



Contents

What's New

New on the Web	1
Special Interest Updates	
Commonwealth/State Relations	5
Energy Markets	4
Energy Regulator	4
Government Prices Oversight	4
Government Procurement	7
National Competition Policy	5
Risk Management	6
State Taxation	6
Features	
The 2002-03 Tasmanian Budget	2
National Electricity Market Implementation Project	4
Treasury's Achievements Recognised	5
Treasury Contacts	8

New on the Web

Guide to Classifieds Advertising

Need to advertise a tender, public notice or job vacancy in the print media? An advertising manual, developed by the Government's new advertising contractor, TMP Worldwide, is now available under the 'Contracts' section of www.purchasing.tas.gov.au.

New Tool for Government Buyers

A checklist for managing the tender process is now available at the 'Buying for Government' section of www.purchasing.tas.gov.au.

Risk Management Fund on the Web

Information on the Tasmanian Risk Management Fund can now be accessed at www.treasury.tas.gov.au. A quarterly newsletter, *riskmatters*, has been developed for the Fund, and is available at this section on Treasury's Web site.

2002-03 Budget Papers

All 2002-03 Budget documents are available on Treasury's Web site under 'Budget Information'. Go to: www.treasury.tas.gov.au

Cabinet Guidelines for Negotiating Commonwealth State Agreements

These guidelines were published on www.treasury.tas.gov.au in May 2002.

HEADLINE NEWS

2002-03 Tasmanian Budget

The Budget delivered by the Treasurer on 23 May 2002 provides for a Consolidated Fund Surplus of \$8.5 million. *More on page 2*

Best Practice Guide for the Administration of Grants

This guide provides grants administrators with assistance in the design, implementation, monitoring and evaluation of a grant scheme. *More on page 8*

Common Use Contracts

The contract for hire and drive vehicles (V675) has been awarded to Avis Australia for a three-year period, from 1 May 2002. Contract B095, Building Industrial Supplies-General Hardware, will lapse on 30 June 2002. *More on page 8*

Commonwealth Grants Commission's 2004 Review

Tasmania's major submission to the Commonwealth Grants Commission for the 2004 Review of Methodology has been completed. *More on page 5*

Electricity Pricing Investigation

The Regulator has commenced preliminary work on the next electricity pricing investigation. *More on page 4*

Electricity Supply Industry Performance Report 2000-01

In December 2001, the Regulator released a report on a comprehensive review of Tasmania's electricity industry. This report is available on the Web. *More on page 5*

Issuing of Tender Documents

The Public Works Tender Board Guidelines have been amended to allow agencies to issue tender documentation for major works. *More on page 8*

Meet the Buyers

Meet the Buyers sessions were held in Launceston and Hobart in June 2002. For photos and a full report visit www.purchasing.tas.gov.au/mtb. *More on page 7*

Procurement Training

A Procurement Reference Group has been established in response to feedback from the Procurement Training Forums held in February 2002. A report on the outcomes of the forums is available. *More on page 7*

Quarterly Tender and Contract Information

The statistics on contracts awarded to Tasmanian businesses in the December 2001 and March 2002 quarters have been released. *More on page 8*

Risk Management Incidents and Claims

The Fund Administration Agent has raised the issue of the importance of early notification of any incidents or claims. *More on page 6*

Risk Management Reports

The Fund Administration Agent provides monthly reports to agencies on claims information. Agencies will be able to purchase licences for access to the claims administration system from 1 July 2002. *More on page 6*

Shop Trading Hours Deregulation

The Shop Trading Hours Amendment Bill 2002 completed its passage through both Houses of Parliament on 16 April 2002. Deregulation commences on 1 December 2002. *More on page 5*

Strategic Procurement

Treasury is currently considering ways of assisting agencies promote a more strategic approach to procurement. *More on page 7*

Tasmanian Directors appointed to NEM Institutions

Gary Baker has been appointed to the Board of the National Electricity Market Management Company and Jayne Wilson to the Board of the Electricity Code Administrator. *More on page 4*

Tasmanian Revenue Online Available Soon

Tasmanian Revenue Online is a Web based system that enables registered clients to lodge monthly and annual returns and pay state taxes via the Internet. *More on page 6*

Urban Water Pricing Audit

The Government Prices Oversight Commission was engaged in March 2002 to assess whether local councils are complying with Tasmania's NCP water reform obligations in relation to urban water and wastewater services. The report has now been completed. *More on page 4*

The 2002-03 Tasmanian Budget

The 2002-03 Tasmanian Budget was delivered by the Treasurer, Hon Dr David Crean, MLC, in the House of Assembly on Thursday 23 May 2002. The budgeted Consolidated Fund Surplus for 2002-03 is \$8.5 million.

The Main Feature of the 2002-03 Budget

The main feature of the 2002-03 Budget is its focus on jobs, people and progress. Initiatives relating to the Government's 'jobs priority' include a tax relief package; funding further infrastructure development; securing major projects; and additional funding for training and skills development.

Initiatives aligned with 'putting people first' include additional funding in the areas of health, education, and law and order, with particular emphasis on support for disadvantaged Tasmanians; better health and justice services; providing better community facilities; and providing social infrastructure with a community focus.

Tax Relief

Tax relief of \$9.4 million is being provided in 2002-03 with the aim of further improving the competitive business environment within the State. The tax relief initiatives comprise reductions in land tax and the abolition of the following duties under the *Duties Act 2001*:

- lease duty;
- non-quoted marketable securities duty;
- public liability insurance premium duty;
- hire of goods duty; and
- a range of miscellaneous duties.

Further details of the tax relief initiatives may be found in Chapter 6 of *Budget Paper No 1, Budget Overview 2002-03*.

Infrastructure Development

One of the key initiatives of the 2002-03 Budget is the establishment of a \$30 million Social Infrastructure Fund (SIF) and a \$30 million Major Projects Fund through one-off capacity in the 2001-02 Budget.

The SIF will be used for technical and further education infrastructure; a community renewal program; and water developments, particularly irrigation projects. The Major Projects Fund has been established to ensure that potential opportunities, as a result of gas, wind and telecommunication developments, can be maximised for the benefit of the Tasmanian community.

Infrastructure expenditure also includes \$44 million for four years in relation to the acquisition of two vessels by the TT-Line for the Bass Strait service and a \$69.7 million roads program.

Details of the capital expenditure, including infrastructure expenditure, may be found in Chapter 5 of *Budget Paper No 1*. Further details of the SIF and Major Projects Fund may be found in Chapter 3 of *Budget Paper No 2 Operations of Government Departments 2002-03*.

General Government Accrual Budget

The Government has also provided, for 2002-03, a consolidated General Government Sector (on-Budget entities)

Budget on an accrual Uniform Presentation Framework (UPF) basis as agreed by the Australian Loan Council in March 2000.

Details of the 2002-03 accrual UPF Budget may be found in Chapter 11 of *Budget Paper No 1* and a detailed description of the Uniform Presentation Framework may also be found in Chapter 6 of the Budget document, *The Tasmanian Government Financial System*.

A New Fiscal Strategy

As the targets established in the 1998-99 Fiscal Strategy have been achieved some two years ahead of schedule, the Government has developed a new Fiscal Strategy that will commence in 2002-03 and extend for six years. The new Fiscal Strategy focuses on continuing the Government's record of strong financial management.

Among the targets established for debt and liability reduction are the following:

- General Government Sector Net Debt will be eliminated by June 2008;
- Total State Sector Net Debt will be below \$1 billion by June 2008; and
- The State's unfunded superannuation liability will be extinguished within 16 years (that is, by June 2018).

Details of the principles and targets established under the new Fiscal Strategy are provided in Chapter 1 of *Budget Paper No 1 Budget Overview 2002-03*.

Economic Background

On the basis of the 2001-02 financial year performance to date, Treasury expects that the Tasmanian economy will record economic growth of 1.9 per cent in real terms for 2002-03.

Based on current trends, Treasury is forecasting employment growth of 4 300 from June 2002 to June 2003. This forecast is based on the continued impact of the State Government's 2001-02 fiscal stimulus package; continued investment in the Natural Gas Project; further expansion in the State's call centre industry; the establishment of a wind generation assembly plant; boosts to employment and investment from deregulating shop trading hours; and a number of tourism developments flowing from the acquisition of the two vessels by TT-Line for the Bass Strait service. The participation rate is forecast to average 58.2 per cent over 2002-03, unchanged from the 2001-02 estimate but below the 59.1 per cent recorded in 2000-01.

Consistent with the sustained improvement in the labour market, it is expected that growth of 0.02 per cent in the State's population will be recorded in 2002-03.

In terms of the outlook for prices, Tasmania's CPI is forecast to increase by 2.7 per cent in 2002-03. Forecasts of Tasmanian economic aggregates can be found in Chapter 2 of *Budget Paper No 1*.

2002-03 Budget Details

Budgeted Receipts

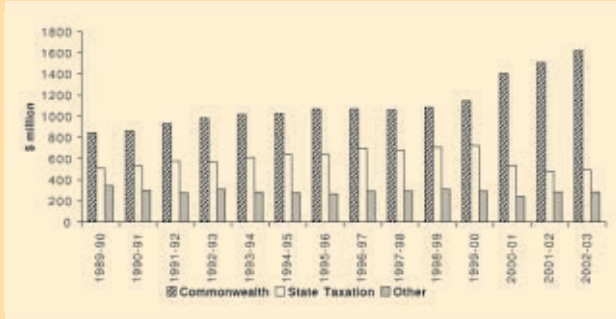
Total Consolidated Fund receipts are estimated to be \$2 436.9 million in 2002-03, an increase of \$111.5 million, or 4.8 per cent, on the 2001-02 budgeted receipts of \$2 325.4 million.

Total recurrent receipts in 2002-03 are estimated to be

\$2 395.3 million. This is an increase of 5.3 per cent on 2001-02 budgeted receipts of \$2 273.7 million.

Chart 1 sets out the categories of recurrent receipts.

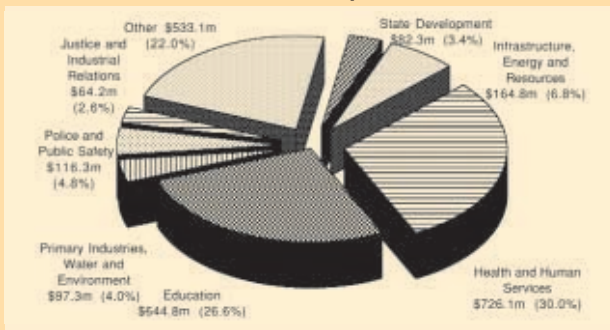
Chart 1: Recurrent Receipts (in 2001-02 dollars)



Budgeted Expenditure

Consolidated Fund expenditure in 2002-03 is expected to be \$2 428.8 million, an increase of \$106.9 million, or 4.6 per cent over 2001-02 budgeted expenditure of \$2 322.0 million. The total expenditure for each major agency is set out in Chart 2.

Chart 2: Consolidated Fund Expenditure, 2002-03



The Consolidated Fund total expenditure for 2002-03 comprises \$2 290.3 million in recurrent expenditure and \$138.6 million in works and services expenditure. Recurrent expenditure is 6.2 per cent higher than budgeted in 2001-02. Works and services is 16.6 per cent less than budgeted in 2001-02, due primarily to the one-off nature of the \$20 million provided in 2001-02 for the Infrastructure Fund, and a decrease in Commonwealth funding for the National Highway System.

The planned level of the total State Capital Program from all sources in 2002-03 is \$443 million, comprising the Capital Investment Program of agencies of \$169.5 million (which includes a \$34.8 million Housing Program and a \$69.7 million Roads Program); \$12.6 million of expenditure from the new Social Infrastructure Program; \$15 million of expenditure from the 2001-02 Infrastructure Fund; and the \$247.9 million capital program of Government Business Enterprises, State-owned Companies and State Authorities. Details of the State Capital Program are provided in Chapter 5 of *Budget Paper No 1*.

The major expenditure initiatives include:

- funding of \$44.0 million per annum for four years towards the cost of the acquisition of two vessels by TT-Line for the Bass Strait service;
- additional base funding for the Departments of Health

- and Human Services (\$21 million) and Justice and Industrial Relations (\$4.3 million);
- assistance for low income families for education (\$1 million);
- increased funding for school bus services (\$1.3 million);
- water assessments and management (\$1.1 million); and
- fox eradication (\$1.2 million).

Details of 2002-03 budgeted receipts and expenditure are provided in Chapter 4 of *Budget Paper No 1*. Detailed information on agency expenditure is provided in the individual agency chapters of *Budget Paper No 2, Operations of Government Departments 2002-03*.

Assets and Liabilities

Information on Total State Sector assets and liabilities for the 2002-03 Budget is presented in accordance with the accrual Uniform Presentation Framework. In previous years, asset and liability balances have been presented under the Australian Accounting Standards basis of presentation.

The net worth of the Total State Government Sector, as at 30 June 2001, was \$6 200 million, comprising \$13 984 million in assets and \$7 784 million in liabilities. This amounts to net worth per head of population of \$13 186, which is greater than Victoria and South Australia and on a par with New South Wales.

Total State Government Sector Net Debt has declined in nominal terms from a peak of \$3 082 million, as at 30 June 1994, to \$1 953 million as at 30 June 2001. It is estimated that Total State Government Sector Net Debt will further decline to \$1 845 million, as at 30 June 2003. In real terms (2003 dollars), this represents a 46.4 per cent decrease from \$3 797 million, as at 30 June 1994, to \$2 036 million as at 30 June 2001.

The net interest cost ratio for the General Government Sector has declined from a peak of 10.2 per cent in 1993-94 to an estimated 3.5 per cent in 2001-02, with 2.8 per cent being estimated for 2002-03. Details of Assets and Liabilities are provided in Chapter 9 of *Budget Paper No 1*.

Where do I access the Budget Papers?

The 2002-03 Budget Papers may be viewed at www.treasury.tas.gov.au under 'Budget Information'. Bound sets of the papers are available from the Printing Authority of Tasmania and may be ordered by telephone on 03 6233 3289 or on the Web at bookshop@pat.tas.gov.au.

The Governor Visits 21 Murray Street

On 11 April 2002, the Governor of Tasmania, His Excellency Sir Guy Green AC KBE, and Lady Green visited Treasury to inspect the newly created Federation Garden and tour the historic office complex at 21 Murray Street, Hobart.

The visit provided an opportunity to showcase the recently completed forecourt improvements, which better complement the facade of the historic buildings in Murray Street. The new garden beds and paths in the forecourt are now similar to those that existed at the time of Federation.

The tour of the historic office complex enabled the varied history of each building to be illustrated. The visit proved to be a nostalgic one for the Governor. He not only had occupied several offices in the building complex during his legal career but also had presided as a judge in the section of the complex that housed the Supreme Court between 1860 and 1974.

Energy Markets Update

National Electricity Market Implementation Project

Tasmania will join the National Electricity Market (NEM) approximately six months before Basslink is ready for commercial service.

On NEM entry, expected to be a little over two years from now, the National Electricity Law (NEL) and the National Electricity Code (NEC) will apply in Tasmania. Consistent with the arrangements that apply in other NEM jurisdictions (Vic, NSW, Qld, SA and ACT), the National Electricity Market Management Company (NEMMCO) will be responsible for the security of the Tasmanian electricity system and for dispatching Tasmanian electricity generation units.

The National Electricity Code contains comprehensive rules to ensure the technical security and financial integrity of the NEM and to create an equitable basis for the participation of generators, retailers, traders and network service providers.

Hydro Tasmania, Transend Networks and Aurora Energy will be making extensive modifications and enhancements to their control, communications, IT and metering systems to ensure that they are NEM compliant. New generator bidding, financial settlements and risk management systems will also be required. In addition, legislation and regulatory changes will be needed to ensure that the *Electricity Supply Industry Act 1995* and the Tasmanian Electricity Code are consistent with the NEL and NEC.

Because of the particular characteristics of the Tasmanian electricity system, NEMMCO will also be making substantial changes to its systems, both for NEM entry and for the subsequent operation of Basslink.

It is expected that a Memorandum of Understanding will be signed between Tasmania and NEMMCO to facilitate the delivery of these interdependent activities to an integrated timetable. Bob Neil, Project Manager, NEM Implementation, is responsible for coordinating the Tasmanian activities. He reports to the NEM Entry Coordination Group, which is chaired by the Secretary of the Department of Treasury and Finance.

Contact: Bob Neil on 03 6233 5996 or
e-mail bob.neil@treasury.tas.gov.au

Tasmanian Directors Appointed to the two NEM Institutions

The process for formalising Tasmania's membership of the two National Electricity Market (NEM) institutions - the National Electricity Market Management Company and the National Electricity Code Administrator - was recently completed.

On 24 May 2002, Mr Gary Baker was appointed to the Board of the National Electricity Market Management Company (NEMMCO), which manages the wholesale electricity market in accordance with the National Electricity Code (NEC). As a former Acting Chief Executive Officer of the Hydro Electric Corporation, Mr Baker has a wealth of experience in electricity matters and will complement the NEMMCO Board's current mix of skills and experience.

In addition, Ms Jayne Wilson was appointed to the Board of the National Electricity Code Administrator (NECA), which supervises, administers and enforces the NEC. Ms Wilson is a self-employed business consultant who holds a number of directorships and has an extensive accounting and business background that will add to the NECA Board's skills and experience.

Tasmanian representation on the two Boards should facilitate the progression of all the steps necessary for Tasmania to become a full participating jurisdiction in the National Electricity Market, in conjunction with Basslink.

Contact: Richard Sulikowski on 036233 2600 or
e-mail richard.sulikowski@treasury.tas.gov.au

Government Prices Oversight News

Urban Water Pricing Audit

The Government Prices Oversight Commission was engaged by the State Government in March 2002 to assess whether local councils were complying with Tasmania's National Competition Policy (NCP) water reform obligations, as these apply to urban water and wastewater services.

The obligations are set out in the *Strategic Framework for the Efficient and Sustainable Reform of the Australian Water Industry*, agreed to by the Council of Australian Governments (COAG) in 1994. They are also included in the *1995 Agreement to Implement the National Competition Policy and Related Reforms*.

To assist councils comply with their obligations, GPOC prepared the *Urban Water Pricing Guidelines*. These Guidelines were issued by the Local Government Office and the Department of Premier and Cabinet (DPAC) in March 2001 and can be accessed on www.dpac.tas.gov.au.

The audit focused on two main issues: whether councils are recovering sufficient revenue from their water and wastewater businesses to cover all costs; and whether prices are providing a rate of return that indicates monopoly profits. The Commission found that the majority of Councils were complying with the cost recovery guidelines.

Contact: Heather Cerutty on 03 6233 5603 or
e-mail heather.cerutty@treasury.tas.gov.au

News from the Energy Regulator

Electricity Pricing Investigation

The current pricing determination for electricity is due to expire in December 2002. The Government is preparing regulations to extend the current determination for a further twelve months in order to facilitate Tasmania's energy market reforms.

Preliminary work has commenced on the next pricing investigation. The high level Project Plan is complete and detailed planning work is well underway. The terms of reference will be issued in July 2002.

Work has also commenced on a paper outlining the Regulator's proposed approach to investigating and determining distribution, metering and retail tariffs. This investigation is due to be completed late in 2003.

Contact: Heather Cerutti on 03 6233 5603 or
e-mail heather.cerutti@treasury.tas.gov.au

Electricity Supply Industry Performance Report 2000-01

In December 2001, the Regulator released a report on a comprehensive review of the State's electricity industry. This review was undertaken in preparation for fundamental changes to the energy industry in 2002-03. These changes include the introduction of natural gas to the State; the development of a long-term wind generation program; and the anticipated entry into the National Electricity Market, via the Basslink cable to Victoria.

The report details the performance, in 2000-01, of the three major electricity entities – Transend Networks, Aurora Energy and Hydro Tasmania. It also provides an analysis of electricity costs and reliability in Tasmania, in comparison with those of other Australian states.

A full copy of the report can be accessed at the Regulator's site www.energyregulator.tas.gov.au.

Contact: Lasantha Perera on 03 6233 5664 or
e-mail lasantha.perera@treasury.tas.gov.au

National Competition Policy Update

Shop Trading Hours Deregulation

On 16 April 2002, the Shop Trading Hours Amendment Bill 2002 completed its passage through both Houses of Parliament. This Bill effectively removes restrictions on when some larger retail businesses are permitted to trade.

Under National Competition Policy, all state governments are required to review and reform legislation that restricts competition. The Government's decision to remove the restrictions on shop trading hours was based on the findings of an independent review chaired by Mr Paul Green of KPMG. The review found that the existing restrictions could not be justified as being in the public interest and should be removed. It is estimated that the removal of the restrictions will lead to increased employment in the retail sector of at least 345 full time equivalent positions.

Deregulation comes into effect on 1 December 2002. Local councils have the option to conduct a plebiscite before that date, to allow their residents to choose whether they wish to retain the restrictions, and at any time after that date to choose whether they wish to have the restrictions reapplied.

Contact: Roger Campbell on 03 6233 6116 or
e-mail roger.campbell@treasury.tas.gov.au

Treasury's Achievements Recognised

Best Annual Report for 2001

On 2 May 2002, the *Department of Treasury and Finance Annual Report 2000-2001* was named by the Institute of Public Administration Australia (IPAA), Tasmania Division, as the 'Best Tasmanian State Government Agency Annual Report for 2001'. IPAA's aim in sponsoring these awards is to promote the production of well-written and informative performance-focused annual reports by all Government agencies. The judging of the Awards is undertaken by an independent panel.

Treasury had previously won the 'Best Annual Report' Award in 1998. In 1993, 1994 and 1999 the Department received a commendation.

The Secretary of Treasury, Don Challen, who attended the Awards Ceremony held at Parliament House, expressed his appreciation of the work done by all members of Treasury's staff who contributed to the Annual Report. He also congratulated the Annual Report Working Group, and staff of the Office of the Secretary, for their commitment to ensuring that Treasury produced a performance report of the highest quality. He said the achievement of 'Best Annual Report' was a tangible recognition of this commitment.

National Award for the Integrated BMFRS

At the 2002 Government Technology Productivity Awards (GTPA) held at Parliament House in Canberra on 19 March 2002, the Department of Treasury and Finance received a Gold Award for the Integrated Budget Management and Financial Reporting System.

Treasury was one of only two Tasmanian Government Agencies whose achievements were recognised by the GTPA. A Silver Award, for Project Liaison on Road and Bridge Construction, went to the Department of Infrastructure, Energy and Resources.

The Awards recognise projects that have improved productivity and services with the aid of technology and are open to the federal government, and all state and local governments.

Commonwealth/State Relations

Commonwealth Grants Commission's 2004 Review

The December 2001 issue of *@treasury.tas* included a news item that outlined the role of the Commonwealth Grants Commission (CGC) in the distribution of funds between the states and territories and highlighted the importance of the CGC's 2004 Review of Methodology in this process.

With the assistance of many other agencies, Treasury completed Tasmania's major submission to the CGC Review

of Methodology in April 2002. Treasury appreciates the contribution of these agencies in preparing responses to very detailed data requests from the CGC, and also in providing material for the major submission.

Tasmania's major submission focuses on factors that have a significant impact on:

- the state's capacity to raise revenues;
- the demand for State government services; and
- the cost of providing State government services.

The main themes of the submission relate to the higher demand for services from people with a low socio-economic status; the high cost of delivering services to small rural communities; and the relatively high per capita costs of public administration in small states.

Planning is well underway for the next phase of the review process: the workplace discussions that will be held in Tasmania from 12 to 16 August 2002. The CGC will visit sites in small rural communities, as well as in larger metropolitan areas, so that the issues facing Tasmania in the delivery of services can be fully demonstrated.

The workplace discussions enable the CGC to discuss cost and demand pressures directly with agency officers and service providers. It is expected that these discussions will further develop the main themes in Tasmania's submission. The information gathered will play a major part in the CGC's Review and will have a significant impact on the share of Commonwealth funds provided to the State.

Many agencies are involved in the development of information for the workplace discussions, and with arranging the site visits. The contribution and support of these agencies is vital to the success of the visit of the Commonwealth Grants Commission and will help to ensure the best outcome for Tasmania.

Contact: Tony Jacques on 03 6233 7166 or
e-mail tony.jacques@treasury.tas.gov.au

State Taxation Update

Tasmanian Revenue Online Available Soon

Treasury is pleased to announce that *Tasmanian Revenue Online* is due to be launched within the next two months. *Tasmanian Revenue Online* is a Web-based system that allows registered clients to lodge monthly and annual returns, send details of documents subject to duty, stamp those documents and pay State taxes via the Internet.

This Web based system will be able to be used to lodge returns and documents and make payments in relation to the following State taxes: payroll tax; debits duty; credit card transactions; insurance; duties; and hiring.

Tasmanian Revenue Online will provide many benefits, including automatic calculation of taxation liability, Internet payments and comprehensive online help facilities.

If you are interested in registering to use *Tasmanian Revenue Online*, please contact the State Revenue Office of Treasury on 03 6233 3809 or e-mail tro@treasury.tas.gov.au.

For more information on *Tasmanian Revenue Online*, please visit the Project Web site at: www.treasury.tas.gov.au/tro.

Risk Management News

New Web Page and Newsletter for the Fund

A new section, the 'Tasmanian Risk Management Fund', has been added to the Treasury Web site. Go to: www.treasury.tas.gov.au and follow the *Tasmanian Risk Management Fund* link. The new section provides access to the first issue of a new electronic newsletter, *riskmatters*.

The quarterly newsletter and the Web pages have been developed to enable all involved with risk management to keep informed about claims trends and also have ready access to information and strategies for minimising the cost of risk.

Contact: Bindi Knoop on 03 62333 6597 or
e-mail bindi.knoop@treasury.tas.gov.au

Risk Management Reports

The Fund Administration Agent, Marsh Pty Ltd, is providing monthly reports to agencies on claims information. The reports are generated from Marsh Pty Ltd's claims administration system, STARS.

In addition, the possibility of agencies purchasing read-only access to STARS from August is being explored. Indicative costs for access will be provided to agencies in the near future. Agencies will have the opportunity to attend training on the use of STARS in August. Regardless of whether or not agencies choose to access STARS directly, they will continue to receive monthly reports from Marsh.

Contact: Bindi Knoop on 03 62333 6597 or
e-mail bindi.knoop@treasury.tas.gov.au

Risk Management Incidents and Claims

Marsh Pty Ltd has raised the issue of the importance of early notification of any incidents and claims. Early notification of incidents is important for the following reasons:

- it allows a more proactive approach to risk management to prevent further claims of a similar nature arising in the future;
- it will assist agencies in budgeting for future contributions;
- it allows more efficient and timely processing of claims; and
- it allows more effective management of matters which are initially reported as incidents, should those incidents subsequently develop into claims.

Incident report forms can be found in the TRMF Procedures Manual. Electronic versions of the manual can be found at www.treasury.tas.gov.au.

Contact: Tom Saltmarsh on 03 6233 3763 or
e-mail tom.saltmarsh@treasury.tas.gov.au

@treasury.tas

Subscription Service

Become a subscriber to the electronic version of [@treasury.tas](http://www.treasury.tas.gov.au) on www.treasury.tas.gov.au and receive an e-mail alert on the day of publication.

To register, contact the Editor, Heather Felton
phone 03 6233 2151 or

e-mail heather.felton@treasury.tas.gov.au

Government Procurement Update

Meet the Buyers

More than 900 business representatives attended Meet the Buyers 2002, held on Monday 18 June 2002 in Hobart, and in Launceston on Friday 21 June 2002. The events were opened by the Treasurer, Hon David Crean MLC. Dr Crean stressed the importance of Meet the Buyers in forging closer links among government buyers and local suppliers, and pledged his continuing support to increasing the opportunities for Tasmanian businesses to win government contracts.



For more photos and a full report on Meet the Buyers 2002, visit the Web site at www.purchasing.tas.gov.au/mtb.

Contact: Kim Hudson on 03 6233 3684 or
e-mail kim.hudson@treasury.tas.gov.au

Strategic Procurement

Strategic procurement is fundamentally about linking procurement planning with organisational and government objectives and the wider business planning processes.

Through a more strategic approach to procurement, the following can be addressed:

- Where are we now? Tools such as procurement profiling, process mapping and costing, supply positioning and the conduct of a skills audit can help identify what an agency buys, who it is bought from, what impact an agency has on the supply market, the purchasing processes that are currently being used and the current level of procurement skills of staff involved in procurement.
- Where do we want to be? A corporate strategic procurement plan can help the agency identify what it wants to achieve through its purchasing, such as linking procurement decisions to service delivery outcomes, and the advancement of the Government's social, economic and environmental objectives.
- What might get in the way? Undertaking a risk analysis and reviewing the purchasing process can help identify

what the risks are and what might prevent the achievement of the identified outcomes (for example, restrictions of current processes and policies; skills of staff; lack of awareness and commitment).

- How will we get there? Annual strategic procurement plans, process re-engineering, electronic procurement, strategic sourcing and training can be adopted to deliver the identified outcomes.

A more strategic approach to purchasing can generate an array of benefits, not least of which is substantial cost savings. Treasury is currently considering ways in which it can assist agencies to promote a more strategic approach to procurement to help achieve some of these benefits.

Contact: Kim Hudson on 03 6233 3684 or
e-mail kim.hudson@treasury.tas.gov.au

Procurement Training

Following the December 2001 release of the Discussion Paper, *Better Procurement in Government*, Procurement Training Forums were held in February 2002 to discuss strategies for improving the knowledge and skills of government buyers. Treasury has now released the forum outcomes: *Better Procurement in Government Training Forum – Outcomes*.

Key issues raised by participants at the forums included a lack of recognition by senior management in some agencies of the importance of procurement; resource constraints; competing priorities; and variation in procurement training needs and appropriate delivery methods among (and often within) agencies.

Participants agreed that there is a need for targeted, widespread and consistent procurement training, and that the majority of the above issues could be addressed through improved communication. The Procurement Reference Group has been established in response to feedback received at the forums.

The role of the Procurement Reference Group, which will have representatives from all agencies, is to facilitate agency input into the development of procurement policy, training and tools. The Group's first major task will be to set training priorities and oversee the development of appropriate training courses.

Treasury is currently developing a Procurement Policy and Procedure course for all staff engaged in the procurement process. Following the development of this course, the Victorian PACCER courses will be reviewed to tailor them to Tasmanian government procurement policy and practices. It is envisaged that the initial course will have been pilot tested with staff involved in procurement by early August and that the first of the PACCER courses will be offered later in the year.

For copies of the Discussion Paper and the Forum Outcomes Paper, or for more information about the Procurement Reference Group, go to the Buying for Government section of www.purchasing.tas.gov.au. Details of the PACCER training courses are available at www.paccer.com.au.

Contact: Brian Holding on 03 6233 2509 or
e-mail brian.holding@treasury.tas.gov.au

Best Practice Guide for the Administration of Grants

Grants are made by agencies, in various circumstances, to apply public money to community activities in order to achieve aims consistent with Government policy and with agency output objectives. As grant schemes involve the use of public money, grant scheme administrators and recipients are publicly accountable to Parliament to ensure that value for money is achieved from the allocation of each grant.

The Best Practice Guide for the Administration of Grants provides assistance in the design, implementation, monitoring and evaluation of a grant scheme. First published in June 1996, the Guide has recently been reviewed, with input from grants administrators in a number of agencies. The Guide includes a range of checklists that help administrators through the planning, appraisal, monitoring and evaluation stages of a grant scheme.

If you are a grants administrator, then have a look at the revised Guide, available at the Financial Management and Reform section of www.treasury.tas.gov.au.

Contact: Kim Hudson on 03 6233 3684 or
e-mail kim.hudson@treasury.tas.gov.au

Quarterly Tender and Contract Information: December 2001 and March 2002

During the December Quarter 2001, inner-Budget agencies, Government Business Enterprises and State-owned Companies awarded 163 contracts, with a combined value of \$77.1 million. Tasmanian businesses were successful in securing 129 of these contracts, or just under 80 per cent of the contracts awarded. These contracts were valued at \$63.2 million, or over 82 per cent of the total value of contracts awarded during the quarter.

The participation of Tasmanian businesses continues to be high, with over 90 per cent of the tenders closing in the quarter receiving at least one bid from a Tasmanian business.

During the March Quarter 2002, 114 contracts were awarded with a combined value of \$51.3 million. During this period, Tasmanian businesses were successful in securing 99 of these contracts, or just under 87 per cent of the contracts awarded. These contracts were valued at \$46.6 million, or just under 91 per cent of the total value of awarded contracts. Of the tenders closing in the quarter, 85.7 per cent received at least one bid from a Tasmanian business.

Contact: Brian Holding on 03 6233 2509 or
e-mail brian.holding@treasury.tas.gov.au

Common Use Contracts News

Vehicle Hire and Drive (Contract V675)

Following a recent tender process, the contract for hire and drive vehicles (V675) has been awarded to Avis Australia for a three-year period, from 1 May 2002. The contract was previously held by Budget Rent A Car Pty Ltd.

The contract covers the rental of passenger vehicles in Tasmania and throughout Australia. The new rates provide significant savings to government users. This contract is mandatory for government agencies, and can also be used by organisations that have been approved to access the common use contracts.

Contact: Bob Lawson 03 6233 2301
e-mail bob.lawson@treasury.tas.gov.au

Building and Industrial Supplies – General Hardware (Contract B095)

Following a recent review of the B095 contract, it was determined that the contract no longer provided strategic benefits to Government and that it would be allowed to lapse on 30 June 2002. Agencies are reminded that future purchases for products previously covered by this contract are to be made in accordance with the guidelines detailed in the *Handbook for Government Procurement*. These guidelines can be viewed under 'Goods and Services' in the Buying for Government section of www.purchasing.tas.gov.au.

Contact: Bob Lawson on 03 6233 2301 or
e-mail bob.lawson@treasury.tas.gov.au

Issuing of Tender Documents

The Treasurer has recently approved an amendment to the Public Works Tender Board Guidelines to allow agencies to issue tender documentation for major works for building and construction projects. From 1 July 2002, agencies will undertake the receipt, issue and retrieval of tender documents, including the issue of addenda. The pre-tender procedures will remain unchanged.

The Public Works Tender Board maintains a pre-qualification system for contractors, selected specialist subcontractors and consultants seeking to procure contracts for Government building and engineering projects. Tender documents will only be issued to an approved tenderer if the tenderer is pre-qualified for the advertised category and financial limit.

A controlled list of pre-qualified tenderers, together with the Public Works Tender Board Guidelines, can be accessed through the Buying for Government section of www.purchasing.tas.gov.au.

Contact: David Poulson on 03 6233 6220 or
e-mail david.poulson@treasury.tas.gov.au

Treasury Contacts

General Inquiries

Phone: 03 6233 3100
E-mail: reception@treasury.tas.gov.au
Fax: 03 6223 2755
Internet: www.treasury.tas.gov.au

Franklin Square Offices
21 Murray Street Hobart
GPO Box 147 Hobart Tasmania 7001

Elizabeth Street Offices
80 Elizabeth Street Hobart
GPO Box 1374 Hobart Tasmania 7001
Fax: 03 6234 3357

Sandy Bay Offices
55a Sandy Bay Road Sandy Bay Tasmania 7005
Phone: 03 6233 6415
Fax: 03 6233 2886

Henty House Offices
Civic Square Launceston
PO Box 972 Launceston Tasmania 7250
Phone: 03 6336 2212
Fax: 03 6336 2799