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Budget Highlights

- 1998-99 Budgeted Net Financing Requirement of \$15.5 million.
- Consolidated Fund Budget surplus from 1999-00.
- No new taxes and no increase in the rate of any State tax.
- The burden of debt on the Tasmanian community will be reduced.
- Cost savings to the Tasmanian community through reduced expenditure for consultancies and travel (\$2.3 million), and for the reduction in the size of Parliament and smaller Government (\$2.7 million).
- Introduction of a fully coordinated and strategic approach to economic development and financial management within the State.
- The Government is providing \$46 million in new funding commitments which is \$16 million more than its election promise of \$30 million.



Labor's Economic and Jobs Plan

- The fundamentals of Labor's Economic and Jobs Plan involve:
 - ✧ The presence of a properly structured, streamlined, responsive industry development arm of Government, which is geared to the outcomes of the industry strategy.
 - ✧ A set of programs which comprehensively deal with the major issues affecting industry development.
 - ✧ A detailed understanding of all the industries in Tasmania, including their capabilities, opportunities, weaknesses and barriers to growth.
 - ✧ The involvement of the community through Partnership Agreements with Local Government, and utilisation of local knowledge and input.



Labor's Economic and Jobs Plan (cont.)

- *The Structure*

- ✧ The new Department of State Development has been structured for the three main drivers of economic activity in Tasmania:
 - investment and trade;
 - growth from existing State industries; and
 - tourism and marketing.
- ✧ Each regional Office of Business Assistance will be integrated with the activities of the Business Enterprise Centres and Local Councils.
- ✧ The regional focus point will provide the gateway to business assistance and advice.
- ✧ Specialist units have been established within the new Department in response to important areas impacting on industry development.



Labor's Economic and Jobs Plan (cont.)

- ✧ Specific programs have been developed in the following areas:
 - finance facilitation;
 - planning certainty for major developments;
 - red tape, Government regulations and assistance to business;
 - networking between industries to create economies of scale and scope;
 - import replacement through local content;
 - financial incentives for export and import replacement industries;
 - middle management requirements;
 - skill bottlenecks;
 - access to interstate and overseas markets and marketing; and
 - harnessing entrepreneurial ideas.



Labor's Economic and Jobs Plan (cont.)

● *Finance Facilitation*

- ✧ A specialised Finance Facilitation Unit will work exclusively in the area of sourcing finance for business. The Unit will act as an agent for businesses requiring financial assistance.
- ✧ The Government's plan will involve:
 - attracting a development bank to deal mainly with agricultural industries and infrastructure;
 - expanding the funds available for equity development;
 - attracting more pooled development funds to Tasmania;
 - providing \$1 million a year for the Tasmanian Innovation Board to provide suitable financing for entrepreneurial ideas;
 - providing \$10 million over the term of the Government in assistance to small to medium net export industries;



Labor's Economic and Jobs Plan (cont.)

- *Finance Facilitation (cont.)*
 - offering, in conjunction with banks, government guarantees for net export industries; and
 - increasing Internet access by Tasmanian firms to the Australian Stock Exchange sponsored small business loan matching scheme.
- *Planning Certainty for Major Developments*
 - ✧ A select group of Departmental Heads will promote and facilitate major economic development projects. The group will be chaired by the Chief Executive of the Department of State Development.
 - ✧ The Government will identify priority projects and undertake sufficient development, including obtaining planning and other approvals, and market these packaged development opportunities to investors.



Labor's Economic and Jobs Plan (cont.)

- *Red Tape, Government Regulations and Assistance*
 - ✧ One-stop shops, in conjunction with *Service Tasmania*, will deliver services to business in regional Tasmania.
 - ✧ The one-stop shops will provide:
 - personal and electronic assistance to businesses requiring information on business regulation, and information on Commonwealth, State and Local Government assistance;
 - a referral point from various regional bodies such as the Business Enterprise Centres; and
 - an opportunity for businesses to be referred to a field officer in the Department of State Development for case management.



Labor's Economic and Jobs Plan (cont.)

- *Networking*
 - ✧ Networking between businesses will be pursued to provide for greater economies of scale and scope.
 - ✧ The Industrial Supplies Office (ISO) has been expanded to actively promote business networks throughout the regions of the State.
- *Import Replacement*
 - ✧ The ISO will utilise a database of industry capability to assist buying organisations to source their requirements from local manufacturers and value adding processors.
- *Financial Incentives*
 - ✧ Financial incentives for net export industries will be used to provide and to pursue new or expanding prospects in existing industries.



Labor's Economic and Jobs Plan (cont.)

- *Middle Management and Skill Bottlenecks*
 - ✧ A specialist Unit will assist in assessing middle management requirements of new or expanding businesses. The Unit will be responsible for case managing those businesses which have skill requirements as a barrier to growth.
- *Interstate and Overseas Markets and Marketing*
 - ✧ The Marketing, Export and Trade Unit will be responsible for achieving larger and more diverse markets for Tasmanian goods and services, and marketing services for those industries requiring assistance.
- *Harnessing Entrepreneurial Ideas*
 - ✧ \$1 million per annum will be provided to fund the Tasmanian Innovations Board and provide seed funding to harness innovative Tasmanian ideas.



Labor's Economic and Jobs Plan (cont.)

- *Industry Audits*

- ✧ A comprehensive industry audit will determine the export and import replacement capability of Tasmanian industry.
- ✧ The audit will establish the opportunities for growth and new industry development in a range of industry groups, which will be vital for medium and long-term planning, but will also provide opportunities to be pursued immediately.
- ✧ Medium to long-term planning will be conducted through the new Centre of Research, Industry and Strategic Planning, linked to key industry councils.
- ✧ All industry audits will be completed by April 1999.



Labor's Economic and Jobs Plan (cont.)

- ✧ Audits will be carried out for the following eight key industry groups:
 - manufacturing and engineering (heavy and light);
 - mining and metals;
 - agriculture, including forestry, timber and paper;
 - energy, building, construction and infrastructure;
 - environmental industries;
 - fishing and aquaculture;
 - advanced technology and information technology; and
 - services, including State and Local Government, tourism, sport and recreation, events, education, training and development, health and community services, business and financial services and marketing.



Labor's Economic and Jobs Plan (cont.)

- *Partnership Agreements*

- ✧ Genuine partnerships will be developed with the community and Local Councils.
- ✧ Partnership Agreements will detail plans of action to be implemented by both tiers of Government in each Local Council area.
- ✧ Agreements will include, job creation projects, the provision of community services, and the sharing of environmental responsibilities.



Financial Strategy

- The Government is committed to the following financial targets and financial principles:
 - ✧ The annual Consolidated Fund Budget will be maintained in surplus from 1999-00. An underlying Budget surplus will also be maintained on a Government Financial Estimates (GFE) basis;
 - ✧ The burden of debt on the Tasmanian community will be reduced.
 - Total State Government net debt as a proportion of Gross State Product (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 net debt; and
 - the cost of servicing debt will be reduced, with the net interest cost ratio to be reduced to below 5 per cent by 2003-04.



Financial Strategy (cont.)

- ✧ The burden of tax will not increase. There will be no new State taxes and no increase in existing State taxes;
- ✧ The growth in the unfunded liability of the public sector superannuation arrangements will continue to be addressed. The accruing superannuation liabilities of new public sector employees will be fully funded from 1 July 1999;
- ✧ Any asset sale proceeds above \$2 million will be used to retire debt. Proceeds from minor asset sales will be applied to improving the State's infrastructure and will not be used for recurrent expenditure.



1998-99 Budget Overview

- *Net Financing Requirement (NFR)*

- ✧ 1998-99 Budget NFR is \$15.5 million, a reduction of \$21.6 million against the actual 1997-98 Budget outcome of \$37.1 million.
- ✧ A projected Consolidated Fund surplus of \$3.4 million in 1999-00 and increasing thereafter.

- *Receipts*

- ✧ Estimated recurrent receipts of \$1 970.3 million in 1998-99, an increase of 4.4 per cent, compared to 1997-98 actual receipts of \$1 886.7 million.

- *Outlays*

- ✧ Consolidated Fund outlays of \$2 044.4 million, an increase of \$58.1 million or 2.9 per cent over actual outlays in 1997-98.



1998-99 Budget Overview (cont.)

- *Health*

- ✧ An additional on-going Budget allocation of \$15 million per annum for the Department of Health and Human Services for essential services.
- ✧ Further examination of the resource requirements for the Department of Health and Human Services and the development of a sustainable funding approach.

- *Education*

- ✧ The Government will double its Election policy commitment for computers in schools and provide more than \$8 million in 1998-99 to Government schools for school based information technology.
- ✧ The annual allocation for maintenance in schools will be increased by \$600 000 from the start of the 1999 school year.



1998-99 Budget Overview (cont.)

- *Education (cont.)*

- ✧ The allocation for the Student Assistance Scheme will be increased by \$500 000 from the start of the 1999 school year. This represents a 20 per cent increase over the 1997-98 allocation and the first increase since 1995.

- *Law and Order*

- ✧ A commitment to increasing the establishment strength of the police service to meet community expectations, including the recruitment of an additional 50 police officers.
- ✧ The development of an Integrated Crime Management Strategy, incorporating repeat burglary victimisation plans and community safety and crime prevention plans.



1998-99 Budget Overview (cont.)

- *Primary Industries*

- ✧ In consultation with all sector stakeholders, the development of a long-term industry plan for Tasmania's primary industries by the Department of Primary Industries, Water and Environment.
- ✧ Additional funding for four extra quarantine officers to guard against the importation of pests and diseases.

- *Transport*

- ✧ The allocation of an additional \$200 000 in the 1998-99 Budget for the provision of a modern bus service for Devonport. An ongoing allocation of \$400 000 in future Budgets to enable services to be provided by Metro at a similar standard in other Tasmanian cities.
- ✧ The development of five and ten year road strategies by the Department of Infrastructure, Energy and Resources.



1998-99 Budget Overview (cont.)

- *Transport (cont.)*

- ✧ Incorporation of road strategies in Partnership Agreements with Local Government to encourage public participation and meeting social, environment and economic criteria.

- *Tourism*

- ✧ An additional allocation of \$500 000 in 1998-99 to fund an expanded national and international marketing program as part of a fully integrated marketing plan. Funding to increase to \$1 million in 1999-00 and future years.
- ✧ Support for the *Devil Cat* over the peak tourism season from December 1998 to April 1999.



1998-99 Budget Overview (cont.)

● *Environment*

- ✧ The advancement of major initiatives during 1998-99 including:
 - the creation of marine protected areas in the Kent group of Islands and at Port Davey;
 - construction of visitors' centres at the Royal Tasmanian Botanical Gardens, Mt Field and Freycinet National Parks and the development of the Hastings State Reserve;
 - creation of a new suite of parks and reserves under the Regional Forest Agreement;
 - upgrading of walking tracks in World Heritage Areas;
 - the introduction of a permit system to limit the number of walkers in sensitive areas; and
 - seeking expressions of interest for environmentally sensitive development of the newly acquired lighthouse sites.



1998-99 Budget Overview (cont.)

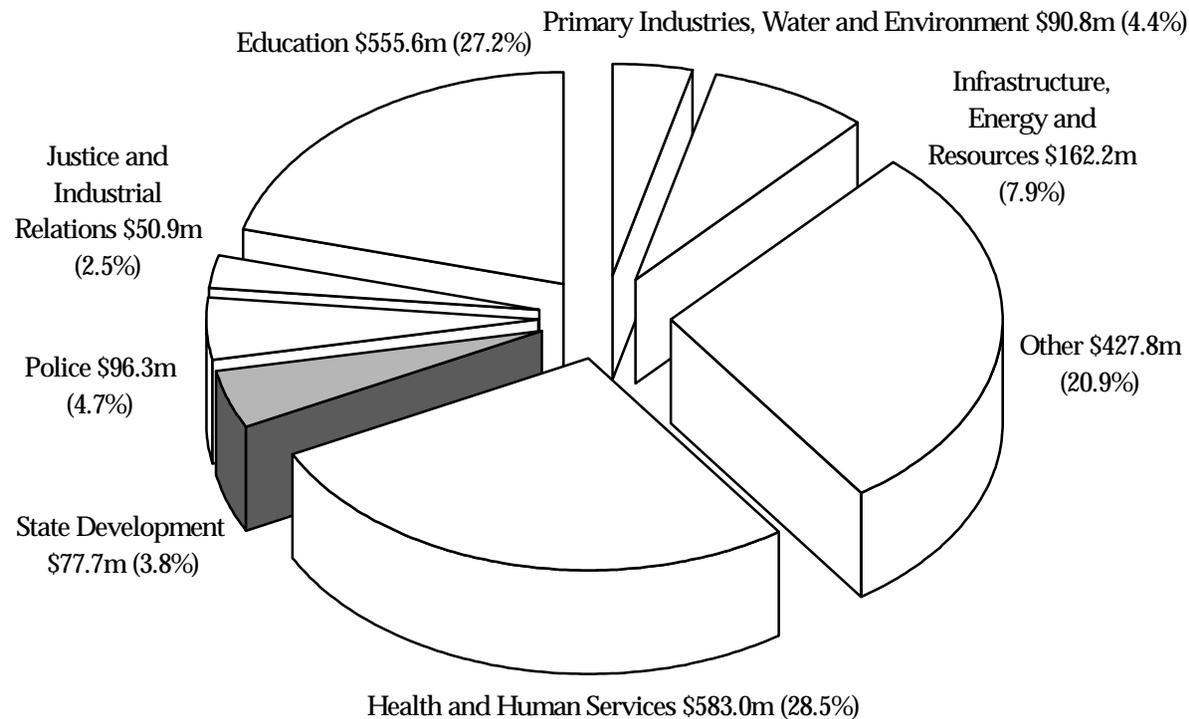
- *Capital Investment Program (CIP)*

- ✧ The 1998-99 State CIP will total \$391.1 million, a marginal increase over the 1997-98 actual CIP expenditure of \$389.3 million.
- ✧ The Budget includes funding for major capital investment projects, including Stage 2 of the Royal Hobart Hospital redevelopment (\$9 million), and a continuing emphasis on the maintenance of the State's capital stock through smaller labour intensive projects.
- ✧ A rolling three year forward program will be re-established to provide the construction industry with an indication of future investment projects.



Consolidated Fund Expenditure

Expenditure from the Consolidated Fund will be \$2 044 million



Consolidated Fund Receipts

Receipts to the Consolidated Fund will be \$2 026 million

