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Certification of Tasmania's Gas Access Regime

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Competition Index 2004: A State by State Comparison

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Responsible Serving of Alcohol

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Review of Local Government Loan Council Allocations

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State Revenue's New Website

Thanks to client feedback the State Revenue Office has a new website that provides easy access to information. **More on page 8**

Tasmania enters the NEM

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Tasmania's Food and Wine Festivals

Liquor and Gaming Branch staff work closely with Taste of Tasmania and Festivals organisers. **More on page 7**

The Tasmanian Economy

The Tasmanian economy has continued to experience strong growth over the past year and now enjoys some of its best economic conditions on record. **More on page 7**

Tasmanian Government Card Issues

Treasury is currently finalising its review of Treasurer's Instruction 520: Tasmanian Government Card. **More on page 5**

Whole-of-Government Risk Management Framework

The Minister for Finance has given in-principle approval for the development of a risk management framework for the management of risk across all government agencies. **More on page 8**

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2005-06 Budget

On 19 May 2005, the Treasurer, the Honourable Paul Lennon MHA, delivered the 2005-06 State Budget. It was the Treasurer's second Budget and, with \$3.4 billion in expenditure, the biggest spending Budget in the State's history.

The Budget forecasts a Fiscal Deficit of \$5.5 million in 2005-06. However, the Forward Estimates show strong surpluses in the years ahead. The Treasurer said that the Budget was '...all about keeping opportunities alive for all Tasmanians through record spending in the key areas of health, education and infrastructure.'

Major highlights of the 2005-06 Budget included:

- a 25 per cent reduction in Land Tax (\$13 million in 2005-06);
- abolition of Debts Duty from 1 July 2005 at a cost of approximately \$25 million over a full year;
- continuation and extension of the First Homebuyers' Scheme at a cost of \$8.3 million over a full year;
- an extra \$187 million in health spending, up 20 per cent to \$1.2 billion;
- a \$50 million injection of funds into the Royal Hobart Hospital;
- a record education budget of \$943 million, including \$50 million in capital works;
- a \$16 million skills package to improve job readiness of Tasmanians;
- additional funding for an extra 48 police officers;
- 53 new positions within Tasmania's Prison Service to help with the transition to the new \$90 million prison;
- a further allocation of \$25 million (as part of a \$115 million commitment over 4 years) for the *Spirit of Tasmania III*; and
- a \$600 million program of investment in Tasmania's infrastructure over the next four years.

The Treasurer also noted that the State's economic growth in 2005-06 is forecast to be 3.25 per cent, which is anticipated to result in a further 6 000 new jobs. In closing his Budget Speech, the Treasurer stated that '...it is a Budget that responds to our immediate priorities as a community.'

The 2005-06 Budget Papers are available on the Department of Treasury and Finance website www.treasury.tas.gov.au. Bound sets of the papers are available for purchase from the Printing Authority of Tasmania and may be ordered by phoning 03 6233 3289 or email: bookshop@pat.tas.gov.au

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The Competition Index 2004

The Competition Index 2004: A State by State Comparison was prepared by the Department of Treasury and Finance to provide an objective assessment of the attractiveness of Tasmania as a business location relative to the other states of Australia and to New Zealand. The first report was released in May 2000 and the publication is updated each year. The 2004 Competition Index includes a

new water cost index and an expanded electricity reliability and aggregate energy cost index, which now includes New Zealand. The reports aim to assist the Government in identifying how it may best focus industry policy.

Overall, Tasmania is ranked most favourably (ranked No 1) for 17 of the 34 indices included in the 2004 Competition Index report and is ranked the least favourable in five indices. This indicates that there are major opportunities for firms to take advantage of those areas in which Tasmania has a competitive advantage as a business location. It also highlights the significant challenges faced by Tasmania in attracting certain businesses to locate in the State.

The 2004 report reveals that Tasmania has the second-lowest taxation severity of the States, high levels of ongoing training, low labour costs (which include wages, payroll tax, fringe benefits tax, superannuation and workers compensation), low land and accommodation costs, a stable workforce, good port access, low business licensing costs and a high endowment of natural resources.

Tasmania ranks least favourably in the qualifications index, proximity to markets and fuel costs. Although Tasmania has very competitive electricity costs, its performance in the overall energy cost index is reduced due to the relatively high cost of fuel.

The comparison with New Zealand reveals that Tasmania has lower land and accommodation costs, air travel costs, water costs, a higher forestry endowment and proportionally more workers possessing qualifications and receiving training.

New Zealand outperforms Tasmania, and all other Australian states, in the areas of labour costs, electricity costs and industrial disputes. New Zealand is ranked second behind Victoria in the gas cost index, third in electricity reliability ahead of Tasmania, and sixth in proximity to markets ahead of Tasmania.

The 2004 report has found that New Zealand may be a significant competitor with Tasmania for firms that do not need to be close to their markets and are labour intensive (such as call centres), or rely on relatively low skilled labour or have relatively intensive energy use.

The methodology which underpinned the Competition Index has been independently assessed by KPMG. KPMG considers the methodology to be objective, robust and appropriate and not to favour any state.

The Competition Index 2004: A State by State Comparison can be found on the Department of Treasury and Finance website:

[www.treasury.tas.gov.au/Publications/Competition Index 2004 – A State-by-State Comparison](http://www.treasury.tas.gov.au/Publications/Competition%20Index%202004-A%20State-by-State%20Comparison).

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Tasmania Enters the NEM

Tasmania became a participating jurisdiction in the National Electricity Market (NEM) on 29 May 2005. This was the culmination of a five year project by Treasury, the Energy Regulator and the three State-owned electricity businesses (Hydro Tasmania, Aurora Energy and Transend Networks) to establish the necessary legislative, regulatory, market structure and technical arrangements required for participation in the NEM.

Joining the NEM and connection to the mainland electricity grid by Basslink will benefit Tasmania by:

- providing certainty of electricity supply which is conducive to increased investment and future jobs growth;
- helping to drought-proof Tasmania's electricity system by allowing us to import electricity from interstate;
- stimulating business growth in Tasmania;
- introducing competition and alternative electricity supplies; and
- encouraging full development of our renewable energy resources.

Tasmania's NEM entry was managed by Memoranda of Understanding between the National Electricity Market Management Company and Tasmania, and between Tasmania and the three electricity businesses, which required the completion of 121 Preconditions to ensure Tasmania's readiness to enter the market.

While the NEM regulatory arrangements now apply in Tasmania, physical flows of energy between Tasmania and Victoria will not commence until the commissioning of the Basslink interconnector, now expected at the end of April 2006.

The period between NEM entry and Basslink will allow the electricity businesses time to test systems and be better prepared for operating in an interconnected market environment.

For retail customers entry to the NEM will allow other retailers to enter the Tasmanian market and compete with Aurora Energy. Starting on 1 July 2006, retail contestability will be phased in by progressively allowing tranches of customers, starting with the biggest power users, to choose their preferred retailer. A public benefit test will be undertaken prior to 2010 to determine if retail contestability should extend to domestic customers.

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Certification of Tasmania's Gas Access Regime

To facilitate the introduction of natural gas in Tasmania, the Government applied to the National Competition Council (NCC) for certification of our legislative arrangements as an effective gas regime.

Under the *Competition Principles Agreement*, a state or territory may seek certification that an access regime for natural monopoly infrastructure services is an 'effective access regime' for the purposes of the *Trade Practices Act 1974 (TPA)*.

The practical consequence of certification is that the declaration provisions of Part IIIA of the TPA, which can involve the imposition of an access regime by the Australian Competition and Consumer Commission (ACCC), cannot apply to services covered by the access regime. Instead, the State regime exclusively governs those services.

Certification provides all parties with certainty. This certainty benefits those seeking access to the infrastructure, and is also important for infrastructure operators and developers.

With the finalisation of the legislative and regulatory framework, the State applied for certification of the State's access regime in October 2004. The application was developed by Treasury in close consultation with the Department of Infrastructure Energy and Resources' Office of Energy Planning and Conservation and the Department of Economic Development.

The draft recommendation report was released for consultation by the NCC in February 2005. No submissions were received by the closing date of 17 March 2005, and we are now awaiting the final endorsement.

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Infrastructure Developments Consolidation for Competition

The Government purchased an optic fibre cable backbone from Tas21 Pty Ltd on 29 May 2003 at a cost of \$23.1 million, which spans 420 kilometres from Hobart to George Town and across to Port Latta on the north-west coast.

Capitalising upon the strategic opportunities created by the construction of the Natural Gas and Basslink infrastructure developments, the Government now enters a period of consolidation with the objective of facilitating private sector commercial opportunities.

The Government's overriding objectives are to ensure Tasmania realises the economic and community benefits from new broadband infrastructure by:

- facilitating a more competitive telecommunications industry structure within Tasmania;
- encouraging new investment in broadband telecommunications facilities within Tasmania; and
- creating an environment conducive to content and application providers of innovative and value added services.

Following a Request for Expressions of Interest (REOI) process last year, three firms or consortia were short-listed for the next stage, having the potential to work with the Government towards a partnership for a strategic alliance. One of the key learnings of the REOI process was that, in order to appropriately identify and implement such a strategic alliance, the development of an appropriate business model was necessary to achieve the Government's objectives.

Consolidation work is now continuing on completing a range of activities so that industry can respond to a specific business model with increased certainty about operational and technical issues through the State's Telecommunications Infrastructure Project (Telco Project).

The Telco Project consists of a set of construction and business development tasks including the 'on-island' development of the State's core optic fibre backbone for network services linking major population centres in Tasmania, and 'off-island' connectivity. The construction tasks comprise:

- Conduit Rollout Project (co-location of telecommunications conduit with the Stage 1 rollout of the Tasmanian Gas Pipeline);

- establishment of termination points of the network (Points of Presence) in Tasmania's four regional centres;
- Network Fit for Purpose Project (to develop the technical capability of the existing network to ensure that there will be end-to-end connectivity);
- 'off-island' connectivity; and
- ongoing maintenance of the network.

The first 'customers' using the network will be the Tasmanian Research and Education Network that will link the University of Tasmania and other research and education providers such as the CSIRO, the Australian Antarctic Division, the Australian Maritime College and Co-Operative Research Centres to a high speed broadband network.

Also, leveraging off the Telco Project is the TasCOLT Pilot, which is an independent economic development pilot project, headed by the Department of Economic Development in consultation and partnership with CEOS Pty Ltd, the TasCOLT Consortium and the Tasmanian Electronic Commerce Centre.

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Personal Information Protection Act

The *Personal Information Protection Act 2004* (the Act) comes into force on 5 September 2005. The Act requires all Government Departments and Agencies to provide a range of protections in relation to the collection, storage, use and disclosure of 'personal information' (basic personal information includes name, addresses, date of birth and gender).

Why Does the Department Need to Collect Personal Information?

The Department primarily collects personal information in order to discharge the following functions:

- The collection and administration of State taxes and the administration of a number of grants, subsidies and rebates paid to Tasmanians under (inter alia) the *Land Tax Act 2000*, the *Land Tax Rating Act 2000*, the *Pay-roll Tax Act 1971*, the *Duties Act 2001*, the *Taxation Administration Act 1997*, and the *First Home Owner Grant Act 2000* (it should be noted that the information collected under the *Taxation Administration Act 1997*, and the *First Home Owner Grant Act 2000* is already protected under the privacy/secret provisions within these two Acts).
- The authorisation of the sale and supply of liquor in licensed premises, and in non-licensed premises under the authority of liquor permits, and the monitoring and investigation of the operation of licensed and permitted premises, under the *Liquor Licensing Act 1990* (and by the privacy/secret provisions within other Acts administered by the Department).
- The regulation and control of gaming and the investigation and resolution of complaints relating to the conduct of gaming, under the *Gaming Control Act 1993*.

Under the Act, the Department is the custodian of that information, and the collection, use and disclosure of information that is to be used by the Department is governed by the Act.

How Will We Deal With Your Information?

In the collection and handling of your personal information, the Department will:

- Collect only what is necessary for the primary purpose (i.e. the service being provided) or other purposes disclosed to you.
- Collect personal information lawfully and fairly. We will tell you it is being collected, especially if it may be used for purposes other than the primary purpose.
- Use and disclose the information only for the purpose for which it was collected, or a related purpose you would reasonably expect. Some important interests, such as protecting health and safety, welfare, or prevention and investigation of crimes can justify use and disclosure without consent. Otherwise, unless the use or disclosure is required or allowed by law, we will obtain your consent.
- Endeavour to ensure that it is accurate, complete, and up-to-date before being used.
- Keep it secure against unauthorised access, use or disclosure.
- Inform you of our policies in relation to personal information.
- Let you see the information and correct it if necessary.
- Minimise creating and sharing ID numbers that can be used to match information about people with information about them from other sources.
- Not seek your personal information if there is no need for you to provide it. In this case you should deal with the Department anonymously.
- Ensure equivalent privacy protection will continue to apply to your information, if it is passed to other organisations. Some personal information the Department has collected may be used in research, statistical analysis, state or national reporting, awareness programs, public statements or training, but not in a way that would identify the person to whom it relates.
- Only collect sensitive information with your consent if it is necessary, or if the collection of that information is required by law. Sensitive information about you - such as your health status, ethnic background, religion, or criminal record - has special protection under law.

Access to and Correction of Information Collected

The Act provides that you can access your personal information held by the Department. If you consider the personal information to be incorrect, incomplete, out of date or misleading, you can request that the information be amended.

If you are not satisfied with the handling or outcome of your request for access to your personal information (or the Department's correction of your personal information), you can lodge a complaint with the Ombudsman.

Security of Personal Information

The Department uses a number of procedural, physical, and technical safeguards, including access controls, secure methods of communication and back-up and recovery systems to protect information from misuse and loss, unauthorised access, modification and disclosure.

Generally, information is destroyed or permanently de-identified when it is no longer required. Under the *Archives Act 1983*, however, some information is required to be kept for specified periods or permanently.

Further Information

The Department's Personal Information Protection Policy and further information on the Department's responsibilities under the Act can be found at: www.treasury.tas.gov.au/pip

Financial Management Improvement

GAAP-GFS Harmonisation

The Financial Reporting Council issued a strategic direction in December 2002 that requires the Australian Accounting Standards Board (AASB) to pursue the harmonisation of Australian Generally Accepted Accounting Principles (GAAP) and Government Finance Statistics (GFS). Harmonisation of GAAP and GFS will increase the transparency of government reporting and improve the accountability of Australian governments to Parliaments and the community.

The AASB's Project will be in three phases: the first relating to financial reporting by the Australian Government and the State and Territory governments, including consideration of issues relating to General Government Sector (GGS) reporting; the second relating to reporting by entities within the GGS; and the third relating to reporting by other public sector entities (including government businesses).

In relation to Phase 1, the AASB has decided that the GGS of a government is a reporting entity for which a general purpose financial report should be prepared. In order to converge with GFS principles, the AASB has also decided that the GGS financial report would be prepared on a 'partial consolidation' basis.

The AASB is currently considering a draft Exposure Draft, *Financial Reporting of General Government Sectors by Governments*, that specifies requirements for financial reporting of the GGS. The Exposure Draft is expected to be released for comment by July 2005.

The harmonised Standard is expected to be finalised by December 2005 and to be available for the 2006-07 Budget and for 2005-06 outcomes reporting.

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email craig.jeffery@treasury.tas.gov.au

Tasmanian Government Card Issues

In April 2005, the Auditor-General tabled Special Audit Report No 54 which examined the use of the Tasmanian Government Card and compliance with Treasurer's Instruction (TI) 520: Tasmanian Government Card.

The Report noted that where issued, the internal policies and procedures of agencies do not deviate widely from TI 520. However, the Report identified minor instances of non-compliance and errors in the use of the TGC. The Auditor-General did not detect any fraudulent activity.

The TGC remains an important payment facility which achieves efficiencies through the rationalisation of ordering, authorisation, reconciliation and payment procedures, particularly for low value transactions. The TGC also allows government suppliers to receive speedier payment.

In consultation with agencies, Treasury is finalising its review of TI 520 in light of the recommendations contained in the Auditor-General's Report.

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Financial Management Education and Training Program

The inter-agency Education and Training Working Group is currently developing the next group of training modules for release under the Financial Management Training Program.

Two modules are due to be launched in July 2005 and a further two modules in November 2005. These modules cover:

- developing a business case;
- developing and using performance information;
- the acquittal of Grants; and
- strategic asset management.

Updates to the existing training modules will be released in July 2005. These modules cover the accountability framework within government together with aspects of agency budgeting and accounting processes.

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Financial Reporting

Financial Reporting Standards Update

The implementation of Australian Equivalents to International Financial Reporting Standards (AEIFRS) is progressing with revised Treasurer's Instructions (TIs) relating to fixed asset recognition and measurement, intangible assets and presentation of financial statements recently issued. AEIFRS compliant Model Departmental Financial Statements for 2005-06 were also recently finalised.

Other Treasurer's Instructions recently revised or developed include TI 304 Finance Manuals and TI 704 Definition of 'Administered' and 'Controlled'. TI 304 is a new Instruction developed by the Internal Control Working Group. TI 704 has been updated to incorporate the existing protocol for determining whether items are administered or controlled and minor changes in relation to the classification of Goods and Services Tax transactions.

The next phase of the implementation of AEIFRS includes the conversion of 2004-05 financial statements to an AEIFRS basis.

Treasury is maintaining a database of all issues raised by agencies as part of the implementation process in order to facilitate sharing of knowledge and ensure that a consistent approach is adopted. Please contact Frances Hall, Rachel Johnston or Doug Clow if you have any issues you wish to discuss in relation to implementation of AEIFRS.

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Intergovernment Financial Relations

Review of Local Government Loan Council Allocation Process

Under the *Financial Agreement Act 1994*, the Treasurer is required to approve the Loan Council borrowing allocation for Local Government Authorities (LGAs). The Loan Council is a body comprising representatives of the Commonwealth, States and Territories, which approves the borrowing limits for each State and Territory government. Local Government borrowing limits are included as a memorandum item in each jurisdiction's total Loan Council Allocation. The *Local Government Act 1993* also requires the Treasurer to approve any loans undertaken by a LGA.

Advising the Treasurer on the appropriate distribution of borrowing allocations to individual LGAs has become increasingly complex. A review of the process for determining borrowing allocations for individual LGAs commenced in late 2002. In early 2005, the Treasurer approved the circulation of a Discussion Paper, seeking comments regarding a proposed new approach to determining borrowing levels.

Comments on the Discussion Paper have now been received from the Local Government Association and LGAs. Further consultation will be undertaken in relation to establishing an appropriate benchmark Net Debt ratio for subsequent consideration by the Treasurer.

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GST Update

At the States and Territories Industry Partnership (STIP) meeting held in April 2005, the Australian Taxation Office (ATO) delegate advised that the ATO has reassessed its position relating to GST on appropriations. The ATO now considers that there is no supply associated with payments such as Infrastructure Fund grants to agencies and consequently that these payments are not subject to GST.

The ATO is revising *GSTR 2004/5 Appropriations*, with special emphasis on Special Purpose Payments and 'top-up' funding.

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Liquor and Gaming

New Casino Game Approved

The Tasmanian Gaming Commission approved a new casino table game at its meeting in April 2005.

Called Rapid Roulette, the new game is a development of the traditional roulette game. The principles of Rapid Roulette are the same as normal roulette with a dealer spinning the wheel to determine the result. However, in Rapid Roulette players place bets at touch screen computer terminals located around the roulette wheel.

After the spin is complete the dealer confirms the winning number and the computer calculates all wins and losses, updating players' terminals immediately. The wheel can also be displayed on a large screen so the winning number is clear to all players.

Officers of the Liquor and Gaming Branch researched the new game proposal and prepared information for consideration by the Commission. After some deliberation, the Commission determined to approve the game as a new casino table game, subject to conditions including that the game be located with other table games, individual player terminals be located adjacent to the roulette wheel and that player terminals be limited to a maximum of ten per wheel.

This is an interesting example of modern technology impacting on traditional casino gaming and the Tasmanian Gaming Commission playing an important role in maintaining a robust regulatory framework.

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Launceston Cup and Responsible Serving of Alcohol

The Liquor and Gaming Branch and the Responsible Serving of Alcohol Program (RSA) entered into a strategic partnership with the Tasmanian Turf Club to manage and authorise the sale and supply of alcohol and promote responsible serving and consumption at the Launceston Cup, held 23 February 2005.

This arrangement with the Tasmanian Turf Club enabled a number of initiatives to be undertaken to educate patrons on licensing compliance and the principles of RSA. Amongst the initiatives for RSA were the following:

- full page advertising in the event program,
- an Australia wide interview on Sky Channel,
- naming rights to Race 2 and trophy presentation by the Minister for Finance, the Hon Jim Cox,
- media coverage in the Launceston Examiner,
- Liquor Licensing and RSA signage displayed; and
- briefing of all servers of alcohol and security personnel prior to the Cup on compliance and RSA issues.

The event provides a major boost for the Tasmanian economy with a record crowd of 25 000 people attending this year's event including 4 500 from interstate. For the first time TOTE Tasmania achieved a turnover of \$1 million on a single event.

The Commissioner for Licensing, Peter Coe, stated that the cooperative approach taken by the Club had assisted both the Liquor and Gaming Branch and Tasmania Police promote responsible serving and consumption practices to match the social aspirations and expectations of racegoers, while at the same time reinforcing in a positive way the requirements and responsibilities that go with the lawful sale of liquor.

The Secretary of the Tasmanian Turf Club, Robert Biffen, said the partnership was an outstanding success with positive feedback received from sponsors, corporate clients and the general public.

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Tasmania's Food and Wine Festivals

The Taste of Tasmania in Hobart and Festivale in Launceston are the two largest food and wine events in Tasmania. They have developed a reputation as Australia's premier food and wine celebrations.

This reputation is well deserved and is a result of meticulous planning and attention to detail to ensure that the events are conducted in a safe and responsible environment for local patrons and visitors to the state. Over 200 000 people visited the 2004-2005 Taste and 40 000 people attended Festivale last March.

Since the inception of both these events the Liquor and Gaming Branch has worked closely with the organisers, the Hobart City Council and the Festivale Committee, to authorise the sale of liquor and ensure that the event is conducted in a safe and responsible manner.

Compulsory training sessions for stallholders include a briefing on licensing law and the principles of Responsible Serving of Alcohol (RSA) and are presented by the Branch.

To increase the awareness of the concept of 'Standard Drinks' and assist patrons in monitoring their own safe consumption of alcohol, the official Taste and Festivale glasses sold to patrons were printed with the RSA logo and 1.4 standard drink plimsoll line.

Both organising committees are to be congratulated on the measures and safeguards implemented at their events to ensure public safety and responsible sale and consumption of alcohol.

For the 2005-06 events it will be compulsory for all servers of alcohol to be accredited in RSA, in line with the requirement now legislated for all licensed premises.

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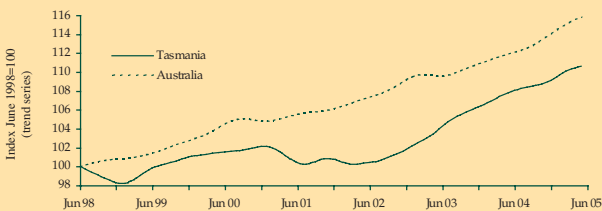
Economic News

The Tasmanian Economy

The Tasmanian economy has continued to experience strong growth over the past year and now enjoys some of its best economic conditions on record. Tasmania's recent economic performance has been characterised by strong results across a range of economic indicators, including employment, population growth, consumer spending and business investment. The following sections outline trends over the past six years, with particular attention to economic developments over the past year.

Employment

Total employment in Tasmania has continued to grow strongly in the first five months of 2005. This represents 37 months of trend growth. Over the past quarter, employment growth has averaged 0.2 per cent each month, in trend terms.

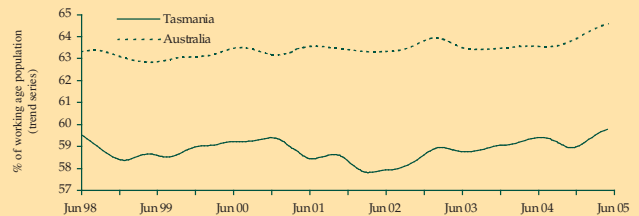


Source: The Labour Force, Australia, Preliminary Data, ABS Cat No 6202.0

The number of persons employed in Tasmania grew by 5500 between May 2004 and May 2005 to 218 400 persons, which is the highest level on record.

Participation

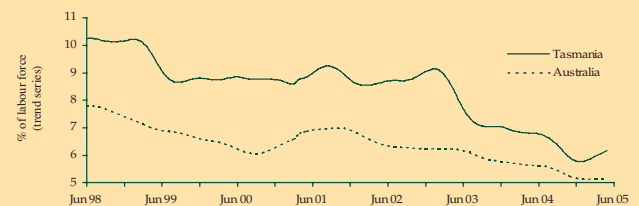
Tasmania's trend participation rate – the share of the adult population who are employed or looking for work – has increased in the first five months of 2005. In May 2005, the trend participation rate was estimated at 59.8 per cent. This is the highest participation rate for the State since November 1996. The current rate is 0.4 percentage points higher than the rate of one year earlier.



Source: The Labour Force, Australia, Preliminary Data, ABS Cat No 6202.0

Unemployment

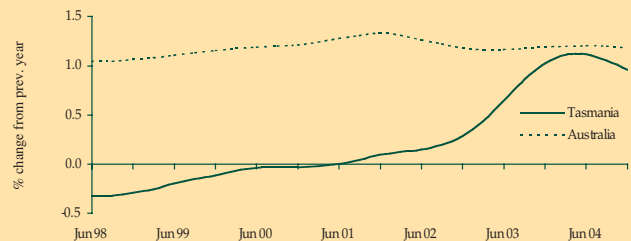
As a result of more people entering the labour force, Tasmania's trend unemployment rate has started to increase slightly, rising to 6.1 per cent in May 2005. The current unemployment rate is 0.6 percentage points below the rate of one year earlier. The number of unemployed Tasmanians in May 2005 was 14 300, 1 200 persons lower than in May 2004.



Source: The Labour Force, Australia, Preliminary Data, ABS Cat No 6202.0

Population

Tasmania's estimated resident population grew by 954 persons in the December quarter 2004 (the most recent data available) to a record level of 483 952. Tasmania's estimated population in the December quarter 2004 was 3 790 persons higher than the December quarter 2003 estimate.

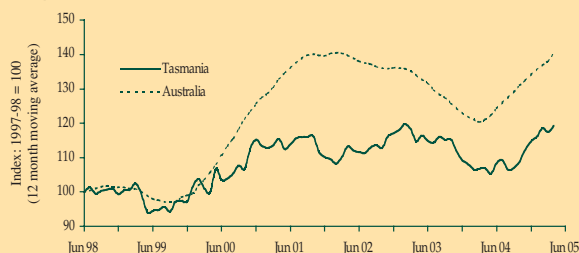


Source: Australian Demographic Statistics, ABS Cat No 3101.0

Ten consecutive quarters of net inflow of persons from interstate have now been recorded. This is the first time this has occurred since the eleven quarters of net inflow to September 1991. In the four quarters to December 2004, net interstate migration was 1171 persons. This improvement has occurred due to a stabilisation in the number of interstate departures and an increase in the number of interstate arrivals.

International Exports

During the year to April 2005, the nominal value of Tasmanian overseas merchandise exports grew strongly, by 11.7 per cent, to a level of \$2.549 billion.

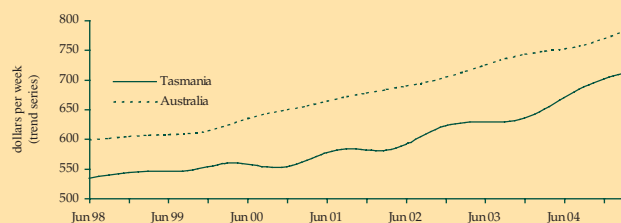


Source: *International Trade in Goods and Services, Australia, ABS Cat No 5368.0*

Japan represents Tasmania's largest single export market and accounted for 28.1 per cent of total exports in the year to April 2005. Over this period, exports to Japan totalled \$717 million, an increase of 26.0 per cent from the year to April 2004. A significant increase in exports to China was also experienced during the twelve months to April 2005, up \$79 million, or 59.8 per cent from the year earlier level.

Average Earnings

Average weekly total earnings in Tasmania increased by 1.4 per cent (in trend terms) in the March quarter 2005 to \$710.50 per week. During the year to March 2005, Tasmanian average weekly total earnings grew by a strong 9.8 per cent. This growth rate was the highest recorded of all states and territories over this period, and exceeded the national average growth rate of 3.5 per cent. As a result, the gap between average weekly earnings in Tasmania and Australia as a whole has declined, with average weekly earnings in the March quarter 2005 being 91.0 per cent of the national average, up from 85.1 per cent in the same quarter of the preceding year.



Source: *Average Weekly Earnings, States and Australia, ABS Cat No 6302.0*

A more detailed analysis of the Tasmanian economy is provided in Chapter 2 of Budget Paper No. 1 in the 2005-06 State Budget. The 2005-06 Budget Papers are available on the Department of Treasury and Finance website www.treasury.tas.gov.au

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Government Procurement

Whole-of-Government Risk Management Framework

The Minister for Finance has given in-principle approval for the development of a risk management framework for the management of risk across all government agencies, based on the Australia/New Zealand Standard for Risk Management (AS/NZS 4360:2004).

Risk management is an integral component of good management practice and should be a key aspect of any agency's strategic planning and operating processes. The aim of this project is to reduce the cost of risk for government and promote a consistent and effective approach to the assessment, management and reporting of key risks within agencies. While this proposal aims to achieve consistency in the approach to risk management across agencies, it will recognise the work already undertaken by some agencies that have well-established risk management systems and processes in place.

It is proposed that the framework will include tools, resources and training to assist agencies to incorporate risk management into business activities and systems. The Tasmanian Risk Management Fund Unit will liaise with key stakeholders in all agencies to develop the framework. It is expected to be completed during 2006.

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State Taxation

New Website for the State Revenue Office

Thanks to client feedback the State Revenue Office now has a new look Website. A client survey conducted in 2003, indicated that website users found the site useful, but difficult to navigate. Taking this feedback into account, the website now has easy access menus linking users directly to relevant forms, brochures, guidelines and calculators.

Another website update is planned for later this year with the addition of an Email Subscription Service, that will allow clients to subscribe for Latest News Items and for updated forms, brochures and guidelines to be emailed to them when a change occurs.

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Breakfast with the Commissioner

The State Revenue Office (SRO) holds annual breakfast sessions with the Commissioner of State Revenue in the major centres of Tasmania. The most recent sessions were held in March 2005, and provided an opportunity for accounting, taxation and legal professionals to meet the Commissioner, Peter Coe, and other senior officers from the SRO. The sessions provided a general overview of changes within the SRO, including recent legislative changes and the 2004-05 compliance program.

The Breakfast with the Commissioner sessions are very successful and have run for the past three years. It is anticipated that the next sessions will be held in December 2005.

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