



11 June 2009

Government Media Statement

MICHAEL AIRD
Treasurer

Interim Fiscal Strategy

The Treasurer, Michael Aird, today announced an Interim Fiscal Strategy established in response to the global financial crisis.

Mr Aird said the 2009-10 Budget had been developed in the context of a turbulent world economic environment.

“The global financial crisis has had a dramatic impact on the State’s financial and economic position,” he said.

“This has led to an unanticipated decline in Budget revenue that is severe and unprecedented.

“Notwithstanding the significant savings that we have identified, the Government acknowledges that it can not achieve its current Fiscal Strategy and still maintain its commitment to frontline services, public sector jobs and infrastructure investment.”

Mr Aird said the Government's Interim Fiscal Strategy will extend over a six year period from 2009-10 to 2014-15.

The interim fiscal strategy is based on the following principles:

- Maintaining a sustainable Budget position;
- Continuing to reduce the debt and liability burden on the Tasmanian community over the longer-term;
- Maintaining a competitive business and taxation environment;

- Maintaining investment in core general government infrastructure in real terms to support the delivery of government services and to foster economic and industry development;
- Providing adequate mechanisms and financial provisions to minimise the risks to the Tasmanian Government; and
- Improvement in the efficiency of government services.

Mr Aird said the Interim Fiscal Strategy shows the Government's plan to return the Budget to a sustainable position.

The Interim Fiscal Strategy targets include:

- Net Operating Surplus to be achieved by 2014-15, on average over a four-year rolling period;
- Fiscal Surplus and Consolidated Fund Surplus to be achieved by 2014-15;
- Net Unfunded Superannuation Liability to be extinguished by 2035;
- General Government Sector to remain Net Debt free;
- As wage agreements expire, new wage and salary agreements will be negotiated on the basis that funding, no greater than 1 per cent per annum in 2009-10 and 2010-11; and 2.5 per cent in 2011-12 and 2012-13, is provided to agencies; and
- Agencies will not be supplemented for increases in non-salary operating costs.

Mr Aird said that the Government's Interim Fiscal Strategy continues the Government's strong approach to financial management and provides a financially responsible framework for the delivery of Government services.

“This Government has a record of achieving its Fiscal targets and it's a challenge we will continue to meet.”