

# 2001-02 Budget Highlights Contents

2001-02 Budget Highlights	2
The New Infrastructure Fund	8
2001-02 Tax Relief Initiatives	10
2001-02 Capital Expenditure Initiatives	13
2001-02 Social Initiatives	15
2001-02 Industry Development Initiatives	19
Other 2001-02 Initiatives	21
Budget and Fiscal Strategy Achievements	22
2001-02 Consolidated Fund Expenditure	24
2001-02 Consolidated Fund Receipts	25

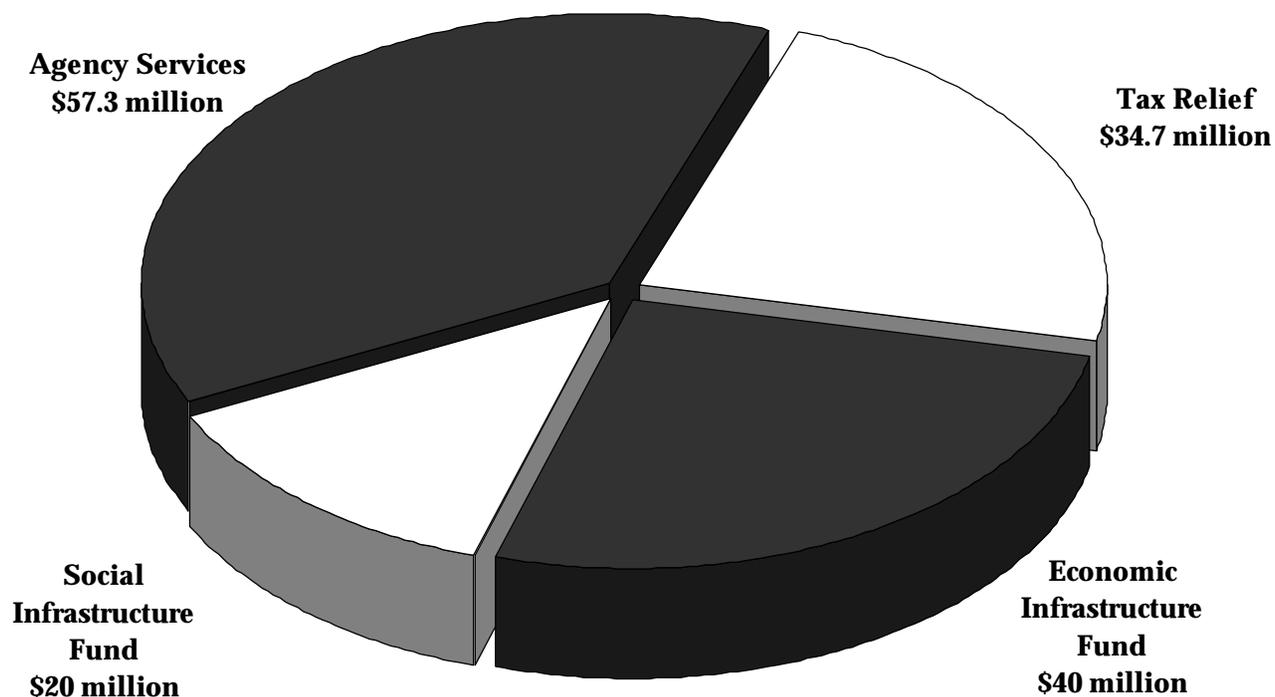


# 2001-02 Budget Highlights

- ✧ An overall package of initiatives and funding which supports the Government's key strategies such as the Industry Development Plan, the Fiscal Strategy and Partnership Agreements within the overarching strategy of Tasmania *Together*.
- ✧ A budgeted Consolidated Fund surplus of \$4.2 million for 2001-02, following a projected surplus of \$3.2 million in 2000-01.
- ✧ A total economic stimulus of \$152 million, which will create 2000 jobs over the next 12 to 18 months.
- ✧ Reductions in State taxation totaling \$34.7 million.
- ✧ Establishment of a \$60 million Infrastructure Fund. Of the \$60 million funding total, \$40 million is for key economic infrastructure and \$20 million is for social infrastructure, predominantly schools and hospitals.
- ✧ A \$57.3 million increase in funding for recurrent services for social and other initiatives and to meet increasing service costs.



# 2001-02 Economic Stimulus (\$152 million)

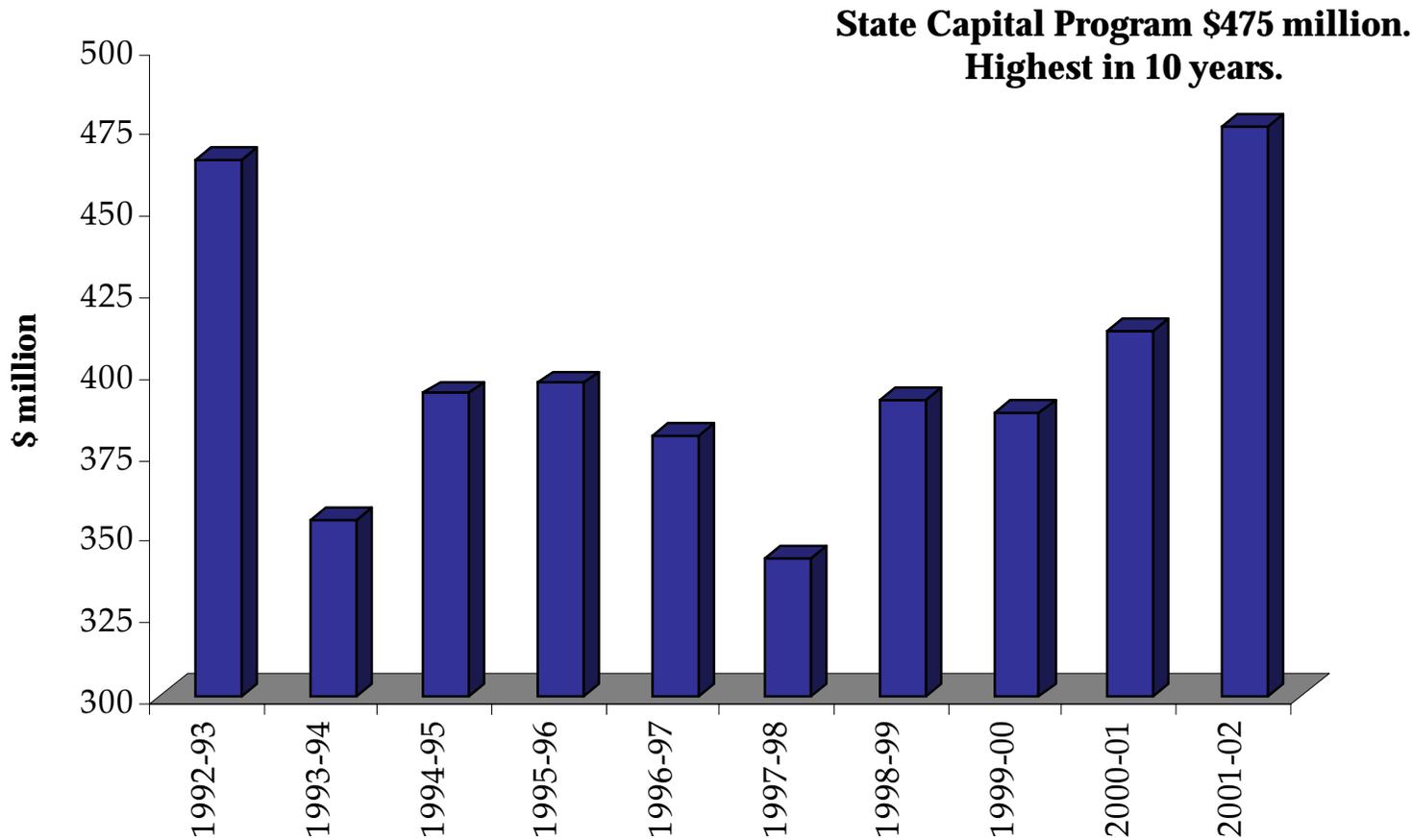


## 2001-02 Budget Highlights (cont.)

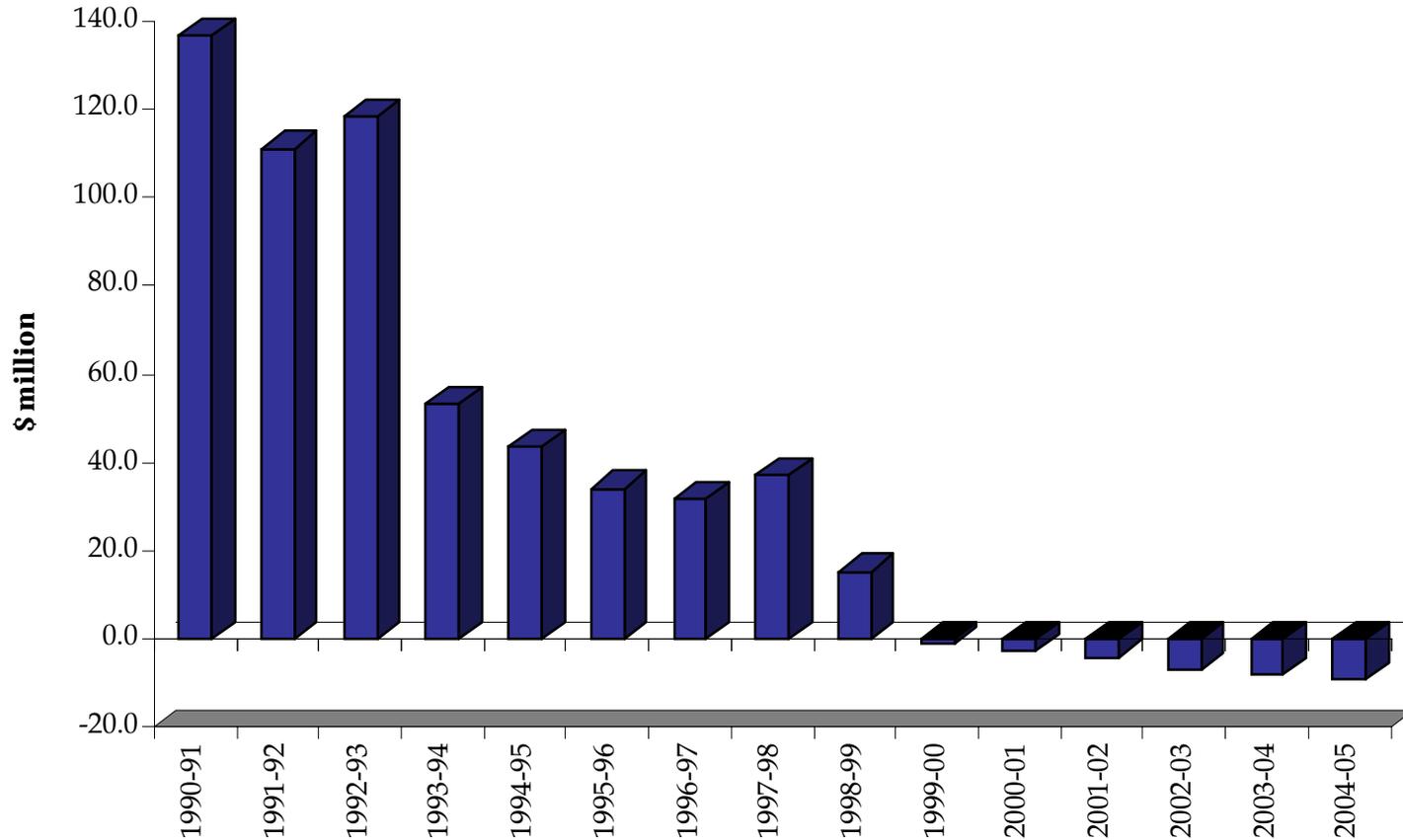
- ✧ A 'North-West and West Coast' economic package to address an under-performing region of the economy in what has historically been one of the most productive areas of the State.
- ✧ A total State capital program of \$475 million, the highest in 10 years.
- ✧ Implementation of significant Budget initiatives while ensuring that General Government net debt declines by a further \$83 million in 2001-02, taking the total reduction in net debt since June 1998 to more than \$600 million. This represents a 45 per cent reduction in the State's net debt in four years.
- ✧ The presentation, for the first time, of accrual Budget information further demonstrates that this Budget is a fiscally responsible one.



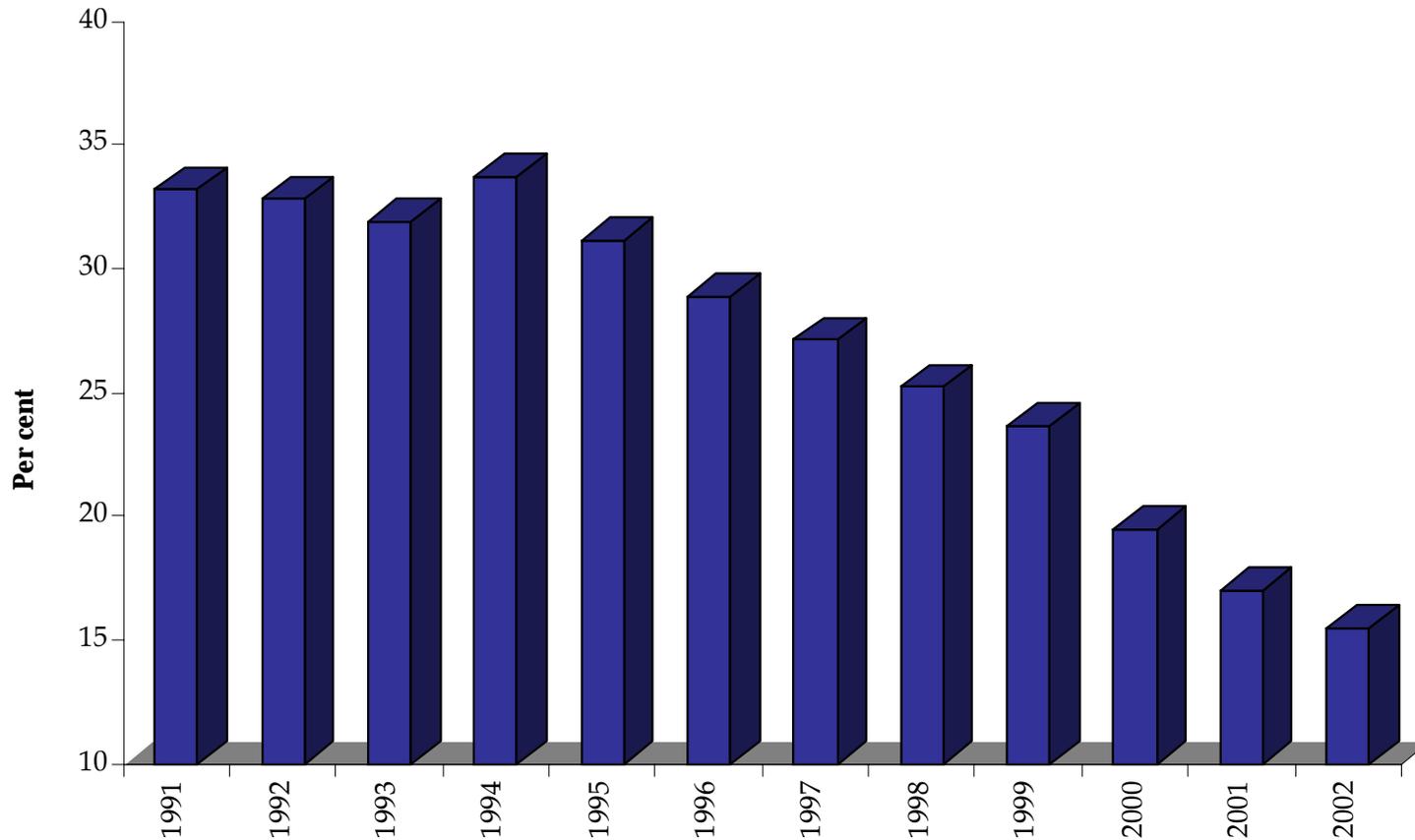
# State Capital Program 1992-93 to 2001-02



# Net Financing Requirement 1990-91 to 2004-05



# Tasmanian Total State Sector Net Debt as a percentage of GSP, 1991 to 2002



# The New Infrastructure Fund

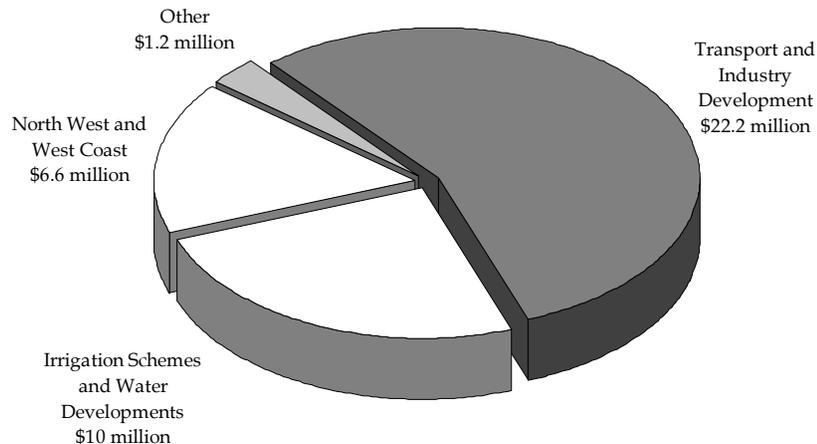
- ✧ A one-off \$60 million Infrastructure Fund has been established for developing and maintaining economic and social infrastructure.
- ✧ Comprising:
  - a \$40 million Economic Infrastructure Fund, for major economic infrastructure projects including irrigation schemes and strategic transport projects; and
  - a \$20 million Social Infrastructure Fund for the improvement of existing social infrastructure such as schools and police facilities and the purchase of new equipment for hospitals and the Ambulance Service.
- ✧ The Infrastructure Fund will provide vital benefits for Tasmania including increased job opportunities, increased economic activity and addressing maintenance needs of public social infrastructure assets such as schools and hospitals.



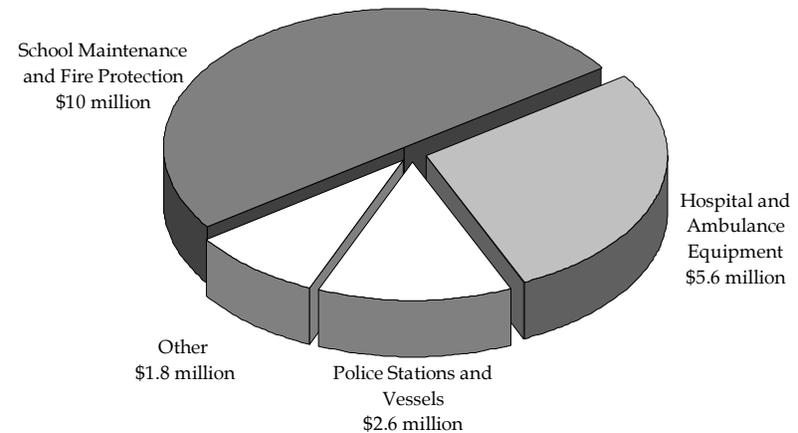
# The New Infrastructure Fund (cont.)

- ✧ The opportunity to establish the Infrastructure Fund exists as a result of one-off funding capacity of \$40 million in 2000-01 and \$20 million in 2001-02.
- ✧ The Infrastructure Fund is additional to the Government's normal capital investment program.

**Economic Infrastructure Fund (\$40 million)**



**Social Infrastructure Fund (\$20 million)**



# 2001-02 Tax Relief Initiatives

- ✧ Tax relief is being provided at a cost of \$34.7 million.
- ✧ This will maintain Tasmania's competitiveness with other States and provide support for further economic expansion.
- ✧ Payroll tax relief is being provided through a reduction in the rate of tax from 6.53 per cent to 6.3 per cent and an increase in the general exemption threshold from \$606 000 to \$1.0 million.
- ✧ The payroll tax rate will be further reduced to 6.24 per cent and the general exemption threshold increased to \$1.01 million from 1 July 2002 to offset the impact on payroll tax liability of the increase in the Commonwealth superannuation guarantee charge.
- ✧ Payroll tax grouping provisions will be changed from 1 July 2001 to ensure that companies in completely different industries are not grouped for payroll tax purposes. This will provide incentive for re-investment in new business opportunities in the State.

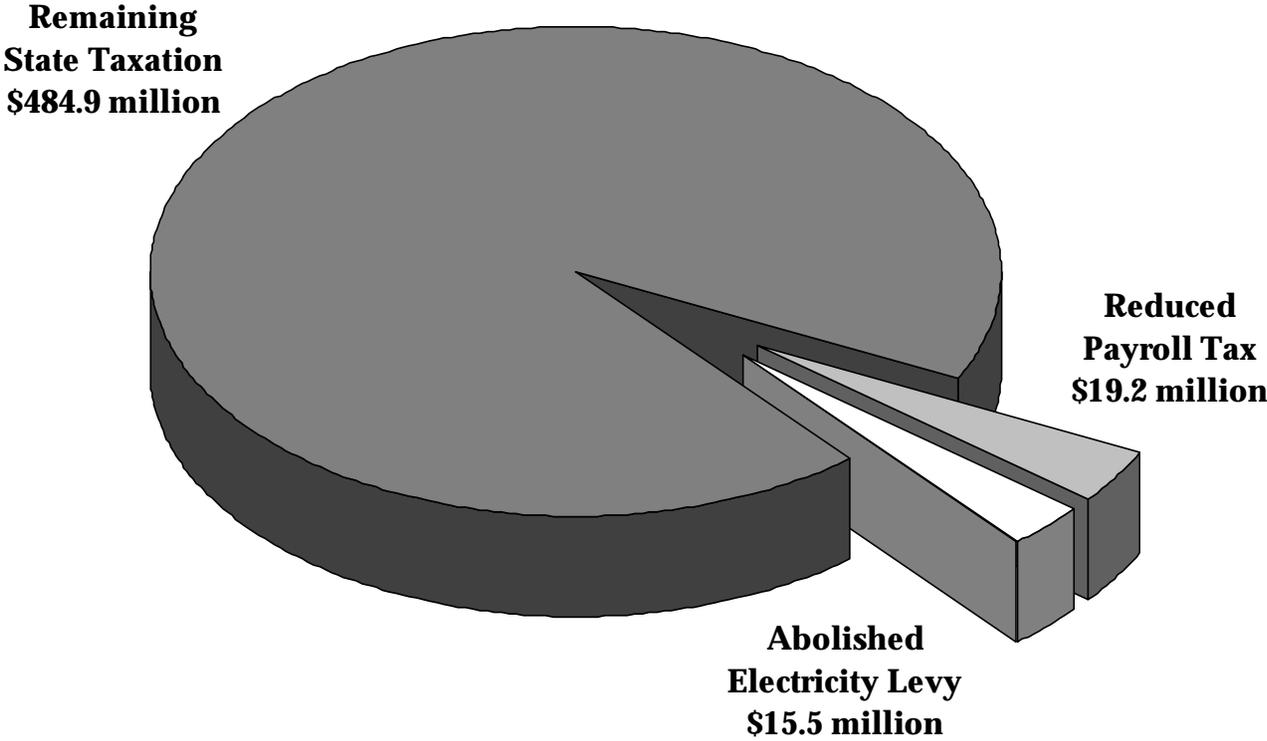


## 2001-02 Tax Relief Initiatives (cont.)

- ✧ Businesses operating in the IT sector will continue to benefit from the 2000-01 initiative to relax the criterion for eligibility for special payroll tax concessions for those businesses with more than 80 per cent participation in the IT industry to those with over 50 per cent participation in the IT industry.
- ✧ The five per cent Electricity Entities Levy has been abolished. This will result in a direct reduction of five per cent on the electricity bills of more than 190 000 Tasmanian electricity consumers. The benefit to consumers and businesses, will depend on their level of electricity consumption.



# 2001-02 Tax Reductions



# 2001-02 Capital Expenditure Initiatives

- ✧ In addition to the Infrastructure Fund, the level of State funding for the capital investment program has been maintained in real terms over the forward estimates period.
- ✧ On top of this, \$10 million has been provided over two years to rebuild Reece High School.
- ✧ In 2001-02, the Government's spending on the State's infrastructure will total \$475 million. This capital spending will support, in total, 7000 jobs in the Tasmanian economy. This is the largest State capital program in 10 years.



# 2001-02 Capital Expenditure Initiatives (cont.)

- ✧ The Government has approved additional CIP funding of \$53 million for stages one and two of the Prison Infrastructure Redevelopment Program, which involves redevelopment of the Risdon site from 2001-02 to 2006-07.
- ✧ Funding of \$84 million has been provided for the Roads Program, including \$7.7 million for the upgrading of the Sorell Causeway.



# 2001-02 Social Initiatives

## *Health and Human Services*

- ✧ *Base Funding* - A further \$5.2 million in base recurrent funding will be provided to the Department of Health and Human Services. The 2001-02 recurrent allocation to the Department is \$113 million in excess of the allocation in 1997-98.
- ✧ *Upgrading of Health and Community Services in Rural Areas* - \$14 million to initiate the construction of new facilities and the upgrading of existing facilities to enable the delivery of modern, appropriate and flexible services to meet the needs of rural communities.
- ✧ *Forensic Mental Health Redevelopment* - \$600 000 to initiate development of new models of care within Forensic Mental Health Services as the first stage of an intensive reform process involving integrated health services in the corrections environment.



## 2001-02 Social Initiatives (cont.)

### *Education*

- ✧ Additional funding has been provided to further progress *Learning Together* initiatives including \$330 000 in 2001-02 (\$700 000 in subsequent years) for the intensive Early Learning Literacy Intervention program and \$160 000 for the establishment of a Reading Recovery Skills program.
- ✧ In addition to *Learning Together* initiatives, the Government has also committed:
  - \$700 000 in ongoing additional funding to increase the funds available under the School Resource Package, and
  - \$347 000 in ongoing additional funding to increase the funds available under the Student Assistance Scheme.



## 2001-02 Social Initiatives (cont.)

### *Law and Order*

- ✧ In addition to the redevelopment of the prison infrastructure in Tasmania, the Government is also committed to the achievement of significant improvements in the nature of corrective services provided.
- ✧ Additional ongoing funding of \$500 000 has been provided to implement initiatives aimed at supporting cultural change in corrective services and to maximise the Government's future investment in the redevelopment of the prison infrastructure.
- ✧ Additional ongoing funding of \$250 000 has been provided to meet the cost of the increase in prison inmate numbers resulting from the increasing use of DNA analysis by the police.
- ✧ In addition to the significant funding already provided by the Government to the CrimTrac (DNA Database) Project, the Government has committed a further \$950 000 to meet implementation costs.



## 2001-02 Social Initiatives (cont.)

### *Law and Order (cont.)*

- ✧ \$526 000 of additional recurrent funding has also been provided to replace the current police radio network, thereby increasing both the efficiency and effectiveness of police operations.

### *Concessional Transport Services*

- ✧ An additional \$2.3 million to meet the increasing cost of the provision of student transport route and contract services.
- ✧ An additional \$1.7 million to meet the additional cost of the Metro Tasmania Pty Ltd community service obligation.



# 2001-02 Industry Development Initiatives

- ✧ Continued implementation of initiatives encompassed by the Industry Development Plan.
- ✧ \$500 000 has been provided in 2001-02 and subsequent years to assist the commercialisation of the Menzies Centre's world class research capabilities in the fields of human genetics and epidemiology.
- ✧ \$2.4 million has been allocated to ensure the completion of the Abt Railway project.
- ✧ Additional funding of \$650 000 has been provided to meet costs associated with the Tasmania Natural Gas Project. A further \$400 000 has also been provided to facilitate the establishment of an associated gas operatives regulatory regime. This is in addition to substantial resource commitments funded within the existing funding of the Departments of State Development; Infrastructure, Energy and Resources; Primary Industries, Water and Environment and Treasury and Finance.



## 2001-02 Industry Development Initiatives (cont.)

- ✧ Creation of a new Technology Unit within the Department of State Development which will focus on the facilitation of technology-based industry development outcomes for the State.
- ✧ \$170 000 has been provided for the creation of a specialist, designated Skills Response Unit within the Department of State Development to identify skill shortages and facilitate mechanisms to overcome business growth constraints.
- ✧ Additional funding of \$103 000 has been provided for the implementation of the *Building Act 2000*.
- ✧ Continued implementation of the Basslink project.



## Other 2001-02 Initiatives

- ✧ The Government has provided significant additional recurrent funding to meet the cost of increases from the State Service Wage Agreement and wage agreements covering Teachers, Nurses, Medical Practitioners and Police.
- ✧ Additional funding of \$410 000 has been provided for a new Digitised Licensing System and a further \$256 000 has been provided for a new Novice Driver Licensing System.
- ✧ An additional \$500 000 (\$300 000 in three subsequent Budget years) has been provided to the Tasmanian Museum and Art Gallery for the implementation of the Gallery's Strategic Business Plan.
- ✧ The Government has also committed funding to ensure the continuation of the 10 Days on the Island festival.
- ✧ Additional funding of \$330 000 has been provided to the Royal Botanical Gardens to ensure the continued provision of its services at current levels.



# Budget and Fiscal Strategy Achievements

- ✧ The 2001-02 Budget Outcome is expected to be a Consolidated Fund Surplus (CFS) of \$4.2 million.
- ✧ The CFS is the excess of Consolidated Fund receipts over the expenditure of these funds (net of loan repayments). A CFS represents funds which are available for the retirement of debt. A negative CFS is the same as the Net Financing Requirement (NFR).
- ✧ In 2001-02, not only will the Government have met all of the targets established in the five year Fiscal Strategy enunciated in the 1998-99 Budget, it will also have achieved the targets well before the Fiscal Strategy deadline of 2003-04.
- ✧ The following table emphasises the Fiscal Strategy achievements of the Government.



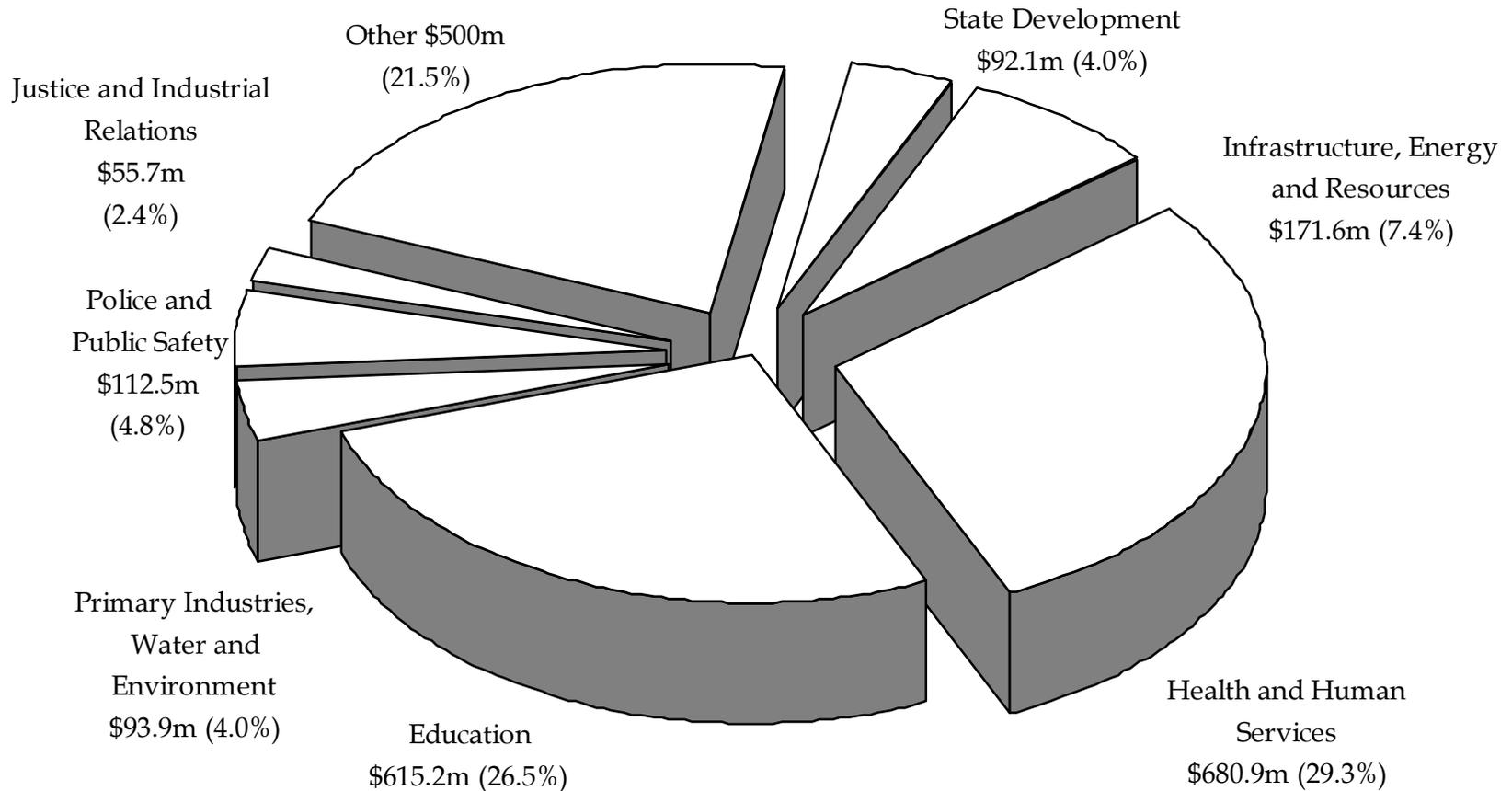
# Fiscal Strategy Targets and Progress

<b>Tactical target</b>	<b>1997-98 Actual</b>	<b>1998-99 Actual</b>	<b>1999-00 Actual</b>	<b>2000-01 Estimate</b>	<b>2001-02 Estimate</b>	<b>Targets</b>
<b>Consolidated Fund Budget to be maintained in surplus from 1999-00 (\$ million)</b>	<b>(37.1)</b>	<b>(15.2)</b>	<b>1.3</b>	<b>2.6</b>	<b>4.2</b>	<b>&gt; 0</b>
<b>General Government surplus as a proportion of General Government revenue on average from 1999-00 to 2003-04 (%)</b>	<b>1.0</b>	<b>1.1</b>	<b>7.2</b>	<b>5.3</b>	<b>3.8</b>	<b>2.5</b>
<b>Total State Government net debt as a percentage of GSP by 2003-04 (%)</b>	<b>25.2</b>	<b>23.7</b>	<b>19.5</b>	<b>17.0</b>	<b>15.5</b>	<b>&lt; 20.0</b>
<b>General Government net debt as a proportion of GSP by 2003-04 (%)</b>	<b>12.6</b>	<b>11.3</b>	<b>8.1</b>	<b>6.7</b>	<b>5.8</b>	<b>&lt; 10.0</b>
<b>Net interest cost ratio by 2003-04 (%)</b>	<b>7.6</b>	<b>6.9</b>	<b>5.2</b>	<b>5.2</b>	<b>4.2</b>	<b>&lt; 5.0</b>



# 2001-02 Consolidated Fund Expenditure

Expenditure from the Consolidated Fund will be \$2 322.0 million



# 2001-02 Consolidated Fund Receipts

Receipts to the Consolidated Fund will be \$2 325.4 million

