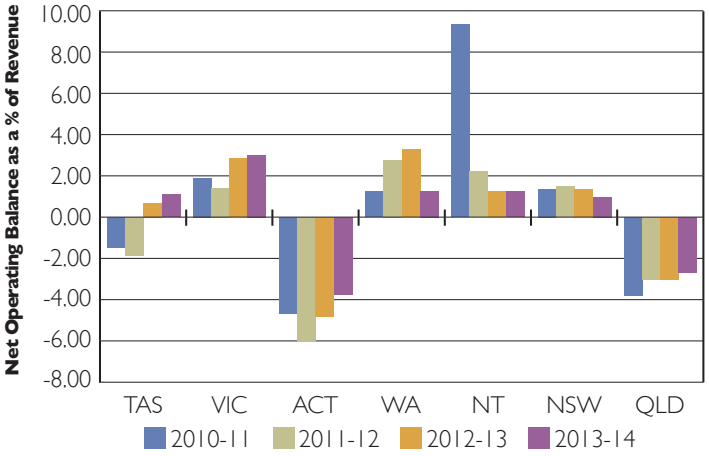
THE BUDGET AND OUR ECONOMY

The 2010-11 Budget continues the Government's record of strong financial and economic management while also supporting jobs and delivering improved services for the Tasmanian community.

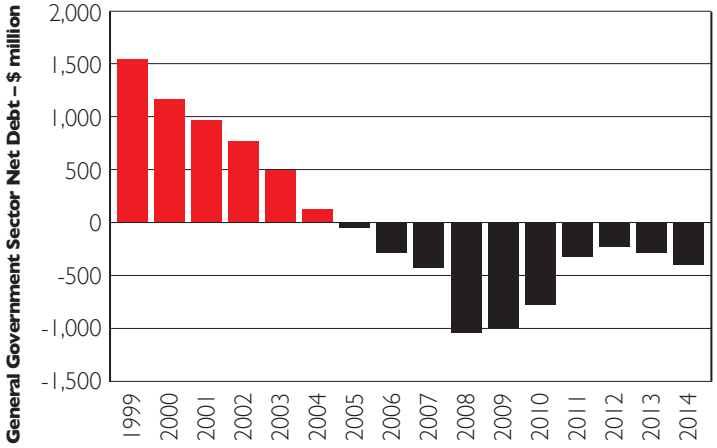
Strong Finances

- The Government remains committed to its Interim Fiscal Strategy.
- A net operating surplus of $24 million in 2009-10, an improvement of $141 million from the original budget estimate.
- A net operating deficit of $65 million in 2010-11 returning to a surplus of $32 million in 2012-13.
- The Government continues its commitment to remain net debt free.
- By 2012-13 Tasmania will be the only state to be in surplus and net debt free.
- The Government will continue to implement the Budget Management Strategies put in place in response to the global financial crisis.

Tasmania's Budget will return to surplus in 2012-13



The Government will remain net debt free



Strong Economy

- The Tasmanian economy remains strong after performing relatively well during the global recession. State Final Demand has now returned to pre-global recession levels.
- Economic growth in 2010-11 is expected to increase by 2 percentage points to 2 ¼ per cent.
- Employment growth projections show that the Government's target of 15 000 jobs is challenging but achievable.

Economic forecasts and projections

%	2009-10		2010-11		2011-12		2012-13	2013-14
	Estimate		Forecast		Projection			
	Tas	Aus	Tas	Aus	Tas	Aus	Tas	Tas
Economic Growth	¼	2	2¼	3¼	2¾	4	2¾	2¾
Employment Growth	-1½	2½	1¾	2¼	1	2	1	1
Unemployment Rate	5½	5¼	5½	5	5¼	4¾	5¼	5¼

Source 2010-11 Tasmanian and Australian Budgets

- ABS export data released in June 2010 shows Tasmania out-performing the rest of Australia in the three months to April 2010, with a 7.7 per cent increase in exports over that period.
- The most recent business confidence surveys from the Tasmanian Chamber of Commerce and Industry and MyState show increasing business confidence with a positive outlook for Tasmania's economy.
- Retail trade continues to perform at near-record levels at $440.9 million in April 2010, well above pre-global recession levels.

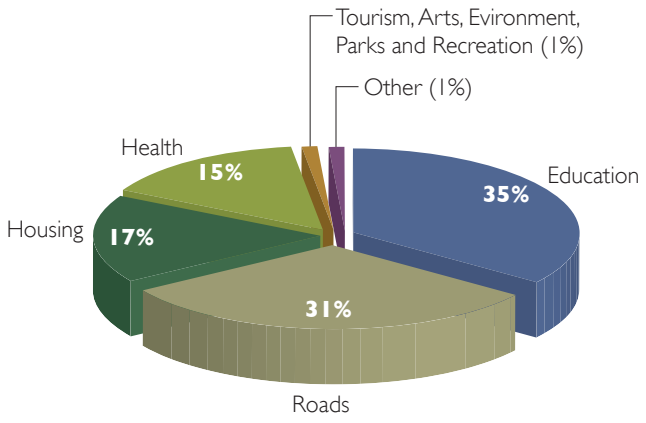
Competitive Business Environment –Taxation

- The 2010-11 Budget maintains the Government's commitment to no new taxes and no increase in the rate of existing taxes.
- The Budget provides the biggest ever cut to land tax resulting in more than $28 million in land tax relief in 2010-11 alone.
- Total tax cuts implemented by the Government over the past decade provide more than $237 million of tax relief each and every year to Tasmanian businesses and households.
- Tasmanian taxpayers pay the lowest level of tax per capita in Australia, and Tasmania has the second most competitive state tax regime in Australia.
- The Government will undertake a major review of the Tasmanian taxation system to improve its competitiveness and sustainability.

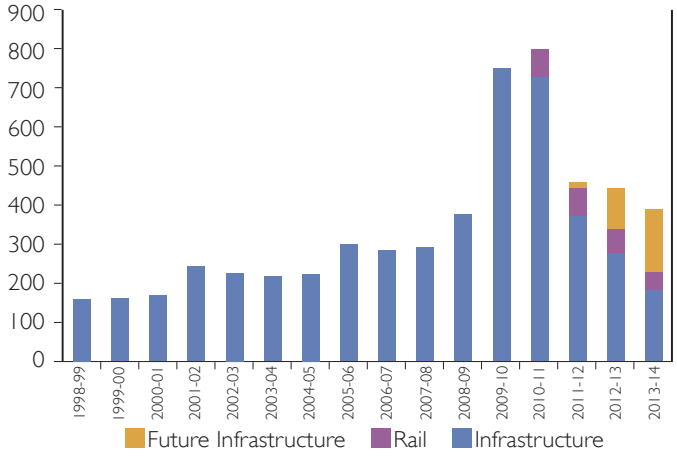
Infrastructure Investment

- The 2010-11 Budget provides $1.83 billion over four years for investment in infrastructure projects across the State to drive economic growth, support jobs and meet community needs.
- In addition to this, more than $244 million over four years will be invested in our rail infrastructure.
- Government businesses will invest $3 billion in infrastructure over the next four years.
- More than $12 million over four years is provided for the early planning stages of major infrastructure projects.
- In 2010-11, infrastructure investment will total $725.8 million.
- Including rail, this is the biggest ever annual investment in the State's infrastructure.

Record Infrastructure Spending 2010-11



Record Infrastructure Investment

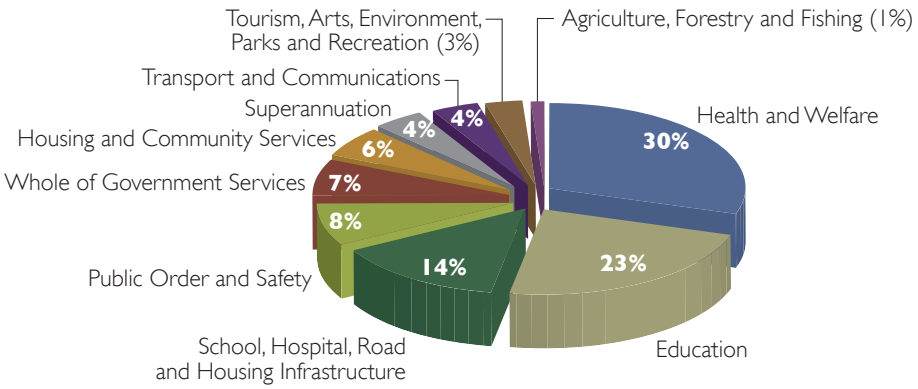


Improving Services and Delivering our Commitments

Further additional recurrent funding is provided in the Budget and Forward Estimates to improve and expand the range of services to the Tasmanian community.

- $426.1 million for Health and Human Services, including: National Health and Hospitals Network Reforms; additional frontline services; Disability Gateway initiative; the Helicopter Emergency Medical Service; additional staff for the LGH and the Power Price Concession initiative;
- $178.1 million for Education, including: non-government schools; additional frontline services; the Raising the Bar Closing the Gap initiative; the Safe and Secure Schools initiative; and the Innovative Education initiative;
- $30.3 million for Police, including: additional frontline services; the Police Connectivity initiative; and road safety initiatives;
- $40.0 million for Justice, including additional frontline services and the Community Corrections initiative; and
- $26.0 million for Parks, including additional frontline services and parks and wildlife initiatives.

Budget Expenses 2010-11



Further information

Department of Treasury and Finance, GPO Box 147 Hobart Tasmania 7001 Australia Telephone: 1300 135 513
Website: http://www.budget.tas.gov.au

The Budget and our Economy

Published June 2010
Printed by Print Applied Technology
ISSN 1833-7406 (Print)
ISSN 1833-7414 (Online)

Tasmania
Explore the possibilities