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## HEADLINE NEWS

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Over the last 10 years our newsletter, @treasury.tas, has developed an excellent reputation.

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## **Commonwealth Grants Commission**

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### **2010 Review Draft Report**

The Commonwealth Grants Commission is reviewing how the GST is distributed to the states and territories.

A substantive review of the methodology used to determine the distribution of GST revenue is conducted every five or six years. This review is a wider, more fundamental review of the CGC's methodology than in the past and is due to be finalised in 2010. The CGC has been instructed to simplify existing assessments, which is likely to result in significant changes in the distribution of GST revenue.

GST revenue accounts for 36.2 per cent of Tasmania's General Government revenue and is the largest source of revenue to the State Government. The distribution of GST revenue to the states is determined by state population shares, weighted by 'relativities' that are recommended by the CGC.

Using the guiding principle of horizontal fiscal equalisation, the CGC assesses the share of GST revenue each state needs to have the capacity to deliver a level of service equal to the national average. This assessment of need takes into account the relative advantages and disadvantages faced by each state that are beyond their policy control, but that effect how much revenue each can raise and how much each needs to spend to deliver services.

Tasmania is a major beneficiary of the equalisation process, as it has higher assessed per capita needs than most other states. In 2009-10, Tasmania's share of GST revenue is estimated to be \$1 526.5 million, which represents more than one-and-a-half times its population share.

In July 2009, the CGC provided states with its 2010 Review Draft Report, which provides the CGC's preliminary recommendations. It is not possible to model the GST impact, or even infer by how much Tasmania's GST revenue will change under the draft assessment methods. This is because the recommendations are based on one assessment year only, whereas relativities used to distribute GST are based on an average of a number of years. Furthermore, the preliminary nature of the

recommendations means that there could be large changes between the Draft Report and Final Report.

Treasury will be working closely with the CGC in the coming months to minimise risks to Tasmania that may arise through method changes and to ensure that Tasmania's disadvantages are appropriately reflected in the assessments.

The financial impact for states will not be known until the 2010 Review Final Report is released in February 2010.

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## **Electricity – agencies have the power to choose**

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Agencies that use over 0.15 GWh of electricity per year at one or more of their sites are now eligible to choose their electricity retailer from those licensed to operate in Tasmania.

In September 2008, Aurora Energy notified many agencies of the contestability of some of their sites from 1 July 2009. As agencies are no longer restricted in their choice of retailer they are referred to as being "contestable".

Agencies can enter a contract with a licensed electricity retailer for their future electricity supply to those sites, or participate in the wholesale market. If an agency does not exercise one of these options by 30 June 2010, and does not want supply disconnected at their sites, a "deemed fallback contract" will be established with Aurora Energy. The price the agency will pay for electricity under this fallback contract is significantly different to that under a regulated tariff, primarily in the "energy" component. Under a fallback contract, the energy price is the spot price in the wholesale energy market which can be volatile and at times reach \$10 000 MWh.

If agencies are unsure about their contestability status with respect to their sites, then they should contact Aurora Energy on 1300 132 003.

The Office of the Tasmanian Economic Regulator has comprehensive information about electricity retail contestability on its website: [www.power.tas.gov.au](http://www.power.tas.gov.au). Alternatively, telephone 6233 6323 for an information pack.

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## **The repeal of unnecessary legislation**

The Government is committed to reducing the regulatory burden on the Tasmanian business sector and to removing unnecessary legislation. To achieve this, the Department's Economic Reform Unit is working on the Legislation Repeal Bill 2009. The Repeal Bill is designed to remove redundant and unnecessary legislation from the statute books.

Some legislation is over a century old and no longer in operation. In addition, a significant volume of amending legislation accumulates each year which becomes redundant once the amendments have been incorporated. Allowing redundant legislation to remain on the statute books can create a significant compliance burden for business, and creates difficulties for the Office of Parliamentary Counsel in administering the EnAct system.

The Economic Reform Unit is working with other agencies to identify legislation that is obsolete. All identified redundant legislation will be repealed in the Spring session of Parliament this year.

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## **@treasury.tas now fully online**

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enter your contact details. Alternatively email your request to: [secretary@treasury.tas.gov.au](mailto:secretary@treasury.tas.gov.au) or phone Allison Mitchell on (03) 6233 3670.

## **Governance Review**

A recent Treasury review of governance arrangements for government-owned businesses has resulted in recommendations being implemented that support contemporary best practice.

Director Selection Advisory Panels are now used for all director appointments. Their role is to provide a shortlist of suitably qualified candidates to Shareholder Ministers for upcoming positions on the boards of Government businesses. The panels are chaired by the Secretary of the Department of Treasury and Finance and include the Chair of the relevant business, except where the position of Chair is being considered, and an independent panel member.

A Director Candidate Database has been developed to register interest for memberships on boards of Government businesses. This database is managed by executive search firm Cordiner King, who also provides support to the Director Selection Advisory Panels in identifying suitable candidates. Cordiner King was selected through an open tender process and has extensive experience in undertaking director searches.

In July 2009, advertisements were placed in each of Tasmania's major newspapers calling for people interested in Board membership to register.

Implementing the new arrangements will provide a more open and transparent process for appointing Government business directors, in line with the expectations of both the Government and the Tasmanian community.

Treasury's ongoing assessment of the Government business governance framework is part of the Government's Ten Point Plan to strengthen trust in democracy and political processes in Tasmania.

You can find information about the director appointment process, and register your interest in a director position, at:

[www.treasury.tas.gov.au/boardappointments](http://www.treasury.tas.gov.au/boardappointments).

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## **Financial management improvement**

### **Treasurer's Instruction - TI 108 Internal Audit**

As part of the ongoing review of Treasurer's Instructions, it has become apparent that a TI requiring the establishment of an internal audit function would enhance governance arrangements and bring Tasmania into line with other Australian jurisdictions that have agency internal audit requirements.

As part of the development of the TI, Treasury reviewed requirements in other jurisdictions and literature from the Australian National Audit Office and other sources. From this process, Treasury has identified elements of internal audit that are consistent with good practice and these are included in the TI. These elements include a general definition of internal audit and the requirement that agencies establish:

- an audit committee, with a formal charter, for the oversight of internal and external (financial) audit;
- an adequately resourced internal audit function governed by a formal charter that establishes the scope of authority of the internal auditor;
- the scope of services that an internal auditor may provide;
- protocols covering the internal auditor's access to information, confidentiality and independence;
- the reporting relationships between the Head of Agency, the Audit Committee and the internal auditor;
- requirements for internal audit planning and reporting; and
- requirements for the internal auditor to comply with relevant professional standards.

The Auditor-General has been consulted in relation to the TI and supports its issue.

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## **Financial reporting**

### **Preliminary Outcomes Report**

The Preliminary Outcomes Report 2008-09 was issued in August 2009 and reflects the impact of the Global Financial Crisis.

The General Government Sector remains net debt free. Net debt is estimated to be negative \$986 million as at 30 June 2009.

The preliminary 2008-09 Fiscal Balance outcome of a \$132 million deficit is a decrease of \$162 million on the original 2008-09 Budget estimate of a \$30 million surplus. It is, however, within \$12 million of the Estimated Outcome of a \$120 million deficit as disclosed in the 2009-10 Budget Papers. The difference of \$12 million is due to additional purchases of non-financial assets of \$7 million, in conjunction with a decrease in depreciation of \$8 million and an offsetting decrease in sales of non-financial assets of \$2 million.

Capital expenditure within the General Government Sector exceeded depreciation by \$77 million.

The final outcomes for 2008-09 will be published in the Treasurer's Annual Financial Report by 31 October 2009.

The Preliminary Outcomes Report 2008-09 was gazetted on 14 August 2009 and is available on the Treasury website at [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)

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## **Government Procurement**

### **New requirements - Public Works Committee Act**

The Government has recently amended the *Public Works Committee Act 1914* to help agencies meet tight timeframes for the delivery of infrastructure works under the Nation Building – Economic Stimulus Plan. The threshold for referral of public works projects to the Parliamentary Standing Committee on Public Works has been increased from \$2 million to \$5 million.

The amendments also expand the scope of the Committee to enable it to scrutinize all public works above \$5 million that are proposed to be undertaken by a General Government Sector body. Formerly, only projects funded from the Consolidated Fund were required to be referred. This means that any public works project exceeding \$5 million undertaken by a General Government Sector Body is to be referred to the Committee regardless of the source of the funding. A General Government Sector Body is defined as a Government department, within the

meaning of the *State Service Act 2000*, together with any State Authority classified in the Treasurer's Annual Report as an entity within the General Government Sector.

The amendments to the *Public Works Committee Act 1914* became effective on 16 June 2009.

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## **Fleet Management**

### **Public Sector Fleet Managers' Conference**

The National Public Sector Fleet Managers' Conference will be held at the Hotel Grand Chancellor in Hobart from 9 to 11 November 2009. The conference brings together fleet managers from all levels of government across Australia. The theme of the program is "Finding the Balance" and deals with the various, often competing, issues that are considered when managing a fleet in the public sector – such as operational needs, efficiency, safety, support for local industry, environmental impacts and other relevant government policy objectives. There will be practical case studies from public sector fleet managers, as well as market updates from experts in the motor industry.

If you want more details on the conference, or wish to pre-register, please:

Contact: Jason Fyfe on (03) 6233 6220  
email: [jason.fyfe@treasury.tas.gov.au](mailto:jason.fyfe@treasury.tas.gov.au)

### **Amended Executive Vehicle Policy**

The Government has recently reviewed its policy in relation to the provision of vehicles for senior public service executives. Following the review, only a range of non-prestige vehicles will be available as part of the overall remuneration package provided to executives. However, some executives will have the option of paying an additional cost if they choose to opt for a higher-priced or prestige model. Full details of the new policy are available on the Department of Premier and Cabinet website at [http://www.dpac.tas.gov.au/divisions/executive/gov\\_vehicles\\_policy](http://www.dpac.tas.gov.au/divisions/executive/gov_vehicles_policy). The revised list of executive vehicles is available from your agency's fleet manager.

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## **Liquor and gaming**

### **Regulating wagering in Tasmania**

Amendments to the *Gaming Control Act 1993* provide for the regulation of totalizator, race wagering and sports betting operations in Tasmania and came into effect in July 2009.

This brings wagering operations in Tasmania in line with licensed providers and gaming operators under the statutory authority of the Tasmanian Gaming Commission. The Commission carries out the regulation of these activities with administrative assistance from the Liquor and Gaming Branch of Treasury.

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### **Launceston Liquor Accord launched**

The Minister for Tourism and the Arts, The Hon. Michelle O'Byrne MP, launched the State's second Liquor Accord in Launceston in July 2009.

A Liquor Accord is an agreement to build constructive working relationships between licensees, Government and the community to take certain actions in local communities which aim to improve safety in urban and entertainment areas and reduce alcohol related anti-social behaviour, offences and violence.

The Launceston Liquor Accord was launched in conjunction with the Mayor of Launceston, Albert Van Zetten; the Commissioner for Licensing, Wendy Sawford; the Acting Commander of Police, Michael Johnston; the General Manager of Australian Hotels Association, Steve Old; and the Chairman of the Launceston Liquor Accord, Don McQuestin.

Ms O'Byrne said the establishment of an accord would provide an important forum for licensees, supported by Government and business, for improving social outcomes in and around Launceston.

"With the current national focus on alcohol issues, it is timely that licensees have taken this important step to help reduce the incidence of anti-social behaviour and alcohol-related crime," Ms O'Byrne said.

"Local liquor accords have the advantage of enjoying the support and cooperation of licensees, government and business and can stop problems from occurring before tying up the resources of the police and licensing authorities."

“The operation of the accord will help to improve patron safety through the promotion of Responsible Service of Alcohol and improving and maintaining the standards of behaviour in and around licensed premises.”

The Launceston Accord is an initiative of liquor licensees in the greater Launceston area, the Launceston City Council, Tasmania Police, the Australian Hotels Association, the Liquor and Gaming Branch of Treasury, and the Launceston business community, including the Launceston Chamber of Commerce and Cityprom.

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### **Player protection measures – for gamblers**

The Tasmanian Gaming Commission is implementing the State Government’s consumer protection measures, announced earlier this year, that are aimed at improving player protection for all gamblers in Tasmania.

The measures were developed by the Government in response to a study commissioned by Treasury in 2007, after consultation with key community and industry groups. The study indicated that a small, but not insignificant, proportion of Tasmanians experience harm due to gambling and it provided a strong case for improved player protection.

The Commission is responsible for implementing many of the changes and is committed to consulting with gaming operators on how this can be done effectively. In particular the development of the mandatory code of practice, and the transition arrangements to the new standards for existing gaming machines, will require consultation.

Work is underway to implement those measures that do not require any legislative change, while others can only commence after the *Gaming Control Act 1993* has been amended later this year.

Information sheets, and updates on the Commission’s progress towards implementing each of the measures, will be available at [www.gaming.tas.gov.au](http://www.gaming.tas.gov.au)

### **New player protection measures**

#### **Measures where work is underway:**

- enhanced training for gaming staff
- further limits on the use of cheques in casinos

- reduced maximum lines played on gaming machines
- reduced bet limit on gaming machines
- reduced cash input limits on gaming machines
- improved information to players on gaming machines

#### **Measures that will commence after legislation**

- Tasmanian Gaming Commission role on harm minimisation
- restricted access to gambling by minors
- strengthened gambling exclusions scheme
- new mandatory code of practice
- limit on attendant service of alcohol and food
- minimum lighting requirements
- clocks in gaming areas
- further restrictions on access to cash
- improved signage

#### **Measures to be implemented by the Department of Health and Human Services**

- enhanced education for at-risk groups
- gambling Helpline service review

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## **State Revenue**

### **Agreements for sale no longer dutiable**

Agreements for sale are no longer dutiable in Tasmania following changes announced in the 2009-10 State Budget. This means that from 1 July 2009, duty will only be charged on the transfer of dutiable property.

Following the changes, where an agreement for sale is dated prior to 1 July 2009, the agreement for sale and the subsequent transfer remain dutiable transactions and the No Double Duty provisions of the *Duties Act 2001* still apply.

Any transaction that commences on or after 1 July 2009 will be covered by the new provisions and the agreement for sale of real property will no longer be a dutiable transaction; the transfer is the dutiable transaction. However, the SRO still requires a copy of the agreement for sale as the dutiable value of the property is determined at the date of the agreement for sale rather than at the transfer date.

A further new provision requires duty to be paid on transactions other than transfers that involve a change in the beneficial ownership of dutiable properties. This provides for the capture of duty liabilities created by transfers of plant and equipment or transfers of partnership interests in land.

In order to protect the revenue base from potential avoidance, new sub-sale provisions, based on those that apply in Victoria, have been introduced in the Act. These provisions ensure that duty is imposed correctly where there is a genuine sub-sale of the property subsequent to the original transaction.

The abolition of duty on agreements for sale results from the State Revenue Office's consultation and administrative reform program. The SRO responded to stakeholder concerns surrounding the application of the No Double Duty provisions of the *Duties Act 2001* and has delivered a practical solution.

More information on the *Duties Amendment Act 2009* is available from the SRO website [www.sro.tas.gov.au](http://www.sro.tas.gov.au), including:

- a fact sheet
- Frequently Asked Questions sheet
- Duties Amendment Act – Explanatory Guide
- Section 36I – Statutory Declaration

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### **New Employment Incentive Scheme**

The Employee Incentive Scheme (Payroll Tax Rebate), announced as part of the 2009-10 State Budget, is a temporary incentive designed to encourage employers to employ additional Tasmanian staff during the economic downturn created by the recent global financial crisis. The scheme provides payroll tax relief for new positions created after 11 June 2009 and on or before 30 June 2010, providing that they are maintained until 30 June 2011, and will operate for the 2009-10 and 2010-11 financial years.

The EISPR will be paid as a periodic rebate for the period 1 July 2009 to 30 June 2011 and will be equivalent to the payroll tax paid for this period for the eligible new positions.

Employers who register for payroll tax after 11 June 2009 and on or before 30 June 2010 will also be eligible to claim the EISPR. In these instances, new payroll tax registrants will be invited to submit their registration for the EISPR, including a statement of

their base employment rate, at the time of payroll tax registration.

The scheme has been designed with the specific intent of supporting employment for a fixed-term period. Therefore the Commissioner of State Revenue will not approve applications that are not in the spirit of encouraging payroll tax payers to employ additional staff during the economic downturn.

An eligible new position is one which:

- is newly created and filled after 11 June 2009 and on or before 30 June 2010;
- is continuously maintained for the period up to and including 30 June 2011;
- is full-time or part-time;
- operates within Tasmania;
- is occupied by a Tasmanian resident;
- is not a seasonal appointment; and
- is not covered under the Tasmanian Trainee and Apprentice Incentive Scheme (TTAIS rebate).

Separate rules apply for those payroll tax payers who are eligible for the Information Technology Rebate (IT Grant).

More information on the Employee Incentive Scheme (Payroll Tax Rebate) is available from the State Revenue Office (SRO) website <http://www.sro.tas.gov.au/grantsandrebates> including:

- A fact sheet
- EISPR Registration Form
- Frequently Asked Questions sheet

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