

2 DEPARTMENT OF ECONOMIC DEVELOPMENT

AGENCY OUTLINE

The Department of Economic Development is the key agency responsible for industry development in Tasmania and the delivery of the Tasmanian Government's Industry Development Plan.

The Industry Development Plan's strategic objectives are to foster a more competitive business environment that generates growth in Tasmanian businesses and to attract new business and investment to the State.

Economic Development is the first point of contact for businesses seeking to diversify, expand or relocate in Tasmania. Tasmania is promoted as the intelligent choice for technology-based businesses and the Department supports the State's information technology sector, innovation, research and development activities.

The Department provides a statewide small business advisory and referral service and advice on major skills requirements.

Economic Development helps Tasmanian businesses access new markets, particularly export or import replacement markets. Antarctic Tasmania works to ensure that national and international communities recognise and use Tasmania as a gateway to the Antarctic and the Southern Ocean through providing, logistical, research and referral services.

The Department is overseeing the development of Tasmania's natural gas infrastructure and will assist in attracting investment and jobs as a direct or indirect outcome of the availability of natural gas.

The Department supports the continuing Intelligent Island Program and is focused on strategic investment in Tasmania to create higher, long-term sustainable growth in the State's information and communication technology industries.

Through Screen Tasmania, the Department provides loans, grants and investment funding to increase film, television and multimedia production and audience development, while also assisting local industry development with information and promotion.

Sport and Recreation Tasmania works to increase the number of Tasmanians undertaking sport and recreation to provide a sense of identity, health and well being. It also seeks to encourage business development opportunities in the sport and recreation sector. Tasmania's elite athletes are provided with services and assistance through the Tasmanian Institute of Sport (TIS).

STRATEGIC FOCUS

Economic Development works across industry and commerce; innovations and technology; film, television and multimedia; sport and recreation; and Antarctic-related sectors of the Tasmanian economy. It manages projects, develops policies, undertakes planning and delivers programs and services in partnership with all these sectors to contribute to the vision articulated in Tasmania *Together* and to the sustainable development of the State.

The goals and benchmarks of Tasmania *Together*, the Industry Council Plans and Partnership agreements provide the strategic focus for Economic Development. This focus is articulated in the Industry Development Plan.

The Industry Development Plan is an integrated response to the strategic priorities of Government and industry, and provides the basis for the Department's priority Outcomes.

Underpinning the primary strategic objectives of fostering a more competitive business environment, and securing and promoting major development, these Outcomes are:

- job creation;
- investment attraction;
- net export growth;
- increased business operator skills;
- higher value products; and
- enhanced skills base.

KEY STRATEGIES

To achieve these priority Outcomes, the Department of Economic Development is implementing the following key strategies:

- maximise investment by continuing to build business and industry sectors that are strategic to the economy of the State and developing skills and creating employment growth;
- capitalise on State and Commonwealth Government's investment attraction assistance programs by aggressively marketing the State as a desirable business location;
- build competitive industries and businesses through the rollout of gas infrastructure;
- optimise technology innovation and commercialisation;
- continue the strategic development of small and medium-sized business enterprises, skills and employment development, coordination of industry councils, and the development of networking and clustering opportunities;
- develop export performance by identifying and promoting market opportunities with particular regard to the Tasmanian brand and its quality products and services;
- promote Tasmania as the ideal gateway to the Antarctic and develop opportunities in the Antarctic, Sub-Antarctic and the Southern Ocean;

- target new opportunities for growth in mining and mineral exploration, resource industries and alternative energy sources and production;
- promote opportunities in the film, television and multimedia industries;
- secure major developments, particularly key infrastructure, by fostering conditions conducive to development, developing and expanding successful businesses, and providing funding and indirect support; and
- promote social development by encouraging Tasmanians to participate in sport and recreation activities.

2003-04 MAJOR INITIATIVES

In 2003-04, the Department of Economic Development is implementing the following major initiatives:

- continue to facilitate the Tasmanian Natural Gas Project;
- pursue investment attraction targeted at development opportunities to take advantage of the introduction of natural gas, other elements of the Government's Energy Plan, the competitive business environment and other identified advantages;
- implement infrastructure development projects arising out of local Partnership agreements such as:
 - redevelopment of the Hobart Waterfront;
 - development of a tourism and industrial sites database covering all municipalities; and
 - development of a health precinct in conjunction with the University of Tasmania;
- continue the identification, assembly and marketing of sustainable tourism infrastructure development opportunities identified under the Tourism Development Framework and the Crown Land Development Protocol;
- actively pursue increased investment in mineral greenfield exploration in Tasmania with key industry stakeholders, including the marketing of existing scientific information to potential mineral exploration companies;
- continue to pursue local manufacturing opportunities arising from Hydro Tasmania's wind energy initiatives;
- continue to work with proponents of tourism infrastructure developments to leverage the benefits flowing from the two new Bass Strait ferries;
- encourage market diversity by investigating new geographical and segmented markets, including research to ensure that Tasmanian service industry enterprises are able to compete nationally and internationally for United Nation/World Bank sponsored reconstruction work;
- continue market development activities in Britain, South Africa and the Netherlands and to research new markets as potential sources of business and skilled migrants;
- further develop new market opportunities for Tasmanian Government schools and TAFE Tasmania in Europe and to investigate market demand in emerging market sectors and participate in the Brazilian student exhibition fairs in 2004 as a follow-up to the initial foray into the market this year;

- develop infrastructure and support services to maximise the benefits to the State from the implementation of the Hobart to Casey Station Air Transport Service;
- refocus the existing Technology Industry Development Program to maximise the full economic benefit from its investment in research and development activities through partnerships such as that with the Antarctic and Climate Ecosystems Cooperative Research Centre and by networking amongst Tasmanian technology companies and targeting commercialisation assistance;
- continue to coordinate a whole of community approach to physical activity through the Premier's Physical Activity Council;
- promote active participation through community visits by TIS athletes and staff to rural and regional areas;
- the Budget provides \$1.4 million for the new Partnership to Jobs program that will identify and provide seed funds for community based enterprises that generate jobs, are innovative or entrepreneurial and suitable for disadvantaged jobseekers. This will be a true partnership between all levels of government and other organisations to develop job creating businesses; and
- money provided through the Partnership to Jobs program will be used to attract funding and support from existing organisations and the Commonwealth Government.

As part of the Government's new \$107 million Economic and Social Infrastructure Fund, an amount of \$20 million will be used to advance the Government's Energy Plan and the development of infrastructure to support economic and industry growth.

SUMMARY AGENCY 2003-04 BUDGET INFORMATION

Financial Summary

Table 2.1: Summary Financial Information for the Department of Economic Development

	2002-03 Budget	2003-04 Budget	Variation
	\$'000	\$'000	%
OPERATING REVENUE			
Revenue from Government			
Annual Appropriation	45 300	43 302	(4.4)
Other Revenue ¹	6 382	5 055	(20.8)
TOTAL	51 682	48 357	(6.4)
OPERATING EXPENSES			
Investment Trade and Development	15 374	15 008	(2.4)
Centre for Research, Industry and Strategic Planning	1 331	1 389	4.4
Recreation Industry Development	3 479	3 566	2.5
Grants and Subsidies ²	48 989	39 191	(20.0)
TOTAL	69 173	59 154	(14.5)
NET OPERATING RESULT	(17 491)	(10 797)	(38.3)

Notes:

1. The decrease in Other Revenue relates to the reduction of the interest revenue earned on the Intelligent Island funds and the reduction in revenue collected due to the run-off of the Department's Loan, Property and Equity Portfolio.
2. The decrease in Grants and Subsidies relates to lower grant expenditures from the Intelligent Island Program.

DETAILED OUTPUT GROUP 2003-04 BUDGET INFORMATION

The individual Outputs of the Department of Economic Development are provided under the following Output Groups:

Output Group 1: Investment, Trade and Development;

Output Group 2: Centre for Research, Industry and Strategic Planning; and

Output Group 3: Recreation Industry Development.

Output Group 1: Investment, Trade and Development

Description

This Output Group provides strategically focused services that are responsive to industry needs. These services are focused towards enhancing and encouraging acceleration in the sustainable development of Tasmania's economy in line with the Government's Industry Development Plan.

Economic benefits for Tasmania are realised through increased productive capacity, investment, employment and earnings. Furthermore, if these objectives are achieved, potential investors will gain confidence in Tasmania's market strengths.

The Output Group supports a number of Departmental Outcomes, in particular:

- the development of a strong and innovative business culture resulting in increased investment, job creation and skills development;
- the attraction of new investment to the State;
- increased infrastructure development;
- increased local, national and international opportunities for business in Tasmania;
- enhanced capability of Tasmanian businesses; and
- maximised import replacement and local content.

Activities undertaken as part of this Output Group include:

- attraction and facilitation of investment in Tasmania through high quality professional support for clients in strategic industry sectors and enterprises;
- targeted services to assist Tasmanian businesses with the identification and development of new domestic and overseas markets and export opportunities;
- coordination of international marketing activities promoting Tasmania as a provider of high quality education services;
- project support services for potential investors considering major strategic economic development opportunities;

- assistance to businesses and buying organisations in sourcing requirements from local producers of goods, equipment and services that are competitive against imports;
- promotion of Tasmania's international profile as a centre for Antarctic and Sub-Antarctic activity and increasing the amount of expenditure in Tasmania from Antarctic related enterprises;
- specialist financial services to help targeted businesses obtain private sector finance;
- administration of the Government's industry development Loan, Property and Equity Portfolios;
- facilitation of private sector support for strategic property development;
- targeted services supporting the development and marketing of a viable, sustainable, internationally competitive innovation, science and technology industry sector including the Intelligent Island Program and the Tasmanian Innovations Program;
- operation and ongoing development of the Tasmanian Technoparks in Hobart and Launceston;
- delivery of small business and enterprise support programs through intensive client management support for small to medium-size enterprises with significant growth potential and through services delivered by regional offices and Business Enterprise Centres located around the State;
- delivery of the Small Business Employment Initiative encouraging the employment of new apprentices; and
- identifying skill shortages and developing programs to meet the the skills requirements of Tasmanian business and industry.

Table 2.2: Summary Financial Information - Output Group 1

	2002-03	2003-04	
Investment, Trade and Development	Budget	Budget	Variation
	\$'000	\$'000	%
OPERATING REVENUE			
Revenue from Government			
Annual Appropriation	13 884	13 352	(3.8)
Investment Income	537	537	....
Grants	733	733	....
Sales of Goods and Services	426	386	(9.4)
TOTAL	15 580	15 008	(3.7)
OPERATING EXPENSES			
Employee Entitlements			
Salaries and Wages	8 719	8 609	(1.3)
Other Employee Related Expenses	620	598	(3.5)
Superannuation	1 016	993	(2.3)
Supplies and Consumables			
Travel and Transport	492	487	(1.0)
Advertising and Promotion¹	343	413	20.4
Communications	346	346	....
Consultancies²	530	448	(15.5)
Rent³	1 342	1 116	(16.8)
Information Technology⁴	618	898	45.3
Other Supplies and Consumables²	1 348	1 100	(18.4)
TOTAL	15 374	15 008	(2.4)
EXPENSE BY OUTPUT			
1.1 Trade Development and Export Marketing	1 713	1 708	(0.3)
1.2 Food and Beverages Industry Development	1 480	1 448	(2.2)
1.3 Manufacturing and Services Industry Development	1 989	1 868	(6.1)
1.4 Resource Processing and Energy Industry Development⁵	1 105	726	(34.3)
1.5 Antarctic Industry Development	765	787	2.9
1.6 Investment Attraction and Finance Facilitation	1 551	1 429	(7.9)
1.7 Innovations, Science and Technology Services	3 145	3 261	3.7
1.8 Small and Medium Enterprise Services	3 009	3 139	4.3
1.9 Skills and Employment Services	617	642	4.1
TOTAL	15 374	15 008	(2.4)

Notes:

1. The increase in Advertising and Promotion is as a result of planned promotion activities associated with investment attraction.
2. The decrease in Consultancies relates to reduced operational expenditures for the Intelligent Island Program.
3. The decrease in Rent is due to rationalisation of Hobart office accommodation following the establishment of the new Department of Tourism, Parks, Heritage and the Arts in August 2002.
4. The increase in Information Technology is due to a planned upgrade of desktop computer infrastructure and new systems development.

5. The decrease in Output 1.4 Resource Processing and Energy Industry Development is a result of one-off funding received in 2002-03 for the Tasmanian Natural Gas Project.

Major Issues and Initiatives for 2003-04

Major issues and initiatives for this Output Group in 2003-04 include:

Trade Development and Export Marketing

- continue the development of national and international markets for Tasmanian goods and services through planned activities involving export facilitation and promotions, supported by the continuation of the Export Market Assistance Scheme and the expansion of the Inward Buyer Program;
- maintain a program of market retention of, and business relations with, key Asian markets;
- encourage market diversity by investigating new geographical and segmented markets, including research to ensure that Tasmanian service industry enterprises are able to compete nationally and internationally for United Nations/World Bank sponsored reconstruction work;
- continue market development activities in Britain, South Africa and the Netherlands and to research new markets as potential sources of business and skilled migrants;
- investigate opportunities for sector specific promotion in selected countries and to initiate a program of familiarisation visits to the State by selected overseas based migration agents;
- further develop new market opportunities for Tasmanian Government schools and TAFE Tasmania in Europe and to investigate market demand in emerging market sectors and participate in the Brazilian student exhibition fairs in 2004 as a follow-up to the initial foray into the market this year;
- investigate the development of short-term study tours, including USA Study Abroad, and produce marketing materials to support the attraction of tours and to develop multilingual brochures for use in overseas promotions;
- to deliver a seminar series in Japan in conjunction with all Tasmanian providers to international students and to continue the visiting agent program;
- investigate incentive schemes (eg scholarships) to key overseas educational allies and to continue generic advertising in education specific journals with the aim to develop off-shore programs for Tasmanian Government schools and TAFE Tasmania; and
- develop and implement strategies to attract larger numbers of business migrants to the state.

Food and Beverages Industry Development

- work with industry and other government agencies to develop priority sectors through involvement at state level with groups such as the Ministerial Organics Advisory Group and the Agricultural Research Advisory Committee and at the Commonwealth level through the National Food Industry Strategy States' Alliance and the Primary Industry Standing Food Committee;
- provide targeted assistance to facilitate the development of specific projects that produce economic and strategic benefits for the Tasmanian Food and Beverage Sector;
- continue to support the implementation of the Tasmanian Food Industry Strategy which has the goal of doubling the value of the sector to the Tasmanian economy from \$1.7 billion to \$3.4 billion by 2010; and
- undertake investment attraction activities in areas with development capacity that support the Brand Tasmania image.

Manufacturing and Services Industry Development

- implement infrastructure development projects arising out of local Partnership agreements such as:
 - redevelopment of the Hobart Waterfront;
 - development of a tourism and industrial sites database covering all municipalities; and
 - development of a health precinct in conjunction with the University of Tasmania;
- continue the identification, assembly and marketing of sustainable tourism infrastructure development opportunities identified under the Tourism Development Framework and the Crown Land Development Protocol;
- further development of Tasmania's capacity in the manufacture of components for the wind turbine manufacturing industry;
- increase the start-up, expansion, diversification and sustainable development of manufacturing and services industries in Tasmania;
- enhance strategic partnerships with the Manufacturing Industry Council and other key bodies to maximise industry outcomes;
- support and facilitate the development of industry networks and clusters as this will accelerate opportunities and enhance the international positioning, penetration and success of the manufacturing industry in global markets;
- collaborate with other key industry sectors to identify new opportunities that contribute to investment, growth and employment;
- encourage investment in Tasmanian manufacturing, services and infrastructure projects to fill capability gaps and improve competitiveness by leveraging new manufacturing opportunities arising from the introduction of natural gas to the state and wind energy;
- provide support to major project proponents with procurement services, including identifying local suppliers, facilitating industry briefings, capability assessments and logistical support;
- assist local industry to maximise opportunities in Australian/New Zealand projects by disseminating information and promoting Tasmanian capability throughout the National Industrial Supplies Office (ISO) Network;
- continue to maximise Tasmanian content in current major energy infrastructure projects such as wind farms, natural gas reticulation and Basslink;
- continue to assist Tasmanian industry to maximise its opportunities to supply goods and services to government; and
- continue the identification, assembly and marketing of sustainable development opportunities identified under the Tourism Development Framework and the Crown Land Development Protocol.

Resource Processing and Energy Industry Development

- pursue a sustainable increase in investment in greenfield mineral exploration to ensure that mining remains a strong contributor to Tasmania's economy. The Department will be working with key Government and business stakeholders to implement a plan to revive interest in mineral exploration in Tasmania and 2003-04 will be a consolidation of significant gains already made in this industry through active promotion by the Government;

- develop a strategy to secure private investment in hazardous waste disposal in the State;
- the Department has supported the proposed Test Energy development at Brighton and ongoing facilitation of this and other waste disposal technologies will be a focus for 2003-04;
- continue facilitation of the Tasmanian Natural Gas Project;
- target development opportunities that can take advantage of the introduction of natural gas and other elements of the Government's Energy Plan;
- as part of a broader Greenhouse strategy, prepare a strategic plan for the development of industries and enterprises that support renewable energy developments; and
- act as the first point of contact for businesses seeking assistance to invest in the Southwood integrated timber processing operations.

Antarctic Industry Development

- develop infrastructure and support services to maximise the benefits to the State from the implementation of the Hobart to Casey Station Air Transport Service;
- increase the participation of Tasmanian companies in the business of providing goods and services to Antarctic operators;
- finalise implementation of the Government's comprehensive policy on the Antarctic, the Sub-Antarctic and the Southern Ocean;
- encourage new Antarctic organisations to establish a presence in Hobart;
- support the Antarctic Tasmania Mid-Winter Festival as a major event for Tasmania; and
- promote Tasmania's international Antarctic connections to visitors through the implementation of the Antarctic Marketing Plan.

Investment Attraction and Finance Facilitation

- continue to pursue the introduction of innovative financiers to the State who are able to provide new opportunities for appropriate funding arrangements to strategically placed businesses capable of contributing to the Tasmanian economy;
- develop opportunities to assist the State's strategically placed emerging and high-growth potential industry sectors with financial support to encourage expansion and innovation;
- provide high-level financial analysis on the State's strategic and emerging industry sectors; and
- collate and document qualified opportunities for the investment market in all industry sectors.

Innovations, Science and Technology Services

- continue to market Tasmania's capabilities and advantages as an ideal location for contact centre operations to national and international markets with a particular focus on attracting specialised operations such as shared service, back-office processing, information technology and advanced technology industries;
- develop investment attraction opportunities in niche technology sectors including e-learning and e-health;
- refocus the existing Technology Industry Development Program to maximise the full economic benefit from its investment in research and development activities through partnerships such as that with the

Antarctic and Climate Ecosystems Cooperative Research Centre and by networking amongst Tasmanian technology companies and targeting commercialisation assistance;

- provide financial and in kind support to the Antarctic and Climate Ecosystems Cooperative Research Centre (CRC) over the next three years that will enable the CRC to further develop research discoveries that have commercial applications;
- provide support to Tasmania's biotechnology sector to assist it to grow and prosper;
- develop 150 innovative companies through participation in the Commercialisation Ready Program and the Information and Communication Technology Enterprise Ready Program;
- continue to work with the University of Tasmania and other Tasmanian based research institutions to maximise commercialisation of research in Tasmania;
- develop an entrepreneurial culture in Tasmania through the Enterprise Learning Centre network and sponsorship of the University of Tasmania's Major in Entrepreneurship and through further development of the State's 'coalition of interest' of innovation programs to identify pathways for individuals and companies in accessing support for innovation; and
- continue to work with the education industry to encourage the development of curriculum that encourages a culture of innovation within the secondary schools year 7 to 10 program.

Small and Medium Enterprise Services

- continue to deliver client management services and the Enterprise Development program to assist business with the development of strategic plans, marketing strategies, preparation for equity raising and preparation of information memoranda; and
- continue to provide information and advice to business start-ups and micro-businesses through 12 community based Business Enterprise Centres. A revised Enterprise Centre program is being developed for implementation in January 2004 to December 2006 to build upon the success of the current program, the demonstrated capabilities of Enterprise Centres and the success of the new 'Business Point' referral process.

Skills and Employment Services

- continue to ensure a skilled labour force is available for the further development of the Tasmanian Natural Gas Project, with a particular focus on preparation for the distribution phase of the project;
- examine skills issues facing Tasmania's changing energy industry, particularly with regard to new energy sources such as natural gas, wind energy and Basslink; and
- develop a structured government response to assist employees in Tasmanian enterprises where there is significant change in employment requirements or circumstances.

Table 2.3: Performance Information – Output Group 1

Performance Measure	Unit of measure	2000-01 Actual	2001-02 Actual	2002-03 Target	2003-04 Target
Jobs created and retained¹	Number	2 246	4 754	4 801	4 229
Investment facilitated²	\$ million	52.4	482.1	497.1	432.9
Export contracts facilitated	\$ million	10.0	12.4	11.5	11.9
Value of international students	\$ million	6.8	8.0	9.0	9.5
Value of business migration	\$ million	22.0	14.5	17.0	18.0
Expenditure retained in the state from Antarctic related purchases from organisations in Tasmania	%	50	52	52	52
Small and Medium Enterprise client and Business Licence Information Service contacts³	Number	5 210	5 000	5 310	5 570

Notes:

1. The decrease in the jobs created and retained target in 2003-04 is primarily due to reduced activity in the contact centre sector.
2. The decrease in the investment facilitated target in 2003-04 is due to reduced contact centre activity and the completion of the Tasmanian Natural Gas Transmission Pipeline.
3. The increase in Small and Medium Enterprise client and Business Licence Information Service contacts reflects the improved economic performance and business activity within the State.

Output Group 2: Centre for Research, Industry and Strategic Planning

Description

The Centre for Research, Industry and Strategic Planning (CRISP) develops effective strategies for driving balanced and sustainable economic, cultural and social development by:

- providing strategic advice on current and emerging economic, social and cultural development issues and analysing and identifying opportunities, strategies and policies that have significance for Tasmania;
- identifying and facilitating ways to optimise outcomes in specific industry sectors;
- further developing the research capability to effectively support whole-of-agency and whole-of-government policy and strategy development; and
- reporting on the implementation of the Government's development policies.

The Output Group supports a number of Departmental Outcomes, in particular:

- the development of strategic plans for industry development;
- the development of policies addressing employment creation, business and industry development; and
- support for industry councils.

Activities undertaken as part of this Output Group include:

- identifying emerging issues, undertaking research and critical analysis and acting as a catalyst for action particularly where there is a strategic opportunity for the State;
- developing projects and strategies that address development opportunities and constraints;
- providing strategic leadership in conjunction with internal and external stakeholders on industry, cultural and social development;
- developing and implementing a research strategy for state industry, social and cultural development;
- supporting the implementation of the plans produced by the industry councils;
- developing appropriate processes for reporting on Partnership agreements;
- co-ordinating the Department's responses to Partnership agreements;
- providing administrative support for the multiple meetings of eight industry councils, 12 sub-committees and working groups; and
- establishing appropriate monitoring and reporting processes for Government policy such as *Tasmania Together*.

Table 2.4: Summary Financial Information - Output Group 2

	2002-03	2003-04	
Centre Research, Industry and Strategic Planning	Budget	Budget	Variation
	\$'000	\$'000	%
OPERATING REVENUE			
Revenue from Government			
Annual Appropriation	1 331	1 389	4.4
TOTAL	1 331	1 389	4.4
OPERATING EXPENSES			
Employee Entitlements			
Salaries and Wages	832	881	5.9
Other Employee Related Expenses	63	65	3.2
Superannuation	96	103	7.3
Supplies and Consumables			
Travel and Transport	33	33	....
Advertising and Promotion	21	21	....
Communications	31	31	....
Consultancies	22	22	....
Rent	117	117	....
Information Technology	35	35	....
Other Supplies and Consumables	81	81	....
TOTAL	1 331	1 389	4.4
EXPENSE BY OUTPUT			
2.1 Industry Planning and Policy	864	901	4.3
2.2 Industry Councils Support	467	488	4.5
TOTAL	1 331	1 389	4.4

Major Issues and Initiatives for 2003-04

Major issues and initiatives for this Output Group in 2003-04 include:

Industry Planning and Policy

- continue to facilitate the development and implementation of industry plans;
- provide strategic advice to all parts of the Department of Economic Development;
- further develop the research capability to effectively support whole-of-agency and whole-of-government policy and strategy development; and
- report on the implementation of the Government's development policies such as the Industry Development Plan and Partnership agreements.

Industry Councils Support

- further develop industry councils; and
- continue to support industry councils with quality information, advice and services.

Table 2.5: Performance Information – Output Group 2

Performance Measure	Unit of measure	2000-01 Actual	2001-02 Actual	2002-03 Target	2003-04 Target
Number of industry councils operating	Number	7	7	8	8
Number of industry plans being implemented	Number	2	2	7	8

Output Group 3: Recreation Industry Development

Description

This Output Group underpins the Government's economic and social development policies through the development of film, multimedia and recreation outcomes for Tasmanians. This includes a focus on both social and economic outcomes from maximising the film, multimedia and recreation assets of the State and through the development of film, multimedia and recreation industries.

The Output Group supports a number of Departmental Outcomes, in particular:

- the creation of development opportunities in the film, multimedia and sport and recreation industries; and
- the development of Tasmanian film, multimedia and sport and recreation industries and services that promote excellence, participation in, and access to a wide range of activities.

Activities undertaken as part of this Output Group include:

- development of sport and recreation organisations;
- development of local community sport and recreation opportunities;
- provision of support programs for elite athletes;

- provision of financial assistance for the sport and recreation sector; and
- development and support for the film, television and multimedia industries within Tasmania.

Table 2.6: Summary Financial Information - Output Group 3

Recreation Industry Development	2002-03 Budget	2003-04 Budget	Variation
	\$'000	\$'000	%
OPERATING REVENUE			
Revenue from Government			
Annual Appropriation	3 294	3 416	3.7
Grants	100	100	....
Sales of Goods and Services	50	50	....
TOTAL	3 444	3 566	3.5
OPERATING EXPENSES			
Employee Entitlements			
Salaries and Wages	1 818	1 898	4.4
Other Employee Related Expenses	130	138	6.2
Superannuation	239	249	4.2
Supplies and Consumables			
Travel and Transport	164	171	4.3
Advertising and Promotion	318	333	4.7
Communications	101	101	....
Consultancies	121	126	4.1
Rent ¹	234	184	(21.4)
Information Technology	59	59	....
Other Supplies and Consumables	295	307	4.1
TOTAL	3 479	3 566	2.5
EXPENSE BY OUTPUT			
3.1 Sport and Recreation	3 219	3 295	2.4
3.2 Film, TV and Multimedia Industry Development	260	271	4.2
TOTAL	3 479	3 566	2.5

Note:

1. The decrease in Rent is due to rationalisation of Hobart office accommodation following the establishment of the new Department of Tourism, Parks, Heritage and the Arts in August 2002.

Major Issues and Initiatives for 2003-04

Major issues for this Output Group in 2003-04 include:

Sport and Recreation

- provide leadership and advice to sport and recreation organisations through facilitation and planning support for infrastructure and organisational development;
- develop initiatives that provide sport and recreation opportunities for people in rural and regional communities;
- continue to coordinate a whole-of-community strategic approach to physical activity through the Premier's Physical Activity Council;
- provide high performance athlete and coach development, including sports science, coaching resources, talent identification and athlete career and education services through the TIS;
- create awareness of the importance of physical activity and promote active participation in sport and recreation through community visits by TIS athletes and staff to rural and regional areas;
- continue to provide 400 young people with personal development through Project Hahn programs;
- consolidate existing, and expand new, sport and recreation development projects for the indigenous community;
- develop linkages between school and community sport to increase the range and quality of sporting opportunities for school age children; and
- continue to support safety on beaches through assistance to Surf Life Saving Tasmania.

Film, TV and Multimedia Industry Development

- continue to increase co-production with television networks;
- provide financial assistance to the industry through the funding round program;
- continue to develop the skill base of creative teams and industry members to enable excellence in creative output;
- continue to promote Tasmania locally, nationally and internationally as a unique location for film production;
- develop niche areas such as animation where the Tasmanian industry can be competitive on a national and international level; and
- provide screen initiatives that increase the film-going audience and screen network through a film festival, the Department's web site and a screenwriting course.

Table 2.7: Performance Information – Output Group 3

Performance Measure	Unit of measure	2000-01 Actual	2001-02 Actual	2002-03 Target	2003-04 Target
Participation in sport and recreation¹	%	51.3	n.a.	53	n.a.
Number of sport and recreation organisations attaining the industry quality standard²	Number	56	169	73	81
Tasmanian Institute of Sport scholarship holders in national teams	Number	25	45	25	26

Notes:

1. The unavailability of target performance information in 2001-02 and 2003-04 for participation in sport and recreation is due to changes in data collection methods by the Australian Bureau of Statistics.
2. The increase in the number of sport and recreation organisations attaining the industry quality standard is due to timing of re-registration of organisations with Active Australia. Registration is not automatic and organisations are required to undertake assessments to attain industry quality standard.

Administered Items

Grants and Subsidies

Table 2.8 provides a summary of Grants and Subsidies paid by the Department of Economic Development. A brief description of each payment follows the Table.

Table 2.8: Grants and Subsidies Financial Summary

	2002-03	2003-04	
	Budget	Budget	Variation
	\$'000	\$'000	%
REVENUE			
Revenue from Government			
Annual Appropriation	26 791	25 145	(6.2)
Other Revenue ¹	4 536	3 249	(28.4)
TOTAL	31 327	28 394	(9.4)
EXPENSES			
Employment Assistance Grants	790	790	....
Industry Development Grants and Subsidies ²	37 078	29 667	(20.0)
Interest ³	7 490	5 103	(31.9)
Local Employment Initiatives	600	600	....
Sport and Recreation Grants	1 954	1 954	....
Sports Scholarships	392	392	....
Tasmanian Icons Program	500	500	....
Tasmanian International Velodrome	185	185	....
TOTAL	48 989	39 191	(20.1)

Notes:

1. The decrease in Other Revenue relates to the reduction of the interest revenue earned on the Intelligent Island funding and the reduction in revenue collected due to the run-off of the Department's Loan, Property and Equity Portfolio.
2. The decrease in Industry Development Grants and Subsidies relates to lower grant expenditures from the Intelligent Island Program.
3. The decrease in Interest expense is due to the run-off of the Department's Loan, Property and Equity Portfolio.

Employment Assistance Grants

These payments are primarily comprised of grants to small businesses and are aimed at encouraging the employment of new apprentices.

Industry Development Grants and Subsidies

In accordance with the provisions of the *Tasmanian Development Act 1983*, these grants, subsidies and development support projects primarily assist with the development of businesses that can demonstrate a net economic benefit to the State.

Interest

Non-discretionary funding for interest costs arising from the Department's industry development Loan, Property and Equity Portfolio. Interest receipts from lending and investing activities are shown in Table 2.9 Revenue Collected on Behalf of the Consolidated Fund.

Local Employment Initiatives

Local Employment Initiatives are targeted at local communities to encourage them to conduct activities that will create long-term employment in Tasmania. The initiatives are usually conducted through Business Enterprise Centres around the State.

Sport and Recreation Grants

This payment provides for the disbursement of funds for the purposes of sport and recreation grants pursuant to the *Tourism and Recreational Development Act 1977*. The aim of the program is to create environments that encourage Tasmanians to access quality sport and recreation opportunities.

Sports Scholarships

Funding is provided for scholarships for individual athletes and team squads. Individuals may use their scholarships to meet performance related costs, including travel to competitions, equipment purchases, venue costs for training purposes, sports science, sports medicine and nutrition costs. Team scholarships may additionally be used for bringing elite and national coaches to Tasmania.

Tasmanian Icons Program

The program is designed to utilise world class Tasmanian talent to promote the State both nationally and internationally.

Tasmanian International Velodrome

This grant provides funding for the operating deficit of the Tasmanian International Velodrome in accordance with the *Tasmanian International Velodrome Management Authority Act 1984*.

Revenue Collected on Behalf of the Consolidated Fund

Table 2.9: Revenue Collected on Behalf of the Consolidated Fund

	2002-03	2003-04	
	Budget	Budget	Variation
	\$'000	\$'000	%
REVENUE			
Sales of Goods and Services	3 496	1 100	(68.6)
Total Revenue	3 496	1 100	(68.6)
Transfers to the Consolidated Fund			
Other Fees and Recoveries	3 496	1 100	(68.6)
Total Transfers to the Consolidated Fund¹	3 496	1 100	(68.6)

Note:

1. The decrease in Revenue Collected on Behalf of the Consolidated Fund is due to the run-off of the Department's Loan, Property and Equity Portfolio.

Infrastructure Funds

Table 2.10: Infrastructure Funds Allocations of the Department of Economic Development

Infrastructure Funds	2003-04 Budget
	\$'000
Economic and Social Infrastructure Fund	
Economic Development Projects ¹	20 000
Industry Assistance Program	2 000
Long-Term Unemployed Program - 'Partnership to Jobs'	1 400
TOTAL	23 400
Social Infrastructure Fund	
Premier's Physical Activity Council	100
TOTAL	100
TOTAL INFRASTRUCTURE FUNDS ALLOCATIONS	23 500

Note:

1. An amount of \$20 million will be used to advance the Government's Energy Plan and the development of infrastructure to support economic and industry growth.

DETAILED BUDGET STATEMENTS

Table 2.11: Output Group Expense Summary for the Department of Economic Development

	2002-03	2003-04	
	Budget	Budget	Budget
	\$'000	\$'000	%
Output Group 1 - Investment, Trade and Development			
1.1 Trade Development and Export Marketing	1 713	1 708	(0.3)
1.2 Food and Beverages Industry Development	1 480	1 448	(2.2)
1.3 Manufacturing and Services Industry Development	1 989	1 868	(6.1)
1.4 Resource Processing and Energy Industry Development ¹	1 105	726	(34.3)
1.5 Antarctic Industry Development	765	787	2.9
1.6 Investment Attraction and Finance Facilitation	1 551	1 429	(7.9)
1.7 Innovations, Science and Technology Services	3 145	3 261	3.7
1.8 Small and Medium Enterprise Services	3 009	3 139	4.3
1.9 Skills and Employment Services	617	642	4.1
	15 374	15 008	(2.4)
Output Group 2 - Centre for Research, Industry and Strategic Planning			
2.1 Industry Planning and Policy	864	901	4.3
2.2 Industry Councils Support	467	488	4.5
	1 331	1 389	4.4
Output Group 3 - Recreation Industry Development			
3.1 Sport and Recreation	3 219	3 295	2.4
3.2 Film, TV and Multimedia Industry Development	260	271	4.2
	3 479	3 566	2.5
Grants and Subsidies²	48 989	39 191	(20.1)
TOTAL AGENCY	69 173	59 154	(14.5)

Notes:

1. The decrease in Output 1.4 Resource Processing and Energy Industry Development is a result of one-off funding received in 2002-03 for the Tasmanian Natural Gas Project.
2. The decrease in Grants and Subsidies relates to lower grant expenditures from the Intelligent Island Program.

Table 2.12: Statement of Financial Performance for the Department of Economic Development

	2002-03	2003-04	
	Budget	Budget	Variation
	\$'000	\$'000	%
OPERATING REVENUE			
Revenue from Government			
Annual Appropriation	18 509	18 157	(1.9)
Investment Income	537	537	....
Grants	833	833	....
Sales of Goods and Services	476	436	(8.5)
TOTAL	20 355	19 963	(2.0)
OPERATING EXPENSES			
Employee Entitlements	12 182	12 189	....
Superannuation	1 351	1 345	(0.5)
Supplies and Consumables	6 651	6 429	(3.4)
TOTAL	20 184	19 963	(1.1)
NET OPERATING RESULT	171	....	(100.0)
ADMINISTERED ITEMS			
REVENUE			
Revenue from Government			
Annual Appropriation	26 791	25 145	(6.1)
Investment Income	900	900	....
Grants¹	3 537	2 250	(36.4)
Sales of Goods and Services²	3 595	1 199	(66.7)
TOTAL	34 823	29 494	(15.4)
EXPENSES			
Grants and Subsidies			
Depreciation and Amortisation³	947	747	(21.2)
Borrowing Costs⁴	7 490	5 103	(31.9)
Grants and Transfer Payments⁵	40 252	33 041	(18.0)
Supplies and Consumables	300	300	....
Total Grants and Subsidies	48 989	39 191	(20.1)
Transfer to the Consolidated Fund²	3 496	1 100	(68.6)
TOTAL	52 485	40 291	(23.3)

Notes:

1. The decrease in Grants revenue relates to the Intelligent Island Program.
2. The decrease in Sales of Goods and Services and the associated decrease in the Transfer to the Consolidated Fund is due to the run-off of the Department's Loan, Property and Equity Portfolio.

3. The decrease in Depreciation and Amortisation relates to the estimated depreciation expense on currently owned plant and equipment.
4. The reduction in Borrowing Costs is due to the run-off of the Department's Loan, Property and Equity Portfolio.
5. The decrease in Grants and Transfer Payments relates to lower grant expenditures from the Intelligent Island Program.

Table 2.13: Statement of Financial Position as at 30 June for the Department of Economic Development

	2003	2004	
	Budget	Budget	Variation
	\$'000	\$'000	%
CURRENT ASSETS			
Cash	748	748	....
Receivables	518	513	(1.0)
Prepayments	218	213	(2.3)
TOTAL	1 484	1 474	(0.7)
NON-CURRENT ASSETS			
TOTAL	....	....	....
TOTAL ASSETS	1 484	1 474	(0.7)
CURRENT LIABILITIES			
Payables	547	552	0.9
Employee Entitlements	1 050	1 040	(1.0)
Accrued Expenses	233	238	2.1
TOTAL	1 830	1 830	....
NON-CURRENT LIABILITIES			
Employee Entitlements	2 148	2 138	(0.5)
TOTAL	2 148	2 138	(0.5)
TOTAL LIABILITIES	3 978	3 968	(0.3)
NET ASSETS	(2 494)	(2 494)	....

Table 2.13: Statement of Financial Position as at 30 June for the Department of Economic Development (continued)

	2003	2004	
	Budget	Budget	Variation
	\$'000	\$'000	%
ADMINISTERED ITEMS			
CURRENT ASSETS			
Cash ¹	16 787	10 595	(36.9)
Investments	28 731	28 731	....
Tax Assets	819	819	....
TOTAL	46 337	40 145	(13.4)
NON-CURRENT ASSETS			
Investments	21 192	21 142	(0.3)
Equity Investments	10 591	10 541	(0.5)
Land and Buildings	33 841	33 704	(0.5)
Plant and Equipment ²	3 051	2 441	(20.0)
Other	1 132	1 132	....
TOTAL	69 807	68 960	(1.3)
TOTAL ASSETS	116 144	109 105	(6.1)
CURRENT LIABILITIES			
Interest Bearing Liabilities	53 814	53 668	(0.3)
Accrued Expenses	920	870	(5.5)
Other	2 328	2 328	....
TOTAL	57 062	56 866	(0.4)
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities	15 827	15 827	....
Other	8 659	8 659	....
TOTAL	24 486	24 486	....
TOTAL LIABILITIES	81 548	81 352	(0.3)
NET ASSETS	34 596	27 753	(19.8)

Notes:

1. The reduction in Cash reflects the reduction in the Intelligent Island investment held at the Tasmanian Public Finance Corporation (Tascorp).
2. The reduction in Plant and Equipment reflects depreciation of currently owned plant and equipment.

Table 2.14: Statement of Cash Flows for the Department of Economic Development

	2002-03	2003-04	
	Budget	Budget	Variation
	\$'000	\$'000	%
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Revenue from Government			
Appropriation	18 509	18 157	(1.9)
Interest Received	537	537	....
Grants	833	833	....
Sales of Goods and Services	441	441	....
Payments			
Employee Entitlements	(11 806)	(12 206)	3.3
Superannuation¹	(1 152)	(1 348)	17.0
Supplies and Consumables²	(7 362)	(6 414)	(12.9)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	....	....	....
CASH FLOWS FROM INVESTING ACTIVITIES			
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	....	....	....
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	....	....	....
Net Increase/(Decrease) In Cash Held	....	....	....
Cash at the Beginning of Reporting Period	748	748	....
Cash at the End of Reporting Period	748	748	....

Notes:

1. The increased cash flows for Superannuation reflects a better estimation of costs and allowance for salary sacrifice provisions.
2. The decrease in Supplies and Consumables relates to reduced operational expenditures for the Intelligent Island Program.

Table 2.14: Statement of Cash Flows for the Department of Economic Development (continued)

	2002-03	2003-04	
	Budget	Budget	Variation
	\$'000	\$'000	%
ADMINISTERED ITEMS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Revenue from Government			
Appropriation	26 791	25 145	(6.1)
Interest Received	900	900	....
Grants ¹	10 400	2 250	(78.4)
Sales of Goods and Services ²	3 595	1 199	(66.7)
GST Receipts	7 700	7 700	....
Payments			
Borrowing Costs ³	(7 650)	(5 153)	(32.7)
Grants and Transfer Payments ⁴	(45 240)	(32 941)	(27.2)
Supplies and Consumables	(300)	(300)	....
Transfers to the Consolidated Fund ²	(3 496)	(1 100)	(68.6)
GST Payments	(7 700)	(7 700)	....
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(15 000)	(10 000)	(33.4)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Purchase of Investments ⁵	15 000	5 000	(66.7)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	15 000	5 000	(66.7)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Borrowings	(146)	(146)	....
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	(146)	(146)	....
Net Increase/(Decrease) In Cash Held	(146)	(5 146)	....
Cash at the Beginning of Reporting Period	16 933	15 741	(7.1)
Cash at the End of Reporting Period	16 787	10 595	(36.9)

Notes:

1. The decrease in Grants revenue relates to the Intelligent Island Program.
2. The decrease in Sales of Goods and Services and the associated decrease in the Transfer to the Consolidated Fund is due to the run-off of the Department's Loan, Property and Equity Portfolio.
3. The reduction in Borrowing Costs is due to the run-off of the Department's Loan, Property and Equity Portfolio.
4. The decrease in Grants and Transfer Payments relates to lower grant expenditures from the Intelligent Island Program.
5. The Net Purchase of Investments reflects the reduction in the Intelligent Island investment held at Tascorp.

Table 2.15: Reconciliation of Operating Expenses to Consolidated Fund Appropriation

	2002-03	2003-04
	Budget	Budget
	\$'000	\$'000
Total Operating Expenses	69 173	59 154
Adjustments for non-cash items		
Depreciation	(947)	(747)
Employee Entitlements	776	1 365
Grants and Transfer Payments	3 741	(1 147)
Borrowing Costs	160	50
Supplies and Consumables	607	(313)
Total Cash Cost of Outputs	73 510	58 362
Other funding sources	(13 210)	(10 060)
Redemption of investments	(15 000)	(5 000)
Total Consolidated Fund Appropriation	45 300	43 302