



2003-04
TREASURER'S
ANNUAL FINANCIAL
REPORT



Department of Treasury and Finance
October 2004

CONTENTS

	Page
1 Introduction	1
2 Executive Summary	3
Fiscal Surplus	4
Net Debt and Net Interest Costs	5
Superannuation Liability	6
Net Financial Liabilities	7
Cash Surplus/(Deficit)	8
Sources of Revenue	8
Sources of Expenditure	9
3 Budget Outcomes	11
Certification of Budget Outcomes Statements	13
Operating Statement	16
Balance Sheet	18
Cash Flow Statement	19
Notes to the Budget Outcomes Statements	20
Note 1. Significant Accounting Policies in the Preparation of the Budget Outcomes	20
Note 2. Other Economic Flows	22
Note 3. Grants and Subsidies	22
Note 4. Taxation	23
Note 5. Sales of Goods and Services	24
Note 6. Dividends and Income Tax Equivalents	24
Note 7. Other Revenue	24
Note 8. Depreciation	25
Note 9. Employee expenses	25
Note 10. Other Operating Expenses	26
Note 11. Nominal Superannuation Interest Expense	26
Note 12. Grants and Transfers	27
Note 13. Net Acquisition of Non-Financial Assets	27
Note 14. Advances Paid	28
Note 15. Other Non-Equity Assets	28
Note 16. Equity Assets	28
Note 17. Land and Fixed Assets	29
Note 18. Other Non-Financial Assets	29
Note 19. Advances Received	29
Note 20. Borrowings	30
Note 21. Debt Maturity Profile	30
Note 22. Superannuation Liability	31
Note 23. Other Employee Provisions	31
Note 24. Other Non-Equity Liabilities	32
Note 25. Contingent liabilities	32

CONTENTS (CONTINUED)

	Page
4 Uniform Government Reporting	35
Loan Council Outcome 2003-04	36
Operating Statement by Sector	37
Balance Sheet by Sector	38
Cash Flow Statement by Sector	39
General Government Expenses by Purpose	40
General Government Capital Expenditure by Purpose	41
5 Public Account Statements	43
Certification of Public Account Statements 2003-04	45
Accounting Policies	49
Statement 1 - Public Account Balance	50
Statement 2 - Consolidated Fund Outcome	51
Statement 3 - Consolidated Fund Receipts	52
Statement 4 - Consolidated Fund Expenditure	57
Statement 5 - Excess Consolidated Fund Recurrent Services Expenditure	60
Statement 6 - Excess Consolidated Fund Works and Services Expenditure	61
Statement 7 - Excess Consolidated Fund Reserved By Law Expenditure	62
Statement 8 - Special Deposits and Trust Fund	64
6 Concepts and Definitions	69
Accrual Uniform Presentation Framework (UPF)	70
Operating Statement	71
Balance Sheet	71
Cash Flow Statement	72
Consolidation of Transactions	73
Classification of the Tasmanian Public Sector	74
General Government	74
Public Non-Financial Corporations	75
Public Financial Corporations	75
Public Account	76
Consolidated Fund	76
Special Deposits and Trust Fund	76

1 INTRODUCTION

The 2003-04 Treasurer's Annual Financial Report (the Report) is prepared in accordance with section 26 of the *Financial Management and Audit Act 1990*, which requires the tabling of the Report by 31 October in each year.

This Report is the first Treasurer's Annual Financial Report prepared under the State's new external reporting framework. The reporting framework was given legislative effect in the *Financial Management and Audit Amendment Act 2003* which received Royal Assent on 4 July 2003. The new reporting framework has been introduced to align with the annual accrual Budget. The Report contains the following information:

- Section 2 provides an Executive Summary highlighting progress against the Key Fiscal Strategy Measures contained within the 2003-04 Budget Papers and commentary on significant variations to the Budget outcomes.
- Section 3 presents the Budget Outcomes for 2003-04. The Section includes the Operating Statement, Balance Sheet and Cash Flow Statement for the General Government Sector showing the original Budget estimates and the actual outcomes presented on a Government Finance Statistics (GFS) basis. Additional financial information is also included providing details on all material revenue, expenditure, asset and liability items. This information is based on the format of Notes to the Accounts presented in general purpose financial statements, and has been customised to the Uniform Presentation Framework (UPF) format. This Section has been audited as a special purpose financial report and the Auditor-General's opinion is included in this Section.
- Section 4 presents the uniform government reporting requirements for the Loan Council Outcomes Report, in accordance with the UPF, agreed by the Australian Loan Council in March 1997. This Section presents the outcomes for the Total State Sector and its component sectors, being the General Government, Public Non-Financial Corporations and Public Financial Corporations Sectors. This information was previously released by Treasury as a separate publication in October each year. In order to harmonise the release of public sector financial information, this information has been incorporated into this Report.
- Section 5 summarises details for the transactions and balances within the Public Account. This information is consistent with that previously provided in the Treasurer's Financial Statements.
- Section 6 provides an overview of the key concepts and definitions used within this Report.

2 EXECUTIVE SUMMARY

Section Contents

	Page
Fiscal Surplus	4
Net Debt and Net Interest Costs	5
Superannuation Liability	6
Net Financial Liabilities	7
Cash Surplus/(Deficit)	8
Sources of Revenue	8
Sources of Expenditure	9

FISCAL SURPLUS

A Fiscal Surplus indicates that a government is saving more than enough to finance all of its investment spending.

The 2003-04 General Government Fiscal Surplus was \$369 million, an increase of \$362 million from the original Budget estimate of \$7 million. The increase in the 2003-04 Fiscal Surplus outcome comprises a favourable revenue movement of \$223 million, due primarily to an increase in taxation revenue and GST grant revenue as a result of the higher than expected levels of activity within the Tasmanian and the national economies, together with a decrease in expenses of \$88 million, from an original Budget estimate of \$3 004 million to \$2 916 million, and a favourable variation of \$50 million in the net acquisition of non-financial assets. The proceeds from the sale of government business assets in 2003-04 are not included in the Fiscal Surplus or the Cash Surplus in accordance with GFS principles.

The movement in Total Expenses partially reflects the reclassification of expenditure, between Budget and the Treasurer's Annual Financial Report, for grants to agencies from the Infrastructure Funds within the Finance-General Division. The payment of these grants by Finance-General and the receipt of the grant by agencies, is eliminated on consolidation, and the Treasurer's Annual Financial Report reflects the nature of the actual expenditure of those funds by agencies. The movement of \$130 million from the original Budget estimate of \$563 million is partially offset by increases in Other operating expenses, Employee expenses and Depreciation expense.

The favourable movement of \$50 million in the Net acquisition of non-financial assets is due to an increased depreciation expense of \$11 million, together with lower than budgeted expenditure on a number of capital expenditure projects. The reduction of \$20 million in the Purchase of non-financial assets reflects a lower than budgeted level of capitalisation in the Roads Program (\$7.2 million) and changed projections for the timing of capital expenditure, due to delays resulting from increased activity in the building industry. Funding for specific capital expenditure projects which has been carried forward to 2004-05 includes:

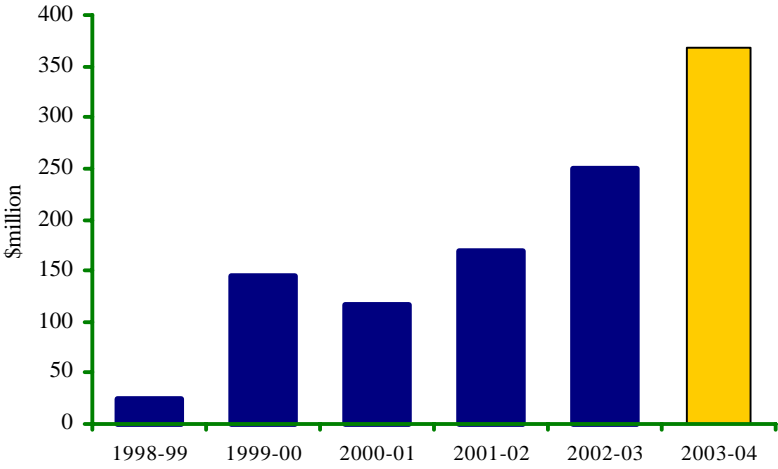
- the Department of Justice Prison Infrastructure Redevelopment Program (\$2.0 million);
- the Department of Education Capital Investment Program projects (\$2.4 million);
- the Department of Health and Human Services Department of Emergency Medicine project (\$5.1 million); and
- the Department of Health and Human Services Housing Program projects (\$7.1 million).

The above decreases in Purchase of non-financial assets were partially offset by a \$19 million increase in the Sale of non-financial assets, which primarily reflected higher than budgeted sales of \$7.1 million by the Housing Division of the Department of Health and Human Services, \$5.9 million by the Department of Economic Development and \$5.0 million by the Department of Primary Industries, Water and Environment.

The Tasmanian General Government Sector has maintained Fiscal Surpluses since the measure was first calculated in 1998-99, and there is a generally increasing trend. The 2003-04 outcome is 47.6 per cent above the previous year outcome of \$250 million. The Fiscal Surplus outcome is

consistent with the Government’s Fiscal Strategy target of maintaining the Budget in surplus, and shows the significant effort made to improve the State’s finances and reduce debt.

Fiscal Surplus	
	\$m
1998-99	24
1999-00	145
2000-01	108
2001-02	169
2002-03	250
2003-04	369



FISCAL SURPLUS UP 47.6 PER CENT

NET DEBT AND NET INTEREST COSTS

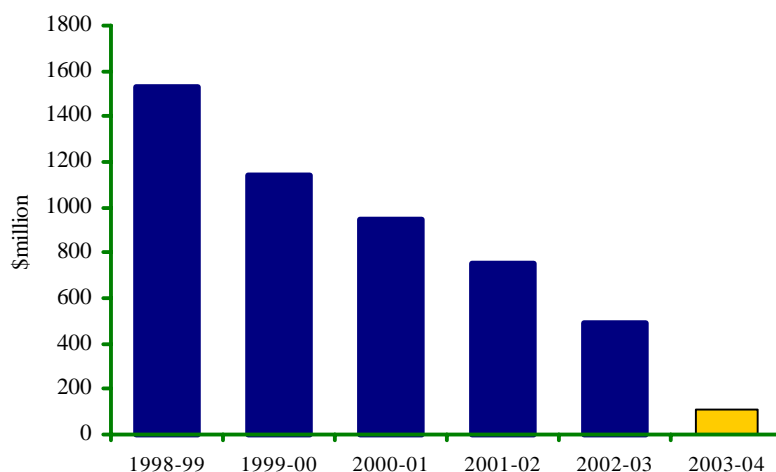
Net Debt comprises the stock of specified gross financial liabilities less selected financial assets.

Net Debt is \$114 million at 30 June 2004, \$347 million or 75.3 per cent less than the original Budget estimate of \$461 million.

Targets for the reduction of General Government Net Debt have been a part of the Government's Fiscal Strategy since 1998-99. Financial strategies pursued by successive Governments from 1990-91 to 1997-98 had the effect of stabilising the emerging debt problem. Fiscal Strategies pursued from 1998-99 have had a dramatic effect on reducing the level of State debt.

There have been significant reductions in Net Debt that have occurred as a result of the Fiscal Surpluses which have been achieved, enabling debt repayments. Between 30 June 1999 and 30 June 2004, Net Debt has fallen by 92.5 per cent. The 2003-04 Net Debt outcome is consistent with the revised Fiscal Strategy target to fully eliminate General Government Sector Net Debt by June 2007.

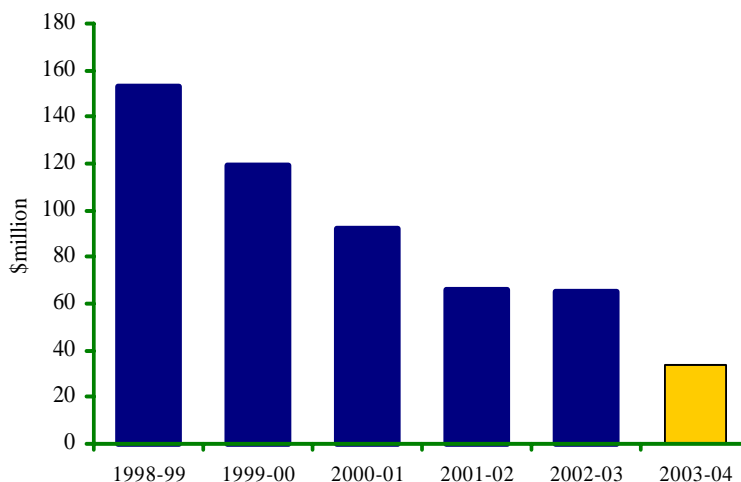
30 June	Net Debt \$m
1999	1 527
2000	1 143
2001	949
2002	751
2003	486
2004	114



NET DEBT FALLEN BY 92.5 PER CENT SINCE 1999

The decline in Net Debt has meant there have been significant reductions in the Net Interest Cost burden for the General Government Sector. In 1998-99, Net Interest Costs on an accrual basis were \$153 million. Net Interest costs have fallen by \$119 million, or 77.8 per cent, to \$34 million in 2003-04. The decline in Debt Servicing Costs is expected to continue under the current Fiscal Strategy.

	Net Interest \$m
1998-99	153
1999-00	119
2000-01	92
2001-02	66
2002-03	65
2003-04	34



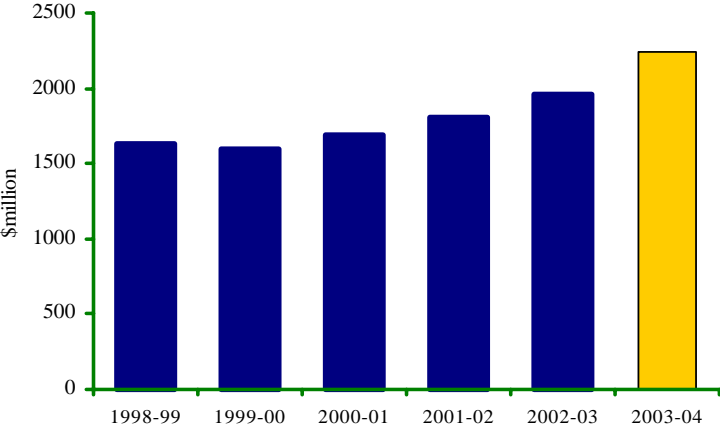
NET INTEREST COST HAS FALLEN BY 77.8 PER CENT SINCE 1999

SUPERANNUATION LIABILITY

Unfunded Superannuation Liability measures a government's superannuation liability to employees which is not cash backed. Substantial reforms to Tasmania's public sector superannuation arrangements were made during 1999. These reforms, by closing the State's principal defined benefit schemes to new entrants, will reduce the Government's ongoing employer-related superannuation costs and, over time, this liability will decline. Through these reforms, Tasmania's public sector finances will be on a much more secure footing in future years.

The unfunded superannuation liability will continue to grow until it peaks in 2012. The growth is due to factors such as the accrual of additional years of service by scheme members and salary increases for public sector employees. The unfunded superannuation liability increased by \$234 million, or 11.7 per cent, between 30 June 2003 and 30 June 2004, due to changes in actuarial valuation assumptions and methodologies. From 2012, measures taken to close the defined benefit schemes to new entrants will begin to take effect and there is a projected steady decline in the liability.

30 June	Unfunded Superannuation \$m
1999	1 637
2000	1 588
2001	1 690
2002	1 806
2003	2 008
2004	2 242

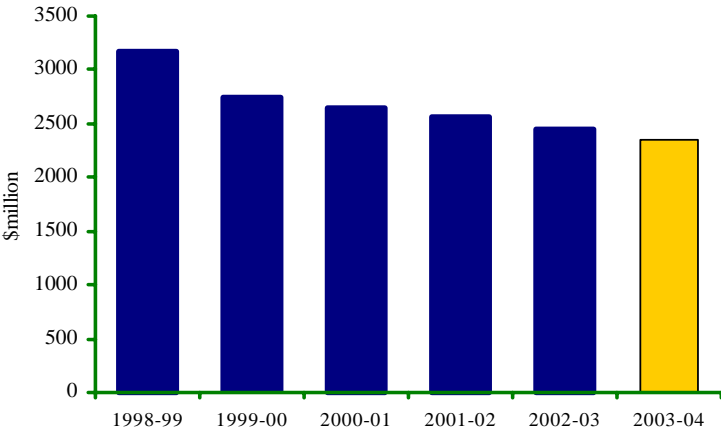


SUPERANNUATION LIABILITY UP 11.7 PER CENT

NET FINANCIAL LIABILITIES

Net Debt information does not include the unfunded superannuation liability, which is a significant liability for all States. In order to provide a broader measure of the State’s liability position, the Net Financial Liabilities is presented. The decline in Net Financial Liabilities is not as rapid as for Net Debt, due to the current growth in the superannuation liability. However, the trend is still consistent with the aim of eliminating Net Financial Liabilities by 30 June 2017.

30 June	Net Financial Liabilities \$m
1999	3 164
2000	2 731
2001	2 652
2002	2 558
2003	2 494
2004	2 356

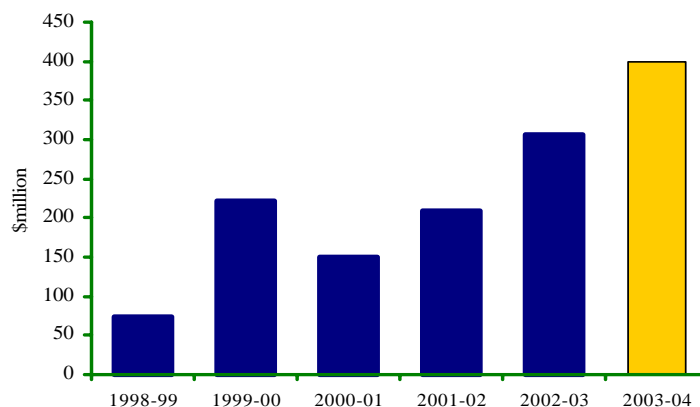


NET FINANCIAL LIABILITIES DOWN 5.5 PER CENT

CASH SURPLUS/(DEFICIT)

The Cash Surplus is \$400 million, \$317 million or 381.9 per cent greater than the original 2003-04 Budget estimate of \$83 million. The increase in the Cash Surplus primarily reflects increased GST receipts, taxation revenue and returns from Government businesses during 2003-04. The achievement of a Cash Surplus in 2003-04 is consistent with the Government's revised Fiscal Strategy target of fully eliminating General Government Net Debt by June 2007.

Cash Surplus	
	\$m
1998-99	74
1999-00	221
2000-01	150
2001-02	210
2002-03	306
2003-04	400



CASH SURPLUS UP 30.7 PER CENT

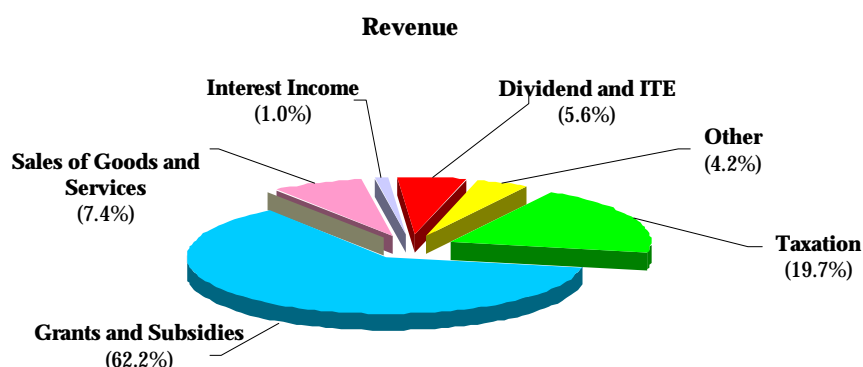
SOURCES OF REVENUE

Total Revenue of \$3 212 million in 2003-04 is \$223 million or 7.5 per cent greater than the original Budget estimate of \$2 989 million. The favourable movement in Revenue reflects increases in:

- Grants and Subsidies revenue of \$136 million, primarily due to above Budget GST Revenue of \$96 million, additional revenue of \$8.3 million for the Australian Health Care Agreement and increases in a number of Specific Purpose Payments.
- Taxation Revenue of \$98 million, primarily due to additional revenue from Financial Transactions Taxes of \$73 million resulting from the increased activity in the property market, Payroll Tax of \$4 million, Motor Vehicle Fees and Taxes of \$11 million, Casino Taxes of \$7 million, Guarantee Fees of \$2 million and Property Owners Contributions to Fire Brigade of \$3 million;
- Interest Income of \$15 million, reflecting the availability of cash for investment purposes; and
- Dividend and Income Tax Equivalent Income of \$42 million, primarily due to additional dividend returns from Aurora Energy and Hydro Tasmania, reflecting improved profitability of these entities, and increased Tax Equivalents from Forestry Tasmania following the full redemption of previous year tax losses, which were not anticipated at Budget time.

The increases in Revenue items noted above are partially offset by decreases in Sales of Goods and Services and Other Revenue.

	2002-03	2003-04	2003-04
	Actual	Budget	Actual
	\$m	\$m	\$m
Taxation revenue	559	533	631
Grants and subsidies	1 815	1 861	1 997
Sales of goods and services	264	297	237
Interest income	24	18	33
Dividend and ITE	173	139	181
Other	136	142	134
Total	3 006	2 989	3 212

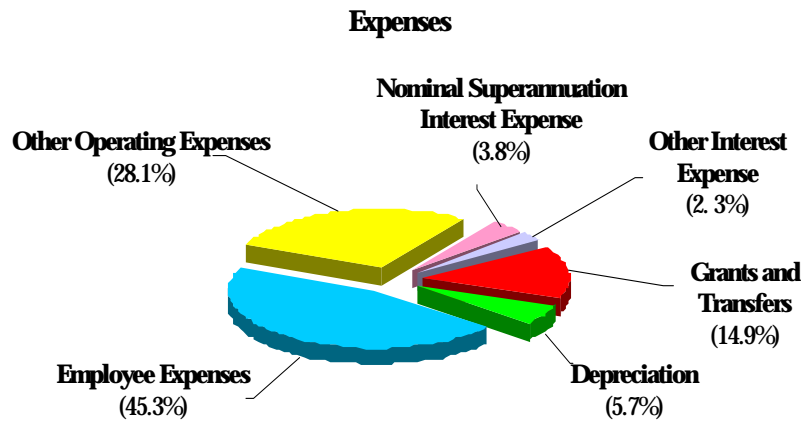


SOURCES OF EXPENDITURE

Total Expenses are \$2 916 million in 2003-04, \$88 million or 2.9 per cent less than the original Budget estimate of \$3 004 million.

The movement in Total Expenses partially reflects the reclassification of expenditure, between the original Budget estimate and the Treasurer's Annual Financial Report, for grants to agencies from the Economic and Social Infrastructure Fund, the Social Infrastructure Fund and the 2001-02 Infrastructure Fund within the Finance-General Division. Whilst the original Budget reflected Grants and Transfer expenses within Finance-General, the payment of these grants from the Infrastructure Funds and the receipt of the grant by agencies, is eliminated on consolidation, and the Treasurer's Annual Financial Report reflects the nature of the actual expenditure of those funds by agencies. The movement of \$130 million from original Budget estimate of \$563 million to \$433 million is partially offset by increases of \$9 million in Other operating expenses, \$28 million in Employee expenses and \$11 million in Depreciation expense.

	2002-03	2003-04	2003-04
	Actual	Budget	Actual
	\$m	\$m	\$m
Depreciation	159	154	165
Employee expenses	1 225	1 293	1 321
Other operating expenses	739	809	818
Nominal superannuation interest expense	101	116	112
Other interest expense	79	69	67
Grants and transfers	491	563	433
Total	2 794	3 004	2 916



3 BUDGET OUTCOMES

Section Contents

	Page
Certification of Budget Outcomes	13
GENERAL GOVERNMENT SECTOR	
Operating Statement	17
Balance Sheet	18
Cash Flow Statement	19

CERTIFICATION OF BUDGET OUTCOMES STATEMENTS

The Budget Outcomes Statements for the year ended 30 June 2004 have been prepared in accordance with the provisions of the *Financial Management and Audit Act 1990*. The Statements are a special purpose report based on the reporting requirements of the Uniform Presentation Framework and are based on information provided from agencies within the General Government Sector. The Statements present fairly the transactions of the General Government Sector for the year ended 30 June 2004 and the components of financial position as at 30 June 2004.

At the date of signing we are not aware of any circumstances which would render the particulars included in the Budget Outcomes Statements misleading or inaccurate.



Paul Lennon
TREASURER



Rob Nicholl
ACTING SECRETARY
Department of Treasury and Finance



INDEPENDENT AUDIT REPORT

To the Members of the Parliament of Tasmania

BUDGET OUTCOMES STATEMENTS

Statements for the Year Ended 30 June 2004

Scope

The Statements and the Treasurer's responsibilities

The Budget Outcomes Statements is a special purpose financial report comprising the General Government Sector's Operating Statement, Balance Sheet, Cash Flow Statement prepared under the Uniform Presentation Framework and the Certification from the Treasurer and the Acting Secretary for the year ended 30 June 2004.

The Treasurer is responsible under Section 26A(1) of the *Financial Management and Audit Act 1990* for the preparation of the Statements.

Audit approach

I conducted an independent audit in order to express an opinion to the Members of the Tasmanian Parliament. My audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the Statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the Statements present fairly, in accordance with the *Financial Management and Audit Act 1990* and the Uniform Presentation Framework, a view which is consistent with my understanding of the General Government Sector's financial position, and of its performance as represented by the results of its operations and cash flows.

I formed my audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the Statements; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Treasurer.

The Audit Opinion expressed in this report has been formed on the above basis.

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In my opinion the Budget Outcomes Statements:

- a) Present fairly the financial position of the General Government Sector as at 30 June 2004, and the results of its operations and its cash flows for the year then ended; and
- b) Is in accordance with the *Financial Management and Audit Act 1990* and with the Uniform Presentation Framework.

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL

20 October 2004
HOBART

OPERATING STATEMENT

	2003-04 Original Budget	2003-04 Actual
	\$m	\$m
Revenue		
Grants and subsidies	1 861	1 997
Taxation revenue	533	631
Sales of goods and services	297	237
Interest income	18	33
Dividend and income tax equivalent income	139	181
Other revenue	142	134
Total Revenue	2 989	3 212
Less		
Expenses		
Depreciation	154	165
Employee expenses	1 293	1 321
Other operating expenses	809	818
Nominal superannuation interest expense	116	112
Other interest expense	69	67
Grants and transfers	563	433
Total Expenses	3 004	2 916
Equals NET OPERATING RESULT	(16)	296
Less		
Net acquisition of non-financial assets		
Purchase of non-financial assets	181	161
less Sale of non-financial assets	50	69
less Depreciation	154	165
Total	(23)	(73)
Equals FISCAL SURPLUS	7	369

BALANCE SHEET

	30 June 2004 Original Budget	30 June 2004 Actual
	\$m	\$m
Assets		
Financial assets		
Cash and deposits	331	685
Advances paid	112	66
Investments, loans and placements	20	12
Other non-equity assets	335	314
Equity	4 065	4 206
Total	4 864	5 282
Non-financial assets		
Land and fixed assets	5 672	6 323
Other non-financial assets	64	22
Total	5 736	6 345
Total assets	10 600	11 627
Liabilities		
Advances received	273	273
Borrowings	651	603
Superannuation liability	2 034	2 242
Other employee provisions	301	311
Other non-equity liabilities	168	218
Total liabilities	3 427	3 647
NET WORTH ¹	7 172	7 980
NET FINANCIAL WORTH ²	1 436	1 635
NET FINANCIAL LIABILITIES ³	2 495	2 356
NET DEBT⁴	461	114

Notes:

1. Net Worth represents Total Assets less Total Liabilities.
2. Net Financial Worth represents Financial Assets less Total Liabilities.
3. Net Financial Liabilities represents Net Debt plus gross unfunded superannuation liability.
4. Net Debt equals the sum of Advances Received and Borrowings less the sum of Cash and Deposits, Advances Paid and Investments, Loans and Placements.

CASH FLOW STATEMENT

	2003-04 Original Budget	2003-04 Actual
	\$m	\$m
Cash receipts from operating activities		
Taxes received	533	630
Receipts from sales of goods and services	297	234
Grants and subsidies received	1 861	1 963
Dividend and income tax equivalent income	139	156
Interest received	18	47
Other receipts	258	239
Total	3 106	3 269
Cash payments for operating activities		
Payments for goods and services	(2 138)	(2 155)
Grants and subsidies paid	(563)	(422)
Interest paid	(76)	(72)
Other payments	(113)	(127)
Total	(2 890)	(2 776)
Net cash flows from operating activities	215	493
Net cash flows from investments in non-financial assets		
Sale of non-financial assets	50	76
Purchases of non-financial assets	(181)	(169)
Total	(131)	(93)
Net cash flows from investments in financial assets for policy purposes	20	69
Net cash flows from investments in financial assets for liquidity purposes	5	(11)
Net cash flows from financing activities		
Advances received (net)	(42)	(50)
Borrowing (net)	(152)	(145)
Other financing (net)	29	(20)
Total	(164)	(215)
Net Increase/(Decrease) in Cash Held	(56)	244
CASH SURPLUS/(DEFICIT)¹	83	400

Note:

1. Cash Surplus/(Deficit) is equal to Net cash flows from operating activities plus Net cash flows from investments in non-financial assets.

NOTES TO THE BUDGET OUTCOMES STATEMENTS

Note 1. Significant Accounting Policies in the Preparation of the Budget Outcomes

A. Basis of Accounting and Measurement

The Budget Outcomes Statements present the Operating Statement, Balance Sheet and Cash Flow Statement for the General Government Sector (GGS) showing actual results and original Budget for 2003-04. Comparative information will not be provided in the first year, but will be included from 2004-05 onwards.

The Budget Outcomes are presented in accordance with the Government Finance Statistics (GFS) framework. The GFS reporting framework is a specialised accounting system designed to support economic analysis of the public sector. It allows comprehensive assessments to be made of the economic impact of government and is consistent with international statistical standards (the System of National Accounts 1993 (SNA93) and the International Monetary Fund's (IMF) Government Finance Statistics Manual 2001).

The presentation of a GFS outcome is consistent with other Australian Governments and presents information that is similar to that presented under Australian Accounting Standards. In December 2002, the Financial Reporting Council (FRC) set a broad strategic direction for the Australian Accounting Standards Board (AASB) to achieve convergence of GFS and Generally Accepted Accounting Principles. The objective is to provide a single set of Government reports which are auditable, comparable between jurisdictions and in which outcome statements are directly comparable with the relevant budget statements. The AASB is currently working to develop an accounting standard that achieves the objective set by the FRC. (For a more detailed discussion of the differences between reports prepared in compliance with the Australian Accounting Standards and UPF reports see *Harmonisation of Government Financial Statistics and Generally Accepted Accounting Principles: Issues Paper*, Department of Treasury and Finance, Tasmania and Department of Finance and Administration, March 2003, available on the Financial Management Reform section of the Treasury website (www.treasury.tas.gov.au).

An important distinction in the GFS framework from the Australian Accounting Standards (AAS) framework, is that of "transaction flows" and "other economic flows". Transactions result directly from a mutually agreed interaction between two parties, for example, the sale of a good or service. The definition of a "transaction flow" also includes depreciation which does not involve interaction between two parties. The treatment of depreciation recognises that, in this case, one party is acting in two roles, as owner of the asset and consumer of the services provided by the asset. The Operating Statement presents the information for all "transaction flows".

An "other economic flow" is a change in the volume or value of an asset or liability that does not result from a transaction. The impacts of all "other economic flows" are excluded from the GFS Operating Statement. These changes impact directly on equity in the Balance Sheet in the GFS treatment.

B. General Government Reporting Entity

The Budget Outcomes Statements are presented for the General Government Sector reporting entity.

The General Government Sector comprises those agencies of government, the primary function of which is to provide public services which are mainly non-market in nature, for the collective consumption of the community, or which involve the transfer or redistribution of income and are financed mainly through taxes and other compulsory levies.

This Sector includes government departments and a number of entities that act outside the Public Account including the Inland Fisheries Service, Marine *and* Safety Tasmania, the Royal Tasmanian Botanical Gardens, the State Fire Commission and the Nominal Insurer (a statutory entity created by the *Workers Rehabilitation and Compensation 1988 Act*). The State Budget in 2003-04 is based on the General Government Sector.

C. Basis of Consolidation

In the process of reporting for the General Government Sector as a single economic entity, all material transactions and balances between General Government Sector entities are eliminated.

D. Unaudited Information

Original Budget information was prepared and presented as part of the 2003-04 State Budget in May 2003. Because of the estimate nature of Budget information, this has not been subject to an audit process.

E. Revenue

Revenues are recognised in the Operating Statement when it is probable that the inflow or other enhancement or saving in outflows of future economic benefits has occurred and can be measured reliably.

Agency Appropriations, whether recurrent or capital, are not recognised in the Operating Statement as this revenue is internal to the General Government Sector and eliminated on consolidation.

F. Expenses

Expenses are recognised in the Operating Statement when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

G. Assets

Assets are recognised in the Balance Sheet when it is probable that the future economic benefits embodied in the asset will eventuate and the asset possesses a cost or other value that can be measured reliably.

H. Liabilities

Liabilities are recognised in the Balance Sheet when it is probable that the future sacrifice of economic benefits will be required and the amount of the liability can be measured reliably.

I. Specific Policies

Specific policy detail information, such as in relation to depreciation, is included in the relevant note item.

Note 2. Other Economic Flows

The following table presents the other economic flows to allow for reconciliation between the opening and closing balances presented in the Balance Sheet.

	2003-04
	Actual
	\$m
Opening Net Worth	7 222
Add Net Operating Result	296
Add Other Economic Flows	
Revaluation of Non-financial Assets consisting of:	
Land and Buildings	349
Infrastructure Assets	111
Equity Investments Revaluation	160
Revaluation of Superannuation Liability	(234)
Other changes in volume of Net Assets	75
Total Other Economic Flows	461
Closing Net Worth (from Balance Sheet)	7 980

Note 3. Grants and Subsidies

Grants and subsidies are recognised when the cash is received.

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Commonwealth General Purpose grants		
GST Revenue	1 300	1 396
GST Budget Balancing Assistance	9	....
Competition Payments	18	17
Total Commonwealth General Purpose grants	1 327	1 413
Commonwealth Specific Purpose grants	363	379
Commonwealth Capital grants	27	29
Other Grants and Subsidies	144	176
TOTAL	1 861	1 997

Note 4. Taxation

Revenue from State taxation and from fees and fines is recognised upon the first occurrence of either:

- receipt by the State of a Taxpayer's self-assessed taxes and fees; or
- the time the obligation to pay arises, pursuant to the issue of an assessment.

Interest is charged on outstanding amounts and is brought to account, where possible, on an accrual basis, otherwise as it is received. The collectability of debts is assessed at balance date and specific provision is made for doubtful debts.

	2003-04	2003-04
	Original	
	Budget	Actual
	\$m	\$m
Payroll Tax	162	166
<i>Taxes on property</i>		
Land tax	26	27
Property owners contributions to fire brigade	36	39
Financial transactions taxes	96	168
Guarantee fees	5	7
Total taxes on property	163	241
<i>Taxes on the provision of goods and services</i>		
Casino taxes	51	58
Other gambling taxes	23	20
Taxes on insurance	33	34
Total taxes on the provision of goods and services	107	112
<i>Taxes on the use of goods and performance of activities</i>		
Motor vehicle fees and taxes	101	112
Total taxes on the use of goods and performance of activities	101	112
TOTAL	533	631

Note 5. Sales of Goods and Services

Amounts earned in exchange for the provision of goods or services are recognised when the good or service is provided.

	2003-04	2003-04
	Original	
	Budget	Actual
	\$m	\$m
Sales of Goods	184	114
Sales of Services	114	123
TOTAL	297	237

Note 6. Dividends and Income Tax Equivalents

The General Government Sector receives a return from the State's Government Business Enterprises and State-owned Companies in the form of Dividends and Income Tax Equivalent payments. Revenue is recognised in the period it is earned. Accordingly, the General Government Sector also recognises in the Balance Sheet a reciprocal liability for the future income tax benefit and a receivable for the dividends receivable and deferred income tax liability recorded by Government Business Enterprises (GBEs) and State-owned Companies (SOC)s.

	2003-04	2003-04
	Original	
	Budget	Actual
	\$m	\$m
Dividend income	52	82
Special Dividend income	26	....
Income tax equivalents	60	99
TOTAL	139	181

Note 7. Other Revenue

	2003-04	2003-04
	Original	
	Budget	Actual
	\$m	\$m
Fines	10	13
Regulatory fees	3	3
Royalty income	10	13
Other revenue	119	105
TOTAL	142	134

Note 8. Depreciation

Depreciation recognises the consumption of the service potential of Non-current physical assets as an expense. All infrastructure, buildings, plant and equipment and other Non-current physical assets that have a limited useful life are depreciated. Land is not depreciated because it is considered to have an infinite useful life. Depreciation is not recognised in respect of heritage assets and collections, as their service potential has not, in any material sense, been consumed during the reporting period. Depreciation rates and methods are generally reviewed annually.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time that an asset is held ready for use.

Depreciation of plant and equipment is generally calculated on a straight line basis.

Leasehold improvements are depreciated over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter.

Road infrastructure is depreciated on a straight line basis over its estimated useful life.

	2003-04	2003-04
	Original	
	Budget	Actual
	\$m	\$m
Depreciation in respect of:		
Buildings	43	46
Plant and equipment	37	34
Infrastructure	74	85
TOTAL	154	165

Note 9. Employee expenses

These expenses include all costs related to employment including salaries and wages, superannuation, workers' compensation, leave entitlements and redundancy payments. Payroll Tax expense of agencies is not presented in the Operating Statement, as this is a State tax which is eliminated on consolidation.

	2003-04	2003-04
	Original	
	Budget	Actual
	\$m	\$m
Salaries and wages	1 167	1 168
Superannuation expenses	86	120
Long service leave	8	16
Workers' compensation contributions	6	5
Other	26	12
TOTAL	1 293	1 321

Note 10. Other Operating Expenses

These represent the costs, other than employee related costs, incurred in the normal operation of entities. These items are recognised as an expense when incurred.

	2003-04	2003-04
	Original	
	Budget	Actual
	\$m	\$m
Consultants	9	16
Maintenance and property services	105	129
Communications	32	32
Information technology	46	48
Travel and transport	34	46
Medical, surgical, pharmacy supplies	94	92
Advertising and promotion	16	23
Other supplies and consumables	473	432
TOTAL	809	818

Note 11. Nominal Superannuation Interest Expense

Under the GFS reporting framework, Nominal interest on the unfunded superannuation liability is included as an expense in the Operating Statement. This is a notional borrowing cost calculated by applying the average ten year Commonwealth Bond Rate to the opening balance of the General Government Sector's unfunded superannuation liability.

	2003-04	2003-04
	Original	
	Budget	Actual
Unfunded Superannuation Liability 1 July 2003	\$ 2 008m	\$ 2 008m
Average 10 Year Commonwealth Bond Rate for 2003-04	5.78%	5.60%
Nominal Superannuation Interest Expense	\$ 116m	\$ 112m

Note 12. Grants and Transfers

Payments to third parties are recognised as an expense when incurred and include transactions such as grants, subsidies and transfer payments made to non-government entities.

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Fringe Benefits Tax	2	3
Current grant expenses	443	348
Local Government grants	63	64
Community Service Obligation payments to GBEs and SOCs	28	18
Capital grants	27	....
TOTAL	563	433

Note 13. Net Acquisition of Non-Financial Assets

All Non-current physical assets in the General Government Sector with a value above \$5 000 are capitalised and recognised as purchase of non-financial assets.

Sale of non-financial assets is the cash proceeds relating to the sale of a non-financial asset.

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Purchase of non- financial assets consisting of:		
Land	20	....
Buildings	41	56
Plant and equipment	40	63
Infrastructure	80	42
	181	161
Less Sale of non-financial assets	(50)	(69)
NET ACQUISITION OF NON-FINANCIAL ASSETS	131	92

Note 14. Advances Paid

Advances Paid are recognised where funds are invested for policy purposes as opposed to liquidity purposes.

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Loans to GBEs and SOCs	14	6
Loans to Local Government and private sector	97	60
TOTAL	112	66

Note 15. Other Non-Equity Assets

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Receivables (net of Provision for doubtful debts)	327	298
Prepayments	4	9
Accrued Revenue	4	7
TOTAL	335	314

Note 16. Equity Assets

The General Government Sector holds equity investments representing the Government's investment in the Public Non-Financial Corporations (PNFC) Sector and Public Financial Corporations (PFC) Sectors. This investment is valued according to the net assets of the PNFC and PFC Sectors.

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Equity investment in GBEs and SOCs	4 055	4 196
Other Equity investments	10	10
TOTAL	4 065	4 206

Note 17. Land and Fixed Assets

All land, buildings, infrastructure, heritage and cultural assets are measured at their fair value. All other classes of non-current assets are recorded on the historic cost basis.

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Land and Buildings	2 459	2 729
Plant and Equipment	264	181
Infrastructure	2 949	3 413
TOTAL	5 672	6 323

Note 18. Other Non-Financial Assets

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Other Current assets	20	10
Other Non-current assets	44	12
TOTAL	64	22

Note 19. Advances Received

Advances received include all loans received for policy rather than liquidity purposes. As a result, this includes all Commonwealth borrowings.

	2003-04	2003-04
	Original	Actual
	Budget	Actual
	\$m	\$m
Commonwealth Financial Agreement Debt	15	15
Commonwealth-State Housing Agreement Debt	258	258
TOTAL	273	273

Note 20. Borrowings

Borrowings are recognised at either historical capital cost (i.e. historical cost adjusted for amortisation of discount and premium) or at historical cost.

	2003-04 Original Budget	2003-04 Actual
	\$m	\$m
Tascorp Borrowings – State Debt	531	505
Tascorp Borrowings by other General Government Entities	120	97
Finance Leases	....	1
TOTAL	651	603

Note 21. Debt Maturity Profile

The exposure to interest rate risk for the General Government Sector is demonstrated in the maturity profile presented below for Borrowings and Advances Received

	Floating Interest Rate	1 Year or Less	Over 1 to 5 Years	More than 5 years	Total
	\$m	\$m	\$m	\$m	\$m
Commonwealth Financial Agreement Debt	....	8	7	....	15
Commonwealth-State Housing Agreement Debt	....	5	23	230	258
Tascorp Borrowings – State Debt	20	155	294	36	505
Tascorp Borrowings by other General Government Entities	0	74	23	....	97
Finance Leases	1	....	....	....	1
TOTAL	21	242	347	266	876

Note 22. Superannuation Liability

An unfunded superannuation liability is recognised in respect of the State's defined benefit schemes. This liability is measured as the difference between the actuarial calculation of the present value of forecast employees' accrued benefits actuarially assessed at balance date and the estimated net market value of the superannuation schemes assets at that date. The present value of accrued benefits takes into consideration the expected future wage and salary levels, expected future investment earning rates, the estimated growth rate in the Consumer Price Index and estimated periods of service.

The funding status of the State's share of defined benefit and defined contribution funds at 30 June 2004, based on actuarial valuations, is summarised as follows:

	Retirement Benefits Act 1993	Parliamentary Superannuation Fund	Parliamentary Retiring Benefits Fund	Judges' Contributory Pensions Act 1968	Total
	\$ m	\$ m	\$ m	\$ m	\$ m
Vested benefits	3 456	18	7	22	3 503
Accrued benefits	3 136	18	7	24	3 185
Less net market value of plan Assets	(931)	(6)	(6)	....	(943)
TOTAL	2 205	12	1	24	2 242

Note 23. Other Employee Provisions

The Balance Sheet reports provisions for entitlements not taken at the reporting date in respect of wages and salaries, annual leave and long service leave. The amounts are accrued at the current wage rates except for long service leave, which is measured at the present value of the estimated future cash outflows arising from employees' service to date.

	2003-04 Original Budget	2003-04 Actual
	\$m	\$m
Annual leave	10	86
Long service leave	13	210
Workers Compensation	40	....
Other employee entitlements	238	15
TOTAL	301	311

Note 24. Other Non-Equity Liabilities

	2003-04 Original Budget	2003-04 Actual
	\$m	\$m
Payables	43	74
Accrued expenses	50	34
Other Liabilities	75	110
TOTAL	168	218

Note 25. Contingent liabilities

Contingent liabilities represent items that, at 30 June 2004, are not recognised in the Operating Statement because there is significant uncertainty at that date as to the necessity for the entity to receive or make payments in respect of them. Following are details of the more significant of these contingent liabilities. Reference should be made to individual entity financial statements for additional information.

The quantifiable estimates, when presented, require careful interpretation. They represent the maximum potential exposure of the quantifiable contingent liabilities of the State, without any explicit assessment of the likelihood of any contingent liabilities being converted to actual liabilities in the future.

Legal proceedings and disputes

A number of legal actions have been brought against the State and its agencies. Notification has also been received of a number of other cases that are not yet subject to Court action but which may result in subsequent litigation. The legal actions include:

- Claims against the Department of Health and Human Services relating to:
 - Public liability claims by former patients; and
 - Hepatitis C claims.
- Claims against the Department of Infrastructure, Energy and Resources relating to:
 - Limited access compensation;
 - Personal injury or damage caused to property (including vehicles) allegedly due to road works or road condition; and
 - Other contractual disputes.

- Claims against the former Department of State Development (now the Department of Economic Development) relating to:
 - litigation with Mack Investments Pty Ltd (Argo Pty Ltd), George Peter Wright, Natureland of Tasmania Pty Ltd and Michael Winston Tatlow, in an action seeking damages over rights to harvest, process and sell peat moss. The Director of Public Prosecutions has advised that proceedings have been halted pending plaintiff action to obtain leave to proceed; and
 - litigation with K M Booth and K D Conochie in a claim for negligent advice. The Director of Public Prosecutions has previously advised that in his opinion, the Department of Economic Development would not have any liability in relation to the claim. As the last correspondence received regarding this matter was dated April 1996 the file is now considered inactive.
- Claims against the Department of Education relating to personal injury on the Department's premises.

Due to the wide variety and the nature of the claims and the uncertainty of any potential liability, no value has been attributed to the claims in the financial statements.

4 UNIFORM GOVERNMENT REPORTING

Section Contents

	Page
Loan Council Outcome 2003-04	36
Operating Statement by Sector	37
Balance Sheet by Sector	38
Cash Flow Statement by Sector	39
General Government Expenses by Purpose	40
General Government Capital Expenditure by Purpose	41

LOAN COUNCIL OUTCOME 2003-04

In accordance with the Uniform Presentation Framework, agreed to by the Australian Loan Council in March 1997, this Report presents revised fiscal estimates that take into account fiscal developments since the commencement of the Budget year.

The UPF requires the presentation of Loan Council Allocation outcome for 2003-04 and Operating Statements, Balance Sheets and Cash Flow Statements for the General Government, Public Non-Financial Corporations (PNFC) and Non-Financial Public Sectors. In addition, General Government Expenditure is presented by purpose. Taxation revenue details required under the UPF are presented in Section 3.

Loan Council arrangements provide for each State and Territory to nominate a Loan Council Allocation (LCA) based on the estimated combined General Government and PNFC Sector cash deficit/(Surplus), plus memorandum items. Memorandum items are other financing transactions which, for Loan Council purposes, are treated as analogous to borrowings. This measure of the level of financing, therefore, focuses on the call of the public sector on national savings.

A two per cent tolerance band (calculated on Total Non-Financial Public Sector revenue) applies between the budgeted LCA and the LCA outcome. For 2003-04, the tolerance limit applicable to Tasmania's LCA was \$76 million. The table below shows that the 2003-04 LCA outcome is outside the \$76 million tolerance limit. The 2003-04 LCA outcome of \$235 million, \$90 million above the original Budget estimate, is due primarily to the improvement in the General Government Sector Cash Surplus of \$317 million above the original Budget estimate, and an increase of \$40 million in the estimated full year Net Cash Flows from Investments in Financial Assets for Policy Purposes.

Loan Council Outcome

	2003-04 Original Budget	2003-04 Actual
	\$m	\$m
General Government underlying Deficit/(Surplus)	(83)	(400)
Public Non-Financial Corporations (PNFC) underlying Deficit/(Surplus)	(64)	218
Total Non-Financial Public Sector underlying Deficit/(Surplus)	(147)	(182)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(20)	(60)
Memorandum Items		
University	8	....
Local Government	14	(7)
Other	....	....
Total Loan Council Allocation	(145)	(235)

OPERATING STATEMENT BY SECTOR

	General Government Sector		Public Non-Financial Corporation Sector		Non-Financial Public Sector		Public Financial Corporations Sector		Total State Sector	
	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue										
Taxation revenue	559	631	....	....	543	616	....	....	543	616
Grants and subsidies	1 850	1 997	52	54	1 858	1 996	....	....	1 857	1 996
Sales of goods and services	264	237	1 051	1 161	1 272	1 381	96	92	1 361	1 469
Interest income	24	33	6	5	26	30	402	408	238	257
Dividend and Income Tax	173	181	....	....	....	30	13	12	14	12
Other	136	134	....	2	136	132	2	....	133	132
Total	3 006	3 212	1 109	1 222	3 835	4 187	513	512	4 146	4 482
Expenses										
Depreciation	159	165	185	200	344	365	1	1	344	366
Employee expenses	1 225	1 321	243	270	1 468	1 582	4	4	1 472	1 586
Other operating expenses	739	818	388	436	1 076	1 232	112	111	1 185	1 343
Nominal superannuation interest	101	112	....	....	101	112	....	....	101	112
Other property expenses	79	67	308	261	204	178	374	408	383	385
Grants and transfers	491	433	....	12	442	383	3	9	442	377
Total	2 794	2 916	1 124	1 179	3 635	3 852	494	533	3 927	4 169
equals NET OPERATING BALANCE	212	296	(15)	43	200	335	19	(21)	219	314
Less Net acquisition of non-financial assets										
Purchases of non-financial assets	184	161	342	361	526	522	....	1	527	522
less Sales of non-financial assets	63	69	75	8	138	77	1	28	139	105
less Depreciation	159	165	185	200	344	365	1	1	344	366
plus Other transactions	....	....	( 1)	....	....	....	....	....	....	....
Total	(38)	(73)	81	152	44	79	(1)	(28)	44	51
equals FISCAL BALANCE	250	369	(96)	(109)	156	256	20	7	175	263

BALANCE SHEET BY SECTOR

	General Government Sector		Public Non-Financial Corporation Sector		Non-Financial Public Sector		Public Financial Corporations Sector		Total State Sector	
	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets										
Financial assets										
Cash and deposits	441	685	136	83	575	768	3	3	1	58
Advances paid	135	66	....	....	117	60	....	....	117	60
Investments, loans and placements	1	12	39	50	40	62	5 127	5 562	2 590	2 896
Other non-equity assets	309	314	272	309	349	242	89	86	420	271
Equity	4 014	4 206	12	1	109	117	178	469	201	480
Total Financial assets	4 900	5 282	459	444	1 190	1 249	5 397	6 120	3 329	3 766
Non-financial assets										
Land and fixed assets	5 902	6 323	6 095	6 354	11 997	12 677	52	44	12 049	12 721
Other non-financial assets	....	22	16	24	6	46	....	....	6	46
Total Non-financial assets	5 902	6 345	6 111	6 378	12 003	12 723	52	44	12 055	12 767
Total assets	10 802	11 627	6 570	6 822	13 193	13 972	5 449	6 164	15 384	16 533
Liabilities										
Deposits held	....	....	....	....	....	....	900	1 109	223	396
Advances received	315	273	16	4	315	273	....	....	315	270
Borrowing	748	603	1 717	1 872	2 465	2 473	3 799	4 248	3 790	3 995
Superannuation liabilities	2 008	2 242	311	311	2 319	2 553	2	1	2 320	2 554
Other employee provisions	332	311	59	60	394	371	....	1	395	372
Other provisions	....	....	2	22	2	22	575	564	577	579
Other non-equity liabilities	177	218	547	463	476	299	87	110	542	385
Total liabilities	3 580	3 647	2 652	2 732	5 971	5 991	5 363	6 033	8 162	8 530
Shares and other contributed capital	....	....	3 918	4 090	....	....	86	131	....	....
Net Worth	7 222	7 980	....	....	7 222	7 981	....	....	7 222	7 981
Net Financial Worth	1 320	1 635	(6 111)	(6 378)	(4 781)	(4 742)	(52)	(44)	(4 833)	(4 786)
Net Financial Liabilities	2 494	2 356	1 869	2 053	4 367	4 408	(429)	(206)	3 940	4 201
Net Debt	486	114	1 558	1 742	2 048	1 855	(431)	(208)	1 620	1 647

CASH FLOW STATEMENT BY SECTOR

	General Government Sector		Public Non-Financial Corporation Sector		Non-Financial Public Sector		Public Financial Corporations Sector		Total State Sector	
	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual	2002-03 Actual	2003-04 Actual
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Cash receipts from operating activities										
Taxes received	558	630	....	....	542	615	....	....	558	615
Receipts from sales of goods and services	229	234	1 056	1 170	1 245	1 387	107	119	1 390	1 502
Grants and subsidies received	1 863	1 963	45	46	1 864	1 957	....	....	1 909	1 957
Interest received	22	47	4	5	23	52	497	392	334	233
Other receipts	483	395	97	260	430	495	21	11	447	503
Cash payments for operating activities										
Payments for goods and services	(2 034)	(2 155)	(598)	(832)	(2 581)	(2 968)	(88)	(93)	(2 637)	(3 059)
Grants and subsidies paid	(506)	(422)	....	....	( 461)	(364)	(3)	....	( 509)	(364)
Interest paid	(79)	(72)	(118)	(122)	(187)	(194)	(444)	(396)	(451)	(379)
Other payments	(109)	(127)	(91)	(136)	(199)	(252)	(6)	(3)	(289)	(249)
Total Operating Activities	427	493	395	391	676	728	84	30	752	759
Investments in non-financial assets										
Sales of non-financial assets	63	76	75	8	138	84	....	28	139	112
Purchases of non-financial assets	(184)	(169)	(255)	(449)	(439)	(618)	(1)	(1)	(440)	(618)
Total Investments in non-financial assets	(121)	(93)	(180)	(440)	(301)	(533)	(1)	27	(301)	(506)
Investments in financial assets for policy purposes	20	69	....	....	( 11)	60	....	....	11	69
Investments in financial assets for liquidity purposes	....	( 11)	(11)	(5)	(11)	(16)	423	(307)	(454)	(328)
Financing activities										
Advances received (net)	(11)	(50)	(15)	(9)	(11)	(50)	....	....	( 6)	(50)
Borrowing (net)	(813)	(145)	(101)	146	(914)	1	(116)	400	(100)	331
Distributions Paid	....	....	( 145)	(169)	....	....	( 7)	(8)	....	....
Deposits Received	....	....	....	....	....	....	( 382)	(50)	21	20
Other financing (net)	....	( 20)	41	33	13	....	( 37)	(8)	34	5
Total Financing activities	(824)	(215)	(220)	....	( 912)	(50)	(542)	334	(51)	306
Net Increase/(Decrease) in Cash Held	(538)	243	(16)	(54)	(559)	189	(36)	84	(43)	300
CASH SURPLUS /(DEFICIT)	306	400	70	(218)	375	195	76	49	451	253

GENERAL GOVERNMENT EXPENSES BY PURPOSE

	2002-03	2003-04		2002-03	2003-04
	Actual	Actual		Actual	Actual
	\$m	\$m		\$m	\$m
GENERAL PUBLIC SERVICES			HOUSING AND COMMUNITY AMENITIES		
Superannuation benefits	92	96	Housing	159	166
Other public services	93	97	Community development	1	1
	185	193	Sanitation and protection of the environment	5	5
PUBLIC ORDER AND SAFETY				165	172
Police services	110	115	RECREATION AND CULTURE		
Fire protection services	42	44	National parks and wildlife	25	26
Law courts and legal services	45	47	Cultural facilities and services	29	30
Prisons and corrective services	58	61	Recreation and culture n.e.c.	14	15
	256	266		68	71
EDUCATION			FUEL AND ENERGY		
Primary education	341	356	Electricity	9	9
Secondary education	249	260		9	9
Tertiary education	80	83			
Preschool education	23	24	AGRICULTURE, FORESTRY FISHING AND HUNTING		
Transport of non-urban students	24	25	Agriculture	49	51
	717	748	Forestry, fishing and hunting	11	12
HEALTH				60	63
Acute care institutions			SOCIAL SECURITY AND WELFARE		
Admitted patients	256	262	Family and children welfare services	45	47
Non-admitted patients	73	76	Welfare services for the aged	19	20
Mental health institutions	16	17	Welfare services- people with a disability	38	40
Nursing homes for the aged	11	11	Welfare services n.e.c.	20	21
Community health	114	119		122	127
Community mental health	29	30	MINING AND MINERAL RESOURCES		
Patient transport	26	27	MANUFACTURING AND CONSTRUCTION		
Public health services	26	27	Mining and mineral resources	14	15
Pharmaceuticals, medical aids	100	104		14	15
	650	674			
OTHER ECONOMIC AFFAIRS			TRANSPORT AND COMMUNICATION		
Tourism and area promotion	84	88	Road maintenance	112	117
Vocational training	7	7	Other water transport services	1	1
Other labour and employment	9	9	Urban water transport services	1	1
Other economic affairs	86	90	Non-urban rail transport freight services	4	4
	187	194		118	123
OTHER PURPOSES			NOMINAL INTEREST ON UNFUNDED SUPERANNUATION	101	112
Public debt transactions	79	82			
Inter-government transactions	57	59	TOTAL GENERAL GOVERNMENT EXPENSES	2 794	2 916
Other purposes n.e.c.	8	8			
	143	150			

Note: n.e.c. = not elsewhere classified.

GENERAL GOVERNMENT CAPITAL EXPENDITURE BY PURPOSE

	2002-03	2003-04
	Actual	Actual
	\$m	\$m
General public services	36	36
Public order and safety	11	12
Education	30	23
Health	16	19
Social security and welfare	....	....
Housing and community amenities	16	13
Recreation and culture	1	3
Agriculture, forestry, fishing and hunting	....	1
Transport and communications	73	42
Other economic affairs	1	11
Other purposes	....	....
	184	161

5 PUBLIC ACCOUNT STATEMENTS

Section Contents

	Page
Certification of Public Account Statements 2003-04	45
Accounting Policies	49
Statement 1 - Public Account Balance	50
Statement 2 - Consolidated Fund Outcome	51
Statement 3 - Consolidated Fund Receipts	52
Statement 4 - Consolidated Fund Expenditure	57
Statement 5 - Excess Consolidated Fund Recurrent Services Expenditure	60
Statement 6 - Excess Consolidated Fund Works and Services Expenditure	61
Statement 7 - Excess Consolidated Fund Reserved By Law Expenditure	62
Statement 8 - Special Deposits and Trust Fund	64

CERTIFICATION OF PUBLIC ACCOUNT STATEMENTS 2003-04

The accompanying special purpose financial report of the Public Account for the year ended 30 June 2004 has been prepared in accordance with the provisions of the *Financial Management and Audit Act 1990* and is in agreement with the relevant accounts and records so as to present fairly the transactions for the year ended 30 June 2004.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Paul Lennart
TREASURER



Rob Nicholl
ACTING SECRETARY
Department of Treasury and Finance



INDEPENDENT AUDIT REPORT

To the Members of the Parliament of Tasmania

PUBLIC ACCOUNT STATEMENTS

Statements for the Year Ended 30 June 2004

Scope

The Statements and the Treasurer's responsibilities

The Public Account Statements is a special purpose financial report prepared on the cash basis of accounting and notes and supplementary information comprising ten Statements and the Certification from the Treasurer and the Acting Secretary for the year ended 30 June 2004.

The Treasurer is responsible under Section 26A(1) of the *Financial Management and Audit Act 1990* for the preparation of the Statements.

Audit approach

I conducted an independent audit in order to express an opinion to the Members of the Tasmanian Parliament. My audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the Statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the Statements present fairly, in accordance with the *Financial Management and Audit Act 1990*, a view which is consistent with my understanding of the Public Account.

I formed my audit opinion on the basis of these procedures, which included:

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the Statements; and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Treasurer.

The Audit Opinion expressed in this report has been formed on the above basis.

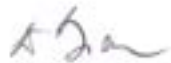
Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In my opinion the Public Account Statements present fairly, in accordance with the *Financial Management and Audit Act 1990* and the cash basis of accounting referred to in the notes to the report, the financial transactions of the Public Account for the year ended 30 June 2004 and such components of the financial position of the General Government Sector at that date as are required to be disclosed.

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL

20 October 2004
HOBART

ACCOUNTING POLICIES

A. Cash Basis of Accounting

The Public Account is maintained on a cash basis. That is, revenue is recorded when it is received, and expenditure recorded when the payment is made, during the financial year. The Public Account, therefore, does not include revenue due but not collected, and invoices received but not paid for goods and services supplied during the financial year. The value of assets and liabilities are not included in the Public Account Statements and no provision is made for depreciation.

While cash accounting is adopted for reporting on the Public Account, certain activities undertaken within the Public Account involve accrual accounting concepts. Such activities mainly relate to the establishment of “provisions” in accounts in the Special Deposits and Trust Fund to fund the cost of certain transactions over more than one year. Funds accumulate in those accounts and are used to meet expenditure in future years. The main provision accounts relate to superannuation, debt management, risk management and the 27th pay.

B. Unaudited Information

Original Budget information was prepared and presented as part of the 2003-04 State Budget in May 2003. Because of the estimate nature of Budget information, this has not been subject to an audit process.

C. Inter-Fund Transactions

No attempt has been made to adjust for inter-Fund or inter-agency transactions within the Public Account. Certain activities result in funds being transferred between accounts in the Special Deposits and Trust Fund or between the Consolidated Fund and the Special Deposits and Trust Fund. Consequently, expenditure and receipts in the Public Account are overstated to the extent of any inter-Fund and inter-agency transfers.

D. Cash in Transit

Consistent with a cash basis of accounting, only cash receipted in the Public Account as at 30 June 2004 is brought to account and reported as revenue of the Public Account for the year.

STATEMENT 1 - PUBLIC ACCOUNT BALANCE

2002-03 \$'000	The Public Account	Notes	2003-04 \$'000
....	Consolidated Fund		....
<u>1 133 077</u>	Special Deposits and Trust Fund		<u>1 446 193</u>
1 133 077	Balance 30 June (Before Temporary Debt Repayments)		1 446 193
<u>(698 123)</u>	Less Temporary Debt Repayments	1	<u>(822 330)</u>
<u>434 954</u>	Balance 30 June (After Temporary Debt Repayments)		<u>623 863</u>
REPRESENTED BY:			
(21 741)	Westpac Banking Corporation		(11 498)
433 000	Treasurer's Account Fixed Deposits		608 000
210	Advances to Heads of Agency		210
<u>23 484</u>	Specific Trust Account Fixed Deposits		<u>27 151</u>
<u>434 954</u>	Balance 30 June		<u>623 863</u>

Note:

1. Surplus cash is used to repay maturing debt within a financial year, thus delaying refinancing borrowing until the latest possible time and reducing borrowing costs. For this reason, both cash balances and gross debt are maintained as low as possible during the year.

STATEMENT 2 - CONSOLIDATED FUND OUTCOME

2002-03		2003-04	
Actual	Notes	Original Budget	Actual
\$'000		\$'000	\$'000
....	BALANCE 1 JULY	....	....
	Receipts		
2 505 091	Recurrent Receipts	2 524 992	2 755 327
45 425	Capital Receipts	55 535	43 764
2 550 516	Total	2 580 527	2 799 091
	Expenditure		
2 336 895	Recurrent Services	2 425 295	2 552 575
204 892	Works and Services	150 562	214 270
2 541 786	Total	2 575 857	2 766 845
8 730	Consolidated Fund Outcome	4 670	32 246
	Financing		
(8 730)	Net Loan Repayments	(4 670)	(32 246)
(8 730)	Total	(4 670)	(32 246)
....	BALANCE 30 JUNE	....	....

Notes:

1. In accordance with section 2 of the *Public Account Act 1986*, Recurrent Services expenditure represents the cost of the ordinary annual services of the Government, whilst Works and Services expenditure represents expenditure, funded from works and services appropriations, on public works or property or the making of loans.
2. Loan repayments funded outside the Consolidated Fund, from Commonwealth Government monies and other sources, are excluded.

STATEMENT 3 - CONSOLIDATED FUND

RECEIPTS

Actual 2002-03 \$'000	Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
RECEIPTS OF A RECURRENT NATURE				
Commonwealth Sources				
<i>General Purpose Payments</i>				
1 246 676	GST Revenue	1 299 700	1 395 591	95 891
32 754	Budget Balancing Assistance	9 300	....	(9 300)
17 725	Competition Payments	17 600	17 162	(438)
1 297 155	Total General Purpose Payments	1 326 600	1 412 753	86 153
<i>Specific Purpose Payments</i>				
5 662	Assistance for Concessions	5 853	5 876	23
17 343	Commonwealth-State Housing Agreement	22 259	22 259	....
45 638	Primary and Secondary Education	45 593	49 264	3 671
23 016	Technical and Further Education	22 790	23 822	1 032
159 291	Health Care Grant	159 700	167 965	8 265
2 001	Blood Transfusion Service	....	....	....
17 303	Home and Community Care Program	17 303	18 743	1 440
7 016	Supported Accommodation Assistance Program	7 016	7 179	163
3 931	Public Health Outcomes Funding Agreement	3 931	3 931	....
215	National Child Care Strategy	217	220	3
17 600	Disability Services Grant	19 084	20 026	942
6 190	High Cost Drugs	5 950	6 748	798
133	Natural Disasters Organisations	212	171	(41)
48 488	Grant to the State for Local Government	49 031	49 852	821
4 300	World Heritage Area	4 300	3 400	(900)
358 127	Total Specific Purpose Payments	363 239	379 457	16 218
1 655 283	Total Commonwealth Sources	1 689 839	1 792 210	102 371

STATEMENT 3 - CONSOLIDATED FUND

RECEIPTS (CONTINUED)

Actual 2002-03 \$'000	Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
State Sources				
<i>Taxation</i>				
21 764	Debits Duties	22 769	23 306	537
169 193	Stamp Duties	138 409	212 601	74 192
22 109	Lottery Tax	22 344	21 976	(368)
25 502	Land Tax	25 547	27 402	1 855
45 775	Motor Taxation	45 910	50 074	4 164
819	Racing and Gaming Taxes	279	147	(132)
50 396	Casino Tax and Licence Fees	50 853	57 048	6 195
230 897	Payroll Tax	235 953	243 279	7 326
104	Electricity Entities Levy	....	....	....
663	Financial Institutions Duty	....	....	....
....	Sundry Licences	30	....	(30)
567 223	Total Taxation	542 094	635 835	93 741
<i>Receipts from Government Business Enterprises, State-owned Companies and State Authorities</i>				
295	Burnie Port Corporation Pty Ltd	385	411	26
23	Civil Construction Services Corporation	162	1	(161)
2 920	Hobart Ports Corporation Pty Ltd	2 200	3 023	823
300	Metro Tasmania Pty Ltd	13	14	1
563	Port of Devonport Corporation Pty Ltd	701	2 033	1 332
709	Port of Launceston Pty Ltd	713	525	(188)
13	Southern Regional Cemetery Trust	54	....	(54)
169	Stanley Cool Stores Board	112	104	(8)
319	Tasmanian Grain Elevators Board	165	85	(80)
134	The Public Trustee	120	566	446
1 600	TOTE Tasmania Pty Ltd	1 101	745	(356)
118	Printing Authority of Tasmania	115	197	82
32 649	Aurora Energy Pty Ltd	30 263	39 919	9 656
83 369	Hydro Tasmania	73 000	80 212	7 212
10 033	Tasmanian Public Finance Corporation	9 017	9 194	177
16 105	Transend Networks Pty Ltd	17 020	15 498	(1 522)
1 083	TT-Line Company Pty Ltd	797	996	199
55	Rivers and Water Supply Commission	49	53	4
910	Motor Accidents Insurance Board	....	1 601	1 601
5 031	Forestry Tasmania	8 451	6 894	(1 557)
156 397	Total Receipts from Government Business Enterprises, State-owned Companies and State Authorities	144 438	162 069	17 631

STATEMENT 3 - CONSOLIDATED FUND

RECEIPTS (CONTINUED)

Actual 2002-03 \$'000	Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
<i>Departmental Fees and Recoveries</i>				
3 808	Economic Development	1 100	1 129	29
304	Treasury and Finance	339	329	(10)
8 455	Justice	8 105	9 022	917
8 325	Education	8 556	8 712	156
34 095	Primary Industries, Water and Environment	27 916	29 154	1 238
7	Health and Human Services	16	7	(9)
30 568	Infrastructure, Energy and Resources	32 544	32 307	(237)
1 060	Police and Public Safety	294	937	643
34	Premier and Cabinet	2	27	25
383	Tourism, Parks, Heritage and the Arts	385	445	60
87 040	<i>Total Departmental Fees and Recoveries</i>	79 257	82 069	2 812
<i>Recoveries of State Debt Charges</i>				
4 629	Interest	2 866	2 248	(618)
243	Sinking Fund Recoveries	116	116	....¹
4 872	<i>Total Recoveries of State Debt Charges</i>	2 982	2 364	(618)
<i>Sale and Rent of Government Property</i>				
2 413	Crown Lands Administration Fund	11 603	11 603	....
2 413	<i>Total Sale and Rent of Government Property</i>	11 603	11 603	....
<i>Resource Rents and Royalties</i>				
1 099	Rent and Fees from Mineral Lands	770	885	115
321	Storage of Explosives and Inflammable Liquids	226	286	60
4 541	Mineral Royalties	8 000	8 978	978
2 019	Regional Water Authority Licence Fees	1 911	1 955	44
7 980	<i>Total Resource Rents and Royalties</i>	10 907	12 104	1 197

STATEMENT 3 - CONSOLIDATED FUND RECEIPTS (CONTINUED)

Actual 2002-03 \$'000	Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
<i>Other Recurrent Receipts</i>				
2 942	Fines and Fees	3 000	3 829	829
6 998	Fines - Infringement Notices	5 500	8 402	2 902
3 211	Stamp Duties - Instalment Payments	3 250	2 626	(624)
9 869	Interest on Investments - Finance-General	8 800	18 694	9 894
55	Interest on Investments - Rivers and Water Supply Commission	25	20	(5)
25	Prices Oversight and Electricity Regulation: Recoveries	....	243	243
245	Recoveries from Departmental Business Units	260	165	(95)
539	Miscellaneous	637	694	57
....	Funding for the 27th Pay	22 400	22 400	....
23 884	<i>Total Other Recurrent Receipts</i>	43 872	57 073	13 201
849 809	Total State Sources	835 153	963 117	127 964
2 505 091	TOTAL RECEIPTS OF A RECURRENT NATURE	2 524 992	2 755 327	230 335
RECEIPTS OF A CAPITAL NATURE				
Commonwealth Sources				
<i>Specific Purpose Payments</i>				
3 611	Primary and Secondary Education	6 411	9 628	3 217
6 630	Technical and Further Education	3 284	2 729	(555)
9 286	Housing	2 224	2 462	238
24 625	National Highway System	14 696	14 065	(631)
44 152	<i>Total Specific Purpose Payments</i>	26 615	28 884	2 269
44 152	Total Commonwealth Sources	26 615	28 884	2 269

STATEMENT 3 - CONSOLIDATED FUND

RECEIPTS (CONTINUED)

Actual 2002-03 \$'000	Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
State Sources				
Loan Repayments				
811	<i>Public Bodies Assistance Act 1971</i>	255	270	15
59	<i>State Loans and Loan Guarantees Act 1976</i>	26	9	(17)
7	<i>Tourism and Recreational Development Act 1977</i>	4	....	(4)
16	<i>Midway Point Improvement Act 1975</i>	35	49	14
379	Private Forests Loans	100	160	60
1 273	Total Loan Repayments	420	488	68
Other				
....	Proceeds from Sale of Government Assets	28 500	14 392	(14 108)
....	Total Other	28 500	14 392	(14 108)
1 273	Total State Sources	28 920	14 881	(14 039)
45 425	TOTAL RECEIPTS OF A CAPITAL NATURE	55 535	43 764	(11 771)
<hr/>				
2 550 517	TOTAL RECEIPTS	2 580 527	2 799 091	218 564
 BORROWINGS				
(8 288)	Borrowings	(4 234)	(31 811)	(27 577)
(8 288)	TOTAL BORROWINGS	(4 234)	(31 811)	(27 577)
2 542 229	TOTAL CONSOLIDATED FUND	2 576 293	2 767 280	190 987

Note:

1. Amounts less than \$500 are rounded to zero.

STATEMENT 4 - CONSOLIDATED FUND

EXPENDITURE

Actual 2002-03 \$'000	Division / Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
Economic Development				
45 903	Recurrent Services	43 302	44 241	(939)
45 903	Total Economic Development	43 302	44 241	(939)
Education				
623 242	Recurrent Services	654 810	660 676	(5 866)
24 487	Works and Services	14 470	17 632	(3 162)
647 729	Total Education	669 280	678 308	(9 028)
Finance-General				
295 355	Recurrent Services	305 678	405 630	(99 952)
155 658	Reserved by Law	157 255	152 369	4 886
61 256	Works and Services	35 464	96 309	(60 845)
512 269	Total Finance-General	498 397	654 308	(155 911)
Health and Human Services				
721 491	Recurrent Services	757 090	767 444	(10 354)
25 664	Works and Services	14 303	13 845	458
747 155	Total Health and Human Services	771 393	781 289	(9 896)
House of Assembly				
1 759	Recurrent Services	1 826	1 825	1
2 899	Reserved by Law	3 045	3 044	1
4 658	Total House of Assembly	4 871	4 870	1
Infrastructure, Energy and Resources				
97 697	Recurrent Services	101 166	101 594	(428)
....	Reserved by Law	52	....	52
75 645	Works and Services	67 145	66 513	632
173 342	Total Infrastructure, Energy and Resources	168 363	168 107	256
Justice				
52 007	Recurrent Services	52 710	55 368	(2 658)
10 628	Reserved by Law	8 986	10 671	(1 685)
4 309	Works and Services	14 966	14 772	194
66 944	Total Justice	76 662	80 811	(4 149)

STATEMENT 4 - CONSOLIDATED FUND EXPENDITURE (CONTINUED)

Actual 2002-03 \$'000	Division / Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
Legislative Council				
1 612	Recurrent Services	1 943	1 941	2
1 730	Reserved by Law	1 831	1 831	....¹
3 342	Total Legislative Council	3 774	3 771	3
Legislature-General				
3 533	Recurrent Services	3 762	3 798	(36)
3 533	Total Legislature-General	3 762	3 798	(36)
Ministerial and Parliamentary Support				
12 048	Recurrent Services	13 269	13 066	203
511	Reserved by Law	550	562	(12)
12 559	Total Ministerial and Parliamentary Support	13 819	13 627	192
Office of the Governor				
1 811	Recurrent Services	1 835	2 131	(296)
199	Reserved by Law	217	403	(186)
8	Works and Services	8	8	....¹
2 018	Total Office of the Governor	2 060	2 541	(481)
Police and Public Safety				
115 754	Recurrent Services	125 202	127 520	(2 318)
1 562	Works and Services	1 921	1 921	....
117 316	Total Police and Public Safety	127 123	129 441	(2 318)
Premier and Cabinet				
21 827	Recurrent Services	23 859	25 097	(1 238)
21 827	Total Premier and Cabinet	23 859	25 097	(1 238)
Primary Industries, Water and Environment				
75 624	Recurrent Services	76 120	78 264	(2 144)
154	Works and Services	154	154	....
75 778	Total Primary Industries, Water and Environment	76 274	78 418	(2 144)

STATEMENT 4 - CONSOLIDATED FUND EXPENDITURE (CONTINUED)

Actual 2002-03 \$'000	Division / Item	Original Budget 2003-04 \$'000	Actual 2003-04 \$'000	Variation 2003-04 \$'000
Tasmanian Audit Office				
239	Reserved by Law	254	362	(108)
239	Total Tasmanian Audit Office	254	362	(108)
Tourism, Parks, Heritage and the Arts				
62 888	Recurrent Services	58 858	65 657	(6 799)
3 834	Works and Services	2 131	3 117	(986)
66 723	Total Tourism, Parks, Heritage and the Arts	60 989	68 774	(7 785)
Treasury and Finance				
32 921	Recurrent Services	32 111	29 518	2 593
7 973	Works and Services	....	....	....
40 893	Total Treasury and Finance	32 111	29 518	2 593
2 542 229	TOTAL CONSOLIDATED FUND EXPENDITURE	2 576 293	2 767 280	(190 987)

Note:

1. Amounts less than \$500 are rounded to zero.

STATEMENT 5 - EXCESS CONSOLIDATED FUND RECURRENT SERVICES EXPENDITURE

Authorised by Section 11 of the *Public Account Act 1986*

Division	Existing Items 2003-04 Authorised Expenditure	
	\$'000	\$'000
Economic Development	1 523	939
Education	6 023	5 866
Finance-General	85 429	48 502
Health and Human Services	12 620	10 354
Infrastructure, Energy and Resources	1 240	428
Justice	2 722	2 658
Legislature-General	49	36
Office of the Governor	298	296
Police and Public Safety	2 339	2 318
Premier and Cabinet	1 305	1 238
Primary Industries, Water and Environment	2 541	2 144
Tourism, Parks, Heritage and the Arts	7 877	6 799
Treasury and Finance	298	....
TOTAL	124 264	81 577

Authorised by the *Consolidated Fund Appropriation (Supplementary Appropriation for 2003-2004) Act 2004*.

Division	Notes	Existing Items 2003-04 Authorised Expenditure	
		\$'000	\$'000
Finance-General	1	51 450	51 450
TOTAL		51 450	51 450

Note:

1. The *Consolidated Fund Appropriation (Supplementary Appropriation for 2003-2004) Act 2004* appropriated recurrent funding of \$51.45 million to the Economic and Social Infrastructure Fund in the Special Deposits and Trust Fund.

STATEMENT 6 - EXCESS CONSOLIDATED FUND WORKS AND SERVICES EXPENDITURE

Authorised by Section 11 of the *Public Account Act 1986*

Division	Existing Items	
	2003-04	
	Authorised Expenditure	
	\$'000	\$'000
Education	3 217	2 662
TOTAL	3 217	2 662

Authorised by Section 12 of the *Public Account Act 1986*

Division	Existing Items	
	2003-04	
	Authorised Expenditure	
	\$'000	\$'000
Education	500	500
Tourism, Parks, Heritage and the Arts	986	986
TOTAL	1 486	1 486

Authorised by the *Consolidated Fund Appropriation (Supplementary Appropriation for 2003-2004) Act 2004*.

Division	Notes	Existing Items	
		2003-04	
		Authorised Expenditure	
		\$'000	\$'000
Finance-General	1	77 000	77 000
TOTAL		77 000	77 000

Note:

- The *Consolidated Fund Appropriation (Supplementary Appropriation for 2003-2004) Act 2004* appropriated Works and Services funding of \$77.0 million to the Economic and Social Infrastructure Fund in the Special Deposits and Trust Fund.

STATEMENT 7 - EXCESS CONSOLIDATED FUND RESERVED BY LAW EXPENDITURE

Authorised by Acts of Parliament

Division / Item	2003-04 Expenditure Over Estimate \$'000
Finance-General	
Payments to Municipalities under the <i>Local Government (Rates and Charges Remissions) Act 1991</i>	359
Contribution to the Superannuation Provision Account (<i>Retirements Benefits Act 1993, Section 13</i>)	6 617
Payments to the Tasmanian Community Fund	54
Divestment from Sale of Government Assets	2 271
Total Finance-General	9 302
House of Assembly	
Travelling Allowances (<i>Parliamentary Salaries, Superannuation and Allowances Act 1973</i>)	21
Total House of Assembly	21
Justice	
Salary, Solicitor-General (<i>Solicitor-General Act 1983</i>)	22
Salary, Director of Public Prosecutions (<i>Director of Public Prosecutions Act 1993</i>)	20
Salaries of Magistrates (<i>Magistrates Court Act 1987</i>)	9
Salaries of Judges (<i>Supreme Court Act 1987</i>)	50
Salary and Travelling Allowance, Master of the Supreme Court (<i>Supreme Court Act 1959</i>)	18
Expenses of Parliamentary Elections and Referendums (<i>Electoral Act 1985 and Referendum Procedures Act 1994</i>)	91
<i>Criminal Injuries Compensation Act 1976</i> Section 11(4): Payments	1 500
Total Justice	1 711
Legislative Council	
Members Committee Fees and Allowances (<i>Parliamentary Salaries, Superannuation and Allowances Act 1973</i>)	2
Total Legislative Council	2
Ministerial and Parliamentary Support	
Allowances of Ministers (<i>Parliamentary Salaries and Allowances Act 1973</i>)	12
Total Ministerial and Parliamentary Support	12

STATEMENT 7 - EXCESS CONSOLIDATED FUND RESERVED BY LAW EXPENDITURE (CONTINUED)

Division / Item	2003-04 Expenditure Over Estimate \$'000
Office of the Governor	
Salary, His Excellency the Governor (<i>Governor of Tasmania Act 1982</i>)	193
Total Office of the Governor	193
 Tasmanian Audit Office	
Salary and Travelling Allowance, Auditor-General (<i>Financial Management and Audit Act 1990</i>)	108
Total Tasmanian Audit Office	108
 TOTAL	11 347

STATEMENT 8 - SPECIAL DEPOSITS AND TRUST FUND

Balance 30 June 2003 \$'000	Division / Account	Receipts \$'000	Expenditure \$'000	Balance 30 June 2004 \$'000
Economic Development				
13 927	State Development Operating Account	69 233	68 919	14 241
133	Sports Development Account	1 201	1 191	142
133	Government Guarantees Reserve Account	164	....	296
972	Intelligent Island Project Account	3 820	3 624	1 168
1	Fire Relief Account	1	....	2
15 165	Total Economic Development	74 418	73 733	15 850
Education				
23 451	Department of Education Operating Account	916 314	908 109	31 655
96	State Library Service (Overdue Fines) Account	299	303	92
23 547	Total Education	916 612	908 412	31 747
Finance-General				
....	Commonwealth/State Housing Agreement Account	9 607	9 607	....
....	State Works and Housing Assistance Acts Account	7 107	7 107	....
....	<i>Housing Assistance Act 1973</i> Account	14	14	....
....	Wheat Freight Subsidy Account	1 200	1 200	....
6 604	Tasmanian Community Fund Account	4 952	4 057	7 499
3 951	Assurance Fund - <i>Land Titles Act 1980</i> Account	134	2	4 083
40	<i>Lands Resumption Act 1957</i> (Section 46) Account	....	40	....
15	Perpetual Trustees and National Executors of Tasmania Limited Account	1	1	15
15	Tasmanian Permanent Executors and Equity Trustees Limited Account	1	1	15
2 200	Finance-General Operating Account	3 108 875	3 170 930	(55)
3 401	Unclaimed Moneys Account	1 226	39	4 588
8 050	Economic Infrastructure Fund	....	1 068	6 982
5 831	Helsham Agreement Grants Account	275	....	6 106
23 589	Social Infrastructure Fund	....	12 069	11 520
91 474	Economic and Social Infrastructure Fund	189 150	39 758	240 866
644	The Mount Lyell Closure Trust Fund	369	....	1 013
....	Berriedale Landslip Account	21	....	21
279	Rosetta Landslip Account	185	238	225

STATEMENT 8 - SPECIAL DEPOSITS AND TRUST FUND (CONTINUED)

Balance 30 June 2003 \$'000	Division / Account	Receipts \$'000	Expenditure \$'000	Balance 30 June 2004 \$'000
590 390	Superannuation Provision Account	231 262	110 761	710 891
217	Agency Accommodation Charges Account	10 104	10 172	149
6 228	Structural and Performance Initiatives Program Account	38 657	1 716	43 169
28 055	Payroll Provision Account	4 000	22 400	9 655
68	Judges' Pension Fund Trust Account	75	68	75
25 608	Treasurer's Suspense Account	7 020	32 505	122
20 227	State Debt Management Account	20 083	13 371	26 939
85	Fringe Benefits Tax Suspense Account	....	85	....
14 024	Forestry Tasmania Superannuation Provision Account	2 362	....	16 386
....	Local Government Tax Equivalent Account	5	....	5
76 052	Tasmanian State Service Risk Management Account	35 300	25 580	85 773
135	Legana Landslip Account	50	185	....
(698 123)	Temporary Debt Repayment Account	49 585	173 792	(822 330)
(8 172)	Government Car Fleet Account	43 738	40 081	(4 516)
200 887	Total Finance-General	3 765 431	3 617 121	349 197
Health and Human Services				
117	Department of Health and Human Services Purchase Contract <i>Homes Act 1935</i> Account	....	....	117
6 152	Patient Trust and Hospital Bequest Account	4 621	2 602	8 171
40 259	Department of Health and Human Services Operating Account	934 029	937 641	36 647
35 200	Department of Health and Human Services Housing Services Operating Account	129 259	119 247	45 212
....	Royal Hobart Hospital Redevelopment Stage 3 Account	5 079	....	5 079
26	Home Ownership Assistance Program Operating Account	22 196	18 890	3 331
36	<i>New Town Mothercraft Home Agreement Act 1949</i> Account	2	....	37
81 789	Total Health and Human Services	1 095 185	1 078 380	98 595
House of Assembly				
8	House of Assembly Operating Account	4 940	4 940	8
8	Total House of Assembly	4 940	4 940	8

STATEMENT 8 - SPECIAL DEPOSITS AND TRUST FUND (CONTINUED)

Balance 30 June 2003 \$'000	Division / Account	Receipts \$'000	Expenditure \$'000	Balance 30 June 2004 \$'000
Infrastructure, Energy and Resources				
1 035	Workers' Compensation Act 1988 Fund Account	4 125	4 048	1 113
733	Mines Deposit Account	323	68	988
7 671	Department of Infrastructure, Energy and Resources Operating Account	460 200	464 308	3 563
74	Traffic Management Operating Account	15	18	71
20	Cab and Hire Car Trust Fund	1	...	21
46	Taxi Industry General Administration Trust Fund	36	39	43
9 580	Total Infrastructure, Energy and Resources	464 701	468 481	5 800
Justice				
113	Prisoners Earnings Deposit Account	989	991	111
60	Magistrates Court (Civil Division) Litigants Fund Account	19	19	60
50	Appeal Costs Fund Deposit Account	112	134	29
2 261	Supreme Court Suitors Fund Deposit Account	1 390	1 526	2 126
5 786	Department of Justice Operating Account	124 693	124 709	5 770
269	Local Government and Other Elections Operating Account	320	411	178
239	Criminal Injuries Compensation Act 1976-Victims Fund	79	...	318
2	Crime (Confiscation of Profits) Account	210	...	212
58	Criminal Injuries Compensation Fund	185	110	133
8 838	Total Justice	127 997	127 899	8 936
Legislative Council				
5	Legislative Council Operating Account	3 829	3 831	3
5	Total Legislative Council	3 829	3 831	3
Legislature-General				
46	Legislature-General Operating Account	4 763	4 704	105
46	Total Legislature-General	4 763	4 704	105
Office of the Governor				
71	His Excellency the Governor's Establishment Operating Account	2 881	2 798	155
71	Total Office of the Governor	2 881	2 798	155

STATEMENT 8 - SPECIAL DEPOSITS AND TRUST FUND (CONTINUED)

Balance 30 June 2003 \$'000	Division / Account	Receipts \$'000	Expenditure \$'000	Balance 30 June 2004 \$'000
Police and Public Safety				
672	Department of Police and Public Safety Operating Account	142 731	140 965	2 437
672	Total Police and Public Safety	142 731	140 965	2 437
Premier and Cabinet				
15 243	Regional Forest Agreement Account	11 035	....	26 278
2 799	Department of Premier and Cabinet Operating Account	45 687	45 345	3 141
1 681	Telecommunications Management Division Operating Account	25 289	24 640	2 330
114	Tsuneichi Fujii Fellowship Account	6	....¹	120
55	Department of Premier and Cabinet <i>Service</i> Tasmania Account	8 861	8 881	35
19 892	Total Premier and Cabinet	90 878	78 867	31 904
Primary Industries, Water and Environment				
27 962	Department of Primary Industries, Water and Environment Operating Account	163 965	159 579	32 349
21 000	Crown Lands Administration Fund	13 875	16 994	17 881
167	Valuation Services Operating Account	2 468	2 271	364
51	Department of Primary Industries, Water and Environment Research Farms Account	1 579	1 629	1
104	Environmental Incidents Trust Account	16	11	109
706	Apple and Pear Industry Research and Development Account	129	26	808
905	Department of Primary Industries, Water and Environment Recreational Fishing Licences Trust Account	1 103	982	1 026
1 814	Wapping Redevelopment Trust Account	443	175	2 081
261	Department of Primary Industries, Water and Environment <i>Service</i> Tasmania Account	228 834	229 029	67
....	Wheat Freight Subsidy Account	1 098	377	722
....	DEI Tasmania Holdings Pty Ltd Bond Account	4 000	....	4 000
52 969	Total Primary Industries, Water and Environment	417 510	411 071	59 408
Tasmanian Audit Office				
643	Tasmanian Audit Office Operating Account	3 738	4 261	121
643	Total Tasmanian Audit Office	3 738	4 261	121

STATEMENT 8 - SPECIAL DEPOSITS AND TRUST FUND (CONTINUED)

Balance 30 June 2003 \$'000	Division / Account	Receipts \$'000	Expenditure \$'000	Balance 30 June 2004 \$'000
Tourism, Parks, Heritage and the Arts				
3 460	Tourism, Parks, Heritage and Arts Operating Account	102 242	101 801	3 902
4 670	Tourism Tasmania Product Distribution and Sales Trading Account	54 127	53 399	5 398
325	Parks Development and Maintenance Account	2 349	2 664	11
8 456	Total Tourism, Parks, Heritage and the Arts	158 718	157 863	9 311
Treasury and Finance				
2 074	Department of Treasury and Finance Operating Account	39 156	39 591	1 639
4 358	Contract Management Account	1 433	1 111	4 680
5 136	Community Support Levy Account	4 853	6 894	3 096
817	Government Prices Oversight Commission/Energy Regulator Account	1 747	1 692	872
12 385	Total Treasury and Finance	47 189	49 287	10 287
434 954	TOTAL SPECIAL DEPOSITS AND TRUST FUND	7 321 522	7 132 613	623 863

Note:

1. Amounts less than \$500 are rounded to zero.

6 CONCEPTS AND DEFINITIONS

Section Contents

	Page
Accrual Uniform Presentation Framework (UPF)	70
Operating Statement	71
Balance Sheet	71
Cash Flow Statement	72
Consolidation of Transactions	73
Classification of the Tasmanian Public Sector	74
General Government	74
Public Non-Financial Corporations	75
Public Financial Corporations	75
Public Account	76
Consolidated Fund	76
Special Deposits and Trust Fund	76

ACCRUAL UNIFORM PRESENTATION FRAMEWORK (UPF)

Accrual UPF information:

- is presented on a total source of funds basis, meaning that balances and transactions of both the Consolidated Fund and the Special Deposits and Trust Fund are included in the UPF Outcomes Statements; and
- includes accrual transactions such as depreciation and nominal interest on superannuation.

The accrual UPF gives details of the expenses, revenue, payments, receipts, and assets and liabilities of the Tasmanian General Government Sector.

An important distinction in the UPF framework from the Australian Accounting Standards (AAS) framework, is that of “transaction flows” and “other economic flows”. Transactions result directly from a mutually agreed interaction between two parties, for example, the sale of a good or service. The definition of a “transaction flow” also includes depreciation which does not involve interaction between two parties. The treatment of depreciation recognises that in this case the one party is acting in two roles, as owner of the asset and consumer of the services provided by the asset.

An “other economic flow” is a change in the volume or value of an asset or liability that does not result from a transaction. This includes a wide variety of events such as revaluation of assets (holding gains or losses) arising from a change in market prices, and changes in the volume of assets that result from discoveries, depletion and destruction of assets. The impact of all “other economic flows” are excluded from the UPF Operating Statement. These changes impact directly on equity in the Balance Sheet in the UPF treatment. This means that differences currently exist between the UPF Operating Statement and the Statement of Financial Performance prepared in compliance with the Australian Accounting Standards. (For a more detailed discussion of the differences between reports prepared in compliance with the Australian Accounting Standards and UPF reports see *Harmonisation of Government Financial Statistics and Generally Accepted Accounting Principles: Issues Paper*, Department of Treasury and Finance, Tasmania and Department of Finance and Administration, March 2003, available on the Financial Management Reform section of the Treasury website (www.treasury.tas.gov.au).

Details of public sector estimates and outcomes are presented within the accrual UPF in three primary statements: the Operating Statement, Balance Sheet and Cash Flow Statement. These statements form the core of the accrual UPF.

A Budget based on the total Public Account does not alleviate the need for an appropriation from the Consolidated Fund. A Consolidated Fund appropriation is currently required by legislation. However, the focus on the Consolidated Fund is reduced when the focus is on a total resources based Budget. Most Australian jurisdictions removed the presentation of the Consolidated Fund from the Budget Papers when adopting an accrual budgeting framework.

Operating Statement

The Operating Statement presents information on revenue and expenses. This statement is designed to capture the composition of expenses and revenues and the net cost of a government's activities within a fiscal year. It shows the full cost of resources consumed by the government in achieving its objectives, and how these costs are met from various revenue sources.

The Operating Statement reports two major fiscal measures: the Net Operating Result and the Fiscal Surplus. The Fiscal Surplus is the Government's headline Budget measure.

Net Operating Result

The GFS Net Operating Result is the excess of revenue over expenses. The Net Operating Result excludes capital expenditure, but includes non-cash costs such as accruing superannuation entitlements and depreciation. By including all accruing costs, including depreciation, the Net Operating Result encompasses the full costs of providing government services. This makes it a good measure of the sustainability of the government's fiscal position over time and provides an indication of the sustainability of the existing level of government services.

The Net Operating Surplus indicates that there are funds available, on an accrual basis, to increase service delivery, increase assets or to decrease liabilities. A deficit indicates that one off expenditure may have occurred, sourced from cash reserves, to meet one off projects or programs, and/or revenues are not sufficient to meet all expenses for the current year.

Fiscal Surplus

The Fiscal Surplus is the balance of General Government revenue less expenses less net capital investment. Thus, the Fiscal Surplus includes the impact of net expenditure on non-financial assets (purchases less sales) rather than consumption of non-financial assets (depreciation).

The Fiscal Surplus measures a government's investment-saving balance and is a useful indicator of funds available for application to either assets or liabilities. A Fiscal Surplus indicates that the government is saving more than enough to finance all of its investment spending.

In a year in which the Government undertakes major capital works, other things being equal, a Fiscal Surplus will be significantly lower compared with the Net Operating Result.

Balance Sheet

The Balance Sheet records a government's stocks of financial and non-financial assets and liabilities. This statement discloses the resources over which a government maintains control. The Balance Sheet is a financial snap-shot of a government, taken at the end of each financial year. By providing information on the type of assets and liabilities held by a government, the statement gives an indication of the government's financial strength.

The Balance Sheet includes data on the make up of a government's financial assets, on its holdings of fixed assets, and on the extent of liabilities such as borrowings and unfunded superannuation. This allows for intertemporal and interjurisdictional comparisons of asset and liability levels. The major Balance Sheet indicators are Net Worth, Net Financial Worth, Net Financial Liabilities and Net Debt.

Net Worth

Net Worth provides a more comprehensive picture of a government's overall financial position than the net debt measure. It is calculated as total assets (both financial and non-financial) minus total liabilities, minus shares and other contributed capital. Net Worth incorporates a government's non-financial assets such as land and other infrastructure assets, which may be sold and used to repay debt. It also incorporates certain financial assets and liabilities not captured by the Net Debt measure, most notably accrued employee superannuation liabilities, ownership of equities, debtors and creditors.

Net Financial Worth

Net Financial Worth measures a government's net holdings of financial assets. It is calculated from the Balance Sheet as financial assets minus liabilities. Net Financial Worth is a broader measure than Net Debt, in that it incorporates provisions made (such as superannuation, but excludes depreciation and bad debts) as well as ownership of equity. Net Financial Worth includes all classes of financial assets and liabilities, only some of which are included in Net Debt.

Net Financial Liabilities

Net Financial Liabilities is Net Debt plus gross unfunded superannuation liabilities. This additional information is important in gauging the strength of a government's fiscal position. This measure is not included in the UPF. However it is commonly used by international credit ratings agencies as it targets the significant financial assets and liabilities held by most governments.

Net Debt

Net debt is the same under cash and accrual-based financial reporting. Net Debt comprises the stock of specified gross financial liabilities less selected financial assets. The stock of Net Debt is a common measure used to help judge the overall strength of a jurisdiction's fiscal position. High levels of Net Debt impose a call on future revenue flows to service that debt and can therefore limit a government's flexibility to adjust expenditure.

Cash Flow Statement

The Cash Flow Statement records a government's cash receipts and payments. The Cash Flow Statement reveals how a government obtains and expends cash.

This statement requires cash flows to be categorised into operating, investing and financing activities. Operating activities are those which relate to the collection of taxes, the distribution of grants, and the provision of goods and services. Investing activities are those which relate to the acquisition and disposal of financial and non-financial assets. Financing activities are those which relate to changing the size and composition of a government's financial structure.

The signing convention within the Cash Flow Statement is that all inflows carry a positive sign and all outflows carry a negative sign (regardless of whether they are gross or net cash flows). The Cash Flow Statement reports two major fiscal measures: net increase in cash held and cash surplus. Net increase in cash held is the sum of net cash flows from all operating, investing and financing activities. The cash surplus comprises only net cash received from operating activities, and from sales and purchases of non-financial assets, minus distributions paid (in the case of public financial corporations and public non-financial corporations), minus finance leases and similar arrangements.

Cash Surplus

The Cash Surplus measure is comparable with the previous cash-GFS surplus measure, allowing for comparisons between the two frameworks.

It should be noted that the ABS concept of a surplus/(deficit) does not include equity contributions to Government Business Enterprises/State-owned companies, major asset sale proceeds and the repayment of advances. These items can have a major impact in any given year. The ABS classifies these transactions as Financing Transactions which have no impact on the calculation of the surplus/(deficit).

Net Increase in Cash Held

Net Increase in Cash Held is the sum of net cash flows from all operating, investing and financing activities. This measure is consistent with the movement in cash and deposits reported in the Balance Sheet.

Consolidation of Transactions

GFS statements present a consolidated view of the financial transactions of the General Government and PNFC Sectors. The Non-Financial Public Sector represents a consolidation of the General Government and PNFC Sectors.

To compile statistics for the financial activities of the Non-Financial Public Sector, or its component Sectors, the receipts, payments, financial assets and liabilities held with other units within the chosen grouping have to be matched and eliminated to avoid double counting. This process is known as consolidation.

For example, in the case of GFS, transactions between the Department of Treasury and Finance and the Department of Primary Industries, Water and Environment are netted out as both agencies are classified as General Government. Transactions between the Department of Treasury and Finance and Hydro Tasmania are not netted out of the General Government and PNFC tables as the former agency is classified as General Government while the latter is a PNFC. However, such transactions are netted out for the purposes of the Non-Financial Public Sector tables.

CLASSIFICATION OF THE TASMANIAN PUBLIC SECTOR

The Tasmanian Public Sector comprises several different types of entities. These are classified according to the sectors comprising the UPF, namely General Government, Public Non-Financial Corporations (PNFC), or Public Financial Corporations (PFC) Sectors.

The General Government Sector comprises those agencies of government, the primary function of which is to provide public services which are mainly non-market in nature, for the collective consumption of the community, or which involve the transfer or redistribution of income and are financed mainly through taxes and other compulsory levies. This Sector includes government departments and a number of entities that act outside the Public Account including the Inland Fisheries Service, Marine *and* Safety Tasmania, the Royal Tasmanian Botanical Gardens, the State Fire Commission and the Nominal Insurer (a statutory entity created by the *Workers Rehabilitation and Compensation 1988 Act*). The State Budget in 2003-04 is based on the General Government Sector.

The PNFC Sector comprises those entities that aim to cover the majority of their expenses by revenue from the sales of goods and services and which are mainly market, non-regulatory and non-financial in nature. Generally, this Sector covers the State-owned Companies (SOCs) and Government Business Enterprises (GBEs). These entities have a variety of functions and responsibilities, are established in varying ways and also have different relationships with the Budget.

The PFC Sector comprises those entities that perform central bank functions or have the authority to incur financial liabilities and acquire financial assets in the market on their own account. In Tasmania, there are two organizations in this Sector. These are the Tasmanian Public Finance Corporation and the Motor Accidents Insurance Board.

The following provides a breakdown of the Tasmanian Public Sector entities by sector.

General Government

Economic Development
Education
Health and Human Services
House of Assembly
Infrastructure, Energy and Resources
Inland Fisheries Service
Justice
Legislative Council
Legislature-General
Marine *and* Safety Tasmania
Office of the Governor
Police and Public Safety
Premier and Cabinet
Primary Industries, Water and Environment
Royal Tasmanian Botanical Gardens

General Government (continued)

State Fire Commission
TAFE Tasmania
Tasmanian Audit Office
The Nominal Insurer
Tourism, Parks, Heritage and the Arts
Treasury and Finance

Public Non-Financial Corporations

Aurora Energy Pty Ltd
Burnie Port Corporation Pty Ltd
Forestry Tasmania
Hobart Ports Corporation Pty Ltd
Hydro Tasmania
Metro Tasmania Pty Ltd
Port Arthur Historic Site Management Authority
Port of Devonport Corporation Pty Ltd
Port of Launceston Pty Ltd
Printing Authority of Tasmania
Private Forests Tasmania
Rivers and Water Supply Commission
Southern Regional Cemetery Trust
Tasmanian International Velodrome Management Authority
The Public Trustee
TOTE Tasmania Pty Ltd
Transend Networks Pty Ltd
TT-Line Company Pty Ltd

Public Financial Corporations

Motor Accidents Insurance Board
Tasmanian Public Finance Corporation

PUBLIC ACCOUNT

In accordance with the *Public Account Act 1986*, the Public Account comprises two Funds, namely the Consolidated Fund and the Special Deposits and Trust Fund. The Public Account Act establishes the legislative framework within which accounting for transactions is undertaken for both the Consolidated Fund and the Special Deposits and Trust Fund.

Consolidated Fund

The Consolidated Fund contributes to the operations of all on-Budget departments, is the source of funding for Reserved by Law payments and may contribute to the operations of off-Budget entities. The Fund receives all State taxation revenue, the majority of Commonwealth payments to Tasmania, territorial revenue and certain other classes of revenue.

Expenditure from the Consolidated Fund is subject to appropriation by Parliament and actual expenditure and receipts are compared with the annual estimates.

Special Deposits and Trust Fund

The Special Deposits and Trust Fund consists of various accounts established by the Treasurer.

The majority of department related transactions are recorded through departmental operating accounts. These accounts receive funds appropriated from the Consolidated Fund by the annual Consolidated Fund Appropriation Act and retain certain revenues that are not identified for return to the Consolidated Fund.

Other accounts in the Special Deposits and Trust Fund include trust, approved overdraft, whole-of-government, business unit accounts and accounts established under legislation.

Surplus cash is used to repay maturing debt within a financial year, thus delaying refinancing borrowing until the latest possible time and reducing borrowing costs. For this reason, both cash balances and gross debt are maintained as low as possible during the year. Prior to 2002-03, at the end of the financial year, a temporary overnight borrowing was undertaken which had the effect of grossing up both cash and debt as at 30 June. With the move to accrual budgeting, the practice of the end of year borrowing was discontinued. As a consequence, temporary debt repayments made throughout the year are no longer offset by a temporary overnight borrowing at year end, and are recorded in a Temporary Debt Repayment Account, an approved overdraft account within the Special Deposits and Trust Fund, which results in the Account being overdrawn.

The Special Deposits and Trust Fund does not operate on an annual basis and the major sources of comparison are between receipts and expenditure for the year and opening and closing account balances.