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## Shareholder Policy and Markets Branch

### Sale of Government Businesses

Three businesses that can improve their commercial viability and enhance their potential for growth are being sold by the Government.

The Government announced its decision to sell the Printing Authority of Tasmania, the Southern Regional Cemetery Trust and Hobart International Airport Pty Ltd in the 2007-08 State Budget Speech. Proceeds will be reinvested in vital state infrastructure.

The Government's key objectives in selling these businesses are to ensure, to the greatest extent possible:

- a maximum price is achieved;
- the continued operation and growth of the businesses; and
- the fair and equitable treatment of current employees.

Legislation to authorise the sale of the Printing Authority of Tasmania and the Southern Regional Cemetery Trust, the *Government Business Enterprise (Sale) Amendment Act 2007*, received Royal Assent on 1 August 2007.

### Engagement of advisers

Treasury has engaged sale advisers to provide strategic, financial, transaction and business valuation advice; one for the Hobart International Airport and one for the other two businesses. Both advisers were selected following an open competitive tender involving both local and interstate parties.

Lazard Carnegie Wylie has been appointed as lead adviser for the sale of Hobart International Airport. Lazard Carnegie Wylie's team has extensive Government business sale experience, having been principal advisers to Australian Governments on more than \$90 billion of privatisation transactions over the past 15 years.

Deloitte has been appointed as the lead adviser for the sale of the Southern Regional Cemetery Trust and the Printing Authority of Tasmania.

It is the Government's intention to sell each business as a going concern through a competitive bid process. An independent probity adviser, RSM Bird Cameron, has been appointed to oversee the sale process to ensure that the sale process is conducted openly and fairly.

### Sale proceeds

The sale of these businesses will enable the Government to reinvest the proceeds into new social and economic infrastructure that is vital to Tasmania's future. Priority projects to be funded include the Brighton Transport Hub, planning associated with the new Royal Hobart Hospital and water irrigation systems across the state.

## Demographic Change

### Population Ageing in Tasmania

Tasmania's population is now the oldest of all states and territories. Further changes to our population size and structure will present a host of economic, social and fiscal challenges and opportunities for the Tasmanian community.

In response to this challenge the Demographic Change Advisory Council has released an Issues Paper titled *Demographic Change in Tasmania: challenges and opportunities*. The Paper provides a comprehensive account of the major challenges and opportunities arising from population ageing in Tasmania.

Some of the challenges and opportunities highlighted include:

- a smaller and ageing workforce;
- a declining labour force participation rate;
- an increase in demand for social services that target the older age groups; and
- new business opportunities arising from the changing spending patterns of the ageing population.

The paper also highlights the need for governments, businesses, non-government sector organisations and individuals to work together to plan for and respond to these challenges.

The Issues Paper has been prepared by the Council in response to community and stakeholder feedback on the Discussion Paper, which was released in March 2007. The submissions and consultation provided valuable input to some of the emerging social, economic and fiscal issues that Tasmania could expect in future years if no action is taken.

The Council's next step is to prepare a report on possible strategies which can address the challenges and capture the opportunities of demographic change that are outlined in the Issues Paper. The Council will provide an opportunity for the community to be consulted as part of this process.

The issues paper is available at [www.dcac.tas.gov.au](http://www.dcac.tas.gov.au).

Hard copies are also available across Tasmania at Service Tasmania shops or through contact details below.

For more information on Tasmania's population read "Tasmania's population and net interstate migration" on page five.

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

## **Department of Treasury and Finance Annual Report**

### **Reflecting on the Year**

The achievements of the Department of Treasury and Finance in supporting the Tasmanian community are highlighted in the *2006–07 Annual Report*.

Tabled in Parliament by the Treasurer Hon Michael Aird MLC, in October 2007, the Report notes that a major focus has been to strengthen our values by reviewing the Department's vision and mission – a pivotal undertaking which involved everyone in the Department.

The Secretary of the Department, Don Challen, said that the new vision statement: "Be the best. Lead the way. Make a difference." resonates strongly with the team and powerfully captures what motivates them to deliver great outcomes for our community.

"The key sentiment expressed in our new mission statement has been reflected in this year's Annual Report theme – Supporting Our Community", he said.

"I lead a team in which every individual is focused on contributing to the well-being of their fellow Tasmanians through their daily work.

"During 2006–07 we contributed to the well-being of Tasmanians in a number of ways.

"We continued to provide the Demographic Change Advisory Council with support and assistance in identifying strategies to address the issues associated with Tasmania's ageing population. During 2006–07 the Council released a discussion paper inviting public comment on the key challenges and opportunities that are likely to emerge over the coming years. This will provide the Council with information to plan appropriately for Tasmania's future.

"In addition to our important annual tasks of preparing and monitoring the State Budget, managing state financial assets and borrowing activities, and undertaking whole-of-government financial and statistical reporting, we have been a major contributor to the development of an extensive package of budgeting and financial management reforms to ensure that Tasmanians have the highest levels of accountability, transparency, responsibility and governance from the Government. We are coordinating the drafting of a separate Financial Management Act and an Audit Act to replace the current combined *Financial Management and Audit Act 1990*. This new legislation will provide the Tasmanian community with improved financial transparency and greater government responsibility and accountability.

"We have played an important role in providing input into the Commonwealth Grants Commission's 2010

Review, which will determine the methods used for distributing GST revenue among the states from 2010. Tasmania's contribution to the review process will ensure that the State's financial needs are recognised.

"Events such as the Taste of Tasmania, Festivale, Falls Festival, MSFest, V8 Supercars and the Summer Racing Carnival in Tasmania are extremely important to the image and promotion of our tourism identity. They inject millions of dollars into the Tasmanian economy and attract large numbers of local patrons and visitors to our State. The Commissioner for Licensing and staff of the Liquor and Gaming Branch have established partnerships with organising committees, Tasmania Police, local government and, in the case of horse racing, TOTE Tasmania, to strike an appropriate balance between public expectation and safety.

"We are strongly committed to supporting local businesses and during this past year we developed the Crown Contracts Confidentiality Policy, which ensures that unnecessary confidentiality provisions do not fetter scrutiny of government contracts.

"Further evidence of Treasury's significant contribution to the Tasmanian community can be found throughout our Annual Report. I am very proud of Treasury's achievements in 2006–07. These achievements would not have been possible without the hard work and dedication of the entire Treasury and Finance team, and I thank them for their efforts over the past twelve months. I look forward with them to another highly productive year in 2007–08."

The Department of Treasury and Finance Annual Report is available at [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au).

## **Financial Reporting**

### **Treasurer's Annual Financial Report**

Tasmania's sound economic position and financial strength continues as shown in the Treasurer's Annual Financial Report 2006-07, tabled in Parliament in October 2007.

The outcomes presented in the Report are consistent with the *Preliminary Outcomes Report 2006-07*, which was released on 10 August 2007.

The 2006-07 General Government Net Operating Balance is a surplus of \$15 million and the Fiscal Balance is a surplus of \$49 million.

Better than anticipated results for 2006-07 reflect a continuation of growth in state-sourced revenue including returns from Government businesses, mineral royalties and property and payroll taxes. This indicates that, overall, the State's economy is strong.

The Government's Balance Sheet remained strong with General Government Sector Net Debt of negative \$409 million as at 30 June 2007.

In addition, the Report shows a Cash Surplus of \$168 million and a Consolidated Fund Surplus of \$19 million.

Further details and a copy of the Treasurer's Annual Financial Report are available at [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au).

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email [david.tadd@treasury.tas.gov.au](mailto:david.tadd@treasury.tas.gov.au)

## **Financial Management Improvement**

### **Proposed New Audit Act**

A new Audit Bill is out for consultation.

Strengthening and modernising the role of the Auditor-General is the aim of initiatives proposed in Treasury's review of Tasmania's Financial Management Framework.

Announced by the Premier in the State of the State Address in 2006, the initiatives involve replacing the current combined Financial Management and Audit Act with a separate Financial Management Bill and a separate Audit Bill. The proposed separate Audit Act will give the Auditor-General additional powers to oversight all government entities, whether they be government departments, government businesses or statutory bodies. The proposed Audit Act would also provide the sole authority for audit functions across the state and local government sectors and make it explicit that the Auditor-General has the same powers in relation to local government that he has in relation to the state sector.

Other changes to be included in the new Audit Bill are:

- changes to the appointment arrangements for the Auditor-General;
- an enhanced role for the Parliament, through the Public Accounts Committee;
- a requirement for the Auditor-General to prepare an Annual Work Plan;
- enhancements to the Auditor-General's independence;
- changes to audit fee setting arrangements; and
- enhanced accountability arrangements in regard to the Tasmanian Audit Office.

Treasury and the Auditor-General have engaged in close consultation during the development of the Bill.

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

### **Agency Tax Update**

#### **Access to online specialist taxation legislation information**

Treasury has negotiated a whole-of-government online licence package with CCH, a specialist taxation legislation information provider. Tax Solution Finder provides a powerful information tool that will assist agencies in making taxation decisions. The search engine has links to recent Rulings, legislation and legislative interpretation for Income Tax, GST, Fringe Benefits Tax and Capital Gains Tax. The online licence provides for two users per agency. The package is being run as a trial until May 2008.

#### **Amendment of Treasurer's Instruction on Taxation**

Treasurer's Instruction (TI) 1001 *Taxation Management Framework* has been amended to:

- place greater emphasis on the obligations of Heads of Agency;
- emphasise the rationale for the requirement to inform Treasury prior to requesting a Private Ruling from the ATO, in particular that FBT Private Rulings sought by agencies bind the Crown; and
- remove the suggested Tax Issues Register template format which was considered too prescriptive.

The Instruction was circulated to all agencies for comment and is available at [www.treasury.tas.gov.au](http://www.treasury.tas.gov.au).

### **Revised Treasurer's Instructions**

Treasurer's Instruction 705 *Tasmanian Government Card* was recently amended to explicitly prohibit the use of the Tasmanian Government Card for the payment of fines.

Treasurer's Instruction 1001 *Taxation Management Framework* was also recently amended. For details of the amendments please refer to the Agency Tax Update article above.

### **Australian Accounting Standards Board Update**

Treasury would like to thank agencies for their feedback regarding two public sector specific Exposure Drafts (EDs) issued by the Australian Accounting Standards Board (AASB).

EDs are an essential component of the due process that the AASB follows before making a new, or amending an existing, Australian Accounting Standard. They enable agencies to comment on the AASB's proposals before changes to the Australian

Accounting Standard are finalised.

### ED 155 Financial Reporting by Whole of Governments

As part of the AASB's broad strategic direction for harmonising Government Finance Statistics and Generally Accepted Accounting Principles, submissions were considered on ED 155 Financial Reporting by Whole of Governments.

The Board decided at its September 2007 meeting that the proposals in ED155 should be adopted within the Standard AASB 1049 Whole of Government and General Government Sector Financial Reporting (the final version is available on the AASB website).

The operative date is annual reporting periods beginning on or after 1 July 2008, with early adoption allowed.

Initially, the AASB focussed on the harmonisation of the General Government Sector which resulted in AASB 1049 *Financial Reporting of Government Sectors by Governments*. ED 155 extends to whole-of-government financial reporting, incorporating the General Government, Public Non Financial Corporations and Public Financial Corporations Sectors.

A link to the AASB website index to EDs can be found at [www.aasb.com.au](http://www.aasb.com.au).

### ED 156 Proposals Arising from the Short-term Review of the Requirements in AAS 27, AAS 29 and AAS 31

The focus of this ED is on relocating the requirements of AAS 27, 29 and 31, with some exceptions, into topic based transaction-neutral Accounting Standards. The proposals in this ED relate to entities that currently apply AASs 27, 29 and 31. However, all government entities should review this ED, as some of the proposals have a wider application. For example:

- the proposals relating to restructures of administrative arrangements would potentially affect all government controlled not-for-profit entities, even if they are not government departments;
- the Australian Guidance proposed in relation to heritage assets would apply to all not-for-profit public sector entities; and
- the scope exclusion proposed for AASB 137 Provisions, Contingent Liabilities and Contingent Assets would apply beyond local governments, government departments and governments.

The Board has commenced its consideration of responses to ED 156.

Contact: James McAvoy on 03 6233 3857 or email [james.mcavoy@treasury.tas.gov.au](mailto:james.mcavoy@treasury.tas.gov.au)

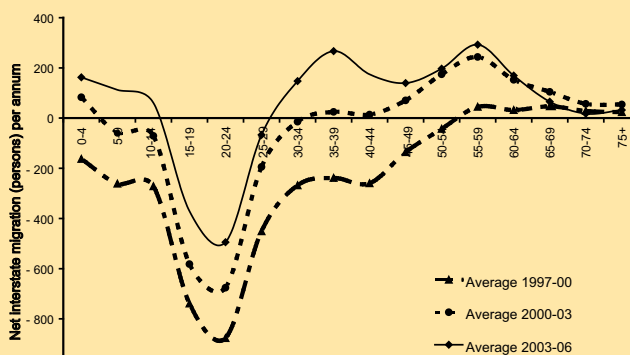
## The Tasmanian Economy

### Tasmania's Population and Net Interstate Migration

Tasmania's population is now the oldest of all jurisdictions, with the highest median age of 39 years, according to the 2006 Census.

One of the reasons for Tasmania's more rapid ageing is the net loss of young adults to the mainland. However, the extent of the net loss of young adults has changed in recent years, as outlined in the chart below.

#### Net Interstate Migration to Tasmania



Source: ABS, Cat. No.3142.0

The chart shows the net effect of interstate migration to and from Tasmania, by 5 year age cohorts, for the most recent 3 years and the two previous 3 year periods. Tasmania had a net average annual loss of around 900 persons in the 20 to 24 year age group between 1997 and 2000, which decreased to an average annual figure of 500 persons in the most recent three year period. While it would clearly be preferable to reduce this loss even further, it is likely that there will always be a big city attraction factor which will tempt young Tasmanian adults to move to the mainland or overseas.

The chart above also demonstrates that unlike the situation in the 1997-2000 period, Tasmania has been attracting young families to the State in recent years.

It is also clear from the chart that an increasing number of persons in the older age groups are migrating to Tasmania from other states, which is contributing to Tasmania's population ageing.

In the past two financial years, most of Tasmania's arrivals have been from New South Wales and most departures have been to Victoria, with Queensland being the second most popular destination.

Tasmania had an estimated negative net interstate migration of 390 persons in 2006, according to the ABS. Only Queensland, Western Australia and the ACT had positive net interstate migration in that year.

Further research is being undertaken on the drivers of interstate migration, following the release of data from the 2006 Census.

Contact: *Greg Philp on 03 6233 7214 or  
email:greg.philp@treasury.tas.gov.au*

## **Liquor and Gaming**

### **New Director**

Liquor and Gaming Branch welcomes a new Director and farewells retiring Director, Bert Elson.

New Director, Leon Atkinson-MacEwen, commenced in August 2007 which allowed for a one week handover period. Bert and Leon visited a range of venues across Tasmania and met with a number of operators and industry bodies. Leon has returned to the Department of Treasury and Finance after a stint with the Australian Antarctic Division in Hobart. He was previously with the Department as the Assistant Director of the Office of the Secretary. Prior to moving to Tasmania in 2003, Leon worked at the Australian Broadcasting Authority and the National Crime Authority.

Bert retires after five years as the Director, Liquor and Gaming. Bert said he had really enjoyed his time in this role. "I leave with fond memories of the Department, staff of the Liquor and Gaming Branch and the many contacts I have made amongst licensees and other regulatory bodies", he said. His career commenced in the private sector and included 23 years in other government departments before his move to Treasury and Finance. Bert has a range of outside interests and is well known as a bushwalker and orienteer. These activities, along with other interests including surfing, fishing and growing orchids, mean that Bert is enjoying a very active retirement.

### **Responsible Gambling Awareness**

The Tasmanian Government and industry joined forces to promote responsible gambling during Responsible Gambling Awareness Week.

Industry and government worked together on a poster and flyer campaign. The Gambling Support Bureau, Department of Health and Human Services took information regarding responsible gambling to schools, community groups and the health sector.

Network Gaming, Federal Hotels, Australian Hotels Association and the Liquor and Gaming Branch of the Department of Treasury and Finance were all involved in the national event that took place earlier this year.

"It's pleasing to be able to say that everyone we approached was immediately positive and supportive," said Alex Wilson, Manager of the Gambling Support Bureau, Department of Health and Human Services.

It is the Bureau's role to provide community education about gambling, and the gambling industry is also closely involved through Responsible Service of Gaming.

Aimed mostly at younger gamblers, the latest information campaign is in comic strip format.

"The comic strips are highly graphic," said Alex Wilson.

"They derive from a well-tryed comic format publication by Streetwise, aimed at teaching young people about responsible gambling, particularly gaming machines", he said.

The campaign promoted prevention as well as the Gambling Helpline and other Break Even Gambling Support Services.

Those having difficulty controlling their gambling affect not only themselves, but those close to them. Venue staff are trained to assist in the management of problem gamblers, through the operation of the Tasmanian Gambling Exclusion Scheme. Support material and advice is available in all gaming venues.

Contact: *Peter O'Sullivan on 03 6333 3333 or  
email peter.o'sullivan@treasury.tas.gov.au*

### **Changes to the Licensing Board**

Bringing years of experience in the hospitality, tourism and gaming industries, David Logie has been appointed to the Licensing Board.

The appointment was made by the Governor in Council on 25 June 2007.

Employed for 30 years by the Federal Group in its casinos and resorts both here and interstate, David's last appointment was as General Manager at the Launceston Country Club Resort from 1992 to 2002.

The Board is an independent body responsible for:

- hearing applications for new liquor licences and, in accordance with the *Liquor Licensing Act 1990*, making decisions that are in 'the best interests of the community;'
- determining applications by the Commissioner for Licensing to cancel or suspend liquor licences or permits; and
- hearing appeals made against decisions of the Commissioner.

The Board is separate and independent from the Commissioner for Licensing, and a decision of the Board is final and without appeal.

Existing Board members Phillip Kimber, Chairman and Kerry Sarten, Member were reappointed for further terms. Louise Finney has retired from the Board after 11 years of dedicated service.

Contact: Peter O'Sullivan on 03 6333 3333 or  
email [peter.o'sullivan@treasury.tas.gov.au](mailto:peter.o'sullivan@treasury.tas.gov.au)

### Review of Minor Gaming

Liquor and Gaming Branch will increase its focus on the regulation of high risk minor gaming activities, including high value raffles and large scale bingo operations.

The redirection of resources from lower risk minor gaming activities was one of the recommendations made as the result of a review of minor gaming activities in Tasmania.

Focussing on risk based compliance, the review was completed in March 2007. Recommendations from the review were presented to the Tasmanian Gaming Commission for consideration in April 2007. The Commission approved, in principle, the recommendations as set out in the report.

Minor gaming covers gaming activities known as authorised games that are conducted for charitable purposes under a minor gaming permit in accordance with the *Gaming Control Act 1993*, such as bingo, raffles and lucky envelopes etc.

Recommendations arising from the review related both to changes to the current scheme for regulating minor gaming activities as well as changes to rules and conditions governing individual minor gaming activities.

The report's recommended strategy focuses Liquor and Gaming Branch resources toward the regulation of high risk minor gaming activities such as high value raffles and large scale bingo operations. The focus will be re-directed from the low risk and low level minor gaming activities that it currently regulates.

A major impact of the changes will be to reduce the administrative effort of applicants and clients and therefore improve customer service.

The limit for raffles has been raised from \$500 to \$5 000 in keeping with the risk analysis which indicated that raffles under \$5 000 in total prize value conducted without a permit represent a low risk, when appropriate compliance activities are in place. This will significantly reduce the number of minor gaming permit applications.

Raising the raffle limit has also brought Tasmania into line with other jurisdictions across Australia.

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email [rebecca.rule@treasury.tas.gov.au](mailto:rebecca.rule@treasury.tas.gov.au)

## State Revenue

### Changes to the Method of Obtaining the Government Valuation for Vacant and Improved Land

Changes that affect the method of determining the dutiable value of property using the provisions of Section 248 of the *Duties Act 2001* were made recently.

In summary:

- section 248 of the *Duties Act* has been amended to include a provision which enables the dutiable value to be determined having regard to whether the dutiable property is vacant or improved land; and
- the estimated trend in capital values (previously known as capital adjustment factors) have been removed from the State Revenue Office website.

To assist with the changes to section 248 of the *Duties Act*, the State Revenue Office has issued a guideline entitled *Section 248 Duties Act 2001 – Determining the dutiable value of dutiable transaction involving vacant land*.

The revenue ruling titled *Evidence of Value* has been updated to explain the process to be followed due to the removal of the estimated trend in capital values from the State Revenue Office website, and the change to section 248 of the *Duties Act*. This ruling now provides specific instructions as to obtaining the dutiable value of a property using the methods set out in sections 248(2) and 248(2A) of the *Duties Act 2001*.

Contact: Sarah Forward on 03 6233 3722 or  
email [sarah.forward@treasury.tas.gov.au](mailto:sarah.forward@treasury.tas.gov.au)

### Change to Life Insurance Riders Provisions

To assist insurers comply with the new provisions and following consultation with the Investment & Financial Services Association (IFSA), the Commissioner of State Revenue has released a new Revenue Ruling dealing with the treatment of life insurance riders.

*The Taxation and Related Legislation (Miscellaneous Amendments) Act 2006* introduced changes to the insurance duty provisions contained in Chapter 7 of the *Duties Act 2001* in relation to life insurance riders with effect from 1 July 2007.

The new Ruling, PUB-DT-2007-3, "Life Insurance Riders", provides that where a rider attached to a life insurance policy provides an additional financial benefit over and above the life insurance, the rider is considered to be a separate policy of general insurance.

In such a case, the premium relating to the rider is dutiable at the general insurance rate and the remainder of the policy will be dutiable at the life insurance rate.

Additionally, a clause in a life insurance policy that provides for a waiver or suspension of premiums payable in respect of that policy upon the occurrence of a specified event, trauma or disablement is considered to be an additional benefit over and above the sum insured, and therefore, the clause is to be treated as a separate policy of general insurance.

The Ruling applies to new policies written on or after 1 July 2007 and to existing policies which were amended on or after 1 July 2007 where the above criteria are met.

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email [sarah.forward@treasury.tas.gov.au](mailto:sarah.forward@treasury.tas.gov.au)

### **Abolition of Mortgage Duty**

Mortgage duty in Tasmania was abolished effective from 1 July 2007 and followed a reduction that became effective on 1 July 2006.

Any Tasmanian mortgage or collateral instrument executed on or after 1 July 2007 will no longer be liable for mortgage duty. This includes any existing mortgage where a further advance is given on or after 1 July 2007.

This was one of the measures to reduce a range of taxes administered by the State Revenue Office announced in the 2005 Tasmanian State Budget. Legislation to implement the changes was passed in the Budget Session of Parliament in June 2005.

Please note, any Tasmanian mortgage, collateral instrument or further advance on an existing mortgage, executed or advanced on or before 30 June 2007 remains liable for mortgage duty and should be processed and assessed in the normal manner.

All mortgage document types have been removed from Tasmanian Revenue Online and any unassessed instrument will need to be submitted with the State Revenue Office for assessment.

Contact: Sarah Forward on 03 6233 3722 or  
email [sarah.forward@treasury.tas.gov.au](mailto:sarah.forward@treasury.tas.gov.au)

### **Online Mandatory Self-Assessment**

Mandatory self-assessment of duty instruments commenced on Tasmania Revenue online on 1 August 2007.

A one month education period applied until 31 August 2007 during which mandatory documents received at the State Revenue Office were processed and returned to registrants with notification that

the document should have been self-assessed on Tasmanian Revenue Online. Documents that should have been self-assessed, but have been lodged with the State Revenue Office, are now being returned unassessed.

The Commissioner of State Revenue, Wendy Sawford, recognises that mandatory self assessment involves substantial changes to the way that legal professionals operate and sincerely thanks all those that have commenced mandatory self-assessment for their cooperation.

Further information on mandatory self-assessment, including the State Revenue Office guideline entitled Duty Instrument – Mandatory Self-Assessment, is available at [www.sro.tas.gov.au](http://www.sro.tas.gov.au).

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