 14 years.

The National Health Reforms that begin on 1 July this year will also require Tasmania to reduce the average costs of providing care in hospitals if we are to benefit fully from future growth funding for health from the Australian Government.

As at the end of December 2011, the Department had achieved savings of more than \$40 million.

This is an outstanding effort given the difficulty and sensitivity of implementing change in the delivery of health and human services.

I thank the staff at all of our hospitals and other health facilities who have worked hard to minimise the impact on patients while achieving the savings needed.

The difficulty associated with finalising and delivering these changes required detailed consideration and planning by the Department, which resulted in some delay in implementing the Budget savings strategies.

This delay, together with implementation lead time required for some strategies, has previously been disclosed in the Progress Reports on the implementation of the 2011-12 Budget Savings Strategies prepared by Treasury for the September and December quarters.

In the December report released on 15 February 2012 Treasury notes:

“Combined with the delay of finalising Budget savings strategies, a number of the proposed strategies have required an implementation lead time to enable the full value of Budget savings strategies to be achieved” (p9)

While the Government could have required the Department to achieve its Budget savings target in full this financial year, to do so would have resulted in deeper and faster cuts with greater impact on service delivery.

It was the Government’s view that this was not justified simply to meet the arbitrary deadline of the end of this financial year.

What is important is that the \$100 million savings are achieved in full and on an ongoing and sustainable basis and my Government remains fully committed to doing so.

However, due to the delayed implementation of the savings strategies an allocation of \$25 million has been included in this Bill.

This expenditure should not be regarded as new or additional money for health that can be used for additional services or equipment – I wish it was, but sadly our Budget situation does not allow that to happen.

Instead it is simply means that the full value of savings will not be achieved in this financial year due to the delayed implementation of the Department's savings strategies.

Prison Service

Mr Speaker, the Department of Justice has made good progress on its Budget savings measures.

However, cost pressures in the Prison Service require the allocation of an additional \$2 million to the Department this financial year.

The Government recognises the importance of a safe, secure and financially sustainable prison system, and has recently appointed Mr Brian Edwards OBE as the Director of Change Management for the Prison Service.

Mr Edwards will drive the implementation of operational reforms and significant cultural change to complement the Government's investment in new and improved prison infrastructure.

It is anticipated that these reforms will lead to a more sustainable prison service.

Conclusion

Mr Speaker, although the State is in a difficult financial period, the allocation of funds in the Supplementary Appropriation Bill ensures that:

- development opportunities on Hobart's waterfront progress;
- workers are assisted through the challenging period of change in the forest industry; and
- essential health and prison services are delivered whilst critical long-term structural reforms are undertaken.

It does so without compromising the strong decisions my Government has made to return the State Budget to a sustainable position in the wake of the significant financial challenges which are confronting every Australian state as well as nations around the world.

I commend the Bill to the House.