

Preliminary Outcomes Report 2012-13



Preliminary Outcomes Report 2012-13

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1 INTRODUCTION

The *Preliminary Outcomes Report* provides details on the General Government's financial results for 2012-13. It presents the preliminary financial data for the General Government Sector against the forecasts contained in the 2012-13 Budget. Revised Estimates for 2012-13 from the 2013-14 Budget have also been included.

The financial statements have been prepared in accordance with applicable Australian Accounting Standards including *AASB 1049 Whole of Government and General Government Sector Financial Reporting*. Presentation of the financial statements is consistent with the 2012-13 Budget and reporting requirements of the Uniform Presentation Framework. This Report should be read in conjunction with the *2013-14 Budget Papers*.

Financial information for this Report is provided by Government entities to Treasury by 15 July for publication by 15 August. Due to the short timeframe for the preparation of the Report, estimation methods are applied using *AASB 134 Interim Financial Reporting*. Therefore, data is unaudited and preliminary in nature, and may change before final compilation of the *Treasurer's Annual Financial Report*, published by 31 October 2013.

The Report contains the following information:

- Section 2 provides an update on progress against the Key Fiscal Strategy Measures;
- Section 3 presents the preliminary financial statements for the General Government Sector;
- Section 4 summarises receipts to and expenditure from the Consolidated Fund; and
- Section 5 outlines key concepts.

The requirements for a Preliminary Outcomes Report are set out in section 26D of the *Financial Management and Audit Act 1990*.

Based on the requirements of the Financial Management and Audit Act, the Acting Secretary has determined that a Preliminary Outcomes Report should be issued for 2012-13.

2 KEY FISCAL STRATEGY MEASURES

A fiscal strategy is an important planning tool for the Government and also performs an important role in providing clear signals to financial markets, the business sector and the community of the Government's financial objectives. The purpose of a fiscal strategy is to establish a benchmark for evaluation of the Government's fiscal performance and increase public awareness of its fiscal policies.

The current Fiscal Strategy was first presented in the 2011-12 Budget and prepared in response to the financial and economic challenges being faced by the State. The Fiscal Strategy was developed in accordance with the principles of sound fiscal management as specified in the *Charter of Budget Responsibility Act 2007*.

The Fiscal Strategy focuses on the following key aspects of financial management:

- the establishment of a sustainable Budget position;
- debt and liability reduction;
- maintaining a competitive business and tax environment; and
- ongoing infrastructure investment.

For each key financial management area, a guiding principle is established, financial measures identified and targets for those financial measures established.

Targets for four and eight years beyond the initial four year term of the Fiscal Strategy are also established.

The establishment of targets beyond the initial four year period increases the medium and long-term focus of the Government's Fiscal Strategy and financial management in general. This extended period of focus is important for the establishment of the State's long-term financial sustainability.

Table 2.1 provides an update on the progress of the Fiscal Strategy, based on the 2012-13 preliminary outcomes.

Table 2.1: Key Fiscal Strategy Measures

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome
A Sustainable Budget Position			
<i>Net Operating Surplus</i>			
Target (\$m)	>50	>50	>50
Actual/Estimated (\$m)	(283)	(426)	(235)
Debt and Liability Reduction			
<i>Ratio of Net Financial Liabilities to Revenue for the Non-Financial Public Sector¹</i>			
Target (%)	<115	<115	<115
Actual/Estimated (%)	101	103	112
<i>General Government Net Debt</i>			
Target (\$m)	<0	<0	<0
Actual/Estimated (\$m)	134	16	(216)
A Competitive Business and Taxation Environment			
<i>Tasmania's Tax Severity²</i>			
Target (Index)	<100	<100	<100
Actual/Estimated (Index)	n/a	90	n/a
Ongoing Infrastructure Investment			
<i>Capital Expenditure in Excess of Depreciation</i>			
Target (\$m)	>0	>0	>0
Actual/Estimated (\$m)	186	49	5

Notes:

1. For the purposes of the Fiscal Strategy, Net Financial Liabilities represents Net Debt less Advances Paid plus the Superannuation liability. Net Financial Liabilities is divided by Revenue from Transactions to derive the Net Financial Liabilities to Revenue Ratio.
2. In its most recent publication, the *Report on GST Sharing Relativities – 2013 Update*, the Commonwealth Grants Commission has published total taxation severity ratios, allowing a direct comparison of tax severity to be made between states and territories. Tasmania has been assessed as having the third lowest tax severity of all states and territories, based on the taxation arrangements in place in each jurisdiction in 2011-12.

3 GENERAL GOVERNMENT PRELIMINARY OUTCOME

Income Statement

Table 3.1 provides a summary of the key General Government Sector Income Statement line items. The full General Government Preliminary Income Statement for 2012-13 is in Table 3.3.

Table 3.1: General Government Summary of Operating Result

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions	4 631.5	4 606.7	4 708.5	4 690.4
Expenses from transactions	4 914.5	5 032.4	4 943.4	4 876.0
Net Operating Balance – Surplus/(Deficit)	(283.0)	(425.7)	(234.9)	(185.6)
Less Net acquisition of non-financial assets	145.6	15.3	(36.4)	76.3
Equals Fiscal Balance – Surplus/(Deficit)	(428.6)	(441.0)	(198.5)	(261.9)

The preliminary outcomes for 2012-13 are:

- a Net Operating Deficit of \$234.9 million, a \$48.1 million improvement on the original Budget deficit of \$283.0 million and an improvement of \$190.8 million on the Estimated Outcome of a \$425.7 million deficit; and
- a Fiscal Deficit of \$198.5 million, a \$230.1 million improvement on the original Budget deficit of \$428.6 million and an improvement of \$242.5 million on the Estimated Outcome of a \$441.0 million deficit.

Estimated Outcome

The 2012-13 Estimated Outcomes are presented in the 2013-14 Budget Papers. These estimates are compiled from the latest information available prior to completion of the Budget. Estimated Outcome information is provided by agencies in March of the relevant financial year. These estimates do not take into account changes to revenues and expenses that can occur at the end of the financial year. In particular, Australian Government Grant revenues can be amended and additional funding provided close to 30 June.

The preliminary Fiscal Deficit outcome also does not reflect unexpended funds that have resulted from the rescheduling of a number of significant capital projects such as the Royal Hobart Hospital Redevelopment. Although unexpended in 2012-13, these funds will be carried forward to 2013-14 to ensure the projects are completed.

The \$242.5 million improvement in the preliminary Fiscal Deficit comprises a favourable movement in Revenue of \$101.8 million, primarily as a result of additional Australian Government Grants; a favourable movement in Expenses of \$89.0 million, primarily due to delays in expenditure for some grants programs; and a favourable movement in Net acquisition of non-financial assets of \$51.7 million as a result of delays in capital projects.

Revenue Variations from Estimated Outcome

Revenue from transactions is estimated to be \$4 708.5 million in 2012-13, which is \$101.8 million higher than the 2012-13 Estimated Outcome of \$4 606.7 million. The main variations are:

Revenue Item	Variance	Reasons
Grants revenue \$89.0 million higher		
National partnership payments	\$130.8 million higher	The increase in NPPs primarily reflects additional Australian Government funding, consisting of: <ul style="list-style-type: none"> • Grants to the State for Local Government (\$34.0 million); • Tasmanian Forests Intergovernmental Agreement (\$33.5 million); • Infrastructure Services (\$18.4 million); and • Environmental Services (\$17.2 million).
Other grants and subsidies	\$38.2 million lower	The decrease in Other grants and subsidies primarily reflects a reduction in the amount of Grant revenue received by the Department of Health and Human Services.

Expense Variations from Estimated Outcome

Expenses from transactions is estimated to be \$4 943.4 million in 2012-13, which is \$89.0 million lower than the 2012-13 Estimated Outcome of \$5 032.4 million. The major expense variations are:

Expense Item	Variance	Reasons
Employee expenses	\$77.4 million higher	The increase primarily reflects additional Employee expenses of: <ul style="list-style-type: none"> • \$27.1 million for the Department of Education; and • \$43.2 million for the Department of Health and Human Services (including the Tasmanian Health Organisations). <p>The increases are primarily due to reclassification of expenditure from Supplies and consumables and Grant expenses to Employee expenses, with corresponding offsetting savings.</p>

Expense Item Variance	Reasons
Superannuation related expenses \$14.6 million higher	The Superannuation expense increased by \$70.8 million, partly offset by a decrease in the Nominal superannuation interest expense of \$56.2 million. These variations are a result of the most recent actuarial estimate of the superannuation liability.
Supplies and consumables \$75.0 million lower	The decrease is primarily due to the reclassification of expenditure to Employee expenses by the Department of Education.
Grant expenses \$94.0 million lower	The decrease is due to lower than expected grant expenses of: <ul style="list-style-type: none"> • \$69.9 million for the Department of Health and Human Services (including the Tasmanian Health Organisations); and • \$14.5 million for Finance-General, primarily due to the revision of the timing of the cash flows associated with some grants.

Net Acquisition of Non-Financial Assets Variations from Estimated Outcome

Net Acquisition of Non-Financial Assets is estimated to be negative \$36.4 million in 2012-13, which is \$51.7 million below the 2012-13 Estimated Outcome of \$15.3 million. The main variations are:

Variance	Reasons
Purchase of non-financial assets \$57.5 million lower	The decrease is due to lower than expected purchases of non-financial assets of: <ul style="list-style-type: none"> • \$35.2 million for the Department of Health and Human Services (including the Tasmanian Health Organisations) due to revised cash flows for projects such as the Royal Hobart Hospital Redevelopment; and • \$27.2 million for the Department of Infrastructure, Energy and Resources.

Underlying Net Operating Balance

The Underlying Net Operating Balance is a measure which removes the distorting impact of one-off Australian Government funding for specific capital projects, including the Nation Building – *Economic Stimulus Plan*, Roads and Rail Funding, Water for the Future, Macquarie Point Railyards Remediation and the Royal Hobart Hospital Redevelopment. The preliminary 2012-13 Underlying Net Operating Balance is estimated to be a deficit of \$285.6 million, an improvement of \$106.7 million from the original Budget deficit of \$392.3 million and an improvement of \$214.2 million from the Estimated Outcome Underlying Net Operating Balance of \$499.8 million. The negative \$50.0 million for the Macquarie Point Railyards Remediation Project in 2012-13 reflects the transfer of these funds to the Macquarie Point Development Corporation as a Grant expense in 2012-13.

Table 3.2: Underlying Net Operating Balance

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Net Operating Balance	(283.0)	(425.7)	(234.9)	(185.6)
<i>Less Impact of One-off Australian Government funding</i>				
Nation Building - <i>Economic Stimulus Plan</i>	....	....	5.0	6.9
Roads and Rail Funding	64.5	49.5	54.2	57.9
Royal Hobart Hospital Redevelopment	....	....	....	20.0
Macquarie Point Railyards Remediation Project	....	....	(50.0)	50.0
Water for the Future Funding	44.9	24.7	41.5	28.6
	109.3	74.1	50.7	163.4
Underlying Net Operating Balance	(392.3)	(499.8)	(285.6)	(349.0)

Table 3.3: General Government Income Statement

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions				
Grants	2 876.5	2 790.9	2 879.9	3 015.7
Taxation	940.9	918.9	919.9	888.3
Sales of goods and services	313.8	336.2	329.5	341.1
Fines and regulatory fees	106.9	99.8	94.7	89.8
Interest income	17.5	19.5	20.6	27.3
Dividend, tax and rate equivalent income	233.0	230.2	242.2	194.3
Other revenue	142.9	211.3	221.6	134.0
	4 631.5	4 606.7	4 708.5	4 690.4
Expenses from transactions				
Employee expenses	2 026.4	2 047.5	2 124.9	2 096.2
Superannuation	236.2	218.2	289.0	279.3
Depreciation	248.1	253.7	239.9	242.4
Supplies and consumables	1 022.1	1 068.5	993.5	960.2
Nominal superannuation interest expense	260.2	235.2	179.0	239.4
Borrowing costs	14.1	13.2	13.7	13.9
Grant expenses	1 070.0	1 151.9	1 057.9	1 011.0
Other expenses	37.4	44.2	45.7	33.7
	4 914.5	5 032.4	4 943.4	4 876.0
Equals NET OPERATING BALANCE	(283.0)	(425.7)	(234.9)	(185.6)
Plus Other economic flows – Included in Operating Result				
Gain/(loss) on sale of non-financial assets	(0.2)	4.5	3.0	(6.0)
Revaluation of equity investment in PNFC and PFC Sectors	300.5	199.0	(290.1)	135.3
Revaluation of superannuation liability	....	2 035.3	972.7	(1 795.9)
Gain on sale of TOTE Tasmania Pty Ltd	....	....	....	89.0
Other gains/(losses)	(17.5)	24.6	(419.4)	(60.8)
	282.8	2 263.4	266.2	(1 638.4)
Equals Operating Result	(0.2)	1 837.8	31.3	(1 824.0)

Table 3.3: General Government Income Statement (continued)

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Plus Other economic flows – Other movements in equity				
Revaluations of non-financial assets	248.8	302.6	517.9	424.8
Other movements in equity	(20.7)	442.9	46.8	45.6
	228.1	745.5	564.7	470.4
Equals Comprehensive Result	227.9	2 583.3	596.1	(1 353.6)
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	(283.0)	(425.7)	(234.9)	(185.6)
Less Net acquisition of non-financial assets				
Purchase of non-financial assets	434.2	302.5	245.0	370.7
Less Sale of non-financial assets	40.5	33.5	41.5	52.0
Less Depreciation	248.1	253.7	239.9	242.4
	145.6	15.3	(36.4)	76.3
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(428.6)	(441.0)	(198.5)	(261.9)

Revenue Variations from Original Budget

Revenue from transactions is estimated to be \$4 708.5 million in 2012-13, which is \$77.0 million higher than the 2012-13 Original Budget estimate of \$4 631.5 million. The main changes are:

Variance from Original Budget	Reasons
Grants revenue \$3.4 million higher	
General purpose payments \$28.0 million higher	<p>The increase in GST revenue reflects:</p> <ul style="list-style-type: none"> • an upward revision by the Australian Government in the level of the National GST pool; • a marginal increase in Tasmania's share of the national population; and • an adjustment as a result of higher than anticipated GST receipts in 2011-12.
Specific purpose payments \$22.5 million lower	<p>The decrease in SPPs primarily reflects reductions in the following SPPs:</p> <ul style="list-style-type: none"> • \$13.7 million for National Disability; and • \$2.4 million for National Schools. <p>This was partially offset by an increase in the Skills and Workforce Development SPP of \$1.0 million.</p>
National partnership payments \$41.0 million higher	<p>The increase in NPPs primarily reflects additional Australian Government funding, consisting of:</p> <ul style="list-style-type: none"> • \$38.5 million for Health Services; and • \$33.5 million as part of the Tasmanian Forests Intergovernmental Agreement. <p>This was partly offset by a decrease in Community Services NPP funding of \$30.4 million as a result of reclassification of Home and Community Care funding from NPP funding to Commonwealth Own Purpose Expenditure which is classified as Other Revenue.</p>
Other grants and subsidies \$43.1 million lower	<p>The decrease primarily reflects the reclassification of Commonwealth Own Purpose Expenditure receipts of \$32.9 million from Grants Revenue to Other Revenue by the Department of Health and Human Services.</p> <p>Refer to Table 3.4 for further detail on Grants revenue.</p>

Variance from Original Budget	Reasons
Taxation \$21.0 million lower	<p>The decrease primarily reflects a reduction in:</p> <ul style="list-style-type: none"> • Payroll tax of \$6.3 million; • Government guarantee fees of \$5.7 million; • Financial transactions tax of \$5.1 million; and • Motor tax of \$4.6 million. <p>Refer to Table 3.5 for further detail on Taxation revenue.</p>
Sales of goods and services \$15.7 million higher	<p>The increase in Sales of Goods and Services primarily reflects an increase in receipts within the Tasmanian Health Organisations (\$36.0 million) due to an increase in receipts from the Private Patient Scheme.</p>
Fines and regulatory fees \$12.2 million lower	<p>The decrease primarily reflects a decline in Fines revenue recognised by the Department of Justice of \$7.7 million.</p>
Other revenue \$78.7 million higher	<p>The increase in Other Revenue primarily reflects the reclassification of \$63.4 million in Commonwealth Own Purpose Expenditure receipts from Grants revenue to Other revenue by the Department of Health and Human Services.</p>

Table 3.4: General Government Grants

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Australian Government Grants				
General purpose payments	1 700.8	1 728.8	1 728.8	1 659.8
Specific purpose payments	678.1	659.2	655.6	646.5
National partnership payments	364.0	274.2	405.0	587.8
Other grants and subsidies	133.6	128.7	90.5	121.6
	2 876.5	2 790.9	2 879.9	3 015.7

Table 3.5: General Government Taxation

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Payroll tax	310.2	304.8	303.9	303.6
Taxes on property				
Land tax	88.1	89.8	88.5	87.5
Fire service levies				
Fire service contribution	33.6	33.6	33.6	32.3
Insurance fire levy	16.4	17.4	15.5	17.6
Guarantee fees	34.5	29.1	28.8	26.1
Taxes on financial and capital transactions	141.0	131.6	135.9	135.5
Taxes on the provision of goods and services				
Gambling taxes				
Casino tax and licence fees	58.5	54.5	54.2	58.0
Betting exchange taxes and levies	2.1	2.4	3.1	2.3
Lottery tax	26.7	29.0	29.4	27.3
Totalizator wagering levy	6.8	6.8	6.5	6.6
Other gaming	0.1	....	....	....
Insurance taxes	70.9	70.9	69.7	52.6
Taxes on the use of goods and services				
Vehicle registration fees	34.0	34.0	35.2	34.0
Motor vehicle fees and taxes				
Motor vehicle duty	35.5	36.5	37.7	35.0
Motor tax	75.7	71.8	71.1	63.1
Motor vehicle fire levy	6.8	6.8	6.8	6.8
	940.9	918.9	919.9	888.3

Expense Variations from Original Budget

Expenses from transactions is estimated to be \$4 943.4 million in 2012-13, which is \$28.9 million higher than the 2012-13 Original Budget estimate of \$4 914.5 million. The major expense variations by Agency are:

Variance from Original Budget	Reasons
Department of Economic Development, Tourism and the Arts \$9.4 million higher	<p>The increase primarily reflects additional expenses for:</p> <ul style="list-style-type: none"> Supplies and consumables of \$6.8 million, primarily due to expenditure associated with the Tasmanian Museum and Art Gallery redevelopment (\$4.3 million); and Grant expenses of \$4.2 million primarily due to additional funding provided for Aurora Stadium lighting (\$1.0 million), Hollybank Mountain Bike track (\$0.8 million), and revisions to the timing of Events Tasmania grants (\$1.3 million).
Finance-General \$63.0 million lower	<p>The decrease is primarily due to:</p> <ul style="list-style-type: none"> changes in actuarial assumptions for the valuation of the Superannuation liability that resulted in a decrease in the Nominal superannuation interest expense of \$81.2 million, partly offset by an increase in Superannuation expenses of \$51.2 million; and a revision of the timing of cash flows associated with the Tasmanian Forests Agreement of \$28.0 million.
Department of Health and Human Services (including the Tasmanian Health Organisations) \$51.6 million higher	<p>The increase primarily reflects:</p> <ul style="list-style-type: none"> increases in expenditure relating to additional Australian Government funding received under National Partnership Agreements (\$38.5 million); additional funding provided due to an increase in demand for out-of-home care and child protection services (\$7.7 million); and costs associated with claims through the Children Abused in Care Scheme (\$1.7 million).

Variance from Original Budget	Reasons
Department of Infrastructure, Energy and Resources \$13.1 million higher	The increase is primarily due to additional grant expenses for the Australian Government funded assistance to exporters of \$14.5 million.
Department of Police and Emergency Management \$11.0 million higher	The increase is primarily due to additional expenditure relating to the Tasmanian Mobile Radio Network.

Other Economic Flows – Included in Operating Result Variations from Original Budget

Other economic flows – Included in Operating Result is estimated to be \$266.2 million in 2012-13, which is \$16.6 million lower than the 2012-13 Original Budget estimate of a \$282.8 million inflow. The main changes are:

Variance from Original Budget	Reasons
Revaluation of equity investment in PNFC and PFC Sectors \$590.6 million lower	<p>The decrease in the Equity investment in PNFC and PFC sectors reflects a decrease in net assets held by the electricity entities, Forestry Tasmania and Tasmanian Irrigation Pty Ltd.</p> <p>This is partly offset by an estimated increase in net assets held by the Tasmanian Water and Sewerage Corporations; the Motor Accidents Insurance Board and the Macquarie Point Development Corporation.</p>
Revaluation gain on superannuation liability of \$972.7 million	<p>The revaluation gain on the Superannuation liability of \$972.7 million reflects the most recent actuarial valuation. The gain is a result of changes in actuarial assumptions, in particular an increase in the discount rate from 3.45 per cent to 4.25 per cent and a decrease in the wage inflation factor from 3.5 per cent to 3.0 per cent.</p>
Other gains/(losses) \$401.9 million lower	<p>The decrease primarily reflects:</p> <ul style="list-style-type: none"> • a write-down by the Department of Health and Human Services of \$76.6 million of housing assets. This is primarily due to the transfer of housing stock to Mission Australia, as part of the Better Futures Program; • \$58.9 million impairment of Land and building assets by the Department of Health and Human Services; • \$25.2 million impairment of Road Infrastructure assets by the Department of Infrastructure, Energy and Resources; • \$32.0 million write-down of Land assets which have been transferred to other entities by the Department of Primary Industries, Parks, Water and Environment; and • impairment of the deferred Income Tax Assets held by Finance-General of \$221.1 million.

Net Acquisition of Non-Financial Assets Variations from Original Budget

Net Acquisition of Non-Financial Assets is estimated to be negative \$36.4 million in 2012-13, which is \$182.0 million below the 2012-13 Original Budget estimate of \$145.6 million. The main changes relate to a decrease in Purchases of non-financial assets which consist of:

Variance from Original Budget	Reasons
Department of Education \$15.9 million lower	This primarily reflects decreased expenditure for: <ul style="list-style-type: none"> • Child and family centres (\$6.7 million); • Trade training centres (\$4.4 million); • Learning and Information Network Centres (\$3.2 million); and • LINC Tasmania Information Services and Community Learning (\$2.1 million) projects.
Department of Health and Human Services (including the Tasmanian Health Organisations) \$102.4 million lower	The decrease primarily reflects a revision of cash flows for projects such as: <ul style="list-style-type: none"> • Royal Hobart Hospital, Women's and Children's Hospital Unit (\$49.7 million); • Hospitals Capital Fund (\$23.1 million); • Launceston Acute Medical and Surgical Unit (\$9.8 million); • Health Infrastructure (\$8.7 million); • State-wide Cancer Services (\$4.0 million); and • National Health and Hospital Reforms: Emergency Department (\$3.2 million).
Department of Infrastructure, Energy and Resources \$47.5 million lower	The decrease is primarily a result of revised cash flows for projects such as: <ul style="list-style-type: none"> • Tarkine Forest Drive (\$5.7 million); • North East Freight Roads (\$10.2 million); and • Other Roads and Infrastructure Maintenance (\$31.6 million).
Department of Justice \$11.6 million lower	The decrease is primarily due to revised cash flows for the Prisons Infrastructure Redevelopment Program Stage D (\$13.7 million).
Department of Primary Industries, Parks, Water and Environment \$8.8 million lower	This is primarily due to revised cash flow projections for the Three Capes Track project (\$10.1 million).

Balance Sheet

Table 3.6: General Government Balance Sheet

	30 June 2013 Original Budget	30 June 2013 Estimated Outcome	30 June 2013 Preliminary Outcome	30 June 2012 Actual
	\$m	\$m	\$m	\$m
Assets				
Financial assets				
Cash and deposits	914.9	1 009.1	1 301.6	1 252.2
Investments	59.1	49.3	47.7	52.0
Equity investment in PNFC and PFC sectors	6 537.9	6 507.2	6 008.1	6 298.2
Other equity investments	8.0	14.2	5.0	5.8
Receivables	193.1	353.6	310.3	340.2
Other financial assets	1 159.0	1 208.3	882.7	1 061.3
	8 872.0	9 141.7	8 555.4	9 009.8
Non-financial assets				
Land and buildings	6 355.4	6 738.6	6 139.8	6 026.0
Infrastructure	4 096.3	4 217.4	4 252.0	4 095.5
Plant and equipment	210.5	251.0	227.8	213.2
Heritage and cultural assets	464.7	462.0	459.4	450.2
Investment property	13.9	12.2	11.3	11.9
Intangible assets	29.5	35.8	36.5	35.9
Assets held for sale	23.5	11.9	20.3	20.0
Other non-financial assets	36.2	42.0	50.5	38.0
	11 230.0	11 770.9	11 197.7	10 890.8
Total Assets	20 102.1	20 912.6	19 753.1	19 900.5
Liabilities				
Borrowings	1 108.2	1 074.7	1 133.1	895.5
Superannuation	4 977.2	5 011.0	6 071.4	6 925.5
Employee entitlements	520.4	657.6	524.6	530.5
Payables	47.5	111.1	72.1	100.0
Other liabilities	319.2	408.9	362.2	383.0
	6 972.5	7 263.3	8 163.4	8 834.5
NET ASSETS	13 129.6	13 649.3	11 589.7	11 066.0

Table 3.6: General Government Balance Sheet (continued)

	30 June 2013 Original Budget	30 June 2013 Estimated Outcome	30 June 2013 Preliminary Outcome	30 June 2012 Actual
	\$m	\$m	\$m	\$m
Equity				
Accumulated funds	8 929.8	9 221.0	6 946.1	6 940.3
Asset revaluation reserve	4 199.8	4 428.3	4 643.6	4 125.7
Total Equity	13 129.6	13 649.3	11 589.7	11 066.0
KEY FISCAL AGGREGATES				
NET WORTH ¹	13 129.6	13 649.3	11 589.7	11 066.0
NET FINANCIAL WORTH ²	1 899.5	1 878.4	392.0	175.2
NET FINANCIAL LIABILITIES ³	4 638.4	4 628.8	5 616.1	6 123.0
NET DEBT ⁴	134.2	16.4	(216.2)	(408.7)

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 total liabilities less financial assets, excluding equity investment in the PNFC and PFC Sectors.
4. Net Debt represents borrowings less the sum of cash and deposits and investments.

Balance Sheet Variations from Original Budget

Budget estimates for the 2013 Balance Sheet were compiled in May 2012 prior to completion of the actual outcomes for 30 June 2012. The preliminary outcome variance from the original Budget estimate will reflect the difference between the estimated and actual opening balances for 2013. The following commentary is therefore based on movements between the 30 June 2012 actual outcome and the 30 June 2013 preliminary outcome.

Assets

General Government Assets are estimated to be \$19 753.1 million at 30 June 2013, a decrease of \$147.4 million from the 30 June 2012 balance of \$19 900.5 million.

Variance from 2011-12

Reasons

Equity investment in PNFC and PFC Sectors \$290.1 million lower	The decrease reflects a decrease in net assets held by the electricity entities, Forestry Tasmania and Tasmanian Irrigation Pty Ltd. This is partly offset by an estimated increase in net assets held by the Tasmanian Water and Sewerage Corporations; the Motor Accidents Insurance Board and the Macquarie Point Development Corporation.
Other financial assets \$178.6 million lower	The decrease primarily reflects a reduction of \$181.2 million in the deferred tax assets attributed to the PNFC and PFC Sectors.
Land and buildings \$113.8 million higher	The increase reflects Land and building revaluations undertaken by the Department of Health and Human Services of \$147.3 million. This is partially offset by a devaluation of Land and buildings by Finance-General of \$27.3 million.
Infrastructure assets \$156.5 million higher	The increase primarily reflects Infrastructure revaluations and additional capital expenditure undertaken by the Department of Infrastructure, Energy and Resources of \$155.9 million.

Liabilities

General Government Liabilities are estimated to be \$8 163.4 million at 30 June 2013, \$671.1 million lower than the 30 June 2012 balance of \$8 834.5 million.

The increase in liabilities is predominantly due to:

Variance from 2011-12	Reasons
Borrowings \$237.6 million higher	The increase primarily reflects the financing of the Consolidated Fund deficit of \$257.2 million. Further detail regarding the Consolidated Fund can be found in Part 4 of this Report.
Superannuation liability \$854.1 million lower	The Superannuation liability reflects the most recent actuarial estimate of the liability.

Cash Flow Statement

Table 3.7: General Government Cash Flow Statement

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Cash inflows				
Grants received	2 876.5	2 790.9	2 916.7	3 014.6
Taxation	940.9	919.1	915.2	876.5
Sales of goods and services	314.3	329.9	323.3	293.6
Fines and regulatory fees	105.6	98.6	97.5	98.5
Interest received	18.2	18.6	20.4	28.6
Dividend, tax and rate equivalents	233.0	207.3	207.1	211.0
Other receipts	317.1	380.3	314.5	388.9
	4 805.5	4 744.7	4 794.6	4 911.7
Cash outflows				
Employee entitlements	(2 014.2)	(2 042.6)	(2 108.9)	(2 077.5)
Superannuation	(320.1)	(332.1)	(346.7)	(335.4)
Supplies and consumables	(1 029.3)	(1 075.2)	(975.8)	(950.2)
Borrowing costs	(13.8)	(12.8)	(13.7)	(13.6)
Grants and subsidies paid	(1 069.9)	(1 151.8)	(1 054.9)	(1 006.6)
Other payments	(203.7)	(213.0)	(208.4)	(235.4)
	(4 651.0)	(4 827.5)	(4 708.4)	(4 618.8)
Net cash flows from operating activities	154.5	(82.8)	86.2	292.9
Cash flows from investing activities				
Net cash flows from non-financial assets				
Purchase of non-financial assets	(434.2)	(302.5)	(245.0)	(370.7)
Sale of non-financial assets	40.5	33.5	41.5	52.0
	(393.7)	(269.0)	(203.5)	(318.7)
Net cash flows from financial assets (policy purposes)				
Equity injections	(90.1)	(73.5)	(72.3)	(72.0)
Proceeds on sale of TOTE Tasmania Pty Ltd	....	....	....	104.1
Net advances paid	(5.6)	3.8	3.8	1.2
	(95.7)	(69.7)	(68.5)	33.3
Net cash flows from financial assets (liquidity purposes)				
Net purchase of investments	....	....	(0.3)	(0.8)
	....	....	(0.3)	(0.8)
Net cash flows from investing activities	(489.4)	(338.7)	(272.4)	(286.2)

Table 3.7: General Government Cash Flow Statement (continued)

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Cash flows from financing activities				
Net borrowing	223.3	178.5	230.1	625.7
Other financing	....	....	5.5	(8.8)
	223.3	178.5	235.6	616.9
Net increase/(decrease) in cash held	(111.6)	(243.1)	49.4	623.6
Cash at the beginning of the year	1 026.5	1 252.2	1 252.2	628.5
Cash at the end of the year	914.9	1 009.1	1 301.6	1 252.2
KEY FISCAL AGGREGATES				
Net cash from operating activities	154.5	(82.8)	86.2	292.9
Plus Net cash from investments in non-financial assets	(393.7)	(269.0)	(203.5)	(318.7)
Equals CASH SURPLUS/(DEFICIT)	(239.2)	(351.8)	(117.3)	(25.8)

4 CONSOLIDATED FUND

Table 4.1: Consolidated Fund Preliminary Outcome

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Recurrent Receipts				
Australian Government sources				
General purpose payments	1 700.8	1 728.8	1 728.8	1 659.8
Specific purpose payments	400.2	366.3	363.7	647.2
National partnership payments	124.5	43.9	78.2	471.8
Other grants and subsidies	3.6	1.3	....	51.9
	2 229.1	2 140.4	2 170.7	2 830.7
State sources				
Taxation	942.3	839.3	835.0	901.1
Receipts from government businesses	267.5	236.6	235.7	236.1
Departmental fees and recoveries	87.8	86.2	90.2	88.5
Sale and rent of government property	5.4	5.4	....	10.9
Resource rents and royalties	59.3	35.9	5.4	54.4
Recoveries of state debt charges	3.8	....	34.0	0.8
Other recurrent receipts	135.9	148.1	146.4	51.6
	1 502.0	1 351.5	1 346.8	1 343.4
Capital Receipts				
State sources				
Proceeds on sale of TOTE Tasmania Pty Ltd	....	....	....	104.1
Other capital receipts	0.2	0.7	0.5	....
	0.2	0.7	0.5	104.1
Total Receipts	3 731.4	3 492.5	3 518.1	4 278.2
less Expenditure				
Recurrent services				
Appropriation Act	3 452.6	3 293.1	3 352.1	3 958.5
Reserved by Law	255.8	256.4	256.6	144.9
	3 708.4	3 549.5	3 608.7	4 103.3
Works and services				
Capital Investment Program	171.4	154.2	151.7	290.0
Hospitals Capital Fund	15.0	15.0	15.0	26.9
	186.4	169.2	166.7	316.9
Total Expenses	3 894.9	3 718.7	3 775.3	4 420.2
CONSOLIDATED FUND SURPLUS/(DEFICIT)	(163.5)	(226.2)	(257.2)	(142.1)

Table 4.2: Consolidated Fund Expenditure

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Economic Development, Tourism and the Arts				
Recurrent services	106.4	112.1	113.0	104.4
	106.4	112.1	113.0	104.4
Education				
Recurrent services	1 129.9	1 101.3	1 103.0	1 152.0
Works and services	12.1	15.9	15.3	74.6
	1 142.0	1 117.2	1 118.3	1 226.6
Finance-General				
Recurrent services	221.3	201.7	237.8	293.6
Reserved by Law	227.2	228.0	229.6	119.0
Works and services	15.0	15.0	15.0	26.9
	463.5	444.7	482.4	439.5
Health and Human Services				
Recurrent services	1 224.8	1 121.5	1 143.5	1 565.1
Works and services	7.9	15.7	16.2	67.9
	1 232.8	1 137.2	1 159.7	1 633.0
House of Assembly				
Recurrent services	2.3	2.3	2.4	2.3
Reserved by Law	5.3	5.3	5.2	5.1
	7.6	7.6	7.6	7.4
Infrastructure, Energy and Resources				
Recurrent services	192.8	191.7	190.4	222.5
Works and services	123.6	108.9	106.5	139.3
	316.5	300.6	296.9	361.8
Integrity Commission				
Recurrent services	3.0	2.9	2.6	3.2
	3.0	2.9	2.6	3.2
Justice				
Recurrent services	113.6	114.1	114.0	119.5
Reserved by Law	11.9	11.9	10.7	9.9
Works and services	15.4	3.7	3.7	1.5
	141.0	129.7	128.4	130.9
Legislative Council				
Recurrent services	3.4	3.4	3.4	3.3
Reserved by Law	3.0	3.0	3.0	3.0
	6.4	6.4	6.4	6.3
Legislature-General				
Recurrent services	5.8	5.9	5.9	6.0
	5.8	5.9	5.9	6.0

Table 4.2: Consolidated Fund Expenditure (continued)

	2012-13 Original Budget	2012-13 Estimated Outcome	2012-13 Preliminary Outcome	2011-12 Actual
	\$m	\$m	\$m	\$m
Ministerial and Parliamentary Support				
Recurrent services	18.8	18.3	18.3	19.0
Reserved by Law	0.8	0.7	0.7	0.7
	19.7	19.1	19.1	19.8
Office of the Director of Public Prosecutions				
Recurrent services	7.0	6.7	5.8	5.7
Reserved by Law	0.5	0.5	0.5	....
	7.5	7.2	6.3	5.7
Office of the Governor				
Recurrent services	2.8	2.8	2.8	2.8
Reserved by Law	0.5	0.5	0.5	0.5
	3.4	3.4	3.3	3.3
Office of the Ombudsman				
Recurrent services	2.1	2.0	2.0	2.2
	2.1	2.0	2.0	2.2
Police and Emergency Management				
Recurrent services	188.4	183.4	184.0	191.0
Works and services	8.6	8.6	8.6	2.8
	196.9	191.9	192.5	193.8
Premier and Cabinet				
Recurrent services	48.4	46.9	46.9	52.6
Reserved by Law	6.0	6.0	5.9	5.7
Works and services	0.3	0.3	0.3	....
	54.7	53.1	53.1	58.3
Primary Industries, Parks, Water and Environment				
Recurrent services	138.9	134.4	135.6	171.9
Works and services	3.6	1.2	1.2	3.6
	142.6	135.7	136.8	175.4
Tasmanian Audit Office				
Recurrent services	2.1	2.0	2.0	2.0
Reserved by Law	0.5	0.5	0.4	0.4
	2.6	2.5	2.4	2.4
Treasury and Finance				
Recurrent services	40.7	39.7	38.5	40.0
	40.7	39.7	38.5	40.0
TOTAL CONSOLIDATED FUND EXPENDITURE	3 894.9	3 718.7	3 775.3	4 420.2

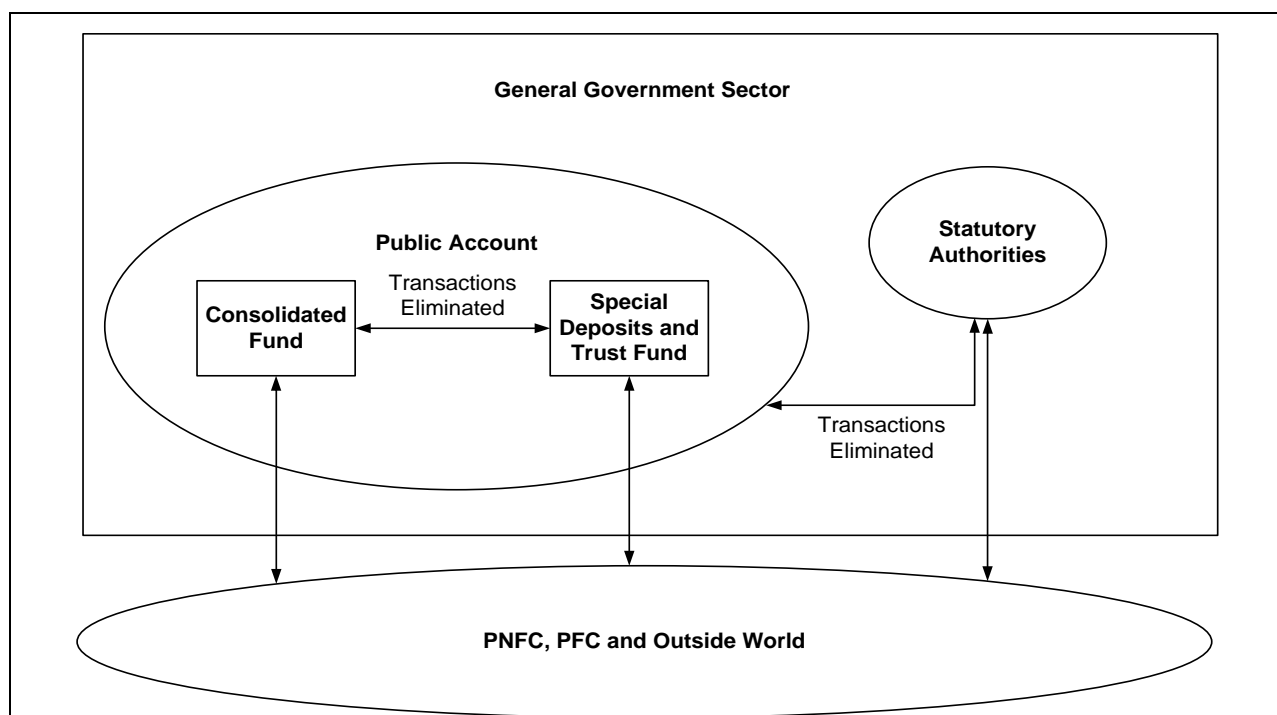
5 CONCEPTS

Compliance Framework

The financial statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Where there is no conflict with these standards, statements are consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*. The GFS facilitates comparison of financial performance across jurisdictions and is used by financial markets, credit rating agencies and other analysts. Compliance with *AASB 1049 Whole of Government and General Government Sector Financial Reporting* means the statements are consistent with the reporting requirements of the Uniform Presentation Framework.

Diagram 5.1 illustrates the transactions included under AASB 1049 for the General Government Sector. Transactions included are only those with entities outside the GGS, with intra-sector transactions eliminated.

Diagram 5.1: Transactions included in the General Government Sector



Consolidation of Transactions

The AASB 1049 statements present a consolidated view of the financial transactions for all entities within the GGS. Receipts, payments, financial assets and liabilities held with other agencies within the Sector are matched and eliminated to avoid double counting. This process is known as consolidation.

For example, the rental payment by the Department of Justice to Treasury for the Department of Justice's occupation of a Government owned building will be matched and eliminated from the Income Statement as both agencies are classified within the General Government Sector.

Consolidated Fund

The Consolidated Fund is the source of funding for appropriations and Reserved by Law payments.

Consolidated Fund appropriations are provided for two types of expenditure, Recurrent services and Works and services.

Recurrent services funding is provided by Parliament to meet the cost of the ordinary annual services of the Government. The major expenses are salaries and other departmental operating costs including building services and maintenance, minor works and furniture and equipment purchases. Reserved by Law funds are also made available to departments on a recurrent basis, where there is a legislative requirement for funding to be provided for specific purposes without the necessity for annual appropriation through the Consolidated Fund Appropriation Act. Examples of Reserved by Law expenditure include funding for the salary of the Auditor-General and pensions payable under the *Judges' Contributory Pensions Act 1968*.

Works and services funding is provided to meet construction costs and the purchase and maintenance of major capital assets such as roads, public housing, schools and hospitals.

Under the *Public Account Act 1986*, unless specifically excluded by that Act or any other Act, all revenue of the State is credited to the Consolidated Fund.

The excess of Consolidated Fund receipts over the expenditure of these funds is the Consolidated Fund Surplus. A CFS represents funds that are available for the retirement of debt or the accumulation of financial assets. A Consolidated Fund Deficit indicates that Consolidated Fund expenditure exceeds receipts to the Fund.

Rounding

All amounts in the financial statements have been rounded to the nearest million, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$50 000 are rounded to zero and are indicated by "...".

General Government Sector

This Report includes all General Government agencies and statutory authorities. The primary function of these entities is to provide public services which are mainly non-market in nature and for consumption by the community. The services provided by these entities are financed mainly through taxes and other compulsory levies. As at 30 June 2013, the following entities are classified within the General Government Sector.

Department of Economic Development, Tourism and the Arts

Department of Education

Department of Health and Human Services

Department of Infrastructure, Energy and Resources

Department of Justice

Department of Police and Emergency Management

Department of Premier and Cabinet

Department of Primary Industries, Parks, Water and Environment

Department of Treasury and Finance (including Finance-General)

House of Assembly

Inland Fisheries Service

Integrity Commission

Legislative Council

Legislature-General

Marine *and* Safety Tasmania

Office of the Director of Public Prosecutions

Office of the Governor

Office of the Ombudsman

Royal Tasmanian Botanical Gardens

State Fire Commission

Tasmanian Audit Office

Tasmanian Health Organisation North

Tasmanian Health Organisation South

Tasmanian Health Organisation North West

Tasmanian Skills Institute



Tasmania

Explore the possibilities