

# ALTERNATIVE BUDGET STATEMENT 2014-15

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Presented by Greens Leader and Treasury spokesperson  
Kim Booth MP on behalf of the Tasmanian Greens MPs.

1 September 2014

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## INTRODUCING THE ALTERNATIVE BUDGET STATEMENT 2014 - 15

This document intends to present to demonstrate how the Greens would disperse available discretionary spending differently to the government, as well as highlight different revenue and savings priorities by which we would use the budget process to drive a coherent vision for the State. (It is not feasible to attempt to redo the bulk of the departmental allocations).

The Greens' Alternative Budget Statement is predicated upon the Triple Bottom Line principle: *Economy, Community, and Environment*.

The Triple Bottom Line framework requires an economic policy decision should not be made without assessing its compatibility with community and environmental goals. The emphasis is on compatibility within key policy settings, rather than competition between economic, community and environmental needs.

The Greens' *Alternative Budget Statement 2014-15* presents our vision for a compassionate Tasmania, that sets the national standard in demonstrating sound economic management while promoting environmental protection.

**We have identified a total amount of New Revenue and Savings = \$635, 851, 288**  
**Our total Expenditure identified = \$629, 274, 520**

***We demonstrate there is a different and more constructive way than the Liberal government's way.***

## CHAPTER 1: REFOCUSING PRIORITIES

By reviewing the figures of the Hodgman Budget 2014-15, the Greens have identified **\$635, 851, 288** from extra revenue raising and expenditure savings, which we will reinvest back into the community, into protecting our environment, creating real long term work and prosperity investing in our competitive advantages, and transitioning to a carbon constrained economy.

The identified new Revenue and Savings means the Greens will reverse the Hodgman Budget's damaging cut to public sector jobs and wage freeze (amounting \$374.3 million); and cover all our costed election commitments which totaled approximately \$239 million.

We have also funded new expenditure items to address fundamental issues with the Hodgman Budget, including:

- ✓ commissioning a **\$5 million** independent State Finances and Taxation Review;
- ✓ Restoring the axed Tasmanian Climate Action Council;
- ✓ And covering the gap in other funding areas.

We have also factored in \$750, 000 worth of revenue foregone by dropping the Hodgman Budget's proposal to use court fines as a revenue raising mechanism.

### PART 1 - RESTORING THE PUBLIC SECTOR

- ✓ The Greens' *Alternative Budget Statement 2014-15* does not require cutting the 700 identified public sector jobs as per the Liberal government's budget.
- ✓ The Greens' *Alternative Budget Statement 2014-15* does not require the 12 month public sector pay freeze.

We have found additional savings, some new and some from cutting Liberal election promises we do not support, to cover the **\$374.3 million** over four years the Liberal government would fund by cutting 700 jobs, and imposing a 12 month wage freeze.

The Hodgman Budget Papers show their proposed wage freeze will save an estimated \$177.7 million over four years, plus an additional \$196.6 million in reducing approximately 700 Full Time Equivalent positions. (*Tasmanian Budget 2014-15, Budget Paper No. 1; pg 4.4*)

The Greens have consistently said we do not support the public sector being cut to pay for the Liberals' big spend election promises. Our Alternative Budget statement demonstrates how we would still fund our election commitments without cutting jobs or freezing salaries.

## **PART 2- LONG TERM STRUCTURAL REFORM STRATEGY**

The Greens have long argued that the main financial challenges facing Tasmania are long term structural ones, rather than there being a short term crisis.

This assessment is supported by the 2014-15 Budget Papers themselves which state, "*the State's economy is forecast to grow by 1.5 per cent in 2014-15, the same rate as expected in 2013-14.*" (Tasmanian Budget 2014-15, Budget Paper No. 1; pg 2.1)

Currently approximately 61 per cent of the State's income is derived from the Commonwealth's GST, and we are also still paying off long term debts to the Commonwealth, such as the Housing Debt. We have a relatively small and ageing population base, and a limited capacity to generate new revenue sources. More of the same is not going to break this cycle.

### **COMMISSION AN INDEPENDENT STATE FINANCES & TAXATION REVIEW**

The Greens' *Alternative Budget Statement 2014-15* tackles the issue of long term structural reform.

Since the completion of the federal Henry Taxation Review it is clear Tasmania needs to undertake a comprehensive review of the taxation mix to determine whether we currently have the right balance to:

- Provide essential services that support the community; and
- Drive positive social and economic outcomes, including investment stimulation and job growth.

The State Liberal government has outsourced this responsibility to the Federal government, and does not appear to take any action other than wait for the Commonwealth's White Paper.

The Greens recognise we must be proactive in assessing Tasmania's financial situation and develop appropriate long-term structural reform strategies.

We have provided **\$5 million** to commission a comprehensive independent State Finances and Taxation Review.

It is proposed that the State Finances and Taxation Review will:

- Be chaired by an independent person with appropriate expertise, such as Dr Ken Henry;
- Undertake the State Taxation Review, (initially commenced as a tripartite Review in the previous period of government but then terminated without resolution in November 2011 by the Liberal and Labor parties;
- Assess the state's unfunded superannuation liability, develop and provide options;
- Review the total state sector debt and its long term implications, including examining the role, debt management of, and financial risks posed by, the State's GBEs and SOCs;
- Provide recommendations regarding medium and long-term structural reform options to assist in moving the State's economy to a sustainable footing, consistent with community needs and expectations.

- It is expected that the review recommendations will provide a path to a modern state tax base and mix that is more equitable, simpler and cheaper to administer whilst supporting service delivery consistent with agreed community expectations.
- The Greens believe that such a State review and any recommendations for change must be widely consulted throughout the community to ensure that its outcomes are acceptable to the community and businesses.
- Report within two years of commission.

It is critical that this review be independent of government and the Greens would see that advice is commissioned by and provided to parliament, in the same way as the Electricity Expert Panel.

**Costing:** The *Alternative Budget Statement 2014-15* provides **\$5 million over two years.**

## **PART C - OTHER LONG TERM STRUCTURAL REFORM ISSUES**

### **Forestry Tasmania**

Forestry Tasmania is a failed GBE with massive debts and no room to move now that the Liberal government has moved to repeal the *Tasmanian Forest Agreement Act 2013*, which was their only chance to gain access to sophisticated, profitable markets.

The collapse of the Tasmanian timber industry is a compelling example of what happens when governments interfere in the market and use public money in an attempt to pick winners. They always fail leaving the public purse to pick up the tab.

Over the last decade, financial commentators have emphasized that Forestry Tasmania's insignificant return on equity of Forestry Tasmania is unacceptable and fails to reflect costs, the erosion of natural values, and the existence of other viable forest-based industries and income streams. These same commentators have raised that a 6% return on equity should be considered the bare minimum from Forestry Tasmania. However, in the absence of a viable full cost recovery-based operation, such a return is not yet feasible, but should be factored into the GBE's forward strategic planning.

We would forgo yet another review into Forestry Tasmania as flagged by the Liberal government. An independent review was commissioned by the previous government, the URS/Deloittes Review, the issue now is its recommendations need to be acted upon.

The Greens would require Forestry Tasmania to immediately transition to a full cost recovery business model, and we would remove the Liberal's public subsidy of \$4 million per annum for 'non commercial obligations'. The current \$2 million per annum allocation for firefighting remains.

### **Housing Debt**

Tasmania's substantial debt owed to the Commonwealth under the Commonwealth State Housing Agreement is an issue that must be resolved.

Every year that the debt remains, a significant proportion of housing funds supplied from Canberra must be paid back to them to cover debt repayments of around \$17 million per annum.

The impact on the capacity of Tasmania to supply sufficient public housing and

other forms of affordable housing to meet the overwhelming demand is adverse.

The Greens' would prioritise urgent negotiations with the Commonwealth to forgive this debt.

### **State Public Health Sector**

Funding our public health and hospitals sector is a major challenge facing current and future governments.

The Greens are firmly of the view that any attempt to put the budget onto a sustainable footing requires meaningful structural reform of the state's health system. Without this, we know health economists have projected that by 2030 the entire state budget will be consumed by the health budget.

This situation has been exacerbated by the recent Federal budget cuts which have a projected decline in health revenue to 2024-25, (relative to recent growth in funding), of \$1.77 billion.

The government's proposed White Paper on the State's health system is welcome, however shuffling the deck-chairs on the Titanic, will not be sufficient.

Health professionals and stakeholders have called for Tasmania to move to a health single funder model. This would assist in bringing about the fundamental structural reform necessary to turn around our public health system.

Additional to our preventative health funding in Chapter 3, the Greens firmly believe it is a matter of fiscal responsibility to pursue talks with the Commonwealth as a matter of urgency to negotiate Tasmania becoming a pilot for a health single funder model.

### **Infrastructure Investment for Sustainable Community and Economic Development**

Too often infrastructure is constructed without the long term cost disclosed.

The Greens will require an assessment of the state and condition of the State's infrastructure and a public report provided; this will also include projected forward significant maintenance expenditure estimates and forward expected capital refurbishment expenses.

Any new infrastructure proposals will be added to this list with forward estimates to enable the long term cost to be known prior to construction.

### **Waste Levy to be Implemented**

The Greens' Alternative Budget Statement 2014-15 would implement the Local Government Association of Tasmania's (LGAT) proposal for a \$10 per tonne Waste Levy.

We also support LGAT's proposal that such a Waste Levy is hypothecated across three agency recipients, and as hypothecated funds this will not be a source of direct revenue for the Consolidated Fund.

It is consistent with our push for long term structural reform, and our fiscal strategy, to encourage a shift to complying with triple bottom line principles: the proposed levy on waste will encourage a reduction in the production of waste which will reduce council and environmental management costs, a reduction which will then flow onto the ratepayer.

## CHAPTER 2: ALTERNATIVE REVENUE AND SAVINGS

The Hodgman Budget clearly relied on its combined public sector job cuts and pay freeze to provide the bulk of its 'savings' to pay for its deliberately extravagant election promises.

The Greens' *Alternative Budget Statement 2014-15* identifies sufficient revenue and savings to make the public sector cuts unnecessary, while still delivering on our election commitments.

### **Part 1 – Additional Revenue**

The Greens' *Alternative Budget Statement 2014-15* has identified additional revenue in the following areas:

#### **Hydro Tasmania**

***Hydro Tasmania to provide a dividend of \$55 million per annum over the forward estimates, totaling \$220 million over four years.***

Notwithstanding the Carbon price revenue being ripped from the state coffers to the tune of approximately \$100 million per annum, due to the policy position of the Federal government, Hydro Tasmania's business case should be based on a fair return to its owners, the people of Tasmania, over the long haul.

We believe a **\$55 million** annual contribution is a moderate amount given the value of the Hydro system, and based on a sustainable business case Hydro Tasmania should not have any difficulty providing that return.

Hydro Tasmania was not reliant on the recent carbon price to be viable, and the unfortunate and political decision by the Federal government to remove the Carbon tax should not now be used as an excuse for the GBE to not contribute an moderate annual dividend direct to the Consolidated Fund.

The requirement to provide an annual dividend would also assist in refocusing Hydro Tasmania's operations to its core responsibilities to the State, and to Tasmanians.

The Greens are committed to the reforms based on the Electricity Expert Panels recommendations, which we took to the election.

We are committed to Hydro Tasmania remaining in public ownership and believe these reforms are necessary to prevent the Liberal government taking the GBE into a financial situation that makes privatization inevitable, and to ensure Hydro Tasmania's prime function is to deliver to Tasmanian's, the cheapest possible renewable power into the future to drive the Tasmanian economy in a carbon constrained and fossil fuel depleted world.

Our policy of Hydro reform, based on the Electricity Expert Panels findings, would deliver a low risk efficient generator capable of focusing on its core function of being a publicly owned power generator and returning a dividend to its owners, the public.

## Pokie Free Transition Strategy - Implementation

### **Implementation of our Pokie Free Tasmania strategy. New revenue raised: \$80 million over four years.**

The Greens' *Alternative Budget Statement 2014-15* will commence the implementation of our election commitment to remove poker machines from Tasmania over five years.

In the calendar year of January 2013 to January 2014 saw Tasmanians lose **\$206, 326, 356** on pokies. The latest Treasury figures show Tasmania has 3 592 pokies across the casinos, pub and club venues, and TT-Line vessels.

Community, welfare and church groups have been calling for action on pokies for the last decade, only to be ignored by successive state majority governments as the problem intensifies.

The Greens will commence a five year withdrawal plan, from 2015-16, at the end of which pokies will no longer be permitted to operate in Tasmania.

- ✓ In 2014-15, the *Gaming Control Act 1993* amended to end the monopoly held by Federal Hotels (Federal Group) over Tasmanian pokies.
- ✓ The additional revenue to the Crown due to taking over the monopoly licence will provide for additional investment in strengthening the community, while also helping venues identify and implement alternative forms of revenue raising entertainment and provide business planning assistance..
- ✓ The establishment of a 'Pokie Transition Adaptation Fund' (which will receive pokie' loss monies currently going to the monopoly holder), ensure pokies fund their own removal. This process remains cost neutral to the Crown at the end of the transition period (currently scheduled to complete in the out years 2018-19 to 2019 – 20)
- ✓ The Auditor-General would negotiate a fair and equitable exit package for Federal hotels (to be funded from the 'Pokie Transition Adaptation Fund'.

The strategy is self funding and provides surplus funding for poker machine buy outs, and contribution to the Consolidated Fund. The transition period of five years beginning from 2015-16 will also provide the Crown time to adjust to a finite source of revenue.

Additional revenue streams are broken down as follows:

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
\$60 million	\$55 million	\$45 million	\$26 million	\$14 m	\$10 m
<p><i>Legislation transferring pokie deed to the Crown.</i></p> <p><i>Auditor General tasked to set fair payment to the deed holder.</i></p> <p><i>Pokie-free Tasmania information provided to EGM holders.</i></p>	<p><i>Some revenue foregone as redirected into the \$52 million 'Pokie Transition Adaptation Fund' – first year of Fund's activity.</i></p>				

**Methodology explanation:** The revenue from poker machines can be conceptualised as a pie consisting of three slices.

Each slice holder (Deed Holder, the Crown, the Venue operator) gets around 1/3 each of losses, ie conservatively \$60 million each per year.

Once legislation to amend the *Gaming Control Act 1993*, to remove the current monopoly deed passes, the Crown will own two slices.

Without implementing the 'Pokie Transition Adaptation Fund' the single Crown slice is budgeted to contribute \$240 million to the Consolidated Fund over 4 years

With two slices, albeit diminished over the forward estimates as per table above, the Crown gets \$186 million per slice of pokies loss revenue, or a total of \$372 million for the two slices of pokies loss revenue.

This leaves a surplus of revenue of \$132 million over the forward estimates. The Greens would redirect \$52 million into the 'Pokie Transition Adaptation Fund', to provide for machine buy-back and transition assistance.

The fund is finalised in the two out years.

### **Abalone Royalties Restored**

**Abalone Royalties restored to 8 per cent per annum. New revenue raised: \$5 877 000 over four years**

The Budget Papers have reduced the royalty rate from Abalone licences from 8 per cent to 7 per cent over the forward estimates. The Greens would restore that royalty rate back to 8 per cent. (*Tasmanian Budget 2014-15, Budget Paper No. 2, Vol 1: pg 9.40.*)

## Members of Parliament – Additional Allowances

**MP additional loadings cut by 50 per cent. New revenue raised: 1 599 288 over four years.**

While there has been a tripartite agreement to freeze the basic salary of the State Members of Parliament as a savings measure, the Hodgman Government has not examined other potential savings from the additional allowances provided to MPs who also hold a Leaders or parliamentary position.

The Greens would reduce those allocations by 50 per cent each year.

### Tasmanian Parliamentary Positions – Additional Allowance Loadings

Base salary	\$118,466		
Electorate allowance	unchanged		
	Additional Salary	Entertainment Allowance	50% cut
Backbencher	\$0	\$0	
Premier	\$136,236	\$14,216	\$75, 226
Deputy Premier	\$97,142	\$0	\$48, 571
Minister	\$82,926	\$0	\$41, 463
Leader of the Opposition	\$82,926	\$0	\$41, 463
Speaker of House of Assembly	\$41,463	\$5,923	\$23, 693
Secretary to Cabinet	\$35,540	\$0	\$17, 770
Chairman of Committees	\$23,693	\$0	\$11, 846.50
Deputy Leader of Opposition	\$41,463	\$0	\$20, 731.50
Leader of Minority Party	\$41,463	\$0	\$20, 731.50
Whips	\$7,108	\$0	\$3, 554

### Legislative Council positions

Leader of Government	\$82,926		\$41, 463
President	\$41,463		\$20, 731.50
Chair of Committees	\$23,693		\$11, 846.50
Deputy Leader of Government	\$41,463		\$20, 731.50
<b>Total pa</b>			<b>\$399, 822</b>
<b>Total over 4yrs</b>			<b>\$1, 599, 288</b>

Source: <http://pz005.parliament.tas.gov.au/prs/MainMPsPay.htm>

## PART 2 - IDENTIFIED SAVINGS

The Greens' *Alternative Budget Statement 2014-15* has also identified savings from expenditure contained in the Hodgman Budget with which we do not support or agree, or which we believe is more efficiently provided for through the implementation of our March election commitments, including some of the savings identified during the March election.

We had additional savings identified during the March election which will not appear on the table below, as they are already absorbed by the State Budget, for example the removal of Forestry Tasmania's Contingency Fund.

NEW REVENUE	Total (over 4 years)
Hydro Tasmania dividend	\$220 000 000
Pokie-Free Transition Strategy - implementation	80 000 000
MP Additional loadings cut by 50%	1 599 288
Restore Abalone Royalties Cuts	5 877 000
<b>Subtotal</b>	<b>\$307 476 288</b>

<b>IDENTIFIED SAVINGS</b>	
Burnie Port Upgrade – from election savings	<b>\$ 8 000 000</b>
20% deferral of 110m community road package	<b>22 000 000</b>
Consultancies	<b>11 000 000</b>
Travel & Communications	<b>60 000 000</b>
Supplies & Consumables	<b>9 000 000</b>
Future Infrastructure Investment	<b>35 000 000</b>
Project planning contingency	<b>5 400 000</b>
Year 7-12 implementation plan capital (reduce Liberal's \$6m to \$3m = savings of \$3m)	<b>3 000 000</b>
Year 7-12 implementation plan operating costs (reduce Liberal's \$39.5m down to \$20m = \$19.5m)	<b>19 500 000</b>
Additional roads funding	<b>10 000 000</b>
Interconnector	<b>2 500 000</b>
Co-ordinator General	<b>8 000 000</b>
Mining for Tasmania's future	<b>1 000 000</b>
International Shipping	<b>33 000 000</b>
Craggy Ridge	<b>3 400 000</b>



Regional Revival Fund – other	<b>75 000</b>
Water & Sewerage Headworks Holiday	<b>7 750 000</b>
Private Forestry Industry Development Program (reduce \$450 000 allocation to \$100 000)	<b>350 000</b>
Forest Residues alternative use	<b>550 000</b>
Establishment of Infrastructure Tasmania	<b>3 200 000</b>
Fuel Reduction Burns (reduce allocation)	<b>11 000 000</b>
Forestry Tasmania subsidy (of \$4m over 4 years)	<b>16 000 000</b>
Planning Review Taskforce	<b>500 000</b>
Bridge Strengthening on Esk and Tamar Highways	<b>5 100 000</b>
Reduce Irrigation Allocation	<b>24 000 000</b>
Major Projects Infrastructure Fund	<b>700 000</b>
Tourism Marketing additional funding (covered by the Green’s funded election commitment)	<b>16 000 000</b>
Expressions of Interest - Parks	<b>500 000</b>
Rail (defer to out-years)	<b>11 600 000</b>
<i>SubTotal</i>	<b><i>\$328 375 000</i></b>
<b>TOTAL SAVINGS</b>	<b>\$635 851 288</b>

## CHAPTER 3: EXPENDITURE

### Part 1 - Meeting Election Commitments and Restoring the Public Sector

The Greens' *Alternative Budget Statement 2014-15* has identified sufficient additional savings and new revenue to cover both our costed March election commitments, while also making unnecessary the Hodgman Budget's identified public sector job cuts and pay freeze.

The combined amount of the above expenditure to meet election commitments and Restoring the Public Sector totals **\$612, 854 520** over the forward estimates.

<b>GREENS' EXPENDITURE PRIORITIES</b>	
<b><i>Meeting Election Commitments &amp; Restoring the Public Sector</i></b>	
Public Sector: Cover proposed Job cuts and freeze	<b>\$374 300 000</b>
Green's March Election Promises ( <i>see list below on pages 15-16</i> )	<b>\$238 554 520</b>
<b><i>Subtotal</i></b>	<b><i>\$612 854 520</i></b>
<b><i>Additional Spending Priorities &amp; Undoing Liberal Cuts</i></b>	
State Finances and Taxation Review	<b>\$ 5 000 000</b>
Charter of Rights and Responsibilities	<b>\$ 4 000 000</b>
Restore Integrity Commission Funding	<b>\$ 3 100 000</b>
Restore Climate Action Council	<b>\$ 600 000</b>
Restore 10 Days on the Island Funding	<b>\$ 620 000</b>
Community Legal Centres boost	<b>\$ 3 200 000</b>
Mine Remediation Centre of Excellence Feasibility study	<b>\$ 100 000</b>
Baroque Festival	<b>\$ 400 000</b>
School Canteen	<b>\$ 150 000</b>
<b><i>Subtotal</i></b>	<b><i>\$ 17 170 000</i></b>
<i>New Proposed Criminal fines revenue foregone</i>	<b><i>(750 000)</i></b>
<b>TOTAL SPEND</b>	<b>\$629 274 520</b>

## **Part 2 - Additional Spending Priorities & Undoing Liberal Cuts**

Additional to the election and public sector investment, we have also funded new initiatives, and undone key Liberal spending cuts. These are summarized in the table above under, **Additional Spending Priorities & Undoing Liberal Cuts.**

### **☑ State Finances and Taxation Review**

As outlined in Chapter 1, we will provide \$5 million funding over two years for an independent State Finances and Taxation Review to be conducted.

### **☑ A Tasmanian Charter of Rights and Responsibilities**

The Greens believe that human rights are not a luxury to be looked after only in good economic times. It is especially during tough economic times that we must look after the vulnerable in our community.

The Tasmanian Law Reform Institute report recommending that state develop such a Charter.

We welcomed the previous government's 2010 Discussion Paper into developing a Tasmanian Charter of Human Rights and Responsibilities, which attracted over 200 submissions at the time, and argued against it being shelved in 2012.

We are now seeing the Liberal government unleash an unprecedented attack on Tasmanians' civil liberties and freedom of speech. In contrast to the Hodgman Budget, which refers to their undemocratic anti-protest legislation, the Greens would establish a Tasmanian Charter of Human Rights and Responsibilities.

We will provide \$4 million over the forward estimates to establish the Charter of Human Rights and Responsibilities (based on the previous Justice Department's costings of \$1 million per annum)

### **☑ Restore funding to the Integrity Commission**

The Greens would provide \$3.1 million over the forward estimates to restore the funding allocation to the Tasmanian Integrity Commission. It is an indictment upon the state government that it would erode the capacity of core oversight entities such as the Integrity Commission.

To restore and maintain people's confidence in their public institutions, such oversight watchdogs must have teeth and have sufficient resources to fulfill their role.

### **☑ Restore the Tasmanian Climate Action Council**

The Greens would provide \$600,000 over the forward estimates to restore the Tasmanian Climate Action Council. In a carbon-constrained economy, it beggars belief that the state would erode our climate change expertise and resources. The Hodgman Budget's cutting of the TCAC was short-sighted in the extreme, and dangerously out of step with the community's expectations.

### **☑ Invest in State's Community Legal Centres**

The Greens' Alternative Budget Statement provides a total amount of \$3.2 million over the forward estimates to assist the state's eight Community Legal Centres to cover the destructive funding gap caused by funding cuts made in the Abbott Federal budget.

The total amount will be shared amongst the eight Community Legal Centres, which includes the Environmental Defender's Office, and the Women's Legal Centre.

**☑ Restore 10 Days on the Island Funding**

The Greens' Alternative Budget Statement restores the \$620, 000 cut to the Festival scheduled to be made in 2017-18 under the Hodgman Budget.

**☑ Restore Baroque Festival Funding**

The Greens' Alternative Budget Statement restores the \$400, 000 (over four years) cut to the Festival made under the Hodgman Budget.

**☑ Investing in School Canteen**

This important program is funded until June 2015. We would continue the funding across the forward estimates..

**☑ Mine Remediation Centre of Excellence Feasibility Study**

The Greens' Alternative Budget Statement provides \$100, 000 for a feasibility study into establishing a Mine Remediation Centre of Excellence at Queenstown.

This initiative had been funded in the 2013-14 state budget but the March state election interrupted its implementation. The Greens will ensure we follow through on developing local skills and expertise in mine rehabilitation and remediation, which can then be utilized locally, as well as exported knowledge nationally and internationally.

<b>Election 2014 - Policy Commitments</b>	<b>Projected Costing (\$)</b>
<i>Housing Energy Efficiency</i>	<b>5 000 000</b>
<i>Political Donations Reform</i>	<b>150 000</b>
<i>Plantations</i>	<b>400 000</b>
<i>TFA</i>	<b>0</b>
<i>Arson Response Group</i>	<b>2 338 000</b>
<i>Empowering Coast Care Groups</i>	<b>300 000</b>
<i>Growing Launching into Learning</i>	<b>5 000 000</b>
<i>Equality for LGBTI</i>	<b>850 000</b>
<i>Tamar Valley Gourmet Trail</i>	<b>70 000</b>
<i>Lowering the Voting Age</i>	<b>0</b>
<i>Replacing Bass Strait Ferries</i>	<b>100 000</b>
<i>Small Business NILS Scheme</i>	<b>1 000 000</b>
<i>Bringing Big Data South</i>	<b>500 000</b>
<i>Strengthening Disability Employment</i>	<b>2 500 000</b>
<i>Attracting Skilled Professionals to NE Tasmania</i>	<b>75 000</b>
<i>Integrity Commission</i>	<b>0</b>
<i>Action for Tasmanians with Autism</i>	<b>685 000</b>
<i>Investing in Mental Health</i>	<b>3 750 000</b>
<i>Super Trawler</i>	<b>0</b>
<i>Building the Tasmanian Broadband Network</i>	<b>3 420 000</b>
<i>Caring for Asylum Seekers</i>	<b>5 400 000</b>
<i>Battery Point Boardwalk</i>	<b>23 300 000</b>
<i>Free Metro Travel for Tertiary Students</i>	<b>3 000 000</b>
<i>Healthy Schools, Healthy Children</i>	<b>1 000 000</b>
<i>Unfinished Business - Pledge for Aboriginals</i>	<b>0</b>
<i>North East Rail Trail</i>	<b>500 000</b>
<i>State Cash for Containers</i>	<b>353 520</b>
<i>People before Pokies</i>	<b>0</b>
<i>Revitalised Public Sector</i>	<b>6 600 000</b>
<i>Re-Invigorating Brand Tasmania</i>	<b>12 200 000</b>
<i>Riverline Stage One</i>	<b>37 000 000</b>
<i>State of Preventative Health 2030</i>	<b>13 000 000</b>
<i>Supporting our Neighbourhood Houses</i>	<b>2 995 000</b>
<i>Taking Tasmania to the World</i>	<b>15 000 000</b>
<i>Empowering Tasmania's Women and Girls</i>	<b>4 900 000</b>



<i>No Fracking Way</i>	<b>0</b>
<i>Clean up the Tamar</i>	<b>11 500 000</b>
<i>Establishing a Tasmanian Chinatown</i>	<b>50 000</b>
<i>Keeping Heritage Rail on Track</i>	<b>2 500 000</b>
<i>Revitalise Hobart</i>	<b>6 150 000</b>
<i>Creative Industries</i>	<b>12 700 000</b>
<i>Homes for Young Tasmanians</i>	<b>8 400 000</b>
<i>Adventure Lies in the West</i>	<b>12 000 000</b>
<i>Supporting Cottage Food Enterprises</i>	<b>300 000</b>
<i>North West Timber Jobs in Houses</i>	<b>11 550 000</b>
<i>Circular Head Alcohol and Other Drug Mitigation Strategy</i>	<b>1 282 000</b>
<i>Agriculture - Harnessing our Natural Advantage</i>	<b>8 440 000</b>
<i>Linking Salamanca to the World Heritage Area</i>	<b>5 350 000</b>
<i>Building Landcare Across Tasmania</i>	<b>280 000</b>
<i>Investing in an Inclusive Ageing Society</i>	<b>1 250 000</b>
<i>Building the Shared Pathway</i>	<b>5 416 000</b>
<b>TOTAL</b>	<b>238 554 520</b>

## CHAPTER 4: FISCAL STRATEGY

A fiscal strategy is a critical component of budget preparation as it provides an outline of medium-term fiscal objectives in the context of the foreseeable economic climate. It also provides the framework against which expenditure and revenue-raising policies can be assessed.

### *Fiscal Objectives and Strategic Priorities*

*The long term objectives within which the Tasmanian Greens' Budgets will be framed:*

- Maintain the Net Operating Balance in surplus on a six-year rolling average basis.
- The budget to be returned to a fiscal surplus by 2018-19.
- Net unfunded Superannuation Liability to be extinguished by 2035.
- General government sector to remain net debt free.
- Tasmania's tax severity to be no greater than the average of all states.

*The key fiscal measures against which fiscal policy will be set and assessed:*

- Intergenerational equity.
- Transparency and accountability in the development, implementation and reporting on fiscal objectives.
- The specified long term objectives that provide the framework within which the Greens' would set a budget.

The 2014-15 Tasmanian Budget is framed within the context of global economic and environmental uncertainty and projections of continued unfavorable exchange rates, affecting both value and volume of exports from old bulk commodity industries, highlighting the urgent need to diversify and move into new work and income generating activities, that live within the economy rather than on it and which generate wealth from Tasmania's comparative and competitive advantages.

***The Greens are pleased that the Liberal State government has back flipped from their election position and adopted our fiscal strategy, of maintaining the State Budget in surplus on a six year rolling average basis.***

Temporary deficit budgets during tough economic times, allows for services to the community to be maintained, but in the medium to long term, budgets should remain in surplus on a rolling average basis.

The Greens' overarching target is to provide sustainable service delivery, and in the long term to have operating expenses less than operating revenue to achieve operating surpluses that can be used to fund general government capital investment.

We will maintain the general government operating balance in surplus over the economic cycle, with temporary deficits only used to cover unusual circumstances, and short term revenue shortfalls. We believe that this is a responsible course of action, and crucially, it allows government to maintain services to the community over the economic cycle.

## **Competitive Taxation Environment**

To consolidate our transition to a clean, green and clever economy, the Greens would, over time, reposition taxation demand to encourage more environmentally sensitive and efficient use of our resources. This would ensure the full long term cost of pollution and environmental impact is paid when the causal activity occurs, rather than being externalized to future generations.

The current taxation system is biased towards taxing employment income whilst lightly taxing pollution and raw materials.

These and other questions should have been fully explored during the tripartite State Taxation Review established under the previous government, however both the state Labor and Liberal parties pulled the plug on the process before recommendations could be delivered.

## **Prudent Debt and Liability Management**

The Tasmanian Greens supported the spending constraints and fiscal stringency necessary to bring down the high levels of debt that were a legacy of the Gray government, and have continued to support the strategy. Poor economic management by successive Liberal and Labor majority governments have beggared the state and denied Tasmania its true potential.

The Greens would be prepared to utilise debt to finance specific infrastructure (capital expenditure rather than recurrent) that can clearly be demonstrated to be of intergenerational benefit. The Greens would also be prepared to utilise short-term debt to fund recurrent expenditure, but only in the circumstances that debt could be paid down within a six year period. For this purpose we identify a generation as no less than 25 years.

We will work to reduce debt and risk to the Crown in Government Business

Enterprises in order to both reduce the cost pressures on those businesses from interest and repayment expenses. Additional to reducing the cost pressures this will position the GBE's to maintain, or increase, their return on equity, at least to the level of ensuring it reflects costs, as well ensure they have the capacity to undertake intergenerational capital works if and when required.

Hydro Tasmania's debt situation remains unsolved despite previous equity transfers from other utilities. We will seek to renegotiate corporate bulk electricity supply contracts in line with prices and pricing practices in the national market when these contracts fall due for renewal. Where feasible, the terms of contract and price will be made public.

Broadly, the Tasmanian Greens' would only utilise debt funding for the construction of specific infrastructure that has intergenerational life, and has significant public benefit. We do not advocate going into debt to fund recurrent expenditure – to the contrary. Any debt or commitments must not impact negatively on the provision of core services that the community is entitled to expect the state to provide.

The decision to go into temporary deficit should not be taken lightly, and requires an accompanying action plan that details how the budget will return to surplus as soon as it is economically responsible to do so.

Hence our fiscal strategy of maintaining a surplus on a six-year rolling average basis.

## **Unfunded Superannuation liability**

Successive majority governments have avoided tackling the State's unfunded superannuation debt.

The Greens also recognize that the General Government sector debt is only part of the problem and that the total state sector debt (which includes GBE's, SOC's etc) must also be factored in to give any meaning to the State's financial position.

The combined long-term impact of the State's unfunded superannuation liabilities over the forward estimates, and the current GBE and SOC debts and risks, presents a serious threat to Tasmania's solvency and must be addressed.

### **Royalties**

Tasmania is not charging a real cost value for natural assets such as timber and minerals.

We will not defer or forgive mining royalties to the state, and as discussed in Chapter 1, we will require Forestry Tasmania to ensure all timber operations are at full cost recovery rate (and undertaken in a manner consistent with achievement and maintenance of full FSC certification.)

Tasmania is at the cross roads and the old way of elections being an auction for votes by propping up financially unviable industries with public money, is financially reckless and risks bankrupting the state in the long run.

### **Timely Reporting of Government Financial Information**

The Greens are committed to ensuring the reporting of key fiscal information to the community is timely, accurate and consistent. We will require that any future changes in reporting Key Fiscal Strategy Measures show the changes from the previous report.

We will evaluate the feasibility of providing a 10 year forward estimate in any future Fiscal Strategies to provide greater certainty for business and the community and to allow debate on future fiscal direction.

We will also require hindsight reporting of previous Fiscal Strategies. This reporting will assess the accuracy of revenue and expenditure forward estimates and targets, and be utilised to improve future modelling to provide reliable forward estimates.

The Greens remain committed to the principles of prudent fiscal management; to manage short-term challenges and to address the medium and long term structural problems that face the Tasmanian economy and threaten our standard of living and quality of life.