



## Contents

### What's New

<b>New on the Web</b>	<b>1</b>
<b>Special Interest Updates</b>	
<b>Budget Issues</b>	<b>5</b>
<b>Commonwealth / State Relations</b>	<b>3</b>
<b>Economic News</b>	<b>6</b>
<b>Financial Reporting</b>	<b>5</b>
<b>Government Businesses</b>	<b>4</b>
<b>Government Procurement</b>	<b>7</b>
<b>Risk Management</b>	<b>5</b>
<b>Regulation Review</b>	<b>4</b>
<b>State Taxation</b>	<b>6</b>
<b>Features</b>	
<b>Tasmania Achieves a Credit Rating Upgrade</b>	<b>3</b>
<b>Building on Success</b>	<b>2</b>
<b>Integration of Gaming and Licensing Branches</b>	<b>2</b>
<b>Treasury's Federation Garden</b>	<b>3</b>
<b>Treasury Contacts</b>	<b>8</b>

## HEADLINE NEWS

### Tasmania Achieves a Credit Rating Upgrade

Standard and Poor's has recently upgraded Tasmania's long term local and foreign currency credit ratings from 'AA-' to 'AA'. *More on page 3*

### Accrual Budget Update

Significant progress has been made in developing a conceptual framework as part of the phased approach to implementing accrual budgeting for the 2003-04 Budget. *More on page 5*

### Better Procurement in Government

Treasury is soon to release a Discussion Paper entitled *Better Procurement in Government*. It will suggest strategies to help improve procurement practices. *More on page 7*

### Commonwealth Grants Commission 2004 Review

The current five year review of the methodology used by the Grants Commission to assess states' relative needs in relation to general purpose payments is due to be completed in 2004. *More on page 3*

### Common Use Contract News

Westpac MasterCard has replaced Amex as the Tasmanian Government's corporate card. Australian Air Express Pty Ltd has been awarded the whole-of-government contract for Cartage – Express Air Freight. *More on page 7*

### Economic News

Provides a summary of Tasmania's performance on measures of employment, unemployment, population growth, and State final demand. *More on page 6*

### Government Business Enterprises Amendment Act

The *Government Business Enterprises Act 1995* has been amended in light of the commencement of the National Taxation Equivalent Regime on 1 July 2001. *More on page 4*

### Integration of Gaming and Licensing Branches

The Gaming and Licensing functions of the Revenue, Gaming and Licensing Division of Treasury are being integrated into one Branch. This integration is a logical consequence of common industry stakeholders and the need for improved service delivery. *More on page 2*

### Legislation Repeal Bill 2001

This year around 160 Acts and 430 pieces of subordinate legislation will be repealed. Included is legislation to be repealed because the restrictions on competition and compliance costs were assessed as being greater than the benefits. *More on page 4*

### Tasmanian Risk Management Fund

The Tasmanian Risk Management Fund performed better last year than did other workers' compensation insurers and self-insurers. *More on page 5*

### Tender and Contract Reporting

During 2000-01, Tasmanian suppliers were successful in securing 87.8 per cent of the 444 contracts awarded by inner-Budget agencies and Government Business Enterprises. *More on page 8*

### Treasury's Federation Garden

As part of Treasury's contribution to the Centenary of Federation celebrations, the gardens in the forecourt of 21 Murray Street are being redeveloped. *More on page 3*

## New on the Web

### Accrual Budget Update

*More on page 5*

Go to: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)> Accrual Budget Implementation

### Best Practice Guide for the Administration of Grants

Go to:

[www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)>Financial Management and Reform

### Better Procurement in Government

Coming soon

*More on page 7*

Go to: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)>

Procurement and Contracting> Policy and Discussion Papers

### Discussion Paper on Public Liability Cover

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

>Procurement & Contracting

### Financial Management Reform Strategy 2001 Progress Report

*More on page 5*

Go to: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)>

Financial Management & Reform

### Government Business Enterprises Amendment Act 2001

*More on page 4*

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

>Government Businesses > Treasurer's Instructions and Guidelines for Government Businesses

### Loan Council Outcomes 2000-01

*More on page 4*

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

>Financial Management & Reform

### Quarterly Statement of the Consolidated Fund

*More on page 5*

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

>Financial Management & Reform

### Treasury's Annual Report 2000-01

Go to:

[www.treasury.tas.gov.au](http://www.treasury.tas.gov.au)>About Us

### Treasurer's Financial Statements

*More on page 5*

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

>Financial Management & Reform

### Winning Government Business

Coming soon

*More on page 8*

Go to: [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au)

### WorkCover Performance Report on Insurers and Self-insurers

*More on page 6*

Go to: [www.wsa.tas.gov.au/wr&c/Statistics/quarter.htm](http://www.wsa.tas.gov.au/wr&c/Statistics/quarter.htm)

## Building on Success

### Ten years' hard work pays off

As the year draws to an end, it is immensely satisfying to reflect on a recent achievement for the Government - the credit rating upgrade to AA announced in October 2001 by Standard and Poor's. This outcome has been pursued for the past decade and demonstrates that long-term strategies can bear substantial fruit. I would like to put on record my thanks to present and past members of the Department who have contributed, some directly and some indirectly, to the sound management of the State's finances which resulted in the rating upgrade. Further details are provided in a special feature on page 3.

### 2020 Vision for Tasmania

Tasmania *Together* is the result of a two-year process to develop a community-owned 20-year social, environmental and economic plan for the State. In September, the Tasmania *Together* Community Leaders Group released 212 Tasmania *Together* benchmarks that underpin 24 goals for community, culture, democracy, economy and environment.

The Department of Treasury and Finance will be undertaking a range of initiatives that will contribute to a number of these benchmarks. Some of the benchmarks with milestones for achievement by 2005 include:

- improving the State's credit rating to AA;
- increasing Gross State Product to 2 per cent;
- reducing the proportion of young people leaving the State and increasing population growth; and
- increasing business confidence and improving Tasmania's attractiveness as a place to do business.

It is highly pleasing to note that the target for a rating upgrade has been achieved some four years early.

### Stakeholder feedback

In our ongoing endeavours to foster and maintain good working relationships with our clients, the Department has again sought feedback from stakeholders. Encouragingly, eighty percent of respondents have indicated overall satisfaction with the standard of client service delivered by Treasury.

While this positive message is gratifying, of greater value is the feedback on improving our interaction. Communication is a primary area of concern, as it was last year. However, this year the focus has moved from 'timeliness' and 'frequency of communication' to communicating in a manner that demonstrates an understanding of our stakeholders' needs.

In response, each Branch has been asked to develop targeted strategies for enhancing stakeholder interaction. The aim is to build a better understanding of stakeholder's needs into the advice and services we provide.

I would like to thank all those who participated in the survey and hope that through our responses we will continue to improve the relationships we have established.



D W Challen  
SECRETARY

## Integration of Gaming and Licensing Branches

In May 2000, the Farley Consulting Group was commissioned to examine the feasibility of integrating the functions of the Gaming Operations Branch and the Licensing Branch within the Revenue, Gaming and Licensing Division. The objective of the review was twofold:

- to consider potential benefits from improving service delivery to the community through greater integration of the regulation of liquor licensing and gaming; and
- to design a management structure within the context of the strategic direction of the Division and improved service delivery for integrated gaming and licensing functions.

The review incorporated four phases: Research; Conclusions; Operations Review and Design (now finalised); and a Job Design phase to be undertaken, in consultation with staff, once the new structure is in place. An interim report, detailing the findings of the first three phases of the review, has been approved by Treasury's Executive. The interim report recommended:

- a single Branch - Gaming and Licensing - to be formed, combining the roles and responsibilities of both; and
- the Gaming and Licensing Branch to be the responsibility of a new position: Director Gaming and Licensing.

The Director Gaming and Licensing answers to the Executive Director Revenue, Gaming and Licensing and is responsible for developing and implementing the new organisational and functional structure of the Gaming and Licensing Branch. Mr Paul Burgess has been appointed to the position of Director Gaming and Licensing Branch. He was formerly the Director of Client Services at the Olympic Co-ordination Authority and before that Operations Manager of the Casino Control Authority of NSW.

Staff members have been advised that the implementation of the recommendations of the review will not result in job losses, downgrading of classifications or involuntary relocation and that all possible efforts will be made to enhance staff presence in Launceston.

The new Branch will improve separation between operational, compliance and support functions to the Licensing Board and the Tasmanian Gaming Commission. This separation is very important from an industry and public perception viewpoint.

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phone 03 6233 2151 or

e-mail [heather.felton@treasury.tas.gov.au](mailto:heather.felton@treasury.tas.gov.au)

## Treasury's Federation Garden

As part of Treasury's contribution to the Centenary of Federation celebrations, the gardens in the forecourt of the Public Offices at 21 Murray Street, Hobart, are being redeveloped. The design chosen for the new garden recreates elements of the garden that existed in 1901. The Tasmanian Heritage Council approved the proposed changes in July 2001 and work began in late September under the supervision of the landscape architect responsible for the design.

The forecourt garden was originally created in 1842, following the completion of the central building designed by the Colonial Architect, John Lee Archer. This forecourt is symmetrically arranged on either side of a massive doric portico designed by James Blackburn. On its northern side the forecourt is bounded by the 1824 Supreme Court, and on its southern side by the 1835 Police and Convict Offices.

Extensive research was undertaken by members of Treasury, in collaboration with the landscape architect, to determine an appropriate design for the forecourt garden. From photographs, it was found that, in the 1860s, a distinctive white star-patterned wooden fence supported by a low sandstone wall delineated the garden. Sometime around the mid 1880s, the wooden fence was removed and replaced by decorative iron panels. These were fixed to the wall, which featured distinctive sandstone pillars. By 2001, only the sandstone wall remained, the iron panels and sandstone pillars having been removed, probably during the Second World War.

In creating the new Federation Garden, Treasury will:

- replicate the sandstone pillars and iron infill panels that were in place along the Murray Street boundary in 1901;
- replicate the internal iron fences and gates that bordered the main entrance pathway in 1901;
- construct stone paving around the perimeter of the buildings (similar to the area of paving shown on an 1842 plan) and include disabled access to the main entrance; and
- construct garden beds and plant them with shrubs, perennials and trees similar to those that existed in the early 1900s.

An archaeologist was engaged to supervise the excavations undertaken by the construction team. As the site has been in use by Europeans since 1804, it was possible that there might have been remains important to Tasmania's historic cultural heritage.

While nothing of significance relating to previous gardens or forecourt landscaping was uncovered, the excavations did reveal a large sandstone brick pit that was probably installed between 1860 and 1890 as part of an elaborate drainage system. Another find was an intact sandstone footing for a wall or path, most likely built either before, or in connection with, the Supreme Court building that was opened in May 1824.

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## Tasmania Achieves a Credit Rating Upgrade

On 18 October 2001, Standard & Poor's announced the upgrade of the State's long term, local and foreign currency credit ratings from 'AA-' to 'AA', following the assignment of a positive outlook in 2000. The 'outlook' is now stable and the short term rating remains 'A-1+'. The guaranteed debt issues of Tascorp have also been upgraded to 'AA'. This credit upgrade follows a visit by Standard & Poor's to Tasmania in August this year and is the first upgrade for Tasmania since ratings were assigned in 1991. The upgrade will provide a confidence boost to business investors.

The credit upgrade is the culmination of many years' work and has been received with great enthusiasm by the Government and the staff of the Department of Treasury and Finance. In arriving at its assessment, Standard & Poor's noted a decade of impressive fiscal consolidation. In Standard & Poor's own words "the deficits of the late 1980s and early 1990s have been eliminated, with particular improvement in the last few years, and the budget is now in surplus and set to stay there." The Government was able to demonstrate to Standard & Poor's that it can deliver on its commitments and that it will be able to further improve Tasmania's financial position in coming Budgets.

Standard & Poor's is an independent expert and its assignment of a 'AA' credit rating is confirmation of the strength of the State's economic and financial position. The Treasurer, Dr David Crean MLC, said the rating upgrade confirms the Government's commitment to the Fiscal Strategy as the right approach to achieve results. The key elements of the Government's medium term strategy - maintaining a General Government surplus, reducing the State's debt burden and reducing the tax burden on all Tasmanians and Tasmanian businesses - produced a strong financial outcome and this has been positively received by Standard & Poor's.

Standard & Poor's noted that maintenance of existing fiscal outcomes and a further fall in net debt would strengthen credit quality. The Treasurer said the challenge for Government is to obtain another upgrade within the next three years.

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## Commonwealth/State Relations

### Commonwealth Grants Commission's 2004 Review

The Commonwealth Grants Commission (CGC) makes recommendations to the Commonwealth Treasurer on the share of Commonwealth general purpose payments to be allocated to each state and territory (state). In 2001-02, it is estimated that Tasmania will receive approximately \$1.2 billion in general purpose payments. This represents 52 per cent of the State's Consolidated Fund Receipts.

Each year the CGC makes an assessment of the relative needs of each state to determine the share of general purpose payments a state needs to ensure that it will have the capacity to deliver a level of services equal to the average of all states. The CGC's assessment has a significant impact on the state's fiscal capacity to provide services. As a result of the last assessment, Tasmania will receive approximately \$420 million more in 2001-02 than it would have if grants were distributed on a per capita basis.

Every five years the CGC undertakes a review of the methodology it uses to assess the relative needs of each state. The current Review is to be completed by 2004. The methodology determined from the 2004 Review will be used by the CGC to decide states' needs for the five years commencing 2004-05.

During the Review process, states are given the opportunity to put forward views on:

- the disabilities faced by states in the delivery of services and the collection of revenue;
- the appropriate methodology to measure those disabilities; and
- issues and proposals from other states.

The State's involvement in the 2004 Review will increase significantly during the next twelve months. The major activities are:

- completion of the CGC's special data requests (by 15 February 2002);
- completion of Tasmania's main submission for the 2004 Review (by 5 April 2002); and
- workplace discussions with the CGC (12-16 August 2002).

While the workplace discussions are some time off, planning and co-ordination has commenced. The workplace discussions enable the Commission to inspect the delivery of government services and discuss the cost pressures directly with agency officers and service providers. The Commission will also be interested in Tasmania's capacity to raise revenue from all sources.

The workplace discussions give Tasmania an opportunity to maximise the Commission's appreciation of the particular cost pressures faced in delivering government services and collecting revenue in Tasmania. Agencies play an important role in these discussions, as they must demonstrate to the Commission how factors in Tasmania affect their costs and revenue raising capacity. The information gathered on these visits plays a major part in the CGC's review and has a significant impact on the share of Commonwealth funds provided to the State.

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### **Loan Council Outcomes 2000-01**

The *Loan Council Outcomes Report 2000-01* is based on actual end of year results and was Gazetted on 31 October 2001. It presents the 2000-01 outcomes for the Tasmanian public sector for Government Financial Statistics and Financial Assets and Liabilities. The Report accords with the revised Uniform Presentation Framework agreed by the Australian Loan Council in March 1997.

Go to [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au) >Financial Management & Reform

## **Government Businesses Update**

### **Government Business Enterprises Amendment Act 2001**

The *Government Business Enterprises Amendment Act 2001* (the Amendment Act) received the Royal Assent on 30 October 2001 and has an effective date of 1 July 2001. The Amendment Act amends the *Government Business Enterprises Act 1995* so as to address some inconsistencies between a number of the provisions of the State Taxation Equivalent Regime (State TER) and the National Taxation Equivalent Regime (NTER). The amendments will apply to income tax equivalent liabilities accruing from 1 July 2001 for Government businesses that are subject to the NTER. The Amendment Act also makes it explicit that the Treasurer can enter into an agreement for the administration of the income tax equivalent regime.

At its meeting on 30 March 2001, the Ministerial Council for Commonwealth-State Financial Relations agreed to defer for 12 months the application of the NTER to central borrowing authorities, pending an examination of the issues associated with the inclusion of these authorities in the NTER. The State TER has been retained in the GBE Act to ensure that Tascorp continues to be subject to the State TER. All other Government businesses previously subject to the State TER, as at 30 June 2001, are now subject to the NTER. The Port Arthur Historic Site Management Authority has been excluded from any TER, for public benefit reasons.

Go to: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au) >Government Businesses> Treasurer's Instructions and Guidelines for Government Businesses for information on the NTER.

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## **Regulation Review Update**

### **Legislation Repeal Bill 2001**

Legislative reform is an important component of the Government's overall reform strategy. The Government is keen to ensure that, where appropriate, non-legislative mechanisms are adopted to achieve particular policy outcomes. Reducing the regulatory burden on the Tasmanian business sector and removing unnecessary legislation will help to create a business environment more conducive to investment.

In most years, Treasury's Regulation Review Unit coordinates a Legislation Repeal Bill to repeal Acts and subordinate legislation identified by administering agencies as being no longer necessary. This year's Legislation Repeal Bill repeals around 160 Acts and 430 pieces of subordinate legislation. Included in the Bill this year are amending and repealing Acts and regulations for which the provisions have been fully incorporated into the Principal Act or subordinate legislation. Also included is legislation that is to be repealed because the restrictions on competition and compliance costs were assessed as being greater than the benefits.

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## Budget Issues

### Accrual Budget Update

Significant progress has been made in developing a conceptual framework as part of a phased approach to the implementation of accrual budgeting for the 2003-04 Budget. The framework will provide direction for the further development of revised Budget management processes and procedures.

The proposed conceptual framework covers the following budgeting elements:

- measurement and presentation of the Budget Outcome;
- agency Budget presentation; and
- appropriations.

The new Budget measures and presentation will be based on the accrual Uniform Presentation Framework (UPF), which uses Australian Bureau of Statistics (ABS) classifications, to present a Budget result for the General Government sector. The measures are to be incorporated into a revised Fiscal Strategy for the Government. All aspects of the presentation of agency Budgets in *Budget Paper No 2* will be reviewed, in consultation with agencies.

To manage the development of the details of the conceptual framework, Treasury has established a number of inter-agency working groups. The role of the working groups is to consider issues regarding the implementation of accrual budgeting, and associated financial management reforms, and provide recommendations to Treasury.

Financial management legislation and business support systems are currently under review to ensure that consideration is given to the full range of issues associated with the implementation of accrual budgeting.

An education and training program was arranged for Treasury Budget Analysts and agency Budget and Finance officers in November 2001. The objective of the program was to raise general awareness about managing in an accrual environment. The program will be expanded and offered more widely in 2002-03.

Go to: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au) > Accrual Budget Implementation

Contact: Jeff Reeve on 03 6233 3857 or  
e-mail [jeff.reeve@treasury.tas.gov.au](mailto:jeff.reeve@treasury.tas.gov.au)

## Financial Reporting

### Financial Management Reform Strategy 2001 Progress Report

Treasury released *Tasmania's Financial Management Reform Strategy 2001 Progress Report* (FMRS) on 31 October 2001. This is the fifth annual FMRS Progress Report published by Treasury. This series of publications records the path of financial management reform since 1996.

The benefits of continuing to follow an integrated approach to financial management reform include:

- providing guidance and leadership for public sector managers and employees;

- placing the agenda of initiatives in a proper, comprehensive context;
- avoiding duplication or conflict in policies; and
- overcoming potential inefficiencies in the application of resources.

The fifth Progress Report highlights financial management reform initiatives achieved in 2000-01; details the changes associated with implementing *Tasmania Together*; and sets out the timetable for the implementation of financial management reforms such as accrual budgeting.

Contact: Doug Clow on 03 6233 3696 or  
e-mail [doug.clow@treasury.tas.gov.au](mailto:doug.clow@treasury.tas.gov.au)

### The Treasurer's Financial Statements - 30 June 2001

The Treasurer's Financial Statements in respect of the Public Account, for the year ended 30 June 2001, were tabled in the House of Assembly and the Legislative Council on 27 and 28 September 2001.

The Statements reported a Consolidated Fund Surplus of \$3.5 million for 2000-01. The balance in the Special Deposits and Trust Fund increased by \$160.4 million, from \$590.6 million at 30 June 2000 to \$751.0 million at 30 June 2001.

State Debt decreased by \$31.2 million, from \$1 519.8 million at 30 June 2000 to \$1 488.6 million at 30 June 2001.

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e-mail [clorissa.lorkin@treasury.tas.gov.au](mailto:clorissa.lorkin@treasury.tas.gov.au)

### Quarterly Statement of the Consolidated Fund

The Statement of the Consolidated Fund for the Quarter ended 30 September 2001 is now available on Treasury's Web site. The Statement provides details of receipts and expenditure to the Consolidated Fund for the three months ended 30 September 2001. It also includes a summary of expenditure on an Output Group basis for each Department.

Go to: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au) > Financial Management & Reform

## Risk Management Update

### Tasmanian Risk Management Fund

#### Management Structure

The expanded Tasmanian Risk Management Fund, which commenced operation in July 2001, is strategically managed by an inter departmental Steering Committee chaired by Treasury.

The Steering Committee has established three sub-committees: one to deal with operational matters associated with liability (including public, products and professional liability risks); one to deal with property issues (including motor vehicles); and one to deal with workers' compensation issues.

Each sub-committee met for the first time in October 2001 and considered draft Terms of Reference and a proposed list of projects to be undertaken in relation to each area of risk. It is envisaged that the sub-committees will meet at least on a quarterly basis.

Treasury provides administrative support for the Steering Committee and for each of the sub-committees.

### Performance of the Fund

The WorkCover Tasmania Board recently released its report on the performance of insurers and self-insurers for the 12-month period ending June 2001.

The report shows that, as a whole, the Tasmanian Risk Management Fund performed better than other insurers and self-insurers in this period. For example:

- the average premium rate for all employers was 3.0 per cent, compared to 2.0 per cent for the Fund;
- in the period 1999-00 to 2000-01, claims reported against all employers decreased from 11 833 to 11 323, or 4.3 per cent, and claims against the Fund decreased from 1 742 to 1 624, or 6.8 per cent;
- claim payments made on behalf of all employers decreased from \$128.5 million in 1999-00 to \$122.8 million in 2000-01, or 4.4 per cent. In the same period, claims payments made by the Fund decreased from \$21.4 million to \$18.8 million, or 11.9 per cent.

A copy of the report can be found at [www.wsa.tas.gov.au/wr&c/Statistics/quarter.htm](http://www.wsa.tas.gov.au/wr&c/Statistics/quarter.htm)

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## State Taxation Update

### Amendments to Duties Act 2001

Minor amendments are being made to the *Duties Act 2001* to ensure continued consistency with the Acts of other jurisdictions and to clarify the intent of certain provisions.

Several jurisdictions, including Tasmania, jointly developed duties legislation with a view to improving uniformity and consistency so as to achieve reductions in compliance costs for business and other stakeholders. The legislation of the participating jurisdictions uses common principles, definitions and structures unless a jurisdiction adopts a different policy position.

The *Duties Act 2001* is being amended to incorporate uniform interjurisdictional mortgage provisions that had not been finalised prior to the passage of the Act. Exemptions for "margin lending schemes" and "securitisation structures" have been included, as these inadvertently became dutiable under the Act. This will restore the previous policy treatment for these schemes.

In addition, a number of other minor amendments are being made to the *Duties Act* that seek to clarify the original policy intent of the Act, or are adjustments necessary for ensuring that the Act coincides with administrative practices.

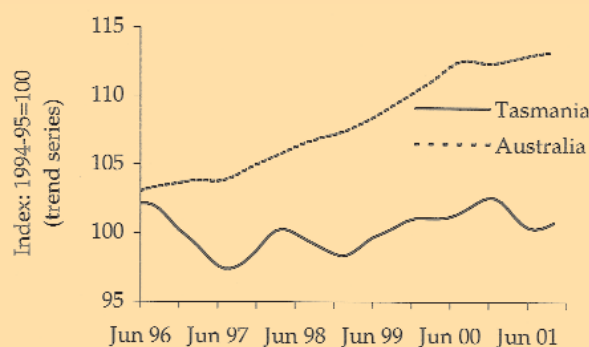
Contact: Dale Hickman on 03 6233 3538 or e-mail [dale.hickman@treasury.tas.gov.au](mailto:dale.hickman@treasury.tas.gov.au)

## Economic News of Interest

### Employment

Total employment in Tasmania rose to 198 800 persons (in trend terms) in October 2001, the third consecutive monthly increase. The current level of employment is 2 800 persons below its year-earlier level but 4 700 persons above the January 1999 level. Also, in average annual terms, the number of jobs in 2000-01 was 5 500 above that for 1997-98. The increase in employment since January 1999 has been dominated by full-time positions (an increase of 3 600 persons).

### Employment

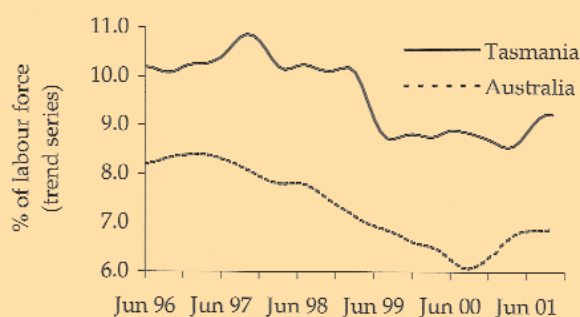


Source: ABS Cat. No. 6202.0

### Unemployment

The Tasmanian unemployment rate in October 2001 (in trend terms) was 9.2 per cent. This is above the 8.8 per cent recorded in October 2000, but down from 10.2 per cent in January 1999.

### Unemployment



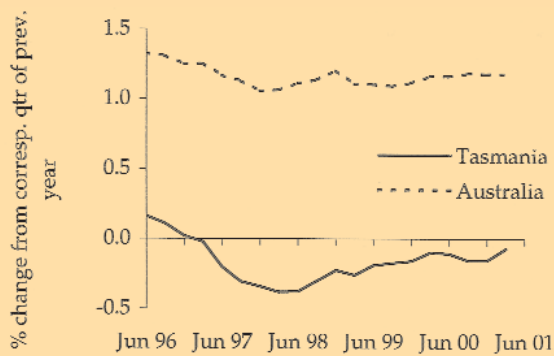
Source: ABS Cat. No. 6202.0

### Population Growth

Tasmania's population was estimated at 470 260 persons in the March quarter 2001, an increase of 190 persons relative to the previous quarter. This is the second quarterly increase in the State's population since 1996. The annual population decline of 0.07 per cent through the year to March 2001 was the smallest decline since the March quarter 1997.

The population decline has been caused primarily by a high level of out-migration from Tasmania to mainland Australia. In the year to March 2001, however, the level of net interstate out-migration eased to 2 640 persons, from 3 016 persons in the previous year, its lowest level in four years.

### Population Growth

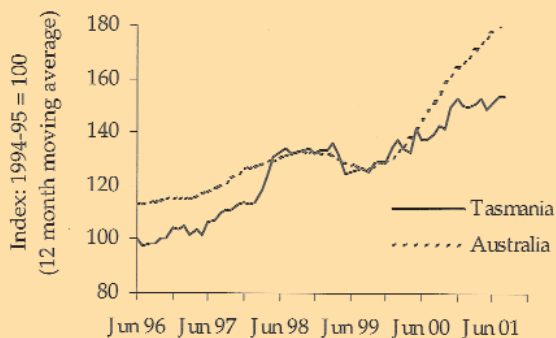


Source: ABS Cat. No. 3101.0

### Overseas Exports

Tasmanian overseas exports increased by 7.6 per cent to a near record high level of \$2.479 billion (in nominal terms) in the year to September 2001. By destination, there has been strong growth in exports to the US, New Zealand, South Korea and Hong Kong.

### Overseas Merchandise Exports

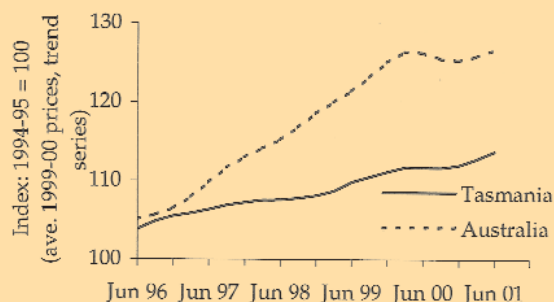


Source: ABS Cat. No. 5432.0.65.001

### State Final Demand

In the June quarter 2001, final demand, which is the value of goods and services purchased in Tasmania and provides a general indication of economic activity in the State, rose by 0.8 per cent (in real, trend terms), due to increases in consumer spending and private investment. In the year to June 2001, real State final demand rose by 0.7 per cent, which was above the national increase of 0.3 per cent.

### State Final Demand



Source: ABS Cat. No. 5206.0

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## Government Procurement Update

### Better Procurement in Government

In December 2001, Treasury will release a Discussion Paper entitled *Better Procurement in Government - Improving the Knowledge and Skills of Government Buyers and Contract Managers*.

The Auditor-General, in his *Special Report No 34 - Procurement in Tasmanian Government Departments*, identified needs for increased awareness of procurement requirements, and for tools, systems and training to improve the competency of staff involved in procurement. The Discussion Paper responds to these concerns, suggesting strategies for improving procurement practices, such as:

- identifying training needs and demands for staff involved in procurement and contract management (both goods and services and building construction);
- developing a competency based training program to meet the training needs of agency procurement staff;
- requiring all staff involved in procurement to undertake, at a minimum, basic procurement policy and procedure awareness training; and
- promoting a greater focus on procurement across government and agencies.

Treasury has recently entered into an agreement to access the procurement training course material of the Victorian Government's Procurement and Contracting Centre for Education and Research (PACCER). The agreement allows courses to be adapted for delivery in Tasmania.

A forum of interested stakeholders, including government buyers and contract managers, will be held early in 2002 to consider the strategies identified in the Discussion Paper, review the PACCER courses, and agree on what can be done, by both Treasury and agencies, to improve procurement practices. If you are interested in attending the forum or want more information:

Go to: [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au) > Procurement and Contracting > Policy and Discussion Papers.

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### News on Common Use Contracts

#### Tasmanian Government Corporate Card Facility (Contract C155)

The Tasmanian Government has a new Corporate Card - Westpac MasterCard. This card replaces the American Express International Inc card (Amex) that has been used as a procurement card by agencies since 1996.

Westpac Banking Corporation has recently commenced a five-year contract, as sole contractor, to supply a corporate card facility to the Tasmanian Government to facilitate the procurement and payment of low value goods and services. This contract will run to 30 November 2006. The Westpac

MasterCard will provide improved merchant coverage, particularly in regional areas; lower merchant fees for suppliers; an excellent range of risk minimisation features that can be tailored to individual cards to provide added security; a unique customer support model; and a number of cost effective reporting options, including a product called SmartData Online – an Internet based payment authorisation facility.

The wide acceptance of MasterCard within the business community will enhance opportunities for agencies to maximise the use of the Corporate Card, and will facilitate the introduction of eProcurement initiatives.

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### **Cartage – Express Airfreight (Contract C106)**

The whole-of-government contract for Cartage – Express Air Freight (Contract C106) was recently awarded to Australian Air Express Pty Ltd for the period 1 November 2001 to 31 October 2003. Agencies should note that this contract replaces the previous agreement with TNT Express, formerly operating as Ansett Air Freight.

This contract will provide government users with competitive rates for a range of delivery services including: Next Flight; Overnight; Two Day Economy; Three Day Offpeak; Prepaid Satchels; and International Documents and Parcel Freight.

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### **Tender and Contract Reporting**

During the 2000-01 financial year, inner-Budget agencies and Government Business Enterprises awarded 444 contracts, with a combined value of \$388.1 million. Tasmanian suppliers were successful in securing 390, or 87.8 per cent, of these contracts, valued at \$332.0 million, or 85.6 per cent of the total value.

This is the second full year of data collection, and a comparison between the figures for 2000-01 and 1999-00 reveals that the percentage of contracts awarded to Tasmanian suppliers and the value of those contracts have both increased. The number of bids received from Tasmanian suppliers, as a percentage of total bids, has also increased.

New guidelines were recently issued for the reporting of tender and contract information. A copy of these guidelines and further information are available on request.

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### **Winning Government Business**

The new Web site, Winning Government Business, will be implemented in December 2001. It will be on the new look government purchasing Web site:  
[www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au).

Designed to provide Tasmanian businesses with information they need to know to do business with Government, the Web site has been divided into four main areas:

#### **How Government Buys**

If you want to know the rules and processes that government buyers must follow when purchasing on behalf of the Government, this is where to look. This section also introduces you to the buyers, and provides a link to agency contacts.

#### **Finding Business**

This is the place to go if you want to find out about government business opportunities. Included in this section is a directory of agencies and what they buy, and advice on how to market your business to government buyers. Learn more about the Industrial Supplies Office Tasmania (ISOTas), what it does and why it is a good idea to register with it. If you are in the building and construction industry, this is where to go if you want to know how to register for government business opportunities.

#### **Winning Business**

You have been asked to quote or are about to tender and need some help. This section provides some useful advice and tips for success. If you have already been successful, this section provides information on signing and completing the contract. If you were not successful this time, there are some useful pointers on improving your chances next time.

#### **Resource Library**

The final section on the Winning Government Business Web site provides a library of useful resources, including a glossary, FAQs, checklists, forms and tips.

Why not check it out. Winning Government Business will be at [www.purchasing.tas.gov.au](http://www.purchasing.tas.gov.au).

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