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## HEADLINE NEWS

### Audit Bill

Treasury has been liaising with the Auditor-General and the Office of Parliamentary Counsel to finalise the Audit Bill. **More on page 5**

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### Climate Change - Recent Procurement Amendments

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### New Motor Vehicle Contract V672

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commercial vehicles to meet the needs of Government and other authorised organisations.

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### Payroll Tax Harmonisation

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### Reform of Commonwealth-State Financial Relations

The Commonwealth, states and territories agreed on a new model of cooperative Commonwealth-State financial arrangements at a meeting of the Council of Australian Governments earlier this year. **More on page 4**

### Study into Gambling in Tasmania

The recent Social and Economic Impact Study into Gambling in Tasmania is the most comprehensive study into the nature, impacts and prevalence of gambling in Tasmania. **More on page 3**

### Tasmanian Economic Regulator

The Office of the Tasmanian Economic Regulator is the new name for the The Office of the Tasmanian Energy Regulator/Government Prices Oversight Commission as it has acquired additional responsibilities. **More on page 4**

### The Commissioner's Update

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### Water and Sewerage Reform

The Tasmanian water and sewerage reform project is now firmly in the implementation stage. **More on page 2**

## **Water and Sewerage Reform**

### **Structural Reform Update**

The Tasmanian water and sewerage reform project is now firmly in the implementation stage, with the *Water and Sewerage Corporations Act 2008* and all sections except Section 30 of the *Water and Sewerage Industry Act 2008* having commenced on 9 July 2008.

A joint State and Local Government Steering Committee, the Water and Sewerage Implementation Joint Steering Committee (IJSC), has been established to primarily manage the implementation of structural reform. The IJSC is progressing and resolving various implementation issues.

IJSC meeting papers are available from the "Water and Sewerage Infrastructure Review" section of the Treasury website:  
[www.treasury.tas.gov.au](http://www.treasury.tas.gov.au).

A number of important milestones have recently been achieved, including the appointment of KPMG, who will be working in a consortium with Pitt and Sherry, and Gilbert and Tobin, to undertake a detailed physical asset and financial due diligence exercise of water and sewerage assets, liabilities and employees. Recruitment of Boards and Chief Executive Officers is also progressing, with Owners Representatives appointing Mr Geoff Willis to the role of Common Chairperson of the four new Corporations.

### **Regulatory Reform**

The new role of the Economic Regulator for the water and sewerage sector, the Government Prices Oversight Commissioner, commenced upon proclamation of the Industry Act. The Economic Regulator is developing a work plan, which includes preparing for the first State of the Industry Report due to be tabled in Parliament in April 2009. The Economic Regulator has also commenced the development of 'Guidelines to Regulation' that will be available by the end of the year.

The Economic Regulator's key roles include licensing, the independent oversight of water

and sewerage pricing and the development of a customer service code for the sector.

The Department of Primary Industries and Water will be wholly responsible for the development, monitoring and review of the regulatory framework for urban water post reform.

Three new pieces of legislation are currently under development in relation to the concessions framework, the powers and obligations of the new licenced entities, and the implementation of consequential and transitional amendments. At this stage, it is anticipated that these Bills will go to Parliament during the 2008 Spring Session.

There has been considerable effort from all parties to meet the very tight, yet important, implementation milestones to date. This is mainly driven by the need to get on with the job in order to reduce the transitional period for current water and sewerage employees. While there are still some major tasks to complete before 1 July 2009, the good faith and commitment shown by all parties will continue through the next few months as we progress this critical reform.

### **Key Dates**

- It is intended that the new Regional Corporations will be established by the end of October this year;
- It is expected that the Common Services Corporation will be established around 30 November 2008;
- Following completion of the due diligence, draft Transfer Orders will be prepared and negotiations will occur between councils and the four Corporations; and
- Full transfer of assets, liabilities and employees is targeted to occur by 1 July 2009. Following this, a full transition to the new water pricing and service standards will be phased in over the three years to 2012.

Refer: new Local Government Authority of Tasmania website on reform:  
[www.taswaterandseweragereform.com.au](http://www.taswaterandseweragereform.com.au)

Contact: *Kim Enkelaar on 6233 2334 or  
email: [kim.enkelaar@treasury.tas.gov.au](mailto:kim.enkelaar@treasury.tas.gov.au)*

## **Social and Economic Impact Study into Gambling in Tasmania**

The Social and Economic Impact Study into Gambling in Tasmania is the most comprehensive study into the nature, impacts and prevalence of gambling in Tasmania and was released on our website on 22 July 2008.

The study analyses statistical information together with qualitative research, including consultation with key stakeholders and from written submissions.

The South Australian Centre for Economic Studies, which is a joint venture between Flinders and Adelaide Universities, conducted the study.

Key findings of the study are:

- the rate of problem gambling has not changed appreciably from previous studies;
- the net economic impact of gambling ranges from an estimated economic loss of \$62.7 million, to a gain of \$75.5 million;
- there are social costs of gambling on individuals, family and community, including excessive financial losses by problem gamblers (up to \$223 million);
- Electronic Gaming Machines (EGMS) are seen as the main source of gambling problems;
- Tasmania nevertheless has a lower concentration of EGMs per capita and gambling expenditure per capita than the national average; and
- Tasmania's decision to ban ATMs in hotels and clubs leads other jurisdictions.

The Treasurer has asked the Tasmanian Gaming Commission and Treasury to prepare a detailed response ahead of Cabinet considering the Government's response to the study's findings.

Contact Peter O'Sullivan on 03 6336 2380 or email: [peter.o'sullivan@treasury.tas.gov.au](mailto:peter.o'sullivan@treasury.tas.gov.au)

## **Demographic Change**

The Demographic Change Advisory Council released a Strategies Discussion Paper, *Demographic change in Tasmania: Strategies for addressing challenges and opportunities*, on Sunday 18 May 2008. The Paper provides an overview of possible strategies that could be implemented to address some of the challenges identified in the Council's Issues Paper.

The Paper called for submissions from the public and approximately 30 were received. These submissions are available from the Council's website, [www.dcac.tas.gov.au](http://www.dcac.tas.gov.au).

The Council also held a series of lunchtime forums around the State. Each forum covered key themes and discussed strategies to address demographic change in Tasmania. The Council is currently preparing a final Strategies Paper, due to be released by the end of 2008, which lists strategies that could assist in addressing some of the identified issues.

Treasury is also developing a set of population projections for Tasmania, on behalf of the Council, which will be made publicly available. The population projections will consist of three series; a high, medium and low series. The projection period will be 50 years at the State level and 25 years at the local government area level. It is intended that the population projections will be released by the end of 2008 and then updated and re-based every two and a half years.

Contact: Alison Watt on 1800 116 735 or email [contact@dcac.tas.gov.au](mailto:contact@dcac.tas.gov.au)

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## **Reform of Commonwealth - State Financial Relations**

The Commonwealth, states and territories agreed on a new model of cooperative Commonwealth-State financial arrangements at a meeting of the Council of Australian Governments earlier this year. The new model gives all State Governments greater flexibility to determine the most efficient and effective way to deliver services within its jurisdiction. It also clarifies roles and responsibilities between both levels of government, so that the community can better see which government is responsible for which outcomes.

The new model will reduce the number of Specific Purpose Payments (SPPs) from 90 to five. In addition, National Partnerships will be introduced to progress important national reforms or projects. These National Partnerships will be funded separately from SPPs.

These reforms have been advocated by states for a considerable period and will remove the overly prescriptive, input control-based approach, which has been a key component of SPPs in the past. Instead, these reforms recognise that setting a central framework which targets outcomes delivered at a local level is a more effective way to fund key services such as health, education, housing and disability services.

Treasurers will consider funding issues and present their recommendations to COAG on 17 November 2008. This will include addressing SPP base funding and indexation, national reform proposals and funding Commonwealth election commitments.

The final package of reforms is due to commence on 1 January 2009. A new Intergovernment Agreement will also be signed to formalise the new Commonwealth-State financial relations framework.

Contact: *Katinka Smith* on 03 6233 9553 or email: [katinka.smith@treasury.tas.gov.au](mailto:katinka.smith@treasury.tas.gov.au)

## **Tasmanian Economic Regulator**

The Office of the Tasmanian Energy Regulator/ Government Prices Oversight Commission has acquired additional responsibilities. *The Water and Sewerage Industry Act 2008* took effect from 8 July 2008 with responsibility for economic regulation of the sector being vested in the Commission. The regulatory framework for the water and sewerage sector is modelled in large part on that of the Tasmanian electricity sector.

The Office has changed its business name, effective 1 October 2008, to Office of the Tasmanian Economic Regulator.

Contact details for the Office remain the same, with the exception of its web address: [www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au) and email address: [office@economicregulator.tas.gov.au](mailto:office@economicregulator.tas.gov.au).

## **Budget 2009-10**

### ***Your Organisation's Participation in the 2009-10 Budget Process***

The Tasmanian Government consults widely to ensure that people from all corners of Tasmania can be involved in the decisions affecting the direction of our State. As part of our consultation, it is considered vital that the community has the opportunity to provide input into the development of the State Budget.

### **The 2009-10 Budget Community Consultation Process**

The 2009-10 Budget Community Consultation is being coordinated by the Budget Management Branch of the Department of Treasury and Finance.

The process is outlined below.

### **20 September 2008**

The Treasurer invited submissions from the community for consideration as part of the development of the 2009-10 Budget.

### **31 October 2008**

The final date for submissions.

### **November 2008**

Community Consultation submissions will be reviewed by Treasury and forwarded to the relevant agencies and Budget Committee for consideration. Where issues cross a range of portfolios, other agencies will be invited to participate in the consultation process.

### **December 2008 – May 2009**

Development and finalisation of the 2009-10 Budget.

### **June 2009**

2009-10 Budget delivered by the Treasurer.

### **The Content and Format of Budget Community Consultation Submissions**

In submissions, members of the community are encouraged to raise any issues considered to be of sufficient priority in the context of their role or function in the Tasmanian community.

Given that a significant number of submissions are received by the Government as part of the Budget Community Consultation process, it would be appreciated if information is provided in accordance with guidelines at [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)

Contact Emma Read on 6233 2606 or  
email: [emma.read@treasury.tas.gov.au](mailto:emma.read@treasury.tas.gov.au)

## **Financial Management Improvement**

### **Audit Bill**

As part of the review of Tasmania's financial management framework, a draft Audit Bill was circulated to stakeholders in January 2008 and comments were sought. In the past few months Treasury has been liaising with the Auditor-General and the Office of Parliamentary Counsel in respect of the comments received and to finalise the Bill.

The main features of the Audit Bill are:

- strengthening the independence of the

Auditor-General;

- involving the Public Accounts Committee in the appointment of the Auditor-General;
- the introduction of a fixed-term appointment to the office of Auditor-General;
- consistent requirements for all entities in respect of financial reporting and auditing;
- making the Audit Act the sole authority for audit for all entities that are controlled by government;
- tightening confidentiality requirements in respect of information obtained in connection with audit or with the Auditor-General; and
- requiring the Auditor-General to submit an annual work plan to the Public Accounts Committee.

The Audit Bill and the proposed new Financial Management Bill will be introduced into Parliament separately. The Audit Bill will be introduced in October. The Financial Management Bill will be introduced during the Autumn session of Parliament in 2009.

Contact Doug Clow on 6233 3696 or  
email: [doug.clow@treasury.tas.gov.au](mailto:doug.clow@treasury.tas.gov.au)

### **Financial Management Education**

Financial management training that is specifically designed and targeted for Tasmanian State Service employees is provided by the Financial Management Education and Training Program. The Training Consortium has sessions available for November 2008. For further information please refer to The Training Consortium website, [www.ttc.tas.gov.au](http://www.ttc.tas.gov.au).

If your agency is interested in tailoring any of the training modules to an in-house training session, or you require any further information regarding the Financial Management Education and Training Program please contact the Department.

Contact: Suzi Ransom on Phone: 6233 2881 or  
email: [suzi.ransom@treasury.tas.gov.au](mailto:suzi.ransom@treasury.tas.gov.au)

## **Government Procurement**

### **Climate Change – Recent Procurement Amendments**

New procurement policies mandating that climate change considerations be incorporated into all major purchasing decisions have been released by the Treasurer. Major purchasing decisions include purchases valued at \$100 000 and over, or \$250 000 and over for roads and bridges works. These changes are part of the Government commitment to reduce the State's contribution to climate change.

From 30 June 2008, all State Government agencies must:

- ensure that climate change impact is included in the evaluation criteria for all major purchases;
- ensure that climate change considerations are taken into account in the planning, design, specifications, construction, operation and ongoing maintenance of all relevant major building and construction/roads and bridges projects;
- ensure that evaluation criteria for the selection of consultants and contractors to deliver major building and construction/roads and bridges works includes consideration of their commitment and capacity to deliver effective climate change outcomes;
- take into consideration climate change implications for all relevant minor purchases (ie under \$100 000, or under \$250 000 for roads and bridges works);
- take into account policies issued by the Tasmanian Climate Change Office, which will provide specific requirements made by the Premier with regard to climate change; and
- give consideration to certain goods with environmental attributes in the areas of energy conservation and greenhouse emissions, waste, water efficiency and quality.

The Government has also made a commitment to develop a best practice guide for use by agencies to assist in incorporating climate change

considerations into purchasing decisions. This will be developed by Treasury in conjunction with the Tasmanian Climate Change Office.

For further information in relation to the Government's new climate change requirements, refer to the Purchasing website located at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au).

Contact Bindi Essex on 6233 3323 or email: [bindi.essex@treasury.tas.gov.au](mailto:bindi.essex@treasury.tas.gov.au)

### **Contract News**

#### **New Motor Vehicle Contract V672**

The new whole-of-government contract for motor vehicles provides a comprehensive range of passenger and commercial vehicles to meet both the operational and executive needs of government and other authorised organisations.

The Procurement and Property Branch of Treasury recently finalised the contract for Motor Vehicles (V672 contract) and it was awarded for a three-year term commencing on 1 July 2008 with an option to extend for a further three years.

An aim of the procurement process was to achieve a flexible, but manageable, contract model that enables Treasury to accommodate changing government policy whilst maintaining the ability to respond to the emerging needs of agencies.

The specifications and evaluation criteria were structured to ensure that as broad a range as possible of manufacturers, makes and models could be considered for inclusion on the contract. Treasury has the ability to add or delete vehicles from contract in response to changing needs, pricing, technology and government policy.

The Government's Climate Change Policy in relation to compliance with the minimum Greenhouse Rating of 5.5 for passenger vehicles and 3.5 for commercial vehicles and minimum safety standards were considered in the final vehicle selection.

The range of vehicles now available under the V672 contract will assist agencies and authorised users to achieve the objectives of the Government's climate change and safety policies.

Contracts have been entered into with 17 manufactures/importers and seven Tasmanian dealerships, representing 30 individual makes of vehicles and offering approximately 340 model variants.

Contact **Brian Mignot** on 6233 3673 or  
email: [brian.mignot@treasury.tas.gov.au](mailto:brian.mignot@treasury.tas.gov.au)

## **Liquor and Gaming**

### **Launch of Burnie Liquor Accord**

Tasmania's first liquor accord was launched in Burnie in June 2008 by the Deputy Mayor of Burnie, Alderman Anita Dow, in conjunction with the Commissioner for Licensing and the Acting Commander of Police for the Western District, Fiona Lieutier.

The agreement aims to develop effective relationships between licensees, government and the community so they can take action to make our communities safer.

Ben Carpenter of the Beach Hotel and interim Chairman of the Accord said that the planning group had already identified action to be discussed under the Accord. This includes developing a uniform approach to identifying underage drinkers, reviewing irresponsible liquor promotions and consumption practices and educating young people in the Responsible Service of Alcohol.

It is anticipated that the success of the Burnie Accord process will provide a model that can be adopted in other areas of the State.

The Burnie Accord is an initiative of liquor licensees in the Burnie local government area, the Burnie City Council, Tasmania Police, the Commissioner for Licensing, Australian Hotels Association and the Burnie business community.

Contact: **Peter O'Sullivan** on 6336 2380 or  
[peter.o'sullivan@treasury.tas.gov.au](mailto:peter.o'sullivan@treasury.tas.gov.au)

## **State Revenue**

### **The Commissioner's Update Information Sessions**

In 2008 the "Breakfast with the Commissioner" seminars were replaced by the "Commissioner's Update". Information sessions were run in the last week of July at venues in Hobart, Launceston and, for the first time, Devonport. More than 100 taxpayer representatives attended the sessions.

The sessions were very well received with 90 per cent of attendees saying that they would recommend the event to their colleagues and over 60 per cent finding the content useful. Feedback from attendees will guide program development for future sessions in 2009-10.

Presentations were made by four SRO staff on topics of interest to a wide audience.

### **Overview of presentations**

#### **Ruling Review and Administrative Reform programme**

The Commissioner of State Revenue, Wendy Sawford, provided an update on the progress of the Ruling Review and Administrative Reform programme. Wendy outlined the process for the review of issues raised by taxpayer representatives and reported on the progress in addressing current issues.

Wendy also discussed the communication and consultation mechanisms established by the SRO to support its commitment to fair, open and effective communication. These mechanisms include consultative committees, the new Taxpayer Charter, discussion papers released for public comment and the appointment of a Senior Communications Officer.

#### **Taxpayer Charter**

The Deputy Commissioner, Chrissie Berryman, presented an overview of the inaugural Taxpayer Charter, including a discussion of the new SRO service standards. The Charter outlines the rights and obligations of taxpayers and explains the SRO's complaints handling procedure. Chrissie noted that the SRO will publish an annual report card on its performance against the service standards described in the charter.

A copy of the Taxpayer Charter can be downloaded from the SRO website ([www.sro.tas.gov.au](http://www.sro.tas.gov.au)).

Contact: **Chrissie Berryman** on 6233 4467 or  
email: [chrissie.berryman@treasury.tas.gov.au](mailto:chrissie.berryman@treasury.tas.gov.au)

#### **Abolition of Duty on non-real business assets**

Alex Jacobs, one of the SRO's Principal Taxation Advisors, discussed the recent abolition of duty on non-real business assets. Alex fielded a large number of questions on the issue of site goodwill. His answers to these questions have been posted on the SRO website, as has a guideline on the issue.

Contact: **Alex Jacobs** on 6233 3887 or  
email: [alex.jacobs@treasury.tas.gov.au](mailto:alex.jacobs@treasury.tas.gov.au)

### **2007-08 Audit Results and the 2008-09 Audit Program.**

The Acting Manager of Revenue Advice and Audit, Assistant Director Ross Smith, gave a presentation on the 2007-08 Audit Results and the 2008-09 Audit program. Ross provided a summary of the key outcomes of the 2007-08 Audit Program and described the common errors and issues detected during audits.

Ross also provided an overview of the 2008-09 Audit Program, noting two new initiatives: the Payroll Tax Awareness program and the First Home Owner Grant Awareness program.

Contact: *Jim Lincoln on 6233 5438 or email: jim.lincoln@treasury.tas.gov.au*

Copies of the Powerpoint presentations made at the information sessions and answers to questions asked at the sessions are available from the website ([www.sro.tas.gov.au](http://www.sro.tas.gov.au)).

### **Payroll Tax Harmonisation**

Australia's states and territories have agreed to adopt a new approach to payroll tax which streamlines administrative processes for businesses operating in more than one jurisdiction. The new approach includes accepting common provisions and definitions on such issues as time of lodgement, motor vehicle allowances, accommodation allowances and employee share acquisition schemes.

The Commissioners of State Revenue of Tasmania, New South Wales and Victoria and their staff have worked together to take this harmonisation even further. These three states are working towards harmonisation of their payroll tax administration. During 2007-08 the State Revenue Office of Tasmania participated in a range of collaborative activities with interstate State Revenue Offices to ensure a smooth implementation of the harmonisation measures.

The commencement of the Tasmanian Act on 1 July 2008 means that Tasmania's payroll tax legislation is now harmonised with that of Victoria and New South Wales. Queensland has also amended its payroll tax legislation to achieve similar harmonisation.

### **The major changes**

- Grouping, contractor, employment agent and employee share acquisition scheme

provisions have been aligned with Victoria and New South Wales.

- ATO rates have been adopted for accommodation and motor vehicle allowances.
- Employer contributions to portable long service and redundancy schemes and trust distributions made in place of wage payments are no longer liable for payroll tax.
- There are new exemptions for adoption leave, maternity leave, wages paid to volunteers involved in fire-fighting or emergency operations and wages paid under Community Development Employment Projects.
- The current payroll tax exemption for religious organisations and public benevolent institutions has been expanded to include non-profit organisations which meet certain conditions.

### **Rates and thresholds**

Individual states have retained their own rates and thresholds; Tasmania has not adopted Victoria's or New South Wales' rates and thresholds.

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