



Tasmania

**Tasmania's Financial
Management Reform
Strategy**

2000 Progress Report

**Department of Treasury
and Finance**

October 2000

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Foreword

Acknowledging the need for a more structured approach to financial management, Treasury issued *Tasmania's Financial Management Reform Strategy* in July 1996 to consolidate reforms and initiatives at that time under an articulated framework and to facilitate the identification and development of future initiatives.

Ensuring accountability for the achievement of reform milestones is achieved through the publication of annual reports on the implementation of the strategy. The *1997, 1998 and 1999 Progress Reports* addressed the implementation of the reform strategy during 1996-97, 1997-98 and 1998-99 respectively. This *2000 Progress Report* addresses progress made with the implementation of reform initiatives outlined in the *1999 Progress Report*. In 1999, Treasury undertook a Stocktake and Evaluation of the reforms that have taken place over the past three years. Treasury is fully committed to implementing the findings and recommendations of this evaluation process.

The *2000 Progress Report* also highlights the strategies for implementing *Tasmania Together*, which provides an exciting new direction for financial management reform. Firstly, the financial and policy objectives of *Tasmania Together* will be integrated into the annual Budget development process. In addition, agency performance measures will incorporate the measures set out for *Tasmania Together*. This close alignment of forward planning with financial management represents a major achievement in Australian public policy development.

In addition to detailing the changes associated with implementing *Tasmania Together*, the *2000 Progress Report* sets out the timetable for the implementation of accrual budgeting over the next three years. This three-year time frame encourages a focus on where we want our agencies to be in three years' time, thus helping recognition of the changes required to achieve that outcome. Treasury will work closely with agencies over the next twelve months to identify the changes in financial management that will form the basis for the future Financial Management Reform Strategy.

D W Challen
Secretary

October 2000

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1 Introduction

1.1 The need for a reform strategy

1.1.1 The drivers of reform

The Tasmanian Government needs to make the public sector more business-like to meet demands for additional services or reduced taxation, whilst maintaining the existing level of goods and services.

1.1.2 The need for a strategy

Prior to early 1996, the Tasmanian State Service made considerable progress in the implementation of financial management reforms. Central to the reform agenda was the need for improved accountability and the provision of better value for money in the delivery of services. Efforts were focused on improved Budget presentation and financial reporting and improved financial management. An approach drawing on commercial disciplines was followed.

However, Treasury recognised that there was a need for a focused and consolidated reform program consistent with a more structured approach to financial management. In 1996, the threads of the financial management reform program were drawn together in a structured overview, which consolidated the implementation of reform initiatives to achieve more efficient and effective resource management.

The Financial Management Reform Strategy series of publications records the path of financial management reform since 1996 and has assisted the reform process by:

- providing a clear vision for the future direction of financial management reform;
- consolidating existing reforms and initiatives under an articulated framework;
- providing a benchmark to ensure that individual reform initiatives are consistent with the broad future directions; and
- facilitating the identification and development of future initiatives.

The reform process is a continuing one. Treasury is committed to continue to monitor and promote best practice financial management. This will be achieved during 2000-01 by consolidating recent reforms, communicating the reform program to all stakeholders and encouraging the process of change as initiatives emerge. This Progress Report is a key component of the reform strategy - for communication, accountability and monitoring purposes.

The benefits of continuing to follow an integrated approach 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.

In 1999, Treasury undertook a stocktake and evaluation of the reforms implemented to date. The findings of the review process will be integrated into the development of new reforms and the way in which they are implemented.

1.1.3 Scope of the strategy

In broad terms, the Tasmanian State public sector comprises government departments and statutory authorities, including Government Business Enterprises and State-owned Companies. Detailed information about government departments is provided in Budget Paper No 2 *Operation of Government Departments*, while summary information about Government Business Enterprises and State-owned Companies is presented in Chapter 11 of Budget Paper No 1 *Budget Overview*. An overview of the State public sector is provided in *The Tasmanian Government Financial System*.

State government departments are established by order of the Governor, on the recommendation of the Minister responsible, under the provisions of the *Tasmanian State Service Act 1984* (the State Service Act). Ministerial responsibility for departments is assigned under the provisions of the *Administrative Arrangements Act 1990*.

Government departments are those listed in Schedule 1 of the State Service Act, and are engaged in the provision of outputs (goods and services) to the public, private businesses or other government bodies, in order to achieve outcomes which contribute to the accomplishment of the Government's policy objectives.

Government Business Enterprises (GBEs) undertake commercial trading activities and are subject to the provisions of the *Government Business Enterprises Act 1995*, and to provisions contained in their enabling legislation.

State-owned Companies (SOCs) operate on a fully competitive basis and, while established by enabling legislation, are also subject to the requirements of the Corporations Law.

The Tasmanian financial management reform strategy has been developed for the whole State public sector.

1.2 Goals, objectives and principles

1.2.1 The goals

The Tasmanian financial management reform strategy is directed to four goals:

1. *Improving the Government's capacity to manage for change*

For the Government to facilitate high levels of productive economic activity, an improved capacity for smooth and rapid adaptation is crucial.

2. *Reducing the community's exposure to risk and its vulnerability to external events*

The community's exposure to risk needs to be kept to an acceptable level. By identifying areas of risk, the Government can become more effective in anticipating and managing external events.

3. *Improving the capacity of the Government to offer the community lower taxation and/or increased services*

In order to improve the capacity to offer lower taxation and/or increased services, there is a requirement to ensure that existing services are provided on the basis of best value for money, through obtaining the best mix of economy, efficiency and effectiveness in the provision of goods and services.

4. *Ensuring that the services enjoyed by the current generation do not impose burdens on future generations*

The delivery of services and the maintenance of the State's asset base should not impose an unwarranted burden on future generations and the long-term financial stability of the State should be preserved.

1.2.2 The objectives

In order for the long-term goals to be achieved, three objectives have been adopted:

1. *The inner Budget sector will be managed to achieve the Government's strategic objectives, delivering the maximum outputs with the resources provided.*
2. *Government Business Enterprises and State-owned Companies will maximise their return to their shareholders, the people of Tasmania.*
3. *The community will derive an appropriate and sustainable return from the State's natural resources.*

1.2.3 The principles

Initiatives taken to achieve these goals and objectives must give effect to several important principles, namely:

1. *Strategic decision making will strike an appropriate balance between whole-of-government requirements and the specific interests of individual departments.*
2. *Public sector managers will operate within a system of incentives, rewards and sanctions that encourages behaviour consistent with the goals and objectives.*
3. *Information will be gathered, analysed and reported in a manner which:*
 - *reveals the extent to which behaviour is consistent with the goals and objectives; and*
 - *supports decision making that is in line with the goals and objectives.*
4. *Decision-makers will be accountable for results and for their actions.*
5. *All those involved in financial management will have a thorough understanding of the Financial Management Framework and the goals and objectives of the reform agenda.*

A more detailed explanation of the goals, objectives and principles underlying the reform process can be found in the initial publication *Tasmania's Financial Management Reform Strategy* published by Treasury in July 1996.

A full list of all Treasury publications relevant to financial management reform in Tasmania can be found in Appendix 2. Relevant addresses made during 1999-2000 are listed in Appendix 3. Those publications marked ‘*’ can be found on the Treasury Web site <<<http://www.treasury.tas.gov.au>>>.

1.3 Stocktake and Evaluation

In 1999, Treasury undertook a stocktake and evaluation of the Financial Management Reform Strategy (FMRS). The purpose of the stocktake was to examine the degree to which the reforms have been implemented, the extent to which the reforms address the goals and objectives of the reform strategy and the best way to fully realise the benefits that the reforms offer. Agencies provided input into the stocktake and evaluation process.

1.3.1 Summary of Findings and Recommendations

The feedback from agencies and staff provides an insight into the FMRS from an agency perspective. It appears many of the reforms introduced under the auspices of the FMRS have not been adopted for day to day management.

Some of the key findings from the survey are:

- agency staff require further training and education in a range of financial management competencies;
- Treasury communication with agencies requires improvement; and
- the cash basis of the State Budget creates reluctance in agencies to manage on an accrual basis.

1.3.2 Recommendations

The following recommendations resulted from the Stocktake and Evaluation.

Communication and Education

1. Treasury should develop a communication strategy.
2. Treasury and agencies should develop a whole-of-government financial management training strategy.

Output Budgeting and Management

3. A workshop should be held with relevant staff from agencies to review the current status of the Output methodology in agencies.

Accrual Accounting, Reporting, Budgeting and Management

4. Model accrual internal management reports should be developed.
5. Appropriate training and information should be identified/developed for agency managers, finance managers and finance staff as part of the Accrual Budget and Financial Management Project.

Corporate Planning and Performance Measurement

6. A model integrated strategic planning cycle should be developed in conjunction with the Department of Premier and Cabinet including corporate planning, business planning, strategic asset management, budget planning and monitoring, financial and non-financial planning and management and individual performance planning and monitoring.
7. Training options for agency managers, in the area of corporate planning and performance measurement should be identified/developed.

The Financial Management Reform Strategy Process

8. A FMRS planning session should be held every July to review progress and identify future projects for linking in to the Corporate Planning process.
9. Future reform proposals should include planning for a post-implementation evaluation and review process.
10. Planning of future reforms should incorporate the identification of the types of skills and support agencies are likely to need to help them implement the reform.

1.3.3 The next stage

Treasury is fully committed to implementing the recommendations from the Stocktake and Evaluation process. Many of its findings, particularly the need to work more closely with agencies to ensure staff have the skills to successfully implement reforms, are reflected in the strategies to be introduced in 2000-01.

Treasury will work with agencies to rebuild commitment toward the financial management reform process and its implementation.

1.4 Individual Strategies

The following strategies will be implemented in 2000-01. They build on the foundations of the existing Financial Management Reform Strategy:

Fiscal Strategy

- The Government will continue to pursue the targets established under its five year fiscal strategy. Progress towards the achievement of the targets will be monitored and reported.

Budgetary and appropriation processes

- Treasury will develop a whole-of-government Consolidated Accrual Budget for inclusion in the 2001-02 Budget Papers.
- Treasury will undertake a Post-Implementation Review of Phase 2 of the BMS by December 2000 and consider further enhancements to BMS as part of the ongoing development of the Budget Management Financial Reporting System.
- Treasury will develop revised Budget Management Guidelines for the consideration of Budget Committee during 2000-01.

- Treasury will assist in aligning Budget processes with Tasmania *Together* requirements for preparation of the 2001-02 Budget.
- Treasury will review the process for evaluating agency Outputs and a strategy for improving the process will be provided to Budget Committee for endorsement by November 2000.

Financial management - government departments

- Treasury will develop a replacement Public Account Cash Management System (PACMS) utilising facilities available through the BMFRS by March 2001.
- Treasury will report to the Government in November 2000 on options for the provision of full whole-of-government insurance cover.
- During 2000-01, Treasury will continue to divest the Government owned office portfolio, arranging the sale or transfer of properties in accordance with the Office Accommodation and Property Services Strategic Plan.
- Treasury will review the Strategic Asset Management Framework by June 2001 and prepare a report for Budget Committee on changes, if any, required to policies and procedures.
- Treasury will complete a strategic review of agency Financial Management Systems, including core reporting systems managed by Treasury, by June 2001.
- Treasury will provide Secretariat support to HOTARAC and jointly with other jurisdictions develop public sector positions on accounting and reporting issues.

Financial management - procurement

- Treasury will implement an on-line database of government contracting and purchasing information for government buyers by March 2001.
- Treasury will develop and implement "How to do business with government" guidelines for business by March 2001.
- Treasury will facilitate Meet the Buyers events in Hobart and Launceston in October 2000.
- Treasury will develop a business case for an 'open standards' Internet based model for the automated purchasing of, and payment for, goods and services by Government agencies, by June 2001.
- Treasury will prepare revised criteria for determining access to Government common use contracts, by October 2000.
- Treasury will evaluate a pilot profiling of procurement expenditure within agencies by March 2001.

Financial management - GBEs and SOCs

- Treasury will assist GBEs and SOCs in implementing the Shareholder Value Added (SVA) Performance Measurement Framework into the 2000-01 corporate planning process including developing an SVA User Manual and providing SVA software training to GBEs and SOCs.
- Treasury, in conjunction with TOTE, will draft amending legislation for introduction to Parliament in October 2000, to corporatise TOTE from GBE status to become a State-owned Company.

- Treasury will continually review and amend if necessary the governance arrangements of identified businesses. In 2000-01 it is proposed to review the governance arrangements for the Printing Authority of Tasmania and transfer the Southern Regional Cemetery Trust to local Government control.
- Treasury is to review with Metro Tasmania Pty Ltd and Hydro Tasmania the contract for the provision of their respective community services and develop three year contracts with each business. A new three year contract is to be developed and negotiated with the Public Trustee.
- Treasury is to implement a National Tax Equivalent Regime for Government businesses by 1 July 2001.
- Treasury will introduce a revised methodology for guarantee fees in October 2000.
- Treasury will prepare a discussion paper on the dividend policy for Government businesses and if appropriate review the current dividend policy guidelines.
- Treasury will assist in the process of preparing a business case for the Prison Infrastructure Redevelopment Program, with a view to the preferred option being submitted to Government early in 2001.

Accountability

- Treasury will review and report on performance information with a view to improving the published performance information by December 2000.

Review of the legislative framework

- Treasury will facilitate a review of the Government Business Enterprises Act to be completed by December 2000.
- Treasury will develop a discussion paper on ways to standardise and regulate financial management and reporting for statutory authorities by December 2000.

Communications

- Treasury will continue to improve the usability of its Web sites to improve functionality and access for users.
- Treasury will hold a workshop in November 2000 to work with the members of the Finance Managers Forum to develop means of better disseminating information on reform issues and developing a whole-of government training strategy.
- Treasury will publish the 2001-02 Budget Development timetable in October 2000.
- Treasury will publish a regular newsletter, encompassing information on financial management issues, commencing in October 2000.

1.5 The structure of this document

This *2000 Progress Report* presents an overall picture of the reforms that have taken place since 1996, including reforms currently under way and proposed during 2000-01.

The reform initiatives are grouped into the following categories:

- Fiscal Strategy
- Budgetary and appropriation processes
- Financial management - government departments

- Financial management - procurement
- Financial management - GBEs and SOCs
- Accountability
- Review of the legislative framework
- Communication

Under each of these headings there is a summary of major initiatives since 1996 (with a particular focus on the past year), details of the status of continuing reforms, and an outline of new strategies proposed for the forthcoming year. A new heading, Financial management – procurement, has been added in the *2000 Progress Report* reflecting the high priority placed by the Government on this area.

Appendix 1 provides a full list of all those strategies identified in the *1999 Progress Report* and details their current status.

2 Fiscal Strategy

2.1 Background

A credible and achievable medium-term Fiscal Strategy is an essential component of prudent contemporary financial management practice. It represents not only an effective planning tool for the Government, but also provides clear signals to financial markets, the business sector and the community of the Government's direction in financial management. A Fiscal Strategy also demonstrates to rating agencies and other external commentators the financial focus of the Government, any identified issues or problems and how these will be addressed.

The Government introduced the current Fiscal Strategy as part of the 1998-99 Budget. Its primary objective is to ensure responsible financial management while supporting the Government's other priority initiatives including *Tasmania Together*, the Industry Development Plan and Partnership Agreements with local government. The Fiscal Strategy is structured to run until the end of 2003-04 and contains five broad components, which address the range of financial management issues facing the State.

Each of the five components of the Fiscal Strategy are outlined below. Broad principles and tactical targets are presented for each component.

2.2 Budget Position

Principle: To stabilise and strengthen the State's financial position, the State Budget will be managed on a long-term sustainable basis.

Key Targets - The annual Consolidated Fund Budget will be maintained in surplus from 1999-00;

- The total State Sector, on a Government Financial Estimates basis, will be maintained in surplus each year; and

- The General Government surplus will be maintained at a level sufficient to represent 2.5 per cent of total General Government revenue on average between 1999-00 and 2003-04.

The application of this principle ensures that the annual Budget result does not have a negative impact on the State's finances in the long run. The Fiscal Strategy is not restricted to the Consolidated Fund Budget result alone, but also considers the annual surplus or deficit of the total State Government sector as a whole, including the performance of the State's Government Business Enterprises (GBEs) and State-owned Companies (SOCs). Furthermore, the Government's commitment to debt retirement, through surpluses, will not become any less important as the General Government budget grows larger over time.

Progress

The Government has budgeted in 2000-01 for a surplus of \$2.6 million. This follows a surplus of \$1.2 million in 1999-00. No longer does the Government have to borrow to

balance the State Budget. The achievement of a Budget surplus in 1999-00, the first surplus in many decades, represents a major structural change for the State's financial position.

2.3 Asset Sales

Principle: The proceeds from major asset sales will not be used to fund recurrent expenditure.

Key Targets - Proceeds from major asset sales will be used to retire State debt; and
- Proceeds from minor asset sales will be applied to improving the State's infrastructure.

Proceeds from the sale of Government assets are applied to fund non-recurrent expenditure. Sale proceeds from major assets are being used to retire State debt, with minor asset sale proceeds used to fund capital improvements to existing State infrastructure.

Progress

As a consequence of the sale of the Trust Bank and the completion of the Forestry Tasmania Softwood Joint Venture, \$140 million in State debt was retired in 1999-00.

2.4 Community Dividend

Principle: The implementation of more efficient administration across the State Service will provide a direct financial benefit to the Tasmanian community through reduced costs of Government.

Key Target - The total real recurrent non-salary operating costs of agencies will be reduced annually by the rate of growth in the CPI.

Through the implementation of improved and more efficient administration across the Tasmanian public sector, a direct financial benefit accrues to the Tasmanian community through reduced costs of Government. Savings are achieved through a public service which is more streamlined, efficient and accountable, rather than through redundancy programs.

Progress

The 2000-01 Budget and the Government's previous Budgets for 1998-99 and 1999-00 were framed in line with this target, with the non-salary operating costs of agencies being maintained in nominal terms. This initiative provides the Government with an increased degree of funding flexibility to meet identified and arising policy initiatives.

2.5 Taxation

Principle: The taxation burden on Tasmanians and Tasmanian businesses will not be increased.

Key Target - There will be no new taxes or increase in the rate of any existing State taxes; and

- *Tax relief will be targeted to industry sectors and firms with potential for import replacement or export growth and which permanently expand their employment.*

With the Government's priority focus on promoting economic and employment growth, it is important that the taxation burden on Tasmanian businesses and the community is not increased. The provision of targeted taxation relief remains an important industry assistance tool available to the Government.

Progress

The 2000-01 Budget imposed no new taxes and no increases in existing State taxes. Some tightly targeted payroll tax relief was delivered. The *Payroll Tax Act 1971* was amended to ensure that Tasmanian businesses do not face increased payroll tax as a result of the increase in the Commonwealth's superannuation guarantee charge or the effects of GST on contracts for labour services.

2.6 Debt

Principle: The burden of debt on the Tasmanian community will be reduced.

Key Targets - Total State Government net debt as a proportion of GSP will be reduced to below 20 per cent by 2003-04;

- *General Government net debt as a proportion of GSP will be reduced to below 10 per cent by 2003-04;*
- *The Government will not increase its net debt;*
- *The cost of servicing debt will be reduced with the net interest cost ratio reduced to below 5 per cent by the year 2003-04; and*
- *The accruing superannuation liabilities of new public sector employees will be fully funded from 1 July 1999.*

Reducing debt frees Budget resources and reduces pressure on the Budget from increases in interest rates. Lower net interest costs, from reductions in net debt levels and debt management strategies, provide increasing flexibility to fund core government services, such as health and education, at a level expected by the Tasmanian community.

Progress

Key debt targets are on track to be achieved by 2001, three years ahead of schedule. By June 2000, Tasmania's General Government net debt had fallen by \$300 million (in nominal terms) over the previous two years. General Government net debt should be eliminated within 15 years. The net interest cost ratio is estimated to fall to 5.9 per cent in 2000-01 from 6.3 per cent in 1999-00. General Government net interest costs have

been falling steadily since their peak of \$169 million in 1993-94 and are estimated to fall a further \$5 million from \$135 million to \$130 million between 1999-00 and 2000-01.

2.7 Summary of progress on Fiscal Targets

The following table shows the five key tactical targets of the Fiscal Strategy together with actual and estimated progress towards these targets.

Table 1.1: Fiscal Strategy Targets

Tactical target	1997-98 Actuals	1998-99 Actuals	1999-00 Estimate	2000-01 Estimate	Targets
Consolidated Fund Budget to be maintained in Surplus from 1999-00 (\$ million)	(37.1)	(15.2)	1.2	2.6	> 0
General Government surplus as a proportion of General Government revenue on average from 1999-00 to 2003-04 (%)	0.4	1.1	2.9	3.0	2.5
Total State Government net debt as a percentage of GSP by 2003-04 (%)	24.5	23.9	21.0	18.9	< 20.0
General Government net debt as a proportion of GSP by 2003-04 (%)	12.2	11.4	9.3	8.2	< 10.0
Net interest cost ratio by 2003-04 (%)	7.1	6.9	6.3	5.9	< 5.0

Sources: Department of Treasury and Finance and the Australian Bureau of Statistics (ABS).

The 1999-00 estimates included in the above table have been updated to reflect the likely outcomes for 1999-00. Accordingly, they differ from those included in Budget Paper No 1 *Budget Overview* 1999-00. The estimates will be subject to further revision when the 1999-00 outcomes are finalised.

Each indicator shows an improvement in Tasmania's overall financial position relative to the benchmarks and to past performance. Achieving the Fiscal Strategy targets, places the State in an improved budgetary position and the Government can implement policies to grow the Tasmanian economy.

The Fiscal Strategy continues to be a major ongoing issue for the Government. The 2000-01 Budget represents another important step in the effective management and consolidation of the State's financial position. The major financial management achievements and initiatives of the Government to date include:

- budgeting in 2000-01 for a surplus of \$2.6 million. This follows years of Budget deficits and a surplus of \$1.2 million achieved in 1999-00. This is a major structural change for the State's financial position;
- reducing Tasmania's General Government net debt by \$300 million (in nominal terms) over the past two years;
- addressing the major risks to the State Budget in recent years, namely the funding of health and community services and the growth in the State's unfunded superannuation liability;
- reducing the length of time needed to eliminate the unfunded superannuation liability;

- providing targeted payroll tax relief to firms in growth sectors such as the IT industry;
- providing funding for a range of initiatives while maintaining budgetary responsibility;
- achieving a Budget surplus and funding for initiatives without increasing State taxes; and
- ensuring that increases in the Commonwealth's Superannuation Guarantee rate have a neutral impact on payroll tax liabilities.

2000 Strategy

The Government will continue to pursue the targets established under its five year fiscal strategy. Progress towards the achievement of the targets will be monitored and reported.

3 Budgetary and appropriation processes

3.1 Progress to date

There has been considerable change in emphasis in Budget development, presentation and monitoring since the mid 1990s. The Output methodology is the basis of Government decision making and agency management, shifting the emphasis away from an input focus to a focus on the goods and services being provided by agencies.

A number of strategies have been implemented to ensure the quality both of the Budget information being provided and the way in which it is used. Treasury undertook a significant marketing and education program during 1996-97 to key stakeholders, and developed a range of Management Guidance Releases and costing guidelines to assist agencies. An *Output Analysis Guide* used by Treasury Budget Analysts assists in the evaluation of Outputs.

There has been a fundamental transition in Budget management, from a transaction orientation and monitoring role to one of value added analysis. The development of the Budget Management System (BMS), which became fully operational in August 1999, has facilitated the review and redesign of Budget processes within Treasury and, to a lesser extent, agencies.

The State also successfully transitioned from an August to a May Budget cycle with the 1999-2000 Budget.

3.2 Continuing Initiatives

3.2.1 An accrual-based Budget

As part of its ongoing review of the Financial Management Reform Strategy, Treasury in March 1998 identified a need to further develop the Output methodology to make a total link and clear articulation between budgeting, accounting and reporting.

Adopting an accrual based Budget that will provide a full link between budgeting and the accrual accounting and reporting now required of all agencies. While the State Budget continues to be developed, prepared, appropriated and monitored on a cash basis, there will be a lack of comparability and accountability between the Budget development and management process and the subsequent financial reporting process. A cash based Budget also does not encourage the necessary move to accrual based financial management by agencies. Without the ability to budget, monitor and manage Output delivery on a full accrual basis, it can be argued that agencies will not be in a position to objectively market test or benchmark their services, or to compare performance against potential competitors.

Cash-based budgeting also makes it more difficult to analyse the efficiency and effectiveness of Output delivery by agencies based on the full accrual cost of the Outputs. In addition, it is impractical under cash based budgeting to determine efficiency targets or objectives against which agencies' financial performance can be assessed.

During 1997-98, Treasury undertook a preliminary investigation of a range of issues associated with implementation of an accrual based State Budget. Following consideration of the potential benefits of moving to an accrual Budget, the options for the general type of accrual budgeting framework which might be implemented and issues requiring resolution prior to implementation, a Discussion Paper was developed by Treasury and circulated to Agencies for comment.

Whilst not proceeding with accrual budgeting in 1999-00, the Government requested that Treasury continue to refine the proposed approach to accrual budgeting and work with selected agencies to identify any issues that might arise and develop a detailed accrual budgeting framework.

1999 Strategy

A detailed report on the development and presentation of an accrual budget, including an implementation strategy, will be provided to the Government before the end of 1999.

Progress

Cabinet agreed to a detailed report and implementation strategy for developing and presenting an accrual Budget in November 1999. Treasury immediately commenced planning the implementation. However implementing accrual budgeting is particularly complex and, in light of the Stocktake findings, Treasury assessed that agencies, may not presently have the skills and capacity to resource an immediate introduction of accrual budgeting.

Given the complexity associated with the introduction of accrual budgeting and associated financial management reforms, the implementation strategy will be undertaken over three phases:

- Phase 1: (2001-02 Budget)
- Phase 2: (2002-03 Budget)
- Phase 3: (2003-04 Budget)

The phased introduction of accrual budgeting will ensure adequate time to allow procedures and systems to be designed and introduced in full consultation with agencies.

The phased approach will also allow for:

- further development of associated financial reforms such as accrual financial management, the Output methodology and financial management competencies;
- the development of a comprehensive training and education program; and
- enhancements to business support systems.

A phased approach will also provide agencies with a better opportunity to manage the move to accrual financial management.

Phase 1: (2001-02 Budget)

For the 2001-02 Budget cycle:

- a consolidated Whole-of-government (General Government sector) accrual Budget will be presented in accordance with the concepts of Australian Accounting Standard AAS 31 – Financial Reporting by Governments;
- agency accrual Budget information will be prepared in accordance with the concepts of Australian Accounting Standard AAS 29 – Financial reporting by Government Departments and will be used specifically to prepare the Whole-of Government accrual Budget;
- existing cash Budget information will be retained in the Budget Papers;
- agency appropriations will continue to be provided on a cash basis;
- business support systems will be reviewed in regard to accommodating and managing accrual Budget information;
- training and education needs for agencies and users of the Budget Papers will be identified; and
- Treasury will consult with agencies and the Treasurer in regard to progressing and developing accrual Budget and financial management reforms to be implemented after the 2001-02 Budget.

Phase 2 (2002-03 Budget):

It is envisaged that the 2002-03 Budget Papers will not incorporate any additional accrual Budget reforms than those implemented in the 2001-02 Budget.

Reforms to be developed and progressed in Phase 2 are subject to a review of the implementation strategy by Treasury and agencies and approval by the Treasurer. Phase 2 reforms and activities to include:

- education and marketing to increase the understanding and awareness of managing in an accrual environment;
- presenting agency accrual Budgets to Budget Committee;
- review of business support systems;
- review of the Output methodology
- development of accrual appropriation processes;
- review of the financial management Legislative framework;
- review of the Fiscal Strategy;
- review of cash management process;
- introduction of competency standards

- Treasury, in conjunction with agencies, will develop a detailed accrual budgeting framework for the consideration of the Treasurer

Phase 3 (2003-04 Budget):

Phase 3 represents a transition to accrual based financial management, subject to the approval of the Treasurer, and consist of:

- the Budget developed and presented on a full accrual basis;
- accrual appropriations;
- an appropriate Budget methodology;
- a fiscal strategy with accrual targets;
- an appropriate legislative framework.

2000 Strategy

Treasury will develop a whole-of-government Consolidated Accrual Budget for inclusion in the 2001-02 Budget Papers.

3.2.2 Process review of Budget management and planning

Management and planning of the State Budget is a core function of Treasury, and has a critical impact on the efficient and effective operation of government. The past few years have seen a fundamental transition in Budget management.

During 1998-99, business support applications were introduced to improve the quality and timeliness of information available to both Treasury and agencies and to improve external reporting and decision making. The new Budget Management System (BMS) was installed at Treasury and in agencies during March 1999. Treasury and agencies used the BMS to produce the agency financial tables for the 1999-00 Budget Papers.

The BMS was developed with agency participation through an interdepartmental agency reference group, and ensures a stable and integrated approach to State Budget planning, monitoring and reporting. The system integrates the flows of data between agencies and Treasury for the purposes of monitoring and reporting on the current year's Budget, maintaining the forward estimates for future Budget periods, and preparing the annual Budget documents and any other documentation requiring Budget information.

The project also encompassed major enhancements to the Public Account Reporting System (PARS) to improve the quality of data received from agencies, reporting speed and flexibility. These enhancements were completed in December 1998 and became fully operational in May 1999.

The BMS was fully operational by the end of August 1999 and was available for the 2000-01 Budget development process.

1999 Strategy

A Post-Implementation Review of the Budget Management System will be completed by the end of October 1999, and further enhancements will be considered for implementation prior to the 2000-01 Budget process.

Progress:

Systems

The Post-Implementation Review of Phase One of the BMS was completed in October 1999. A number of further enhancements were identified for the Treasury and agency BMS core units and these were combined into a Phase Two development stage which was implemented during the second half of 1999-00. As a result, an improved report writing tool was available to produce the 2000-01 Budget documents and the enquiry functions were significantly improved.

A post implementation review of Phase 2 of the BMS will be conducted in the first half of 2000-01 to ensure the product meets the Output Realisation Plan, Stage 2 Business Plan and expectations of stakeholders.

There will be ongoing development of the Budget Management Financial Reporting System, particularly for agencies as users, as new and improved functionalities are identified. This System currently consists of BMS and PARS. The Public Account Cash Management System (PACMS) will form another module when completed.

2000 Strategy

Treasury will undertake a Post-Implementation Review of Phase 2 of the BMS by December 2000 and consider further enhancements to BMS as part of the ongoing development of the Budget Management Financial Reporting System.

Processes

The information collection and report generation systems underpinning the annual Budget process were reviewed as part of the BMS development process. Budget Management Guidelines require review to ensure adherence with Government policy and best practice in Budget and financial management and to incorporate changes flowing from the implementation of BMS.

The development of revised Budget Management Guidelines will assist Treasury in maintaining Budget discipline and aid the Government to meet its Budget and Fiscal Strategy targets.

2000 Strategy

Treasury will develop revised Budget Management Guidelines for the consideration of Budget Committee during 2000-01.

3.2.3 Incentives regime for the achievement of whole-of-government Outcomes

Ensuring the achievement of whole-of-government financial Outcomes is an important role of Treasury. While many of the financial management reforms introduced in recent years assist in achieving whole-of-government Outcomes, there remain instances where the achievement of such Outcomes is not fully considered by individual agencies. The purpose of this initiative is to investigate the extent to which further reforms, including the use of financial incentives and sanctions, could be introduced in the Tasmanian Public Sector to improve the achievement of whole-of-government financial Outcomes.

1999 Strategy

An incentives regime to encourage agencies to achieve whole-of-government Outcomes will be considered further by Treasury during 1999-00.

Progress:

A draft discussion paper was prepared and considered internally by Treasury during 1999-00. It is probable that introducing an incentives sanction regime will be deferred given the resources being dedicated to the Accrual Budget and Financial Management project and the changes that it will bring. An incentives regime will be examined once the accrual budget reforms have been introduced.

3.3 Further Initiatives**3.3.1 Alignment of Budget processes with Tasmania Together**

Tasmania Together is a 20 year social, environmental and economic plan for Tasmania created by its people. *Tasmania Together* will contain a vision of where Tasmanians want the State to be in the year 2020 and a set of goals and targets or 'benchmarks' to measure progress. The Government, in deciding its priorities and where money will be allocated in the State Budget, will use the *Tasmania Together* benchmarks.

Tasmania Together is expected to be included as part of the framework for developing the 2000-01 Budget and subsequent Budgets. The Government endorsed outcomes from *Tasmania Together* and the ongoing *Tasmania Together* process need to be fully aligned with the Budget development process while maintaining the Budget development process' primary financial and resource management function.

Representatives of the Departments of Treasury and Finance and Premier and Cabinet are developing a new integrated Budget development process.

The integrated Budget development process will:

- ensure that *Tasmania Together* priorities for the next Budget year are included at the commencement of the Budget development process;

- ensure that, as far as possible, existing processes, and information and documents prepared by agencies, incorporate the required new focus and information to ensure that the changes become part of the day to day operations of agencies and that any duplication is minimised;
- facilitate the increased involvement of the Department of Premier and Cabinet during the Budget development process with the provision of input on social policy issues and priorities; and
- ensure that all necessary agency Budget information is obtained from agencies and presented in the Budget Papers.

2000 Strategy

Treasury will assist in aligning Budget processes with Tasmania Together requirements in readiness for preparation of the 2001-02 Budget.

3.3.2 Review of Output and Outcome specification

Although specification of Outcomes and their link to Outputs is an integral part of the Output methodology in Tasmania, recent Budget cycles have concentrated on the specification of Outputs. However many agencies report against Outcomes in their annual reports.

Specification of the links between Outputs and Outcomes is an ongoing joint project between Treasury and the Department of Premier and Cabinet. The aim of the project is to specify agency Outcomes, to obtain the Government's endorsement of those agency Outcomes, and to publish agency Outcome information in the Budget Papers.

Outcome information was published for the first time in the 1998-99 Budget Papers. Budget Committee reviewed agency Outputs and Outcomes as part of the 1999-00 Budget development process and Outputs of a number of agencies were re-aligned with current Government policy priorities and the revised agency structure implemented in September 1998.

Government considers output Review Reports as part of the annual Budget cycle. However, the review process must represent value for money and result in improved efficiency and effectiveness in service delivery. Accordingly, the Output Review process is to be re-evaluated with the aim of developing appropriate selection criteria for determining Outputs to be subject to review.

2000 Strategy

Treasury will review the process for evaluating agency Outputs and a strategy for improving the process will be provided to Budget Committee for endorsement by November 2000..

4 Financial management - government departments

4.1 Progress to date

There has been a considerable improvement in the financial management of agencies during the 1990s. In August 1995, the then Government announced the adoption of a more commercial approach to financial management and reporting by Government agencies. In 1996-97, agencies began reporting on an accrual basis, and in 1997-98 accrual accounting was introduced. Treasury provided support to agencies during the implementation phase, including manuals and training.

Improvements in asset management within Government agencies include advances in the recording, valuing and reporting of assets, strategic accommodation plans, strategic asset management planning and reforms to the approval of funding of building projects under a new Capital Investment Program (including the establishment of a Project Initiation Process).

4.1.1 Accrual accounting

Accrual accounting is a key building block of financial reform. The Financial Manager's Forum enables financial managers from inner-Budget agencies to address a range of issues including the implementation of accrual accounting.

1999 Strategy

Accrual-based financial management will be marketed to agencies through targeted training developed in conjunction with the accrual Budget initiative by June 2000.

Progress:

It was decided to defer the marketing of accrual based financial management until the business rules associated with introducing accrual budgeting, and the implementation timetables, are finalised.

Ensuring the adoption of accrual management practices within agencies will now form part of the Accrual Budgeting and Financial Management project and will be reported under that heading in future Progress Reports.

4.2 Continuing Initiatives

4.2.1 Commercialisation reforms

Over recent years, Treasury has been involved in the commercialisation of a number of Government activities, including the Government warehouse function, rehabilitation services and the management of the Government light vehicle fleet. Other commercialisation opportunities will be pursued if they are in the best interests of the State.

1999 Strategy

The Commercialisation and Corporatisation Principles for Government Agencies paper will be finalised and, subject to approval by the Treasurer, published by the end of 1999.

Progress:

Treasury decided not to finalise the proposed paper, as there are already a number of related documents in the public arena and the complex issues which surround competitive tendering and contracting and the divestment of public trading activities are best dealt with on a case by case basis.

4.2.2 Cash management

The decentralisation of financial management to agencies provided impetus for improved cash management procedures and forward projections for Public Account activities. Improvements in cash management have been made over the past few years as part of an on-going process of reform.

A revised cash flow model was implemented in June 1998, and agencies are now required to provide Treasury with detailed cash flow projections (commencing with the 1998-99 financial year).

1999 Strategy

A cash flow forecasting system for debt and daily cash management purposes will be developed and implemented by February 2000.

Progress:

The original system specification completed early in 1999 was developed on the basis that existing data collection processes and functions would continue.

The current processes and systems utilised for cash management activities have been developed over time, utilising infrastructure and applications which were available at the time. While these processes and systems have provided basic facilities to assist in managing cash flow requirements, it was apparent that most of the deficiencies in existing processes and systems could be resolved by the development of a "total

Following a detailed review of existing processes and systems and taking account of new facilities and applications that have been implemented over the past 18 months, particularly the BMFRS, it was decided to re-specify system requirements to provide a total solution utilising the functionality provided through the BMFRS.

A revised specification was prepared in May 2000 for a replacement cash management system with development to take place during 2000-01.

2000 Strategy

Treasury will develop a replacement Public Account Cash Management System (PACMS) utilising facilities available through the BMFRS by March 2001.

4.2.3 Financial management competencies

The significant financial reforms implemented in recent years have placed added responsibilities and demands, not only in the traditional finance areas but across agencies. New and increased skills are required in many areas, including the preparation and understanding of accrual reports, budget development and management and asset management.

A Treasury Discussion Paper was circulated to agencies in May 1999 outlining a range of options, including the development of competency standards, customised training, targeted recruitment programs and requisite qualifications. An Inter-Agency Working Group was established in July 1999 to examine the options available and develop a framework for the improvement of financial management competencies.

1999 Strategy

An Inter-Agency Working Group will develop a proposed framework for improving financial management competencies for consideration by the Treasurer by December 1999

Progress:

An Inter-Agency Working Group finalised a Discussion Paper in December 1999 which outlined a range of issues to be considered when developing initiatives to improve financial competencies.

Given competencies is a key dependency for the successful implementation of accrual budgeting, developing a framework for improving financial management competencies within agencies will now form part of the Accrual Budgeting and Financial Management project. It will be reported under that heading in future Progress Reports.

4.2.4 Risk management

While the primary responsibility for identifying risks and implementing risk management programs resides with individual agencies, developing and implementing risk management standards for the inner Budget sector will maximise the potential benefit of a risk management strategy within agencies.

1999 Strategy

Following a program of strategic risk reviews, further options for the treatment of risk will be submitted for the consideration of the Government by December 1999.

Progress:

The Tasmanian Risk Management Fund was established to manage the risk to which the Tasmanian Government is exposed. All inner-Budget sector agencies participate in the Fund, which commenced operation on 1 January 1999.

To facilitate the transition to the Fund, from 1 January 1999 all private sector insurance held by agencies was transferred to the Fund, as and when it fell due. The Fund then placed the whole of the risk with the private sector through whole-of-government policies.

During 1999-00, the phased implementation of the Fund was further progressed under the following arrangements:

- liability, marine hull, motor vehicle and personal accident cover was purchased through the Fund on a whole-of-government basis; and
- undertaking strategic risk reviews of agency operations.

In April 2000, the Government approved the continued phased implementation of the Tasmanian Risk Management Fund during 2000-01 under the following arrangements:

- purchasing full whole-of-government cover from 1 July 2000 for all risks except property and business interruption, public and products liability, professional liability and medical malpractice liability;
- purchasing limited whole-of-government cover for public and products liability and professional liability;
- considering full whole-of-government cover from 1 January 2001 for property and business interruption, public and products liability, professional liability and medical practice, subject to refinement of the risk exposure and cost estimates during 2000.

2000 Strategy

Treasury will report to the Government in November 2000 on options for the provision of full whole-of-government insurance cover.

4.2.5 Reform of property services

In July 1999, the Government approved the Office Accommodation and Property Services Strategic Plan. The Plan provides for Government withdrawal from ownership of commercial office property over an indicative five-year period through a divestment strategy and the progressive devolution to agencies of responsibility for property services.

The divestment of individual properties will proceed on a case by case basis, with each sale being subject to the approval of the Treasurer. The Plan requires consultation with tenant agencies and analysis of each property to determine the most appropriate method of disposal.

1999 Strategy

During 1999-00 Treasury will continue to implement the divestment program for the Government owned office portfolio, arranging the sale or transfer of properties in accordance with the Office Accommodation and Property Services Strategic Plan (OAPSSP).

Progress:

From 1 July 1999, responsibility for single and simple multi-tenanted office leases over \$100 000 was devolved from Treasury to agencies. Renewal of leases and new lease procurement is now an agency responsibility. Given the complexities of financial and leasehold management for existing complex, multi-tenanted leasehold buildings, four such properties continue to be managed by Treasury. These will be retained in the Treasury property portfolio and reviewed for devolution to tenant agencies prior to the expiry of each lease.

Since the implementation of the Office Accommodation and Property Services Strategic Plan, five Government offices have been divested.

At 30 June 2000, the Government owned office portfolio consisted of 31 buildings, ranging from large complex multi-storey buildings to small regional offices. Four properties are currently listed for sale, while a number of other properties are currently subject to sales investigations.

Given the sensitivity of Government owned heritage assets, the heritage properties at 21 Murray Street, Hobart (the Franklin Square Offices) and 53 St John Street, Launceston (the St John Street Public Building) will be retained by the Government. Other heritage buildings will be individually assessed, and submitted for endorsement by the Treasurer on a case by case basis, prior to divestment.

2000 Strategy

During 2000-01, Treasury will continue to divest the Government owned office portfolio, arranging the sale or transfer of properties in accordance with the Office Accommodation and Property Services Strategic Plan.

4.2.6 Infrastructure Guidelines

Several recent infrastructure projects highlighted the need for principles to govern the delivery of infrastructure projects in partnership with the private sector. Guidelines for agencies will:

- assure consistency in the Government's approach to the market;
- provide clear guidance on the Government's requirements for risk sharing;
- encourage innovative solutions which are cost effective with the appropriate risk/return allocations;

- provide advice to the private sector and to agencies as to how the Government will handle the issue of intellectual property; and
- provide reasonable assurance to industry that the Government intends to follow acceptable proposals through to completion.

To facilitate private sector involvement in public sector infrastructure, Treasury prepared two papers, *Private Sector Participation in Public Infrastructure Provision - Policy Statement* and *Guiding Principles for Private Sector Participation in Public Infrastructure Provision*. The draft papers were circulated to agencies and interested parties for comment in June 1999.

1999 Strategy

A Policy Statement and a Guiding Principles Paper on private sector involvement in public sector infrastructure will be finalised and released in September 1999.

Progress:

The Policy Statement and a Guiding Principles Paper were completed and approved by the Treasurer, released to agencies during July 2000 and published on the Treasury web site in August 2000.

4.3 Further Initiatives

4.3.1 Asset Management

Improvements in asset management within agencies includes advances in the recording, valuing and reporting of assets, preparing strategic accommodation plans and undertaking strategic asset management planning. Treasury released the Strategic Asset Management Framework in May 1997. The purpose of the Framework is to enhance the efficiency and effectiveness of the returns from assets controlled by agencies. Maximising returns from Crown assets assists the Government in achieving its Fiscal Strategy targets.

Ten agencies are required to develop Strategic Asset Management Plans (SAMP). Five have completed SAMPs, three have SAMPs which are partly in place or under review and two do not have SAMPs.

Given the time that has elapsed since the issue of the Strategic Asset Management Framework, a review of the control and management of Crown assets is to be undertaken. The review will include consideration of the definition of Crown land, the procedures for assets sales and leases and the distribution of proceeds and the operation of the Crown Lands Administration Fund. The review will also consider whether the Framework should apply to plant and equipment as well as real estate.

2000 Strategy

Treasury will review the Strategic Asset Management Framework by June 2001 and prepare a report for Budget Committee on changes, if any required to policies and procedures.

4.3.2 Financial Systems Strategic Review

Underlying the successful implementation of the Financial Management Reform Strategy are the system requirements for financial management and reporting of agencies. Many of the financial systems implemented in the mid 1990s require updating and may in fact not take advantage of current technology.

Treasury will undertake a strategic review of the financial systems used by agencies, focusing on the functionality of these systems and the technology infrastructure used for the collection and distribution of financial data within the General Government Sector.

Specifically, the review will focus on strategic directions for:

- data collection and distribution;
- common general ledger financial systems and Chart of Accounts;
- Budget systems;
- cash management systems;
- financial reporting systems
- payroll and human resource systems; and
- asset management systems.

The review will also address the requirements of key external stakeholders that provide services to Government including banking services, receipting of Government moneys, credit card facilities and consider opportunities that will arise through the introduction of electronic commerce.

2000 Strategy

Treasury will complete a strategic review of agency Financial Management Systems including core reporting systems managed by Treasury, by June 2001.

4.3.3 Accounting Policy

Treasury provides advice to agencies on accounting policy issues through the Treasurer's Instructions and guidelines issued under the *Financial Management and Audit Act 1990*. In addition Treasury, and the Auditor-General, consider interpretative issues arising from the Australian Accounting Standards.

The Secretary of the Tasmanian Treasury is chairing the Heads of Treasuries Accounting and Reporting Advisory Committee (HOTARAC) for 2000 and 2001. HOTARAC advises Heads of Treasuries (HOTs) on emerging issues and their implications for accounting, reporting and financial management matters, relevant to the Commonwealth, State and Territory Governments. HOTARAC's terms of reference specify that the committee is to:

- Develop a consensus view (if possible) on all major accounting and public finance reporting issues for submission to Heads of Treasuries. This will include all significant public sector accounting and reporting issues being addressed by the

Australian Accounting Standards Board, the Australian Bureau of Statistics or the Australian Council of Auditors General;

- Undertake specific policy or research projects as directed by Heads of Treasury; and
- Provide a forum for the development and exchange of ideas and research on contemporary financial management reforms.
- The Tasmanian Treasury will provide Secretariat support to the committee over the next two years and have a greater opportunity to contribute to the development of accounting policies through participating in the activities of the committee.

2000 Strategy

Treasury will provide Secretariat support to HOTARAC and jointly with other jurisdictions develop public sector positions on accounting and reporting issues.

5 Financial management - procurement

5.1 Progress to date

The Tasmanian Government's procurement policy is based on four specific principles:

- value for money;
- open and effective competition;
- compliance with ethical standards and observing a code of conduct; and
- enhancing opportunities for local businesses.

A key aim of the Government's procurement policy is to maximise opportunities for local businesses to compete on a fair basis for government contracts and to receive an increasing share of these contracts through being competitive with mainland firms on price and quality.

To achieve this aim, the Government has implemented a range of procurement reforms to enhance opportunities for Tasmanian small to medium sized enterprises (SMEs) to compete for government business. An increase to government procurement opportunities of between 10 and 20 percent would significantly boost the local economy.

From 17 January 2000, the Government Accounting, Procurement and Property Branch of the Budget and Finance Division of Treasury was split into two new Branches – the Government Finance and Accounting Branch and the Procurement and Property Branch. The new structure better enables the Division and the Department to focus on key Government priorities and improves the Department's capacity to produce high quality policy advice and operational support, particularly in the area of procurement and policy reform.

Procurement continues to be an area of focus for resource management and improvement, with Treasury establishing mechanisms for greater transparency, and providing tools to support best practice procurement performance to achieve value for money outcomes.

Agency quarterly contract and tender reporting, electronic notification of tender opportunities and a procurement complaints service enables the Government to monitor activities in the devolved operating environment. A procurement profiling exercise will assist to identify, for participating agencies, any potential for increased cost effectiveness in the management of the procurement activities.

Important Treasury communication forums and tools to increase awareness include:

- Meet the Buyers events in October 2000;
- concise, web delivered 'How to do Business with Government' guidelines;
- a comprehensive on-line procurement system for Government buyers; and
- redevelopment of the tenders web site.

5.2 Continuing Initiatives

5.2.1 Assisting Small to Medium Enterprises (SMEs) to bid for government business

The Government has two very clear tendering objectives - giving Tasmanian business the information it needs to be able to successfully compete for government contracts, and helping local business work together to win bigger contracts.

1999 Strategy

Treasury will establish a central register of past tenders let by Government agencies and GBEs, commencing from the quarter ending 30 September 1999.

Progress:

In July 1999, Treasury commenced tracking the share of government contracts going to local businesses. In 1999-00 of 308 Government contracts worth \$214.5 million, 266 have gone to local contractors and suppliers, circulating \$175 million in the local economy. Tasmanian businesses competed for 92 per cent of total government tenders with a value over \$50 000 and won 86 per cent of them.

Consistent with the objectives of the Government's Industry Development Plan to create jobs and increase investment in Tasmania, during 1999-00 the Government approved a number of strategies to assist Tasmanian businesses to compete for government business including:

- requiring agencies to contact the Industrial Supplies Office to identify local capability for tenders over \$50 000;
- amendments to the *Handbook for Government Procurement* to assist SMEs to compete for government business; and
- the publication of the Handbook on the Internet.

5.2.2 Assisting agencies with procurement activities

The purpose of the project is to enhance the skills and understanding of agency staff involved in procurement and to improve communication with Tasmanian business.

1999 Strategy

By December 1999, Treasury will facilitate the development of procurement competency standards and training for agency staff involved in procurement activities.

Progress

In May 1999, revised Treasurer's Instructions, regarding the publication by agencies and GBEs of procurement and contract information in annual reports, were issued. A review undertaken by Treasury in 1999-00, found that the level of compliance and presentation of the information by agencies varied markedly. A major factor appeared to be confusion with previous reporting requirements regarding consultants. In response,

Treasury developed clearer guidelines and pro-forma to assist agencies in providing uniform information on procurement. A revised Treasurer's Instruction was issued in June 2000.

In 2000-01, Treasury will investigate adopting the integrated on-line guidance and information system used by the Victorian Department of Infrastructure (DOI), for management and staff involved in contracting and purchasing activities. The system, *Contracting DOI*, provides staff with access to information about the purchasing and contracting process, legislation, policies, guidelines and other information to assist them to perform procurement activities. The Victorian database provides an excellent tool to support contracting and procurement competency development in Government in a devolved and decentralised operating environment. An evaluation of the system will determine the scope and scale of change required to adapt and develop a model consistent with Tasmania's *Handbook for Government Procurement*.

2000 Strategy

Treasury will implement an on-line database of government contracting and purchasing information for government buyers by March 2001.

5.2.3 Electronic interface between Government and Business

The development of electronic interface capabilities is integral to achieving the Government's policy objective of giving Tasmanian business the information it needs to successfully compete for government contracts, and helping local business work together to win larger contracts.

1999 Strategy

During 1999-00, Treasury will continue to work with the Electronic Services Unit of the Department of Premier and Cabinet to progress the establishment of an electronic interface between Government and business.

Progress

The Tasmanian Government Tenders web site, established in November 1999, provides Tasmanian businesses with the information they most often seek from agencies, including department contacts, details of government procurement policy and tender advertisements.

On-line 'How to do business with Government' guidelines for business will be developed and implemented during 2000-01. The guidelines will improve the ability of Tasmanian businesses to sell to government by providing concise, clear, practical information on Government procurement policies and procedures, as well as practical advice on preparing and submitting bids. Comprehensive guidelines will be provided on the Internet. Key information will be provided in complementary brochures.

The first phase of the project involves:

- consulting with businesses and other stakeholders to determine what information is required;
- conducting other research to determine what information is available (ie existing policies, process guides etc);
- designing the on-line guidance system so that the information is presented in a logical, well-organised format;
- developing a prototype of the on-line system for demonstration and user testing; and
- outlining the key issues that will be addressed in the complementary hard copy guidelines.

Phase two will involve:

- developing the content;
- constructing the on-line system; and
- publishing the complementary hard copy guidelines.

The third and final phase will involve launching the guidelines, including advertising and other communication strategies, to ensure that businesses and government agencies become familiar with their existence and use.

2000 Strategy

Treasury will develop and implement 'How to do business with Government' guidelines for businesses by March 2001.

5.2.4 Procurement Advisory Group

The Procurement Advisory Group was established by the Government in April 1999 and comprises representatives from business, industry associations, the Local Government Association of Tasmania, the Industrial Supplies Office, and government agencies. The Group undertakes an ongoing review of government procurement policies and agency tendering processes with specific focus on enhancing the capacity of Tasmanian businesses to competitively bid for government business.

1999 Strategy

By November 1999, a range of initiatives identified by the Procurement Advisory Group to further enhance opportunities for Tasmanian industry will be submitted to the Government for consideration.

Progress

Since its establishment in April 1999, the Procurement Advisory Group has recommended a number of initiatives to the Government including:

- establishing a tender/contract database to track the share of government business going to local business and to measure the success of procurement strategies;
- requiring agencies to provide information on tenders and contracts in their annual reports;
- standardising the placement of tender advertisements in newspapers;
- preventing agencies from purchasing dumped goods;
- amending the Cabinet Handbook to ensure that the Government fully considers the impact of its decisions on Tasmanian business.

In July 2000, the Treasurer approved a formal procurement complaints process. This process provides dissatisfied or potential suppliers with a formal avenue to resolve concerns about Government purchasing processes. The complaints process will assist to identify systemic problems in Government procurement, and over time, is expected to enhance government/supplier relationships.

Complaint Guidelines for suppliers and government buyers are on the Tasmanian Government tenders web site situated at << www.tenders.tas.gov.au >>.

5.2.5 Meet the Buyers

Meet the Buyers events provide opportunities for local businesses to meet with, and obtain practical advice and assistance from, Government buyers. The events are designed to improve the business community's understanding of Government purchasing requirements and policies through forging closer links between buyers and suppliers and communicating the Government's purchasing requirements to local companies and organisations.

Treasury, in conjunction with the Tasmanian Chamber of Commerce and Industry, will facilitate Meet the Buyers events in Hobart on 4 October 2000 and in Launceston on 10 October 2000.

2000 Strategy

Treasury will facilitate 'Meet the Buyers' events in Hobart and Launceston in October 2000.

5.2.6 Operating Lease Participation Panel

In June 1996, a four-year leasing facility was established with Kimberley Finance Ltd to enable Crown entities to lease electronic office equipment.

1999 Strategy

By June 2000, Treasury will complete a competitive tender process to establish a panel of external leasing organisations to enable agencies to lease information technology and other office equipment at competitive rates.

Progress:

In May 2000, tenders were called to establish a panel of operating lease contractors with which agencies can contract without a separate tender process. In August 2000, the Treasurer approved the selection of Australian Integrated Finance Pty Limited and the Commonwealth Bank of Australia as the shared contractors for the Equipment Lease Facility Contract.

5.3 Further Initiatives**5.3.1 Internet Commerce**

The project referred to in Section 5.2.2 to provide on-line policy information and guidance to Government buyers and suppliers will be the forerunner to a whole-of-government on-line procurement system. The on-line procurement system will provide agencies with the capability to trade electronically, and encourage Tasmanian businesses to consider the potential benefits of Internet commerce.

Subject to the outcome of electronic procurement projects in other jurisdictions and the results of two on-line procurement trials being managed by the eServices Group of the Department of Premier and Cabinet, a submission will be made to the Government by June 2001 proposing the development of an 'open standards' Internet based model for the automated purchasing of, and payment for, goods and services by government agencies.

This project will continue during 2001-02, and lead to the implementation of a whole-of-government on-line procurement system by all agencies. Suppliers wishing to do so will be able to deal with the Government electronically, using open standards, by June 2002.

2000 Strategy

Treasury will develop a business case for an 'open standards' Internet based model for the automated purchasing of and payment for, goods and services by Government agencies, by June 2001.

5.3.2 Review of Eligibility to Access Common Use Contracts

In June 1995, the Secretary of Treasury approved the following criteria for determining access by non-Government organisations to Government contracts. Such organisations must:

1. be an incorporated organisation;
2. be recognised as a public benevolent institution;

3. be exempt from sales tax;
4. receive direct financial or other assistance from the Commonwealth Government, the State Government or a Council; and
5. be a not-for-profit organisation.

The criteria were intended to ensure that Government support, through access to Government contracts, was restricted to legitimate community and benevolent organisations. However, the introduction of revised tax arrangements from 1 July 2000 means that sales tax exemption and recognition as a public benevolent institution are no longer relevant eligibility criteria.

In addition, following recent concerns expressed by ineligible community organisations, it is apparent that the eligibility criteria need to be reassessed to ensure that appropriate non-Government organisations are provided with support through access to Government contracts.

Revised criteria for determining access to Government common use contracts will be developed by October 2000.

2000 Strategy

Treasury will prepare revised criteria for determining access to Government common use contracts by December 2000.

5.3.3 Benchmarking and Profiling of Government expenditure

Profiling is an in-depth analysis of the expenditure profile of an organisation. Information is collected in a manner that enables flexibility, allowing the presentation of data at varying levels of detail, allowing for both internal and external reporting.

Treasury has embarked on a pilot exercise involving three agencies, the Department of Education, Department of Health and Human Services and the Department of Treasury and Finance, to evaluate the profiling methodology. The outcome of the exercise will determine whole-of-government implementation and identify realistic and practical procurement benchmarks.

2000 Strategy

Treasury will evaluate a pilot profiling of procurement expenditure within agencies by March 2001.

6 Financial management - GBEs and SOCs

6.1 Progress to date

Treasury has been involved in a range of activities in recent years, resulting in reforms that improve the financial performance and commercial focus of Government businesses. These include:

- corporatisation of Tasmania's port authorities in July under the *Port Companies Act 1997*. The Act established four State-owned Companies (SOC) and two subsidiary companies.
- the sale in September 1997 of the supply and warehouse functions of State Purchasing and Sales.
- Metro Tasmania Pty Ltd established as a SOC in February 1998.
- the sale in April 1998 of Rehabilitation Tasmania, accompanied by the establishment of a new five-year contract for the delivery of public outpatient rehabilitation services by the purchaser.
- contracting out the management of the State light vehicle fleet to Fleetcare in May 1998.
- the disaggregation from 1 July 1998 of the former Hydro-Electric Corporation, into the Hydro-Electric Corporation (a Government Business Enterprise) and two SOCs (Transend Networks Pty Ltd and Aurora Energy Pty Ltd), as part of the structural reform of the Tasmanian electricity industry. A review of Community Service Obligations (CSOs) and Community Service Activities (CSAs) provided by the Hydro-Electric Corporation and Aurora Energy Pty Ltd respectively, was also undertaken.
- reform of the State's bulk water supply industry resulting in the transfer of the control of the three regional bulk water supply authorities to local government. The Hobart Regional Water Authority and the Esk Water Authority were transferred in 1997 and the North West Regional Water Authority was transferred in 1999.
- dissolution of the Tasmanian Dairy Industry Authority as at 30 June 2000 as part of the deregulation of the State's dairy industry.

The *Application of Competitive Neutrality Principles under National Competition Policy* (the Application Statement) released in July 1996, outlined the competitive neutrality principles applying to State Government business activities.

The primary objective of the competitive neutrality principles is to promote the efficient use of resources in public sector business activities and essentially aims at eliminating resource allocation distortions arising out of the public ownership of entities engaged in significant business activities. That is, government businesses should not enjoy any net competitive advantage simply as a result of their public ownership and should compete on fair and equal terms with private sector businesses.

In applying the competitive neutrality principles, the Competition Principles Agreement (CPA) places government businesses in two categories:

- significant GBEs, which are classified as Public Trading Enterprises (PTEs) and Public Financial Enterprises (PFEs) under the Australian Bureau of Statistics' Government Financial Statistics Classification; and
- significant business activities undertaken by a Government agency (other than an agency classified as a PTE or PFE above) as part of a broader range of functions.

The Application Statement, which reflects the requirements of the CPA, requires significant GBEs to be subject to tax equivalent regimes, debt guarantee fees, dividend requirements and all regulations normally applying to the private sector, provided the benefits to be realised from implementation outweigh the costs. Furthermore, it allows for the recognition of non-commercial activities as Community Service Obligations (CSOs), provided strict criteria are met.

Accordingly, all Government GBEs have been subject to tax equivalent, guarantee fee and dividend regimes since 1 July 1997, with the exception of the Port Arthur Historic Site Management Authority and TOTE Tasmania (formerly the TAB).

6.2 Continuing Initiatives

6.2.1 Development of an Economic Performance Management Framework

The *Government Business Enterprises Act 1995* requires each GBE to operate as a successful business, maximising the sustainable return to the State. The setting of expectations or targets is useful in identifying the opportunity cost of resources used as a benchmark for measuring performance and in setting prices and determining investment policies.

The concept of measuring performance using an economic performance (or shareholder added value) methodology is not new and recognises that some businesses create wealth for the shareholder in ways other than delivering a dividend stream. The concept also takes account of different sectors and creates a system of performance measurement that, potentially, is better suited to government businesses.

1999 Strategy

A pilot study to further evaluate the application of Shareholder Value Added concepts in different business environments will be completed by December 1999. A report will be provided to the Treasurer by March 2000 and, subject to his approval, guidelines will be finalised by June 2000.

Progress:

A Shareholder Value Added Discussion Paper was released in July 1999. The paper proposed the development of a value based performance management framework for GBEs and SOCs based on Shareholder Value Added concepts.

The purpose of considering the introduction of a shareholder value-added measurement and reporting regime for Government businesses is to encourage and promote management behaviour that is consistent with value creation over time. In broad terms, shareholder value added (SVA) measures the extent to which a business adds value for

its shareholders by generating net returns which exceed the weighted average cost of capital of the business. Establishing the appropriate mix of debt and equity for GBEs and SOCs is also an important step in determining returns to shareholders.

To assist in resolving critical implementation and operational issues prior to the general introduction of the SVA methodology, a Pilot Study was undertaken with selected GBEs and SOCs. The Pilot Study was completed in June 2000 and a report provided to the Treasurer in July 2000. The Treasurer approved the introduction of the SVA reporting framework in August 2000. The Portfolio Ministers' endorsement is currently being sought before the implementation process is commenced.

2000 Strategy

Treasury will assist GBEs and SOCs in implementing the Shareholder Value Added (SVA) Performance Measurement Framework into the 2000-01 corporate planning process including developing an SVA User Manual and providing SVA software training to GBEs and SOCs.

6.2.2 Further Commercialisation Reforms

1999 Strategy

Treasury, in conjunction with the TAB, will facilitate the corporatisation of the TAB and draft amending legislation by March 2000.

Progress:

During 1999-00, the Government reviewed the structure of the racing industry in Tasmania and ownership options for TOTE Tasmania (formerly the TAB) to:

- identify efficiencies in the administrative costs of the racing industry;
- provide greater accountability of racing industry expenditure;
- create a structure that will allow TOTE Tasmania to operate on a more flexible and commercial basis in order to grow the market for its product into the future;
- establish regulatory arrangements that are consistent with TOTE Tasmania's private sector competitors; and
- provide funding certainty to the racing industry that will also provide TOTE Tasmania with a clearer understanding of its operating parameters into the future.

In 1999, the Government decided on a new administrative structure for the Tasmanian racing industry, merging the commercial functions of Racing Tasmania with TOTE Tasmania. Responsibility for the advisory, probity, and regulatory functions of Racing Tasmania now resides with a new entity called Racing Services, a division of the Department of Infrastructure, Energy and Resources.

Following a review of ownership options for TOTE Tasmania, the Government in July 2000 approved the corporatisation of TOTE Tasmania as the basis for achieving further efficiency gains. Legislation to move TOTE Tasmania from a Government Business

Enterprise (GBE) to a State-owned Company (SOC) will be introduced in the Parliament by October 2000.

Corporatisation of TOTE Tasmania will:

- reduce constraints on the commercial behaviour of TOTE Tasmania by removing the requirement for the distribution of its total operating surplus to the racing industry which prevents the retention of capital funds for expansion into other gambling markets;
- improve certainty and commercial incentive for the racing industry due to a reduction in volatility of the revenue stream; and
- provide a more competitive tax structure. TOTE Tasmania will also be subject to an income tax equivalents, guarantee fee and dividend regime.

2000 Strategy

Treasury, in conjunction with TOTE, will draft amending legislation for introduction to Parliament in October 2000, to corporatise TOTE from GBE status to become a State-owned Company.

6.2.3 Capital Structure Policy

The establishment of an appropriate mix of debt and equity for GBEs and SOCs is an important first step in determining the funds available for distribution as dividends. Once a capital expenditure program and an appropriate level of debt have been agreed between the Government as shareholder/owner and the Board of the individual GBE/SOC, the balance of funds is available for distribution as dividends. Ministerial Charters required that GBEs review their capital structures by December 1999. This should ensure that GBEs and SOCs progressively work towards commercially appropriate levels of debt and equity, which will in turn help to ensure that returns are maximised.

1999 Strategy

A Capital Structure Policy Paper will be developed by April 2000 which will provide a framework against which the GBE and SOC capital structure reviews can be assessed.

Progress:

In the course of undertaking the SVA Pilot Study it became apparent that the State's larger Government businesses had already undertaken capital structure studies that considered the optimal mix of debt and equity for their current and future strategic and operational needs.

The introduction of SVA will provide all Government businesses with a mechanism by which the economic efficiency of their capital structure alternatives can be assessed on an ongoing basis. Accordingly, all remaining Government businesses will need to consider the appropriate mix of debt and equity as part of the implementation of the SVA Performance Measurement Framework.

The introduction of the SVA Performance Measurement Framework will therefore ensure that Government businesses progressively work towards appropriate capital structures that ensure that returns to the State are maximised.

6.2.4 Industry Profiles for GBEs/SOCs

Meaningful performance monitoring requires comparisons to be made between like organisations within specific industry groups within the public or private sector.

The establishment of an industry specific database was proposed to enable Tasmanian GBEs/SOCs to be compared against other like organisations at a national level. The comparison of performance results will indicate both favourable and adverse performance and highlight performance areas requiring improvement.

1999 Strategy

A discussion paper on benchmarking GBE and SOC performance will be completed by December 1999 and benchmarking information on port companies will be completed by June 2000.

Progress:

In the course of undertaking the SVA Pilot Study, it became apparent that an assessment of the performance of Government businesses is best considered as part of the SVA Performance Measurement Framework. Accordingly, it was decided not to proceed with a separate paper on industry benchmarking of GBE and SOC performance.

6.3 Further Initiatives

6.3.1 Review of the Governance Structure for Government Business Enterprises

The Government is continually reviewing the governance, financial and legislative arrangements for GBEs to ensure that they remain appropriate.

The State and local Government have agreed to consider the transfer of the Southern Regional Cemetery Trust (SRCT) to local Government. This is consistent with the earlier transfer of the State Government's three bulk water authorities to local Government due to the regional nature of the services provided.

2000 Strategy

Treasury will continually review and amend if necessary the governance arrangements of identified businesses. In 2000-01, it is proposed to review the governance arrangements for the Printing Authority of Tasmania and transfer the Southern Regional Cemetery Trust to local Government control.

6.3.2 Developing appropriate management of CSOs

As part of the 2000-01 State Budget, the Treasurer was assigned the Purchasing Minister role for the following CSOs:

- The Public Trustee (PT) CSO; and
- The Bass Strait Islands (BSI) CSO through Hydro Tasmania.

These CSOs are covered by agreements between the Government and the respective GBE for the provision of services and funding for this provision. Similar arrangements are in place with certain State-owned companies – Metro Tasmania Pty Ltd. (Metro) and Aurora Energy Pty Ltd. The existing contracts for the Bass Strait Islands and Metro expire on 30 June 2001 and a new contract is to be developed for the Public Trustee CSO.

2000 Strategy

Treasury is to review with Metro Tasmania Pty Ltd and the Hydro-Electric Corporation the contract for the provision of their respective community services and develop three year contracts with each business. A new three year contract is to be developed and negotiated with the Public Trustee.

6.3.3 National Tax Equivalent Regime (NTER)

The Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations (IGA) provides that reciprocal taxation will be progressed on a revenue neutral basis. This was to be achieved through the negotiation of a reciprocal taxation agreement, with a National Tax Equivalent Regime (NTER) for income tax to apply to State and Territory government businesses. The target date for the implementation of the NTER is 1 July 2001.

A NTER Working Party was established to make recommendations to Head of Treasuries (HOTs) on how the NTER would be best implemented. It will also prepare draft guidelines for the NTER covering a wide range of issues and a service delivery agreement between the administrator, States and Territories. Tasmania is represented on this Working Party.

2000 Strategy

Treasury is to implement a NTER for Government businesses by 1 July 2001.

6.3.4 Review of Guarantee fees

A review of the process for determining guarantee fees has been completed by the Government in consultation with Government businesses, with a view to improving the process in a number of areas. The review was prompted following comment by several Government businesses in response to substantial increase in guarantee fees in 1998-99 compared with the previous year. The review raised issues in relation to the method of calculation of the rate, guarantee fee, the level of financial accommodation and the timing of advice.

2000 Strategy

Treasury will introduce a revised methodology for guarantee fees in October 2000.

6.3.5 Review of dividend policy for Government businesses - Discussion Paper

The dividend policy guidelines for Government businesses were introduced nearly five years ago. There have been a number of changes since that time including:

- changes in the business environment;
- the recent Commonwealth tax reforms in response to the Ralph recommendations; and
- the achievement of a sustainable State Government budget position.

There is a trade off between higher dividends, funding for the expansion of Government businesses and the Government's industry development and net debt reduction policies. The paper will review the current guidelines in the context of these factors.

2000 Strategy

Treasury will prepare a discussion paper on the dividend policy for Government businesses and if appropriate review the current dividend policy guidelines.

6.3.6 Infrastructure Projects

Consistent with the publications, *Private Sector Participation in Public Infrastructure – Policy Statement* and *Guiding Principles for Private Sector Participation in Public Infrastructure Provision*, Treasury is working closely with agencies in relation to major/significant projects that may involve private sector participation in the provision of public sector infrastructure.

During 2000-01 Treasury will contribute to the Prison Infrastructure Redevelopment Program project, with representation on both the Steering Committee and the Planning Team. Currently the project is investigating options in relation to prison infrastructure

and is in the process of preparing a business case and preferred option for submission to Cabinet.

Treasury is participating in the Department of Health and Human Services project to replace the mental health and disability services at Royal Derwent Hospital/Willow Court at New Norfolk. The project involves the use of private sector finance for the mental health services facilities and Commonwealth and State Government funding for disability services.

2000 Strategy

Treasury will assist in the process of preparing a business case to the Prison Infrastructure Redevelopment Program with a view to the preferred option being submitted to Government early in 2001.

7 Accountability

7.1 Progress to Date

One of the major elements of the Financial Management Reform Strategy is increasing the accountability of Government and agencies for financial performance and management of total resources.

A major reform as part of this strategy was the requirement for agencies to move to full financial reporting in 1996-97. Complementing this reform was the establishment of Agency Operating Accounts in the Special Deposits and Trust Fund, enabling a consolidation of accounting activities undertaken by each agency, and consideration of the total resourcing of Government Outputs that was central to the successful implementation of the Output methodology.

The Budget Papers have been expanded significantly since the introduction of the Output methodology, and now include detailed information on the total resources available to agencies and performance information relating to key activities. In October 1997, Treasury issued *Performance Information for Management and Accountability Purposes - An Introductory Guide for Tasmanian inner-Budget Agencies* to assist agencies progress the development of performance measures. Each agency is now required to report on key performance indicators in its annual report.

The Australian Loan Council approved a revised framework for the presentation of uniform financial information by Commonwealth, State and Territory Governments in March 1997, following endorsement by Heads of Treasuries. The revised Uniform Presentation Framework achieves a substantial simplification of current reporting through the integration of Loan Council and National Fiscal Outlook reporting arrangements, while enhancing the information made available on a uniform basis.

Under the revised Uniform Presentation Framework, jurisdictions:

- produce uniform data in Budget reports in an amended format;
- publish a mid-year report presenting updated uniform data;
- will phase in presentation on public financial enterprises; and
- base the National Fiscal Outlook on data released in mid-year reports.

Financial information, including Forward Estimates, was presented in accordance with the revised Uniform Presentation Framework for the first time in the 1998-99 Budget Papers.

There is an increased focus on managing and reducing the State's unfunded liabilities such as superannuation and workers' compensation.

7.1.1 Superannuation

A number of reforms have been undertaken to accurately identify, manage and reduce the State's unfunded superannuation liability. Public sector superannuation arrangements introduced in July 1994 required agencies to contribute to the cost of providing

superannuation benefits to their employees, and funds were set aside in a provision account to meet the emerging cost of superannuation.

In 1996, a Parliamentary Committee was established to examine the superannuation arrangements for the State Service, largely in response to the increasing unfunded superannuation liability of public sector superannuation schemes in Tasmania.

The Joint Select Committee on Superannuation (JSC) tabled its report, *Public Sector Superannuation in Tasmania*, in the House of Assembly on 4 December 1997. The primary recommendation made by the JSC was to close the RBF contributory scheme to new members and provide future public sector employees with funded superannuation benefits through an accumulation scheme.

The *Public Sector Superannuation Reform Act 1999* implemented the principal recommendations made by the JSC. The RBF defined benefit contributory scheme was closed to new members. Public sector employees appointed on or after will have employer superannuation support credited to an accumulation scheme at the rate prescribed in the *Superannuation Guarantee (Administration) Act 1992*. The SG level is currently 8 per cent of salary and rises to 9 per cent as from 1 July 2002. The Act ensures that no current public sector employees are disadvantaged and in cases where some, such as temporary employees, have the right to transfer to the contributory scheme, this right is retained, even though the contributory scheme will be closed to new members. The legislation also implements the decision announced by the Treasurer in the 1998-99 State Budget that the employer superannuation contributions of all new public sector employees are fully funded from 1 July 1999.

As a consequence of the superannuation arrangements applying to new entrants, together with the increased funding effort being made from the Budget, the State's unfunded superannuation liability is now expected to be eliminated within 25 years.

7.1.2 Workers' Compensation

The Tasmanian State Service Workers' Compensation Committee implemented strategies both to reduce the number and cost of workers' compensation claims, complementing the work being undertaken by individual agencies, and to eliminate the unfunded liability of the Scheme. At 30th June 1996, the Scheme had no reserves to meet the cost of claims that had occurred before that date but had not been finalised. The Scheme became fully funded in 1999-00. As at 30 June 2000, the Scheme had reserves of \$58.5 million marginally exceeding its liabilities of \$48.9 million. As a result the annual total contributions by agencies has been reduced from \$30 million in 1999-00 to \$19 million in 2000-01.

7.2 Continuing Initiatives

7.2.1 Accrual based whole-of-government financial reporting

Australian Accounting Standard AAS 31 *Financial Reporting by Governments* provides for the Commonwealth, State and Territory Governments to prepare accrual based whole-of-government general purpose financial statements for reporting periods ending on or after 30 June 1999.

Trial financial statements for the Tasmanian Government for 1997-98 were produced during 1998-99.

1999 Strategy

Systems and processes to enable the preparation of whole-of-government general-purpose financial statements will be finalised by January 2000. A whole-of-government balance sheet at 30 June 1999 will be prepared by April 2000.

Progress:

A range of issues and policies associated with the introduction of financial reporting for the Tasmanian Government were identified when preparing the trial financial statements during 1998-99. As a consequence, significant changes were made to the data collection and consolidation processes, those were largely finalised by January 2000. Audited whole-of-government general-purpose financial statements in respect of 1998-99 were completed in April 2000 and published in June 2000.

For accountability purposes, it is desirable to understand the linkages and differences between the Government Financial Statistics (GFS) and the consolidated financial statements. Treasury worked in conjunction with the Australian Bureau of Statistics to rationalise and combine the coding structures required for budget, GFS and financial reporting purposes. The revised chart of accounts was provided to agencies in June 2000 and will apply for 2000-01. A single survey form for collecting data for both GFS and consolidated financial reporting has been developed to collect data relating to 1999-00.

7.2.2 Improved Performance Information

Performance information is used to assess whether the Outputs produced by agencies are being delivered in the most efficient manner and enabling the achievement of Government endorsed Outcomes. It is therefore an important tool for Government decision making (in relation to resource allocation and assessing the success or otherwise of policies) and agency internal management.

Performance information for agencies has been provided in the Budget Papers since 1997-98. A number of agencies contribute performance information on service delivery on a national basis as part of the Productivity Commissions annual *Report on Government Services*.

1999 Strategy

Treasury will review current agency performance information with a view to improving the performance information currently published in the Budget Papers and other documents, and report to Budget Committee by December 1999.

Progress:

The review of 1999 performance indicators was deferred pending the provision of Tasmania *Together* indicators on social and economic targets. Future output

performance measures must link to the key outcomes of Government and integrated into the *Tasmania Together* program.

The performance information currently provided by agencies for inclusion in the Budget Papers has provided useful information on a wide range of agency Outputs. However, considerable improvements can still be made to this information. In particular, existing performance indicators can be refined further and new indicators developed that reflect the performance of key Outputs and the achievement of key Outcomes.

During 2000-01, Treasury will assess the performance information currently prepared by agencies to determine how it can be improved. Treasury will also consider how stakeholders, including the Government, agencies and the broader community, use the information. This review will take account of the need for indicators to measure progress in achieving the key social, economic and environmental goals established in the *Tasmania Together* process.

The indicators in *Tasmania Together* will be used as the benchmark for determining Budget priorities, agency goals and for evaluating the well being of the State.

2000 Strategy

Treasury will review and report on performance information with a view to improving the published performance information by December 2000.

8 Review of the legislative framework

The *Financial Management and Audit Act 1990* (FMAA) provides for the management of the public finances of Tasmania in an efficient, effective and economic manner, and of Heads of Agencies are accountable for the efficient and effective management of their agencies.

The *Public Account Act 1986* sets out the accounting and budgetary framework under which agencies operate.

The *Government Business Enterprises Act 1995* (GBE Act) provides a framework that enables Tasmania's GBEs to manage their operational affairs with greater independence and to maximise their commercial performance, whilst providing for improved strategic oversight and accountability. This framework provides for enhanced economic efficiency and effectiveness of GBEs.

8.1 Continuing Initiatives

8.1.1 The Legislative Framework for Government Departments

A consolidated legislative framework for the financial management of Government agencies would facilitate a more structured approach to financial management, while ensuring that the accountability framework is consistent with any changes in public sector employment arrangements.

A consultant's report in February 1996 concluded that the current legislation defined performance in an implicit and unsatisfactory fashion, with the primary performance requirement of compliance. There is currently little in the legislation which implies that performance relates to anything other than legal compliance.

An appropriate framework of legislation would address:

- the increased national focus on fiscal responsibility, accountability and public sector reporting;
- the pressures to adopt contemporary practices in public sector financial management; and
- the ongoing structural changes in government.

1999 Strategy

Treasury will review the financial management legislation having regard to the outcome of the stocktake, evaluation and review of the current financial management framework. A report will be provided to Government by March 2000 on any identified deficiencies in the current legislation and, if required, draft model legislation will be developed for consideration by Government by June 2000.

Progress

A preliminary review of financial management legislation was undertaken in November 1999. The review concluded that any amendments to the *Financial Management and Audit Act 1990* and *Public Account Act 1986* should be incorporated into the Accrual Budgeting and Financial Management project.

While there are benefits in developing a consolidated legislative framework for the management of government finances, the timing of those changes remains an issue.

The implementation of accrual budgeting still remains an outstanding reform initiative that is likely to impact significantly upon the legislative framework. Accordingly, it is now proposed that the review of the financial management legislative framework be incorporated as part of the implementation of accrual budgeting and it will be reported under that heading in future Progress Reports.

8.1.2 The Legislative Framework for Government Business Enterprises

The *Government Business Enterprises Act 1995* (the GBE Act) has been in operation for five years, and in 1999 a review commenced to ensure that it remains in step with current best practice.

1999 Strategy

The *Government Business Enterprises Act 1995* will be reviewed and recommendations will be made to the Treasurer by June 2000 for changes or refinements to the GBE Act, having regard to the Government's interests as shareholder/owner.

Progress:

A GBE Act Review Group, consisting of representatives from Treasury and GBEs, was formed in July 1999 to review the GBE Act. The aim of the Review was to improve the administration of the GBE Act. The Review Group is finalising its draft Report for consultation more generally with GBEs and Portfolio Ministers prior to presentation to the Treasurer and the Stakeholder Minister for all GBEs.

2000 Strategy

Treasury will facilitate a review of the Government Business Enterprises Act 1995 which will be completed by December 2000.

8.2 Further Initiatives

8.2.1 Financial Legislation for Statutory Authorities

The financial management legislative framework presently applies to government businesses and government agencies. However, there is a gap in coverage relating to statutory authorities. The financial management and reporting requirements of these authorities are set out to various degrees within each authority's enabling legislation, but there is no consistency in the treatment of these authorities.

A consolidated and consistent overarching legislative framework for the financial management of statutory authorities would facilitate a more structured approach to financial management and reporting by these authorities.

2000 Strategy

Treasury will develop a discussion paper on ways to standardise and regulate financial management and reporting in statutory authorities by December 2000.

9 Communications

Reforms need to be marketed and communicated effectively if agencies, the Government, the Parliament and the public are to get the most out of them. The Stocktake and Evaluation Process (refer Section 1.3) identified that Treasury is not currently marketing reform and assisting with its implementation as effectively as it needs to. Agencies indicated in the Stocktake that ‘many of the financial management reforms introduced have not been fully implemented and have not infiltrated into agencies’. The main concern is not the reform strategy itself but how it is implemented. There needs to a better understanding of the proposed reforms and its benefits as well as sufficient agency resources to allow full implementation.

There is clearly a need for Treasury to review the way it introduces reforms and provides information to ensure agencies and their staffs understand current financial management reform issues.

9.1 Continuing Initiatives

9.1.1 Electronic Provision of Information

The Internet allows Treasury to provide timely and accurate information (both internally and to the community at large) more efficiently.

1999 Strategy

Treasury will continue to provide information to agencies and the community via the Internet, and begin the electronic publication of past relevant Treasury documents.

Progress:

During 1999-00, all new publications and papers released by Treasury were also placed on the Treasury Web site at <<<http://www.treasury.tas.gov.au>>>. In addition, a number of previously published documents were placed on the Web site. Agencies now have electronic access to all relevant financial management publications.

During 1999-00, Treasury established separate addresses for GST and Accrual Budgeting on its Web site to provide a readily accessible resource for agencies. The Treasury Web site is a key means of improving communication with agencies. Most Treasury documents are available on the Web site, but access and functionality for users needs to be improved.

2000 Strategy

Treasury will continue to improve the useability of its Web sites to improve functionality and access for users.

9.1.2 Information on the public finance framework

Given the considerable changes that have taken place, it is important that agencies and the community generally are kept informed of the Government's overall financial reform agenda and the progress that has been made. It is also important for Treasury to be aware of the views of agencies and other stakeholders when developing new elements of the framework.

1999 Strategy

Treasury will make a series of presentations to agencies and other stakeholders on the public finance framework during 1999-00.

Progress:

As part of the Stocktake and Evaluation process, the Director Government Finance and Accounting met with the senior management group of most agencies during 1999-00 to explain the purpose of financial management reform within the State Sector. The value of these meetings was demonstrated by the very high response rate to the Stocktake survey form by both agencies and individual finance officers.

Treasury facilitated a number of presentations and seminars for agencies, GBEs and SOCs on a range of issues including the implementation of GST, changes to State Sector superannuation arrangements, procurement, Outputs budgeting and the public finance framework. Treasury will continue to undertake such presentations on a needs basis.

The Stocktake highlighted that the Finance Managers Forums could be better utilised as a means of disseminating information on reform issues and allowing agencies to share information and experiences. Treasury and agencies should also develop a whole-of government communication strategy to better inform agencies, and the community, about the reform agenda.

2000 Strategy

Treasury will hold a workshop in November 2000 to work with the members of the Finance Managers Forum to develop means of better using that forum to disseminate information on reform issues and to investigate the benefits of developing a whole-of government training strategy.

9.1.3 Calendar of Events

Publishing an annual Calendar of Events provides agencies with information on Budget, Financial Management and Reporting cycles.

1999 Strategy

Treasury will publish the 1999-00 Budget Financial Management and Reporting Cycle timetable by October 1999.

The Budget Financial Management and Reporting Cycle was published in November 1999. This calendar is seen as an important planning tool for agencies and will continue to be updated annually.

2000 Strategy

Treasury will publish the 2001-02 Budget Development timetable in October 2000.

9.1.4 Financial Management Newsletter

1999 Strategy

Treasury will examine the feasibility of producing a regular Financial Management Newsletter for commencement in January 2000.

Progress:

During 1999-00, Treasury evaluated its published communications and alternative means of communication such as the Internet. The Treasury web site is already used to quickly disseminate to agencies information on urgent financial management issues, such as the implementation of GST.

In August 2000, it agreed that rather than publish a separate Financial Management Newsletter, a Financial Management section would be incorporated in a regular Treasury Newsletter, which will also be available for download from the Treasury Web site. The first publication is expected in October 2000. The Web site redesign, described under 8.1.2, will include an evaluation of alternative electronic methods of delivering news items, following feedback on the hard copy newsletter. This will form part of continuous improvement in delivering timely, relevant and useful information to external clients and stakeholders.

2000 Strategy

Treasury will publish a regular newsletter, encompassing information on financial management issues, commencing in October 2000.

10 Conclusion

All governments are responding to the changing environment in which they are delivering services to the community. These environmental issues include reduced financial resources, the concentration of resources on core functions, commercialisation and corporatisation of selected activities and a greater reliance on the private sector to provide goods and services to governments.

Governments introduced contemporary budgetary, financial management and accountability practices to enhance public sector financial management. Considerable progress has been made in Tasmania in the implementation of many of these reforms, outlined in July 1996 as part of the integrated financial management strategy.

The annual Progress Reports detail the implementation of reforms, and draws together the threads of the continuing financial management reforms in a structured overview.

It is now over four years since the initial Financial Management Reform Strategy was announced. The Stocktake and Evaluation process, completed in 1999, provided valuable information on the progress of the Financial Management Reform Strategy. Its findings and recommendations are being integrated into the Financial Management Reform Strategy.

In particular, Treasury recognises the needs of agencies in implementing Financial Management Reforms. This is reflected in the changed arrangements that will govern the implementation of accrual budgeting. The phased approach over three years should allow agencies sufficient time to acquire the appropriate competencies and bed down the changes that are associated with this major Financial Management Reform.

11 Appendix 1 - Overview of progress in 1999-00

The table below provides a list of the strategies identified in the *1999 Progress Report* and shows the progress made during 1999-00. Further details, including action to be undertaken in 2000-01, can be found in the body of this report under the appropriate heading.

<i>Strategy</i>	<i>Progress</i>
<i>Fiscal Strategy</i>	
The targets established under the Government's fiscal strategy announced in the 1998-99 Budget will be pursued, with progress monitored and reported annually.	The 2000-01 Budget Papers reported progress against the Fiscal Strategy targets outlined by the Government in its 1998-99 Budget.
<i>Budgetary and appropriation processes</i>	
A detailed report on the development and presentation of an accrual budget, including an implementation strategy, will be provided to the Government before the end of 1999.	A detailed report and implementations strategy for the development and presentation of an accrual Budget was agreed to by Cabinet in November 1999.
A Post-Implementation Review of the Budget Management System will be completed by the end of October 1999, and further enhancements will be considered for implementation prior to the 2000-01 Budget process.	The Post-Implementation Review of Phase One of the BMS was completed in October 1999. A number of further enhancements were identified for the Treasury and agency BMS core units and these were combined into a Phase Two development stage which was implemented in the second half of 1999-01.
An incentives regime to encourage agencies to achieve whole-of-government Outcomes will be considered further by Treasury during 1999-00.	A draft discussion paper was considered internally by Treasury during 1999-00. Given the complexities of the introduction of accrual budgeting this project has been deferred until the BMFRS is complete.
<i>Financial management - Government departments</i>	
Accrual-based financial management will be marketed to agencies through targeted training developed in conjunction with the accrual Budget initiative by June 2000.	The marketing of accrual based financial management will now be undertaken as part of the accrual budgeting implementation.
The <i>Commercialisation and Corporatisation Principles for Government Agencies</i> paper will be finalised and, subject to approval by the Treasurer, published by the end of 1999.	Treasury will not produce the proposed paper, as there is already a number of related documents in the public arena.

<i>Strategy</i>	<i>Progress</i>
A cash flow forecasting system for debt and daily cash management purposes will be developed and implemented by February 2000.	Following the implementation of the agency application of the Budget Management System (BMS) the system specifications were amended to enable agencies to provide cash flow information through the BMS. These changes delayed the development of the cash flow forecasting system which now has a revised completion date of December 2000.
An Inter-Agency Working Group will develop a proposed framework for improving financial management competencies for consideration by the Treasurer by December 1999.	The Inter-Agency Working Group completed a paper in December 1999. The development of financial management competencies will continue under the auspices of the BFMRS project.
Following a program of strategic risk reviews, further options for the treatment of risk will be submitted for the consideration of the Government by December 1999.	The Tasmanian Risk Management Fund has been established to provide for the cost of risk to which the Tasmanian Government is exposed. All inner-Budget sector agencies are required to participate in the Fund, which commenced operation on 1 January 1999.
During 1999-00, Treasury will continue to implement the divestment program for the Government owned office portfolio, arranging the sale or transfer of properties in accordance with the OAPSSP.	From 1 July 1999, single and simple multi-tenanted office leases over \$100 000 have been devolved to agencies. Renewal of leases and new lease procurement has become an agency responsibility. Four multi-tenanted leasehold buildings will continue to be managed by Treasury.
Treasury will establish a central register of past tenders let by Government agencies and GBEs, commencing from the quarter ending 30 September 1999	In July 1999, Treasury commenced tracking the share of government contracts going to local businesses.
By December 1999, Treasury will facilitate the development of procurement competency standards and training for agency staff involved in procurement activities.	Revised Treasurer's Instructions setting out procurement guidelines and pro-formas to assist agency staff involved in procurement activities were issued in June 2000.
During 1999-00, Treasury will continue to work with the Electronic Services Unit of the Department of Premier and Cabinet to progress the establishment of an electronic interface between Government and business.	The Tasmanian Government Tenders web site was established in November 1999. This provides Tasmanian businesses with procurement information and details of government procurement and tender advertisements.

<i>Strategy</i>	<i>Progress</i>
<p>By November 1999, a range of initiatives identified by the Procurement Advisory Group (PAG) to further enhance opportunities for Tasmanian industry will be submitted to the Government for consideration.</p>	<p>The PAG made a number of recommendations to the Treasurer in November 1999 including;</p> <ul style="list-style-type: none"> • Enhancement to the tenders web site; • Procurements complaints process; • Meet the Buyers events; • How to do business guidelines for business.
<p>By June 2000, Treasury will complete a competitive tender process to establish a panel of external leasing organisations to enable agencies to lease information technology and other office equipment at competitive rates</p>	<p>In August 2000, the Treasurer approved the selection of successful tenderers as the shared contractors for the Equipment Lease Facility Contract.</p>
<p><i>Financial management - Authorities, GBEs and SOCs</i></p>	
<p>A pilot study to further evaluate the application of SVA concepts in differing business environments will be completed by December 1999. A report will be provided to the Treasurer by March 2000 and, subject to his approval, guidelines will be finalised by June 2000.</p>	<p>The SVA methodology Pilot Study was undertaken with selected GBEs and SOCs. The Pilot Study was completed in June 2000 with a report provided to the Treasurer in July 2000.</p>
<p>Treasury, in conjunction with the TAB, will facilitate the corporatisation of the TAB and draft amending legislation by March 2000.</p>	<p>Following a review of ownership options for TOTE Tasmania, the Government concluded that corporatisation offers the prospect of further efficiency gains. It has been agreed that the corporate structure of TOTE Tasmania will move from a Government Business Enterprise (GBE) to a State-owned Company (SOC). Legislation is to be drafted by October 2000.</p>
<p>A Capital Structure Policy Paper will be developed by April 2000 which will provide a framework against which the GBE and SOC capital structure reviews can be assessed</p>	<p>Determining the appropriate mix of debt and equity for GBEs and SOCs will be undertaken as part of the implementation of the SVA Performance Measurement Framework.</p>
<p>A discussion paper on benchmarking GBE and SOC performance will be completed by December 1999 and benchmarking information on port companies will be completed by June 2000.</p>	<p>Assessing the performance of Government businesses will be undertaken as part of the SVA Performance Measurement Framework.</p>

<i>Accountability</i>	
Systems and processes to enable the preparation of whole-of-government general-purpose financial statements will be finalised by January 2000. A whole-of-government balance sheet will be prepared by April 2000.	The audited whole-of-government general-purpose financial statements were published in June 2000.
Treasury will review current agency performance information with a view to improving the information published in the Budget Papers and report to Budget Committee by December 1999.	The performance information currently provided by agencies for inclusion in the Budget Papers has provided useful information on a wide range of agency Outputs. However, considerable improvements can still be made to this information to ensure that the greatest benefit is obtained from its collection and publication. In particular, existing performance indicators can be refined further and new indicators developed to ensure that properly reflect the performance of key Outputs and the achievement of key Outcomes.
<i>Review of the legislative framework</i>	
Treasury will review the financial management legislation having regard to the outcome of the stocktake, evaluation and review of the current financial management framework. A report will be provided to Government by March 2000 on any identified deficiencies in the current legislation and, if required, draft model legislation will be developed for consideration by Government by June 2000.	The review of the financial management legislative framework has been incorporated as part of the implementation of accrual budgeting.
The <i>Government Business Enterprises Act 1995</i> will be reviewed and recommendations will be made to the Treasurer by June 2000 for changes or refinements to the Act, having regard to the Government's interests as shareholder/owner.	A GBE Act Review Group, consisting of Treasury and GBE representatives, was formed in July 1999 to review the GBE Act. The Review Group is presently finalising its draft Report for consultation more generally with GBEs and Portfolio Ministers prior to presentation to the Treasurer who is the Stakeholder Minister for all GBEs. Subject to the views of the Treasurer, the findings of the Review Group will form the basis of a submission to Cabinet recommending changes to the GBE Act.

<i>Communications</i>	
Treasury will continue to provide information to agencies and the community via the Internet, and begin the electronic publication of past relevant Treasury documents.	During 1999-00, Treasury established separate addresses for GST and Accrual Budgeting Implementation on its Web site to provide a readily accessible resource for agencies.
Treasury will make a series of presentations to agencies and other stakeholders on the public finance framework during 1999-00.	Treasury facilitated a range of presentations to agencies, GBEs and SOCs on various financial management issues.
Treasury will publish the 1999-00 Budget Financial Management and Reporting Cycle timetable by October 1999.	The Budget Financial Management and Reporting Cycle timetable was published in November 1999.
Treasury will examine the feasibility of producing a regular Financial Management Newsletter for commencement in January 2000.	The Financial Management Newsletter will be published as part of a regular Treasury Newsletter, from October 2000.

12 Appendix 2 - Relevant Treasury Publications

1999-00

*Consolidated Financial Statements for the State of Tasmania 1998-99, June 2000**

*The Tasmanian Government Financial System, May 2000**

Superannuation in the Tasmanian Public Sector – A broad outline of the arrangements for new public sector employees, April 2000

*Report on the Trial Accrual Budgeting Process and Recommended Future Direction, November 1999**

*Guidelines for Professional Indemnity and Public Liability Insurance for Building Works and Services, September 1999**

*Guidelines for Tender Evaluation Using Weighted Criteria for Building Works and Services, September 1999**

*Tasmania's Financial Management Reform Strategy – 1999 Progress Report, September 1999**

*Shareholder Value Added; A discussion paper for Government Business Enterprises and State-owned Companies., July 1999**

1998-99

*Probity Guidelines for Tendering and Contracting, May 1999.**

*Corporatisation Principles for Local Government Business Activities, January 1999.**

*Tasmania's Financial Management Reform Strategy - 1998 Update, December 1998.**

*Tasmanian Code of Practice for the Construction Industry, December 1998.**

*Corporate Governance Handbook, December 1998.**

*Contract Documentation, Delegation and Risk, December 1998.**

1997-98

*Building Maintenance Manual, June 1998.**

*Best Practice for the Engagement of Consultants, March 1998.**

*Commonwealth Tax Compensation and Privatisation, March 1998.**

Leasehold Procurement and Administration Guidelines, March 1998.

*Tasmania's Debt Burden, February 1998.**

*The Impact on the Consolidated Fund of the Partial Sale of the HEC, February 1998.**

The Structural Separation of the Hydro-Electric Corporation. National Competition Policy Implications, February 1998.*

The Tasmanian Budget: Competing Demands and Budgetary Constraints, February 1998.*

Valuation and Reporting of Non-Current Physical Assets, December 1997.

Guidelines for Leasing, November 1997.

Referral to the Parliamentary Standing Committee on Public Works, November 1997.*

Performance Information for Management and Accountability Purposes - An introductory guide for Tasmanian inner-Budget agencies, October 1997.*

CTC Costing Guidelines, October 1997.

Public Works Tender Board Guidelines, October 1997.

Guidelines for Implementing Full Cost Attribution Principles in Government Agencies, September 1997.

Tasmania's Financial Management Reform Strategy - 1997 Progress Report, September 1997.*

“A Strategic Asset Management Framework for the Tasmanian State Service”, *IPAA Communique No. 72*, July 1997.

Competitive Tendering and Contracting Implementation Manual, July 1997.

1996-97

Full Cost Attribution Guidelines for Local Government, June 1997.

Competitive Tendering and Contracting Implementation Manual, May 1997.

Guidelines for Definition, Costing and Reporting on Policy Advice Outputs, May 1997.

Handbook for Government Procurement, May 1997.

Strategic Asset Management Framework, May 1997.

Project Initiation Process, April 1997

Tasmanian Government Inner Budget Sector Budget Management Guidelines, April 1997

Guidelines for Considering the Public Benefit Under the National Competition Policy, March 1997

Budget Committee Process, February 1997.

Performance Information and the Budget Process, November 1996.

Competitive Tendering and Contracting: A Policy Framework for the Tasmanian Public Sector, September 1996.

Application of Competitive Neutrality Principles to the State Government Sector, July 1996.

Extension of Part IV of the Trade Practices Act to all businesses in Tasmania, July 1996.

Reviews of Legislation that Restrict Competition, July 1996.

Tasmania's Financial Management Reform Strategy, July 1996.

* Available at the Treasury Web site, <<<http://www.tres.tas.gov.au>>>

13 Appendix 3 - Addresses in 1999-00

Understanding Tasmania's Financial Situation Presentation by Philip Mussared, Deputy Secretary to the Managing Policy Program, April 2000

Assisting Tasmanian Small to Medium Enterprises to Participate in Government Business Address by Craig Jeffery, Acting Director, Government Accounting, Procurement and Property Branch to Government Buyers, 12 October 1999, to the Internet Commerce Committee, 29 October 1999 and to the Department of Health and Human Services, 23 February 2000

Contributing to Policy Thinking: Observations from Experience Address to the Professional Development Program, by D W Challen, Secretary, Tuesday 14 December 1999.

Managing the Transition to a Minority Government Address to the Victorian Treasury Senior Management Group by D W Challen, Secretary, address Sunday 12 December 1999.

Financing the Future Presentation by Philip Mussared, Deputy Secretary to the U3A Program "Preferable Futures", November 1999

Opening address to the National Compliance Conference by D W Challen, Secretary, Tuesday 16 November 1999.

Where We Have Come From and Where We Are Going Address to the Commonwealth Heads of Agency Conference, by D W Challen, Secretary, Friday 29 October 1999.

Where We Have Come From and Where We Are Going Address to the Burnie Chamber of Commerce and Industry Annual Dinner," by D W Challen, Secretary, Thursday 28 October 1999.

The Budget Process and Tasmania Together Address to the Community Leaders Group by D W Challen, Secretary, 20 September 1999.

Two Case Studies in Change Management Address to the Trust Bank Management Program, by D W Challen, Secretary, 9 September 1999.

Assisting Tasmanian Small to Medium Enterprises to Participate in Government Business Address to the Local Government Association of Tasmania by Philip Mussared, Deputy Secretary, September 1999

The New Financial Management Environment in the Tasmanian State Service Address by Craig Jeffery, Acting Director, Government Accounting, Procurement and Property Branch to Agency Corporate Management Groups in October/November 1999

Project Management: A Practitioner's Perspective Address by Philip Mussared, Deputy Secretary to a Workshop on Project Management, July 1999 and May 2000

Tasmania's Financial Situation and the Implications of a GST Presentation by Philip Mussared, Deputy Secretary to the U3A Program "Unresolved Issues, July 1999

Tax Reform and the GST – Presentation for Public Entities Presentation by Mark Kerslake, Deputy Secretary, Economic and Financial Policy Division and Rob Nicholl, Director, Intergovernment and Financial Policy Branch, to agencies, Government Business Enterprises and local government, Hobart and Launceston, July 1999.

The Tasmanian State Budget and its Management Presentation by Philip Mussared, Deputy Secretary to the Public Administration Program, University of Tasmania, July 1999

The Tasmanian Budget Process Presentation by Philip Mussared, Deputy Secretary to the Managing Policy Program, April 1999