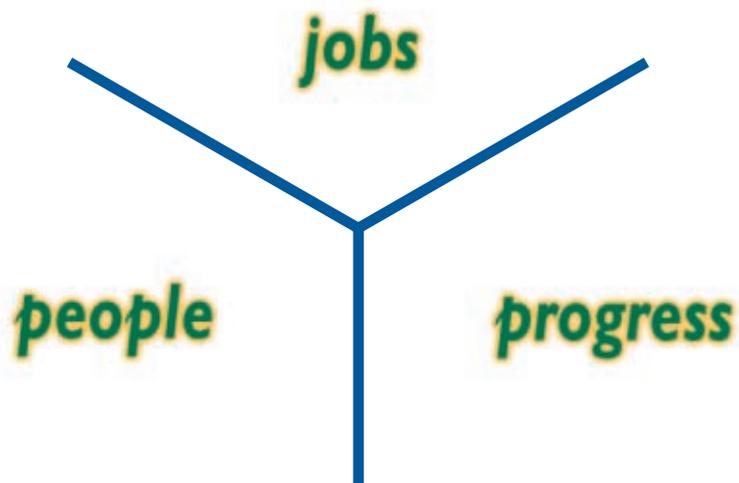




Tasmania

**2002 – 03**  
*Tasmanian Budget Summary*



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# Treasurer's Message

## *Jobs, People, Progress*

The 2002-03 Tasmanian Budget is a Budget that cares for people. It gives priority to jobs and hope to the most disadvantaged in our community.



Jobs have been the highest priority of this Government since day one and continue to be. The 2002-03 Budget delivers a business tax package covering land tax and a range of stamp duties which perfectly complement and build upon the substantial tax cuts in last year's Budget.

The 2002-03 Budget contains more funding for economic infrastructure on top of the Infrastructure Fund established in the 2001-02 Budget. This together with the tax package and the major infrastructure projects such as Basslink, gas, and wind, will contribute substantially to creating 4000 jobs by the end of the 2003. The progress in Labor's five Budgets has delivered the best business environment Tasmania has ever had.

The next key priority of the Government is people – providing quality services to the Tasmanian community in the areas of health, education and law and order. This Budget contains a number of initiatives aimed at improving access for those in our community who

are in poor health, who have low incomes or who are disadvantaged. Funds are provided to address elective surgery demands in our public hospitals, to improve dental health, to meet the cost of education for low income families, and as well as significant increases in base funding for core services.

Progress refers to the significant improvements that Tasmanians have experienced under each successive Labor budget – more jobs, a population that is on the increase again, better services, and a dramatic improvement in the State's financial position.

This Budget, like the four before it, is underpinned by strong financial management. Tax relief and more funding for services have been provided while maintaining the Budget in surplus. The Government is on track to eliminate Budget sector net debt by June 2008. By June 2008, the \$84 million that the State presently spends out of Budget revenue on unproductive interest payments will have been reinvested in services, in community facilities and in a reduced taxation burden. These are the benefits of responsible financial management for all the community.

The key features of the 2002-03 Budget are:

- Reductions in State taxes
- A new \$30 million Social Infrastructure Fund
- A \$70 million increase in funding for recurrent services to the community
- A new \$30 million Major Projects Fund
- A new Fiscal Strategy

David Crean  
TREASURER

# Budget at a Glance

The following initiatives are funded from four sources in the Budget – increased recurrent allocations for Government Departments, the State Capital Program, the Social Infrastructure Fund and the Major Projects Fund. The funding source is identified by number in the foot note below.

## Putting People First – Servicing the Tasmanian Community

<p><i>Support for Tasmanians on low incomes, who are disadvantaged or in poor health</i></p>	<p>Special funding packages in this Budget include:</p> <ul style="list-style-type: none"> <li>• \$5 million elective surgery package<sup>3</sup></li> <li>• \$5.3 million dental health package<sup>3</sup></li> <li>• \$2 million per annum to assist low income families meet the cost of education<sup>1</sup></li> <li>• \$1.8 million for managing students at risk<sup>3</sup></li> <li>• \$350,000 in increased recurrent funding for students with disabilities<sup>1</sup></li> <li>• \$250,000 per annum for full indexation of pensioner rate remissions<sup>1</sup></li> <li>• \$250,000 per annum to increase the conveyance allowance for isolated students by 50%<sup>1</sup></li> <li>• \$150,000 per annum for taxi disability concessions<sup>1</sup></li> <li>• More funding for Home and Community Care<sup>1</sup></li> </ul>
<p><i>Increased base funding for Health and Justice Services</i></p>	<p>In addition to the above initiatives, this Budget provides:</p> <ul style="list-style-type: none"> <li>• An additional \$21 million in base funding for Health and Human Services<sup>1</sup></li> <li>• An additional \$4.3 million in base funding for Justice services<sup>1</sup></li> </ul>
<p><i>Better community facilities and meeting community needs</i></p>	<p>This Budget provides the following initiatives to meet community needs:</p> <ul style="list-style-type: none"> <li>• An \$8 million community renewal program<sup>3</sup></li> <li>• A \$1.6 million redevelopment of the Theatre Royal<sup>2</sup></li> <li>• More funding for the Tasmanian Symphony Orchestra<sup>1</sup></li> <li>• More funding for the Queen Victoria Museum and Art Gallery in Launceston<sup>1</sup></li> <li>• \$1 million for the Tasmanian Bicentenary Celebrations<sup>3</sup></li> <li>• Increased funding for road safety<sup>3</sup></li> <li>• Increased funding for Service Tasmania<sup>1</sup></li> <li>• Increased funding for the Physical Activities Council<sup>1</sup></li> <li>• \$1.1 million per annum for better water assessment and management<sup>1</sup></li> <li>• Major maintenance works at Elphin Sports Centre<sup>2</sup></li> <li>• \$2.4 million for fox eradication<sup>1</sup></li> </ul>
<p><i>Infrastructure with a community focus</i></p>	<p>Included in community infrastructure funded in this Budget are:</p> <ul style="list-style-type: none"> <li>• Redevelopments of Smithton, George Town, and Scottsdale District Hospitals<sup>2</sup></li> <li>• Expansion of the Tasman Multi-Purpose Centre<sup>2</sup></li> <li>• School redevelopments in rural and regional areas<sup>2</sup></li> <li>• Refurbishment of the Launceston Police Headquarters<sup>2</sup></li> <li>• A new linear accelerator for the Royal Hobart Hospital<sup>2</sup></li> </ul>

### FOOTNOTES:

1. Increased recurrent allocations
2. Capital Investment Program
3. Social Infrastructure Fund
4. Major Projects Fund

## Giving Priority to Jobs

<p><i>Creating a more competitive business environment</i></p>	<p>This Budget continues the strategy to develop a more competitive business environment in Tasmania by:</p> <ul style="list-style-type: none"> <li>• Allocating \$9.4 million per annum in tax relief mainly to small and medium sized businesses, which includes<sup>1</sup>:             <ul style="list-style-type: none"> <li>– abolition of lease and hire duty</li> <li>– abolition of stamp duty on public liability insurance</li> <li>– reduction in land tax</li> </ul> </li> <li>• Committing to maintaining and improving Tasmania's highly competitive tax position</li> </ul>
<p><i>Funding for strategic economic infrastructure</i></p>	<p>Major economic funding initiatives in the 2002-03 Budget include:</p> <ul style="list-style-type: none"> <li>• The allocation of \$44 million each year for four years towards the cost of the two new Bass Strait vessels<sup>1</sup></li> <li>• \$4.5 million for Irrigation Schemes<sup>3</sup></li> <li>• A \$70 million Roads Program<sup>2</sup></li> <li>• Cradle Mountain infrastructure developments<sup>2</sup></li> </ul>
<p><i>Securing major projects</i></p>	<ul style="list-style-type: none"> <li>• Four major projects, Basslink, Gas Energy, Wind Energy and Fibre Optics will create jobs during construction and will deliver competitively priced energy and telecommunications for Tasmanians into the future</li> <li>• A \$30 million Major Projects Fund has been established in this Budget (to be expended over several years) to ensure that opportunities from these major projects are optimised and that as many Tasmanian communities as possible benefit from these opportunities<sup>4</sup></li> </ul>
<p><i>More money for skills and training</i></p>	<p>Increased funding has been provided to TAFE Tasmania to ensure that full advantage is taken of these economic developments. Initiatives include:</p> <ul style="list-style-type: none"> <li>• Fee relief for selected TAFE courses<sup>1</sup></li> <li>• A Business Skills development program<sup>3</sup></li> <li>• Redevelopment of TAFE facilities<sup>3</sup></li> <li>• Increased funding for Business Enterprise Centres<sup>3</sup></li> </ul>

## Demonstrating Strong and Responsible Financial Management

<p><i>Setting improved financial targets under a new fiscal strategy</i></p>	<p>The 2002-03 Budget continues the Government's commitment to a sustainable financial future:</p> <ul style="list-style-type: none"> <li>• General Government net debt will be eliminated by June 2008</li> <li>• Net interest costs will be zero by June 2008</li> <li>• Total State net debt will be less than \$1 billion by June 2008</li> <li>• Unfunded superannuation liability will be eliminated by June 2018</li> <li>• There will be no Budget deficits</li> </ul>
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### FOOTNOTES:

1. Increased recurrent allocations
2. Capital Investment Program
3. Social Infrastructure Fund
4. Major Projects Fund

# Putting People First

The Labor Government has a strong commitment to providing better and more responsive services to the Tasmanian community. As a result of the 2002-03 Budget, Labor has spent over \$300 million recurrent on social and community services, which were under funded during most of the 1990s.

The key focus of the 2002-03 Budget is a substantial increase in resources targeted at improving services and access to services for those in our community who are disadvantaged, on low incomes or in poor health.



The initiatives embrace a range of social and community services, including hospitals, mental health services, disability services, concessions for pensioners and families on low incomes, and student assistance. A substantial increase in base funding is also provided for the Health and Human Services and Justice Departments.

## *Putting People First - Specific Initiatives*

- \$5 million addressing elective surgery demands in our public hospitals
- \$5.3 million dental health package
- \$2 million per annum to assist low income families meet the cost of education
- \$1.8 million for students at risk
- \$350 000 per annum in increased funding for students with disabilities
- \$250 000 to ensure full indexation of pensioner rate remissions
- \$250 000 per annum to increase the isolated student conveyance allowance by 50%
- \$150 000 for taxi disability concession changes
- More funding for Home and Community Care

*As well as:*

- **\$21 million increase in base funding to the Department of Health and Human Services to fund increasing demand for hospital services and disability and mental health services**
- **\$4.3 million increase in base funding for Justice services**



# Putting People First - Specific Initiatives

## *Elective Surgery*

Additional funding of \$5 million is allocated as part of the Social Infrastructure Fund specifically to improve the throughput times for patients currently on elective surgery waiting lists in Public Hospitals.



## *Dental Health Package*

\$5.3 million has been provided to better deliver the Government's goals for oral health in Tasmania. The additional funding will result in decreased waiting times for specific services but particularly for the provision of dentures and emergency care.



## *Student Assistance Scheme*

An additional \$2 million per annum has been provided for the Student Assistance Scheme (STAS) to further assist low income families meet the cost of education.

## *Managing Students at Risk*

An additional \$1.8 million has been provided over three years to increase the staffing for the Managing and Retaining Secondary

Students at School (MARSSS) program, significantly increasing the capacity to improve the education outcomes for students at risk.

## *Support for Students with Disabilities*

Additional recurrent funding of \$350 000 has been provided to increase the level of resources for students with disabilities in regular schools, which in line with other States, have increased in number. An additional \$1.3 million was also provided in 2000-01.

## *Pensioner Rate Remissions*

An increasing amount, starting at \$250 000 per annum, is provided for full indexation of the \$300 cap on pensioner rate remissions, delivering further relief for pensioners. This ensures that rate relief for pensioners will increase in line with Local Government rate increases.

## *Isolated Student Conveyance Allowance*

Additional funding is provided to increase the amount paid under the conveyance allowance by 50 per cent. The conveyance allowance is paid to families living in remote areas without access to public transport to assist with the cost of transporting students between home and school.

## *Taxi Disability Concessions*

Funding is provided to increase taxi fare rebates from 35 per cent to 50 per cent for non-wheelchair dependent members of the Transport Scheme (the wheelchair dependent rebate is 65 per cent).

## *Home and Community Care*

Increased State funding, together with matching Commonwealth Funds, will provide an additional \$2.3 million in 2002-03 for community support services to the frail aged and younger people with disabilities. The extra funds will address gaps in service and unmet need and demand in areas such as home care, respite and personal care.

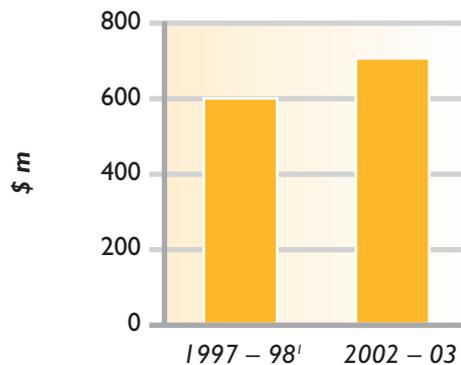
# Putting People First - Better Funded Services

## Health and Human Services

The Labor Government is providing over \$100 million more, in real terms, in additional recurrent funding for health and human services in this Budget than was provided in 1997-98.

The 2002-03 Budget includes \$41.7 million additional funding for health and human services, including \$21 million in additional base funding.

Increased Real Terms Funding for Health and Human Services

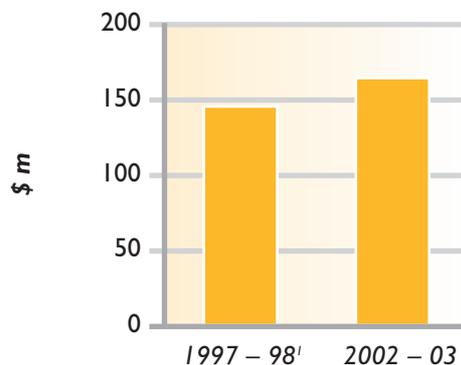


## Law and Order

In previous Budgets, there has been increased funding for Police and Public Safety.

In the 2002-03 Budget, the Government has increased the base recurrent funding of the Department of Justice and Industrial Relations by \$4.3 million. The increased funding will go into improved correctional, court, public guardian services and improved information sharing across the criminal justice system to improve crime clean up.

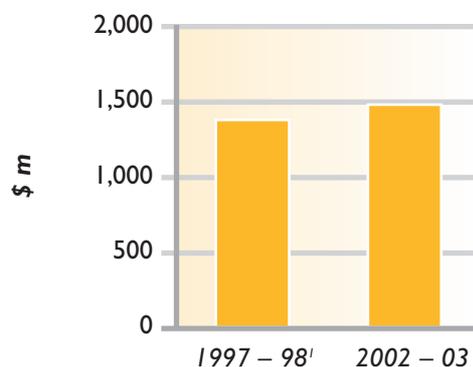
Increased Real Terms Funding for Law and Order



## Total Funding for Social Services

The above increases, together with increased funding for Education in this and previous Budgets, takes the total increase in recurrent funding for social and community services, in real terms, to over \$190 million per annum under the Bacon Government. This represents an increase of 14 per cent since 1997-98.

Total Increased Real Terms Funding for Social Services



**NOTE:**

1. In the above three charts, funding for 1997-98 is presented in real terms, that is, in 2002-03 dollars.

# Putting People First - Meeting Community Needs

The 2002-03 Budget provides more funding for community facilities and institutions that provide Tasmanians with a wide variety of experiences and entertainment as well as meeting important community needs.

## *Community Initiatives:*

- More funding for the Tasmanian Symphony Orchestra
- Move funding for the Queen Victoria Museum and Art Gallery
- Funding for Bicentenary Celebrations
- Redevelopment of the Theatre Royal
- Community renewal program
- Increased funding for Service Tasmania
- Major maintenance works for the Elphin Sports Centre
- Increased funding for the Physical Activity Council
- Increased funding for road safety
- Funding for fox eradication

This Budget provides for the development of modern and flexible services to meet the needs of rural communities.

## *Community Infrastructure Initiatives*

- Redevelopment of Smithton, George Town, and Scottsdale District Hospitals
- Expansion of the Tasman Multi-Purpose Centre
- School redevelopment in rural and regional areas
- Refurbishment of Launceston Police Headquarters
- New Linear Accelerator for the Royal Hobart Hospital



# Priority to Jobs - Tax Reductions

*Tax Package:*

- \$9.4 million in tax relief
- Abolition of stamp duty on hire of goods and services
- Abolition of stamp duty on leases and rental agreements
- Abolition of stamp duty on public liability insurance policies
- Abolition of miscellaneous stamp duties
- Abolition of stamp duty on non-quoted marketable securities
- Reduced land tax

Jobs have been the highest priority of the Bacon Labor Government since day one. The Government's jobs strategy is set out in its Industry Development Plan. The strategy includes:

- creating a more competitive business environment for Tasmanian firms;
- investing in strategic economic infrastructure; and
- securing major projects.

To create a more competitive business environment, the Government has delivered substantial business tax relief in both the 2001-02 Budget and in the 2002-03 Budget.

The 2002-03 Budget delivers a business tax package covering land tax and a range of stamp duties which directly complement and build upon the substantial tax cuts in last year's Budget.

The taxation initiatives specifically benefit small business through the removal of compliance costs and the provision of direct tax benefits, although other sectors of the wider business community and households will also benefit. Full details are provided in the 2002-03 Budget Taxation Initiatives Brochure.

On the latest figures, Tasmania is the second lowest taxed state in Australia. In its new Fiscal Strategy announced in the 2002-03 Budget, the Government has set a goal of maintaining Tasmania's taxation severity below the average of all States and Territories and below that of Victoria. In addition, there will be no new taxes and no increase in the rate of any existing taxes.

It should be noted that the data in the following chart does not include the substantial relief delivered in the last Budget or this Budget, and therefore Tasmania's current tax competitiveness is likely to be even better than that shown.

## Taxation Severity, 2000-01



SOURCE: Commonwealth Grants Commission

# Priority to Jobs - Tax Reductions

## Payroll Tax

The Budget initiatives in 2001-02 reduced the marginal rate of payroll tax from 6.53 per cent to 6.30 per cent and increased the general exemption threshold from \$606 000 to \$1 million from 1 July 2001. The initiatives also allowed for a further payroll tax rate reduction from 6.30 per cent to 6.24 per cent, and a further increase in the general exemption threshold from \$1 million to \$1.01 million, to take effect from 1 July 2002.



As a result of these payroll tax changes, businesses employing up to 200 employees (using average Australian wages) either have the lowest effective payroll tax in the nation or are at a rate at or below the average of all the States and Territories.

Businesses employing up to 200 employees account for 99 per cent of all businesses in Tasmania.

*Comparison of Effective Payroll Tax Rates, 2002-03*

No of Employees	TAS	QLD	WA	VIC	SA	NSW	NT	ACT	Average
	%	%	%	%	%	%	%	%	%
50	2.61	3.40	2.98	3.66	4.02	3.93	4.25	0.93	3.22
75	3.82	4.49	3.61	4.22	4.57	4.62	5.00	2.91	4.16
100	4.43	4.75	4.18	4.50	4.85	4.96	5.38	3.89	4.62
200	5.33	4.75	6.00	4.93	5.26	5.48	5.94	5.37	5.38
300	5.64	4.75	6.00	5.07	5.40	5.65	6.13	5.86	5.56
500	5.88	4.75	6.00	5.18	5.51	5.79	6.28	6.26	5.70



# Priority to Jobs - Economic Infrastructure

In many ways, most of the 1990s was a decade of decay in Tasmania. There was no greater example of this than the decline in public sector investment in infrastructure. This has been reversed under Labor.

In the 2001-02 Budget, the State Capital Program at \$475 million was the highest in more than 10 years. It was boosted by a special \$60 million Infrastructure Fund which was partly aimed at redressing the past under-investment in, and the deferred maintenance of, public infrastructure such as our hospitals and schools. As well as providing funding for deferred maintenance, the Infrastructure Fund provides funding for strategic infrastructure such as irrigation schemes.

The 2002-03 Budget continues this strategy. Highlights include the substantial investment in the two new vessels for Bass Strait and an additional \$4.5 million for irrigation infrastructure.

### *Economic Infrastructure Initiatives:*

- \$290 million for two new Bass Strait Vessels
- \$4.5 million for Irrigation Schemes
- Cradle Mountain infrastructure
- A \$70 million State Roads Program

### *Bass Strait Vessels*

The purchase of the two vessels to replace the Spirit of Tasmania will significantly strengthen a key aspect of the State's transport infrastructure.

The Bass Strait vessels will provide substantial benefits to the Tasmanian economy through:

- increased tourism;
- increased employment; and
- increased business investment in tourism infrastructure and services.

It is anticipated that the Bass Strait vessels will also:

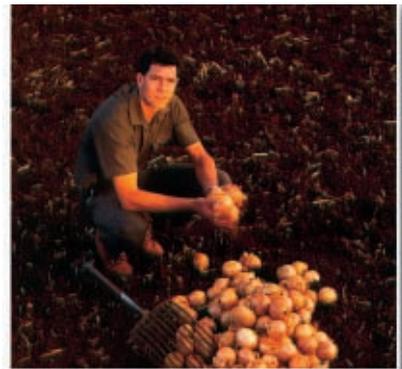
- boost in-bound tourism by around 36 000 visitors per annum in the early years of the business planning horizon; and
- generate additional spending within the State of around \$40 million per year.

### *Irrigation and Water Management*

\$4.5 million is provided as part of the Social Infrastructure Fund to continue the implementation of the Water Development Plan for Tasmania.

### *Cradle Mountain Infrastructure*

Almost \$4 million is provided for Cradle Mountain infrastructure developments, including the construction of a major new walking track and road upgrading providing for future growth of nature based tourism.



### *Roads Program*

The Government continues to maintain investment in roads. This year, the State's contribution to the Roads Program will be \$51 million and the Commonwealth will contribute a further \$19 million. The State's component has been maintained in real terms.

# Priority to Jobs – Skills and Training

The job opportunities that flow from the large investments being made in Tasmania will require new or enhanced skills in a range of areas. Whilst the proportion of the labour force undertaking ongoing training in Tasmania is positive, only a relatively small proportion of the Tasmanian labour force has some form of qualification.

The initiatives in this Budget will provide the basis to increase the number of Tasmanians with formal qualifications and aim to develop the business and other skills needed to take advantage of the opportunities that will arise over the next few years.

### *Skills and Training Initiatives:*

- \$200 000 fee relief for selected TAFE courses
- \$900 000 over three years for a Business Skills Development Program
- TAFE facilities redevelopment
- More funding for business enterprise centres
- Development of highly accessible TAFE learning centres

- contribute to the success of major State projects, by anticipating and responding positively to demands for skilled labour.

## *Fee Relief for Selected TAFE Courses*

This initiative will encourage student participation in courses of economic importance to the State by reducing fees. The program will:

- allow access to 265 000 hours of training at a concessional rate of \$0.75 per nominal hour, which is half of the current fee;
- ensure a pool of skills available to support industries of high significance to the State's economic growth and potentially enable people currently unemployed to gain jobs; and

## *Business Skills Development Program*



The Business Skills Development Program will provide existing and prospective business managers with training in a range of business management skills, including financial management, marketing, human resource management and information technology.

## *TAFE Facilities Redevelopment*

Over \$7.7 million is allocated to TAFE for redevelopment of facilities to maximise the potential for TAFE to provide a modern learning environment and to address occupational health and safety and access issues.

## *Development of Highly Accessible TAFE Learning Centres*

The Government is providing funding for development of highly accessible learning centres at the Devonport, Burnie, Launceston and Hobart TAFE campuses. The learning centres will enable students and businesses to access learning at times suited to their work, personal and business requirements and access to the latest learning technology.



## Priority to Jobs - Major Projects

*Major Projects include:*

- *Natural Gas - more cost effective and environmentally cleaner energy*
- *Basslink - reliable and flexible electricity supply at a competitive cost*
- *Wind Energy - renewable energy to be supplied across Bass Strait*
- *Bell Bay Power Station - conversion from oil to gas, lowering costs and supporting the natural gas project*
- *Telecommunications - a fibre optic network across Bass Strait and following the natural gas pipeline onshore*

Around \$1.5 billion of major infrastructure projects are planned for Tasmania over the next three years. The vast bulk of this will be privately funded investment.

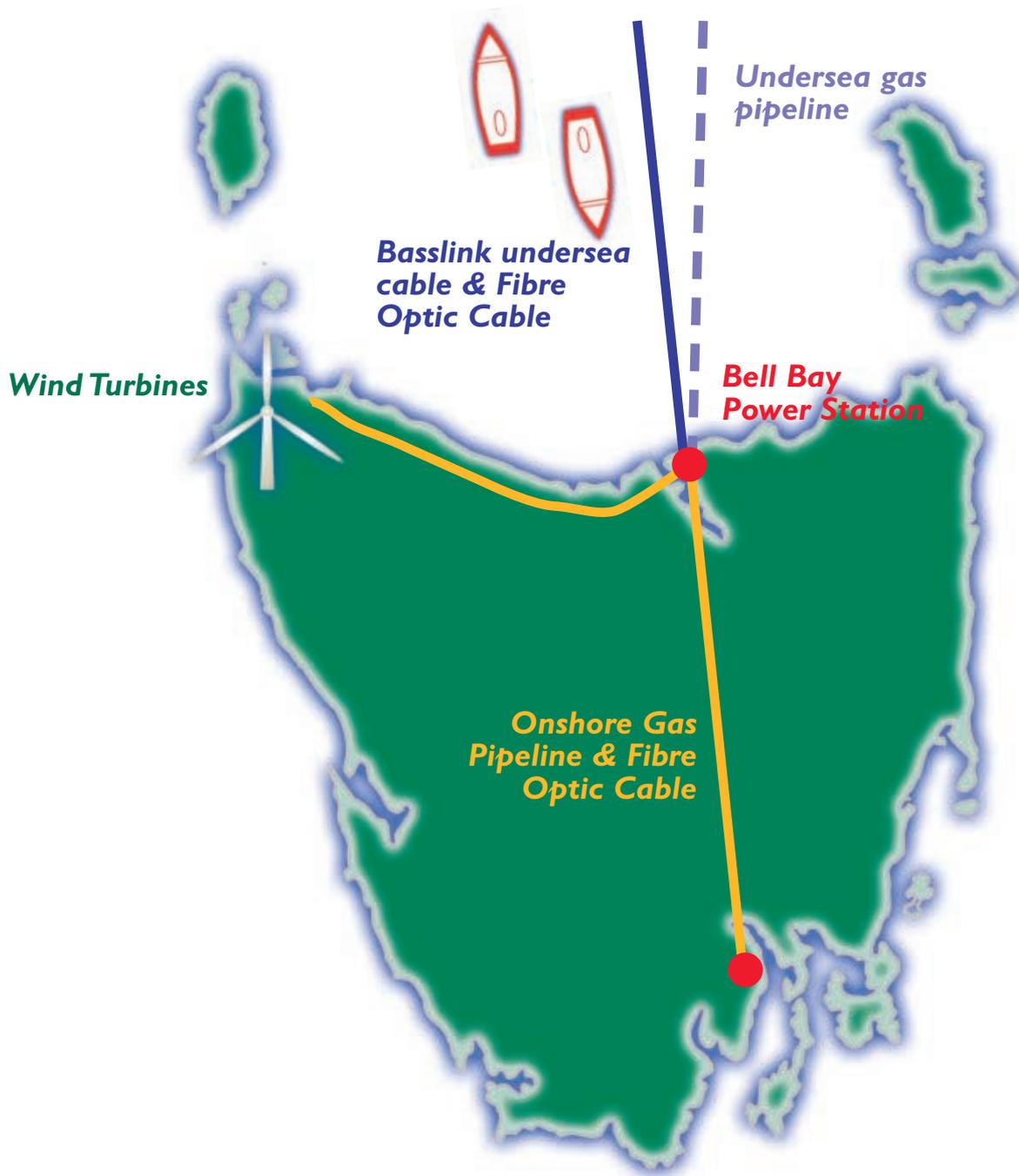
The projects include the Basslink electricity cable connecting the Tasmanian electricity grid with the National Electricity Market and the Natural Gas project – a pipeline bringing gas from Longford in Victoria to Tasmanian businesses and households.

Wind energy developments in Tasmania will provide renewable energy across Basslink to enable mainland electricity retailers to achieve their renewable energy targets. A fibre optic network will proceed across Bass Strait with Basslink and then follow the natural gas pipeline onshore in Tasmania.

As well as these projects, the Bell Bay Power Station is being converted from oil to gas. This decision, which will substantially reduce the cost of electricity from Bell Bay, has also enabled the gas project to proceed and with it the onshore fibre optic telecommunications project.

To secure major projects such as these requires enormous efforts by Government and substantial resources. Since 1998, over \$20 million has been spent in facilitation costs by the State Government. Securing these projects will result in a period of economic development not seen since the early days of hydro industrialisation.

In the 2002-03 Budget, the Government has established a \$30 million Major Projects Fund from one-off capacity generated in the 2001-02 Budget through higher than anticipated stamp duty receipts. The funds are specifically earmarked for ensuring that opportunities from the major developments are optimised and as many communities benefit as possible. Funds will be expended over the next few years.



Spirit of Tasmania I and II

Gas Pipeline and Fibre Optics

Bell Bay Power Station

Wind Turbine

# Progress – Responsible Financial Management

Having achieved all the targets in the current Fiscal Strategy two years ahead of schedule, the Government has set itself new targets which seek to eliminate General Government net debt and net interest payments, substantially reduce total State debt, and eliminate unfunded superannuation liabilities.

### Elements of New Fiscal Strategy

- General Government net debt to be eliminated by June 2008
- Net interest costs to be zero by June 2008
- Total State net debt to be less than \$1 billion by June 2008
- Unfunded superannuation liability eliminated by June 2018
- No Budget deficits

Strong financial management has been a hallmark of the Bacon Labor Government.

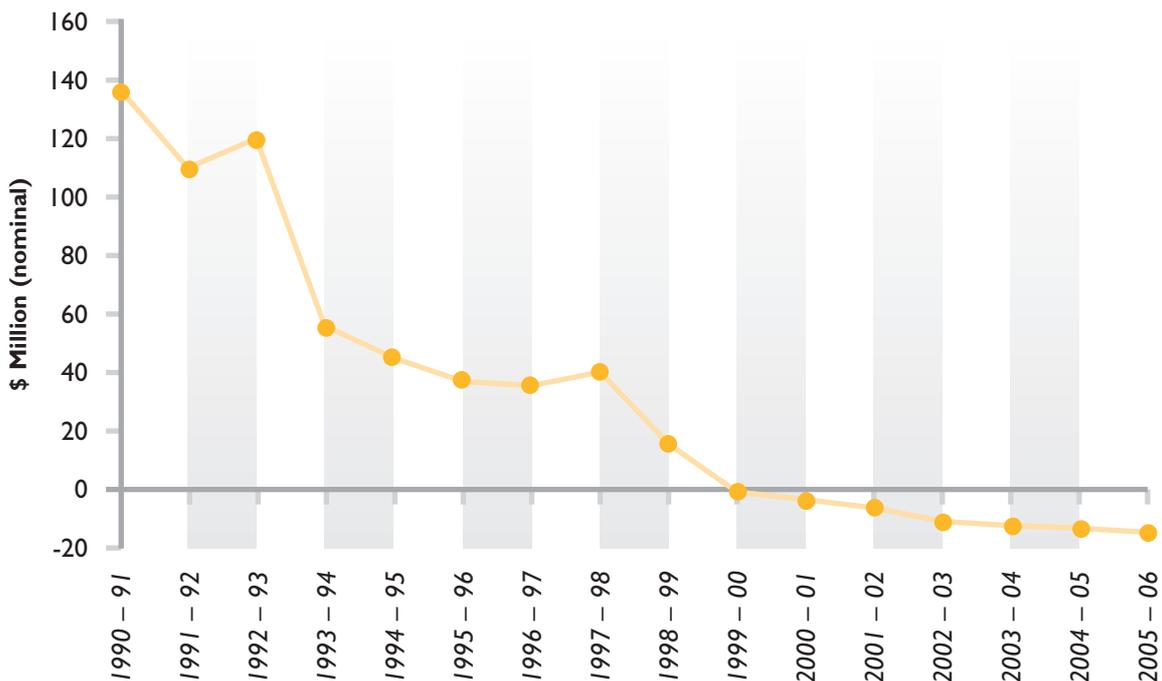
In 1999-00, for the first time in over a century a Tasmanian Budget was delivered in surplus. General Government net debt has been reduced by one third in this term of Government. Interest costs have been reduced by one half, thereby creating the capacity for tax cuts, major investments in public infrastructure and improved services.

This improvement was recognised by a credit rating upgrade to AA by Standard and Poors in October 2001.

The targets set in the first Bacon Government Budget in 1998-99 for June 2004 have already been achieved – two years ahead of schedule.

The 2002-03 Budget sets out a new fiscal strategy which will see the elimination of General Government net debt by June 2008.

Net Financing Requirement, 1990-91 to 2005-2006<sup>i</sup>



NOTE: Figures for 2001-02 to 2005-06 are estimates only. The negative Net Financing Requirement shown in the above chart for 1999-00 and subsequent years, represents a Consolidated Fund Surplus.

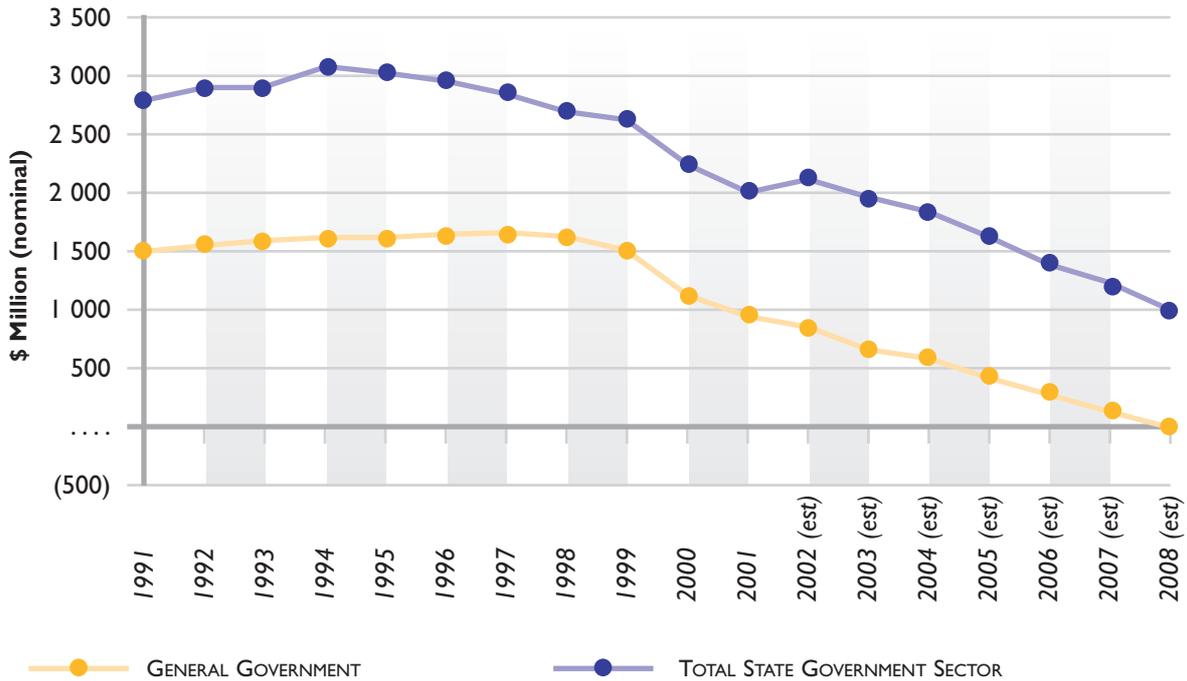
As can be noted in the chart above, the Bacon Labor Government has delivered Budget surpluses since 1999-00.

## Reductions in Debt and Interest Costs

Total State Government Sector net debt (the sum of General Government, Public Trading Enterprise and Public Financial Enterprise net debt) has been reduced by more than one third, in nominal terms, since Labor came to Government in 1998. Under the new Fiscal Strategy, Total State Government Sector net debt will be reduced to under \$1 billion by June 2008. At this level it will be less than one third of its peak of \$3.08 billion in 1994.

General Government Sector net debt has been reduced from \$1.61 billion at June 1998 to an estimated \$675 million at June 2003 – a 58 per cent reduction in only five years. Under the Government’s new fiscal strategy General Government net debt will be eliminated by June 2008.

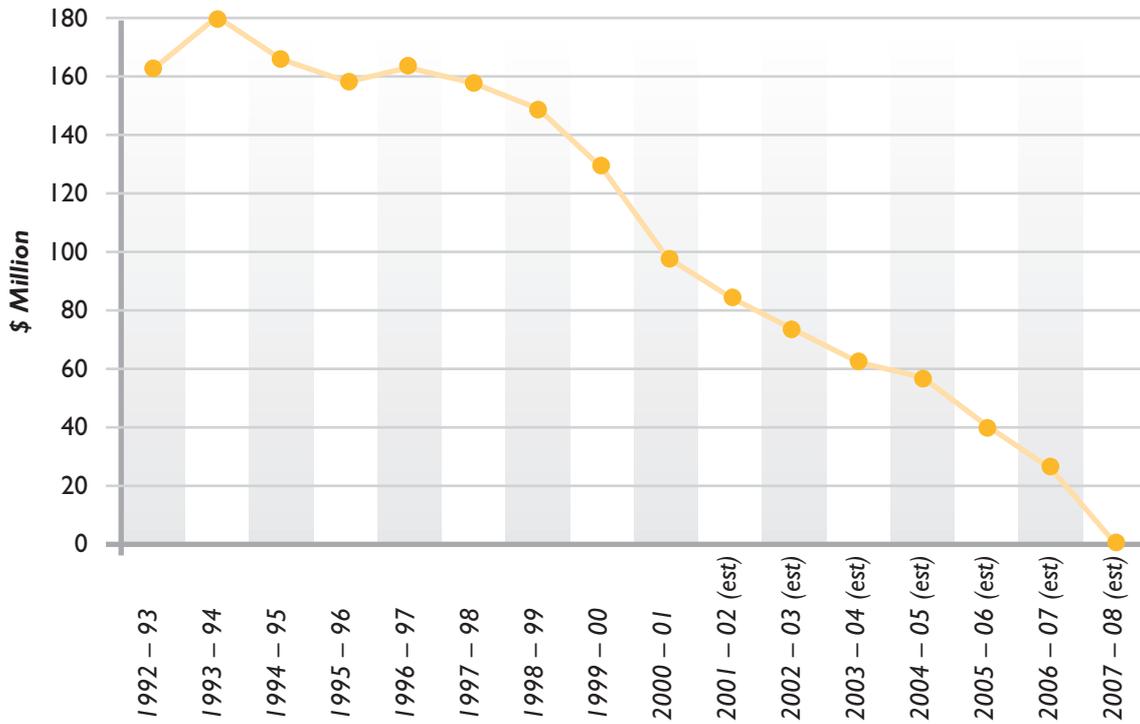
### Net Debt 1991 to 2008



### Interest Payments

General Government debt is serviced by allocating Budget revenues, such as taxes, to interest payments. This diverts much-needed funds from essential services such as health and education. The reduction in General Government net debt since 1998 has resulted in net interest payments being reduced by over \$80 million per annum since that time.

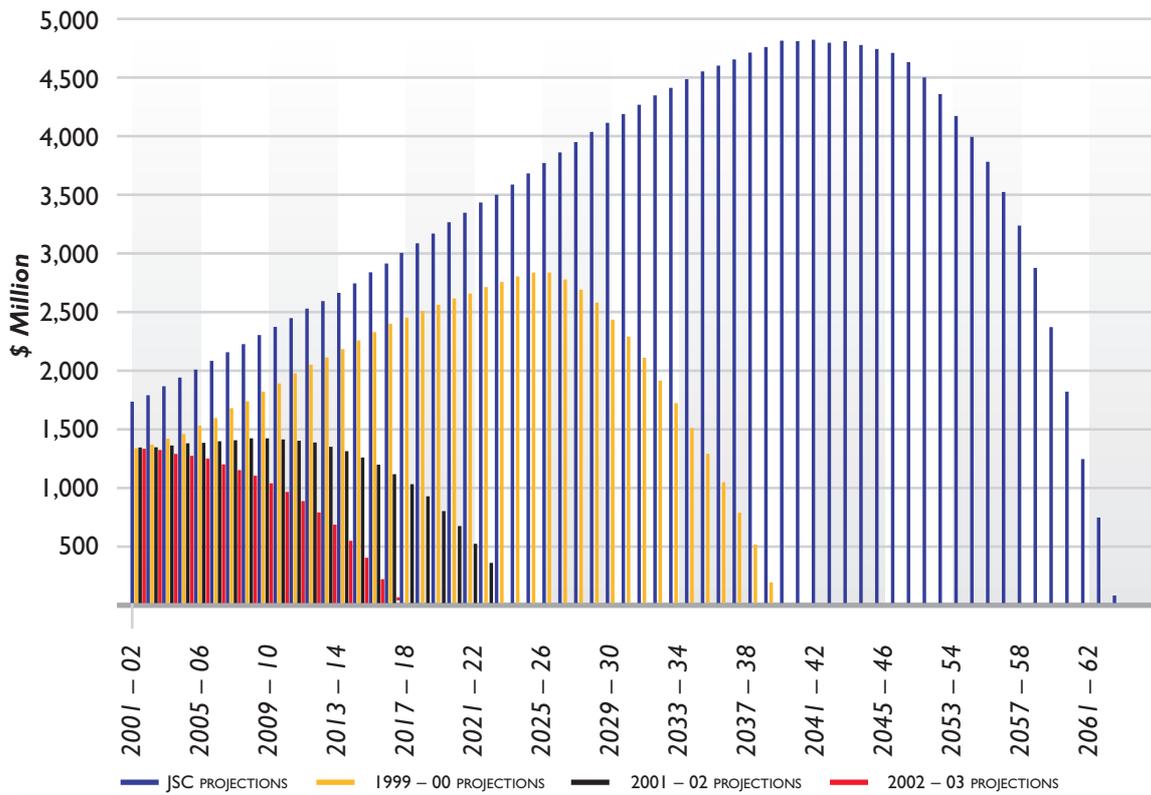
General Government Net Interest Costs 1992-93 to 2007-08 (est)



Superannuation Liability

As well as reducing debt, the Labor Government has given a priority to reducing unfunded superannuation liabilities, which would have been a major burden for future generations of Tasmanian taxpayers. The following chart demonstrates that the State's unfunded superannuation liabilities will be eliminated by June 2018, which is some 40 years sooner than estimated in 1997 by the Joint Select Committee on Superannuation (JSC). The substantial improvement is largely due to the increase in funding effort being made by the Labor Government.

Projected Unfunded Liability

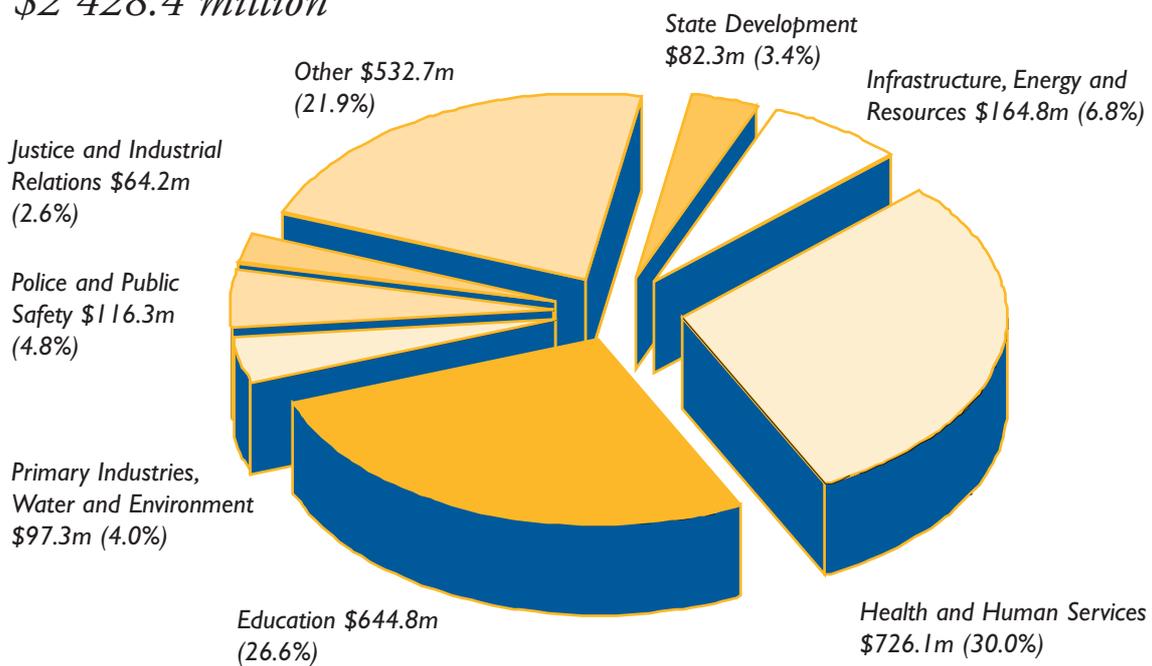


# 2002-03 Budget Aggregates

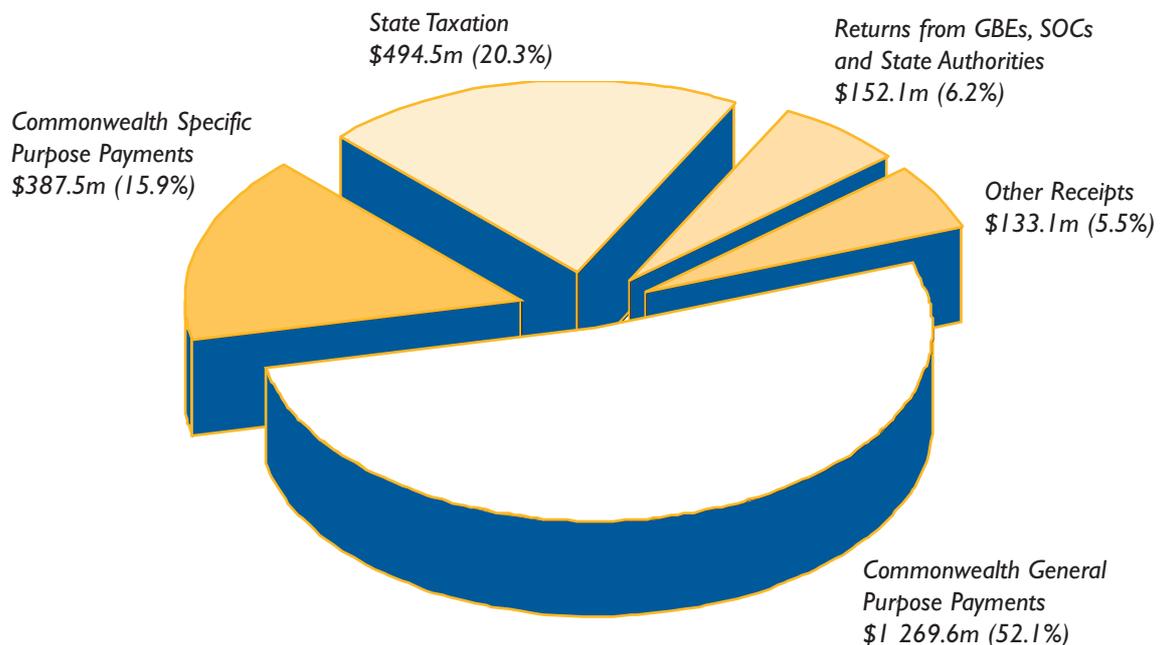
## 2002-03 Budget Surplus

- The 2002-03 Budget result is estimated to be a surplus of \$8.52 million. The projected surplus continues the improvement in the Budget result achieved by the Bacon Government since the first Budget surplus in 1999-00.
- The estimated Budget outcome for 2001-02 is estimated to be a surplus of \$4.695 million, which is a \$495 000 increase from the original estimate of \$4.2 million.

*Expenditure from the Consolidated Fund will be \$2 428.4 million*



*Receipts to the Consolidated Fund will be \$2 436.9 million*



# Source of Funding for 2002-03 Budget Initiatives

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## *Social Infrastructure Fund*

- Dental Health
- Elective surgery package
- Managing children at risk
- TAFE IT Flexibility delivery
- TAFE Business Skills
- Road Safety
- Community Renewal Program
- Bicentenary Celebrations
- Water Developments
- Physical Activity Council

## *Capital Investment Program*

- School redevelopments
- Hospital redevelopments
- Tasman Multi-Purpose Centre
- Launceston Police Headquarters
- Linear Accelerator for RHH
- Redevelopment of the Theatre Royal
- TAFE facilities redevelopment
- Cradle Mountain infrastructure
- Elphin Sports Centre
- Roads Program

## *Agency Recurrent Allocations*

- Base funding for Health and Human services
- Base funding for Justice services
- Taxi disability concession changes
- Students with disabilities
- Education assistance to low income families
- Pensioner rate remissions indexation
- Increased funding for the Tasmanian Symphony Orchestra
- Increased funding for the Queen Victoria Museum and Art Gallery
- Increased funding for school transport
- Tax relief
- Fee relief for TAFE courses
- Business skills development program
- Increased funding for Business Enterprise Centres