

Fiscal Strategy



Hodgman Liberal Government Fiscal Strategy

- The Fiscal Strategy sets out the Government's long term financial principles and key strategic actions to achieve the principles



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Fiscal Principles

The Government's Fiscal Strategy provides a strong and effective framework for the ongoing management of the State's budget position. It is focused on the achievement of long-term fiscal principles that reflect responsible financial management and aim to deliver long-term budget sustainability.

These long-term fiscal principles are enduring in nature and apply across financial and economic cycles. The use of a principles based approach recognises that a government can, in the short-term, legitimately depart from fiscal objectives in response to changing circumstances, as long as that departure is necessary, transparent and justifiable.

While the Fiscal Strategy has a core focus on the long-term, shorter-term objectives and relevant financial measures and economic statistics are also important in enabling the measurement of the Government's progress against the principles.

The following long-term principles are embedded in the *Charter of Budget Responsibility Act 2007*:

1. manage the State's finances responsibly for the wellbeing of all Tasmanians;
2. provide for the future for the next generation of Tasmanians;
3. prepare for unexpected events by building a robust financial position;
4. improve services to Tasmanians by building a strong economy and efficiently allocating resources to gain the maximum community benefit;
5. formulate spending and taxation policies that ensure a reasonable degree of equity, stability and predictability; and
6. ensure transparency and accountability in developing, implementing and reporting on fiscal objectives.



Strategic Actions

The Government's Fiscal Strategy includes a number of important strategic actions that are aimed at achieving the long-term fiscal principles. Those strategic actions being implemented by the Government to support the fiscal principles are detailed below.

1. Annual growth in General Government operating expenses will be lower than the long-term average growth in revenue.
2. General Government debt and defined benefit superannuation liabilities will be managed to ensure the combined annual servicing cost is less than six per cent of General Government cash receipts.
3. A competitive tax environment will be maintained with an objective for state taxes to be efficient, fair, simple, stable and sustainable.
4. Government businesses will be required to deliver services to Tasmanians at the lowest sustainable cost, while also providing an appropriate financial return to the Government.
5. Tasmanian Government infrastructure investment will maintain existing assets, respond to economic and population growth and reflect the changing needs of the community.
6. Public sector efficiency, productivity and financial transparency will be improved.