

Preliminary Outcomes Report 2014-15



Preliminary Outcomes Report 2014-15

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1 INTRODUCTION

The *Preliminary Outcomes Report* provides details on the General Government's financial results for 2014-15. It presents the preliminary financial data for the General Government Sector against the forecasts contained in the 2014-15 Budget and the 2014-15 Estimated Outcome (published in the 2015-16 Budget). The requirements for a Preliminary Outcomes Report are set out in section 26D of the *Financial Management and Audit Act 1990*.

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 2014-15 Budget and reporting requirements of the Uniform Presentation Framework. 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 2015.

The Report contains the following information:

- Section 2 presents the preliminary financial statements for the General Government Sector; and
- Section 3 summarises receipts to, and expenditure from, the Consolidated Fund.

This Report should be read in conjunction with the *2014-15 Budget Papers* and the *Guide to the Budget*.

All amounts in the financial statements have been rounded to the nearest \$100 000, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$50 000 are indicated by "...".

All Agency variation comments have been adjusted to remove the impact of inter-entity transactions within the General Government Sector.

Administrative Restructuring

From 1 July 2014, the Department of State Growth was created through the amalgamation of the former Departments of Infrastructure, Energy and Resources and Economic Development, Tourism and the Arts.

Other agency changes associated with the establishment of the Department of State Growth include:

- the transfer of Skills Tasmania from the Department of Education to the Department of State Growth;
- the transfer of Sport and Recreation Tasmania from the former Department of Economic Development, Tourism and the Arts to the Department of Premier and Cabinet; and
- the establishment of Tourism Tasmania as a separate entity.

2 GENERAL GOVERNMENT PRELIMINARY OUTCOME

Income Statement

Table 2.1 provides a summary of the key General Government Sector Income Statement line items. The full General Government Preliminary Income Statement for 2014-15 is at Table 2.3.

Table 2.1: General Government Summary of Operating Result

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions	4 963.7	5 080.6	5 143.0	4 910.0
Expenses from transactions	5 249.3	5 266.8	5 186.2	5 075.0
Net Operating Balance – Surplus/(Deficit)	(285.6)	(186.2)	(43.2)	(165.0)
Less Net acquisition of non-financial assets	81.2	(37.3)	(73.9)	(4.4)
Equals Fiscal Balance – Surplus/(Deficit)	(366.8)	(148.9)	30.7	(160.7)

Estimated Outcome

The 2014-15 Estimated Outcome is presented in Appendix 3 of the 2015-16 Budget (published 28 May 2015). The Estimated Outcome is compiled from information provided by agencies in March 2015. The Estimated Outcome does not take into account changes to revenues and expenses that occur in the final quarter of the financial year. In particular, Australian Government Grant revenues can be amended and additional funding provided close to 30 June. These changes are reflected in the Preliminary Outcome.

Preliminary Outcome

The preliminary Net Operating Deficit of \$43.2 million represents an improvement of \$143 million from the Estimated Outcome Deficit of \$186.2 million. The main variations from the Estimated Outcome are set out below.

Preliminary Revenue from Transactions is \$62.4 million above the Estimated Outcome. The main factors which have contributed to this increase in estimated revenue include:

- Grants revenue totals \$3 128.2 million which is \$33.9 million above the Estimated Outcome total of \$3 094.3 million. The variance primarily reflects an additional \$35.9 million in Local Government Grants paid by the Australian Government on 30 June 2015. This grant has been on-paid to the Local Government Sector and there is a corresponding increase in Grant expenses meaning that this has no impact on the Net Operating Balance.
- Taxation revenue totals \$1 006.9 million which is \$8.5 million above the Estimated Outcome total of \$998.4 million. The increase primarily reflects a \$11.6 million increase in conveyance duty, partially offset by a decrease in Land tax of \$1.9 million and Insurance taxes of \$900 000.
- Other revenue totals \$174.6 million which is \$24 million above the Estimated Outcome total of \$150.6 million. The variance primarily reflects additional revenue for:
 - Health entities of \$12.5 million, comprised of additional salary and workers compensation recoveries (\$7 million) and additional disability services revenue (\$4.5 million); and
 - Department of Education of \$10.6 million which is primarily due to miscellaneous revenue reclassified from Sales of goods and services (\$5.1 million) and unbudgeted revenue collected by schools.

Preliminary Expenses from Transactions is \$80.6 million below the Estimated Outcome. The main factors which have contributed to this variation in estimated expenditure include:

- Employee expenses totals \$2 219.7 million which is \$26.5 million above the Estimated Outcome total of \$2 193.2 million. This increase in Employee expenses reflects additional expenditure for:
 - Health entities of \$13.5 million primarily as a result of above Budget expenditure by the Tasmanian Health Organisations (THOs) and employee separation costs within the Department of Health and Human Services and THOs; and
 - Department of Education of \$15.3 million which is primarily due to employee separation costs and the reclassification of schools expenditure from Supplies and consumables to Employee expenses.
- Depreciation totals \$253.2 million, which is \$34.1 million below the Estimated Outcome total of \$287.3 million. The variation primarily reflects lower depreciation charges for the:
 - Department of State Growth (\$25.4 million), as a result of road assets reaching their expected useful life;
 - Department of Health and Human Services (\$7.5 million), resulting from the transfer of property to the Non-Government Sector under the *Better Housing Futures* Program and the impact of timing delays in completion of capital projects; and
 - Department of Education (\$4.8 million), following a downward revaluation of its land and buildings.
- Supplies and consumables totals \$973.1 million, which is \$80.4 million below the Estimated Outcome total of \$1 053.5 million. The decrease in Supplies and consumables primarily reflects:
 - Department of Health and Human Services (\$55.7 million), which primarily reflects:
 - a reclassification of \$2.1 million to Purchase of non-financial assets;
 - an accrual timing difference which has reduced housing maintenance expenditure by \$6.3 million;
 - a reclassification of \$6 million to Grant expenses; and

- lower than anticipated expenditure of \$6 million primarily in relation to property services (\$2 million), travel and transport costs (\$1 million) and medical and surgical supplies (\$3 million).

Below anticipated expenditure on Supplies and consumables for the Department of Health and Human Services was primarily redirected to fund the cost of the Department's employee separation costs and the Department's contribution to fund the THO above Budget expenditure in 2014-15;

- Department of Education (\$20.5 million) which primarily reflects the \$13.4 million reclassification of schools expenditure from Supplies and consumables to Employee expenses as noted above; and
 - Department of Justice (\$6.8 million) which primarily reflects lower than anticipated Supplies and consumables expenditure relating to Prison Services (\$2.1 million), WorkCover Tasmania Board (\$1.2 million) and Asbestos Compensation Fund (\$1 million).
- Grant expenses total \$1 132.9 million, which is \$6.1 million above the Estimated Outcome total of \$1 126.8 million. However, excluding the impact of additional Local Government Grants expenditure of \$35.9 million (mentioned above), there is an underlying decrease of \$29.8 million. The decrease is primarily a result of decreases for:
 - Finance-General of \$8.5 million primarily relating to savings in the provision for duty related ex gratia payments (\$3 million), savings in subsidies provided to Forestry Tasmania for the delivery of non-commercial activities (\$1.1 million), lower than anticipated claims for water and sewerage concessions (\$1.1 million) and the carry forward of funding in relation to the Tasmanian Forestry Agreement (\$2.2 million) and Government Business Enterprises structural reform (\$1.4 million);
 - the Department of Health and Human Services of \$9.5 million primarily relating to delays in negotiating final amounts between the State and the Australian Government under the National Partnership Agreement on Transitioning Responsibilities for Aged Care and Disability Services for 2013-14 and 2014-15 (\$20.2 million), partially offset by a grant to the University of Tasmania under the National Rental Affordability Scheme for the Jane Franklin Hall (\$9.3 million) and other movements within the Department's grant program; and
 - the Department of State Growth of \$10.8 million, primarily relating to lower than anticipated expenditure for Industry development grants (\$1.8 million), Passenger transport related grants (\$5.6 million), Shipping and ferry subsidies (\$1.1 million) and other subsidies (\$1 million).

The preliminary Fiscal Balance does not reflect unexpended funds that have resulted from the rescheduling of a number of significant capital projects.

The preliminary Fiscal Surplus of \$30.7 million represents an improvement of \$179.6 million from the Estimated Outcome deficit of \$148.9 million. Part of this improvement is due to the deferral of capital expenditure budgeted for 2014-15 to 2015-16 following the rescheduling of a number of capital projects. Although unexpended in 2014-15, these funds will be carried forward to 2015-16 to ensure that the projects are completed. The main variations from the Estimated Outcome are as follows:

- the movements in the Net Operating Balance mentioned above;

- Purchase of non-financial assets totals \$235.5 million, which is \$55 million below the Estimated Outcome of \$290.5 million. The variance primarily reflects decreases for the:
 - Department of State Growth (\$38.6 million), which primarily reflects a delay in major project commencements and spending, including the Midlands Highway (\$13 million), Tasman Ramps (\$9.9 million), West Coast Roads (\$4.9 million), Brooker Highway (\$4.3 million), Rokeby Main Road (\$3.2 million) and Tarkine Drive (\$2.3 million); and
 - Health entities (\$16.1 million), which primarily reflects timing delays in expenditure for projects including Statewide Cancer Services (\$2.3 million), Neighbourhood House Program (\$2 million), Health infrastructure (\$1.8 million) and THO-North West Emergency Department Services (\$2.8 million); and
- Sale of non-financial assets totals \$56.2 million, which is \$15.7 million above the Estimated Outcome of \$40.5 million. The increase reflects additional revenue of \$15.3 million received by the Department of Primary Industries, Parks, Water and Environment. This is primarily due to unbudgeted sale proceeds, in particular the sale of the Jane Franklin building (\$9.3 million).

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 Roads and Rail Funding and Water for the Future.

The preliminary 2014-15 Underlying Net Operating Balance is estimated to be a deficit of \$97.2 million, an increase of \$139.5 million from the Estimated Outcome deficit of \$236.7 million.

Table 2.2: Underlying Net Operating Balance

	2014-15 Original Budget ¹	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual ¹
	\$m	\$m	\$m	\$m
Net Operating Balance	(285.6)	(186.2)	(43.2)	(165.0)
Less Impact of One-off Australian Government funding				
Roads and Rail Funding	89.3	41.9	40.2	66.1
Water for the Future Funding	0.4	8.6	13.8	27.6
	89.7	50.5	54.0	93.7
Underlying Net Operating Balance	(375.3)	(236.7)	(97.2)	(258.7)

Note:

1. Timing differences have been excluded in order to provide comparability with the calculation method used in the 2015-16 Budget and Forward Estimates.

Table 2.3: General Government Income Statement

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions				
Grants	3 027.5	3 094.3	3 128.2	2 972.3
Taxation	983.2	998.4	1 006.9	957.3
Sales of goods and services	354.1	357.0	357.1	394.7
Fines and regulatory fees	103.3	92.9	94.0	93.6
Interest income	15.9	18.2	14.7	13.4
Dividend, tax and rate equivalent income	342.9	369.1	367.5	325.4
Other revenue	136.8	150.6	174.6	153.3
	4 963.7	5 080.6	5 143.0	4 910.0
Expenses from transactions				
Employee expenses	2 137.0	2 193.2	2 219.7	2 191.1
Superannuation	268.3	289.3	301.3	285.1
Depreciation	287.0	287.3	253.2	273.1
Supplies and consumables	1 083.9	1 053.5	973.1	984.6
Nominal superannuation interest expense	283.1	268.2	265.7	252.0
Borrowing costs	11.0	10.9	10.8	11.8
Grant expenses	1 148.3	1 126.8	1 132.9	1 048.1
Other expenses	30.5	37.6	29.6	29.3
	5 249.3	5 266.8	5 186.2	5 075.0
Equals NET OPERATING BALANCE	(285.6)	(186.2)	(43.2)	(165.0)
Exceptional item – Dividends declared in 2013-14, received in 2014-15.	....	....	....	61.1
Plus Other economic flows – Included in Operating Result				
Gain/(loss) on sale of non-financial assets	11.3	16.0	(2.1)	(4.2)
Revaluation of equity investment in PNFC and PFC Sectors	(347.8)	(140.1)	(114.9)	(1 644.6)
Revaluation of superannuation liability	....	1 414.7	(389.4)	(376.7)
Other gains/(losses)	(176.8)	(208.7)	(241.8)	(444.2)
	(513.2)	1 081.8	(748.2)	(2 469.6)
Equals Operating Result	(798.8)	895.6	(791.4)	(2 573.5)

Table 2.3: General Government Income Statement (continued)

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Plus Other economic flows – Other movements in equity				
Revaluations of non-financial assets	340.7	274.8	(80.0)	41.1
Other non-owner movements in equity	3.8	(12.9)	(5.2)	1.1
	344.5	261.9	(85.2)	42.2
Equals Comprehensive Result	(454.3)	1 157.6	(876.6)	(2 531.3)
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	(285.6)	(186.2)	(43.2)	(165.0)
Less Net acquisition of non-financial assets				
Purchase of non-financial assets	400.8	290.5	235.5	291.5
Less Sale of non-financial assets	32.6	40.5	56.2	22.9
Less Depreciation	287.0	287.3	253.2	273.1
	81.2	(37.3)	(73.9)	(4.4)
Equals FISCAL BALANCE SURPLUS/(DEFICIT)	(366.8)	(148.9)	30.7	(160.7)

Table 2.4: General Government Grants

	2014-15 Original Budget \$m	2014-15 Estimated Outcome \$m	2014-15 Preliminary Outcome \$m	2013-14 Actual \$m
Australian Government Grants				
General purpose payments	1 911.4	1 948.4	1 942.7	1 819.3
Specific purpose payments	739.1	765.8	793.6	706.4
National partnership payments	253.3	257.6	267.7	314.2
Other grants and subsidies	123.7	122.5	124.1	132.4
	3 027.5	3 094.3	3 128.2	2 972.3

Table 2.5: General Government Taxation

	2014-15 Original Budget \$m	2014-15 Estimated Outcome \$m	2014-15 Preliminary Outcome \$m	2013-14 Actual \$m
Payroll tax	316.7	310.1	311.6	299.6
Taxes on property				
Land tax	88.6	90.7	88.8	86.3
Fire service levies				
Fire service contribution	36.8	36.8	36.8	34.9
Insurance fire levy	18.0	18.0	15.5	17.7
Guarantee fees	24.9	24.4	21.2	31.1
Taxes on financial and capital transactions	155.8	176.3	187.9	153.9
Taxes on the provision of goods and services				
Gambling taxes				
Casino tax and licence fees	55.5	55.5	56.7	54.9
Betting exchange taxes and levies	3.4	3.4	3.2	3.3
Lottery tax	29.7	28.7	28.3	28.5
Totalizator wagering levy	7.0	7.0	7.0	7.1
Insurance taxes	83.0	83.0	82.0	80.3
Taxes on the use of goods and services				
Vehicle registration fees	36.4	37.0	38.4	36.4
Motor vehicle fees and taxes				
Motor vehicle duty	39.1	39.5	40.3	39.1
Motor tax	80.7	80.7	81.7	77.4
Motor vehicle fire levy	7.4	7.4	7.6	6.8
	983.2	998.4	1 006.9	957.3

Revenue Variations from Original Budget

Revenue from transactions is estimated to be \$5 143 million in 2014-15, which is \$179.3 million higher than the 2014-15 Original Budget estimate of \$4 963.7 million. The main variations are:

Revenue Item Variance	Reasons
Grants revenue \$100.7 million higher	
General purpose payments \$31.3 million higher	<p>This is a result of GST revenue being revised upwards to reflect:</p> <ul style="list-style-type: none"> • a residual adjustment of \$14.7 million in GST revenue paid to Tasmania in 2014-15, as a result of higher than anticipated GST receipts in 2013-14; and • an adjustment as a result of higher than anticipated GST receipts in 2014-15.
Specific purpose payments \$54.5 million higher	<p>The increase in SPPs primarily reflects additional funding for:</p> <ul style="list-style-type: none"> • Students First education reforms of \$22.8 million; • Disability Services of \$13.8 million; and • Health services of \$17.7 million.
National partnership payments \$14.4 million higher	<p>The increase in NPPs primarily reflects additional Australian Government funding relating to:</p> <ul style="list-style-type: none"> • Local Government Grants of \$35.9 million which have been on-paid to the Local Government Sector; • Environment of \$15 million; • Health Services of \$7.1 million; • Schools of \$6.6 million; and • Housing of \$6.4 million. <p>These NPPs were offset by a decrease in Australian Government funding for Infrastructure of \$47.6 million and Community Services of \$13.6 million.</p>
Taxation \$23.7 million higher	<p>The increase primarily reflects a \$32.1 million increase in Taxes on financial and capital transactions, partially offset by a decrease in Payroll tax of \$5.1 million.</p> <p>Refer to Table 2.5 for further detail on Taxation revenue.</p>

Revenue Item Variance	Reasons
Fines and regulatory fees \$9.3 million lower	The decrease primarily reflects the reclassification of revenue relating to the Asbestos Compensation Fund (\$8.1 million) from Fines and regulatory fees to Other revenue.
Dividend, tax and rate equivalent income \$24.6 million higher	The increase primarily reflects higher than anticipated Income tax equivalent revenue from Government businesses of \$30.1 million, partly offset by a decrease in dividends of \$5.4 million.
Other revenue \$37.8 million higher	The increase primarily reflects: <ul style="list-style-type: none"> • the reclassification of revenue relating to the Asbestos Compensation Fund from Fines and regulatory fees; • additional revenue for Health entities of \$16.3 million, comprised of additional salary and workers compensation recoveries (\$7 million), additional disability services revenue (\$4.5 million) and miscellaneous recoveries (\$2.6 million); and • Department of Education of \$8.9 million which is primarily due to unanticipated workers compensation recoveries and unbudgeted revenue collected by schools.

Expense Variations from Original Budget

Expenses from transactions is estimated to be \$5 186.2 million in 2014-15, which is \$63.1 million lower than the 2014-15 Original Budget of \$5 249.3 million. The major expense variations are:

Expense Item Variance	Reasons
Employee expenses \$82.7 million higher	<p>The increase in Employee expenses primarily reflects additional expenditure for the:</p> <ul style="list-style-type: none">• Tasmanian Health Organisations of \$51.1 million, as a result of above budget expenditure, which is partly offset by additional Australian Government funding under the National Health Reform Agreement;• Department of Education of \$13.4 million, which is primarily due to additional employee separation costs and the allocation of schools expenditure originally budgeted for as Supplies and consumables; and• Department of Primary Industries, Parks, Water and Environment of \$5.9 million, which is due to the timing of employee separation costs and also additional expenditure relating to parks wildfire suppression. <p>The timing of employee separation costs has also impacted the Departments of Premier and Cabinet (\$4.9 million), Justice (\$4.5 million) and State Growth (\$2.2 million).</p>
Superannuation \$33 million higher	<p>The increase in Superannuation expenses reflects the most recent actuarial assessment of the employer service costs.</p>

Expense Item Variance	Reasons
Supplies and consumables \$110.8 million lower	<p>The decrease in Supplies and consumables primarily reflects a decrease in payments associated with:</p> <ul style="list-style-type: none"> • the Department of Health and Human Services of \$56.8 million, consisting of decreases in expenditure in relation to Health Services System Management; an accrual timing difference which has reduced housing maintenance expenses; and the capitalisation of expenditure associated with the Royal Hobart Hospital Women’s and Children’s Hospital; • Finance-General of \$40.8 million in relation to lower than expected costs for the Tasmanian Risk Management Fund; a revision of cash flows associated with the <i>parliament square</i> project; and the amortisation of the Treasurer’s Reserve; • the Department of Education of \$13.4 million, primarily as a result of the allocation of schools expenditure to Employee expenses, originally budgeted as Supplies and consumables; and • other savings of \$28.9 million across other agencies. <p>The decrease in Supplies and consumables is offset by an increase in Infrastructure maintenance expenditure of \$29.1 million as compared to the Original Budget, as a result of the lower than anticipated capitalisation of road expenditure by the Department of State Growth.</p>
Depreciation \$33.8 million lower	<p>The decrease in depreciation expense primarily reflects a decrease of \$25.4 million for the Department of State Growth, due to the significant proportion of road assets that have reached their expected useful life and are no longer being depreciated.</p>
Nominal superannuation interest expense \$17.4 million lower	<p>The decrease reflects the most recent actuarial assessment of the Superannuation liability.</p>

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

Other economic flows – Included in Operating Result is estimated to be negative \$748.2 million in 2014-15, which is \$235 million lower than the 2014-15 Original Budget estimate of negative \$513.2 million. The main changes are:

Variance from Original Budget	Reasons
Revaluation of equity investment in PNFC and PFC Sector \$232.9 million higher	The revaluation is based on the movement in net assets in the PNFC and PFC sectors. The variance is primarily due to the actual opening balance for the equity investment as at 30 June 2014 being \$149.4 million lower than was expected in the 2014-15 Budget. The remaining difference relates to the preliminary value of the equity investment as at 30 June 2015 being \$83.5 million above the original Budget estimate.
Revaluation of superannuation liability \$389.4 million lower	The revaluation loss on the Superannuation liability of \$389.4 million reflects the most recent actuarial valuation. The loss is a result of changes in actuarial assumptions, in particular a decrease in the discount rate from 4.10 per cent to 3.70 per cent.
Other gains/(losses) \$65 million lower	The movement in Other gains/(losses) is primarily the result of: <ul style="list-style-type: none"> • a revaluation loss of \$39.6 million primarily relating to land and buildings held by the Department of Education; and • a revision to the Income Tax Assets held by Finance-General of \$14.3 million.

Net Acquisition of Non-Financial Assets Variations from Original Budget

Net acquisition of non-financial assets is estimated to be negative \$73.9 million in 2014-15, which is \$155.1 million lower than the 2014-15 Original Budget estimate of \$81.2 million. The major variations are outlined below:

Variance from Original Budget	Reasons
Purchase of non-financial assets \$165.3 million lower	<p>This primarily reflects decreases for the:</p> <ul style="list-style-type: none">• Department of Education of \$15.4 million relating to revised cash flows for projects which include Brooks High School (\$3.1 million), New Town High School (\$2.4 million) and the Year 7-12 Implementation (\$1.4 million);• Department of Health and Human Services of \$63.3 million which primarily relates to the revised cash flows for:<ul style="list-style-type: none">– the Royal Hobart Hospital Redevelopment including the Women’s and Children’s Precinct (\$31.9 million);– State-wide Cancer Services (\$10.5 million);– Community Housing Projects (\$10 million); and– Health Infrastructure (\$6.3 million);• Department of Primary Industries, Parks, Water and Environment of \$4.9 million which is primarily related to revised cash flows for the Three Capes Track Project due to the later than anticipated commencement of contractors for accommodation and track works; and• Department of State Growth of \$65.4 million as compared to the Original Budget which is primarily due to revised cash flows and delays in timings for major project commencements and spending, including:<ul style="list-style-type: none">– Midlands Highway (\$11.8 million);– Tasman Ramps (\$10 million);– Brooker, Elwick, Goodwood and Howards Roads (\$5.9 million);– West Coast Roads (\$4.9 million);– Other Highways and Roads (\$12.5 million); and– Infrastructure Maintenance (\$27.4 million).

Variance from Original Budget**Reasons**

Sale of non-financial assets
\$23.6 million higher

The increase reflects additional revenue of \$25.3 million. This is primarily due to unbudgeted sale proceeds. In particular, this includes the sale of the *parliament square* site as part of the *parliament square* project (\$8.3 million) and the sale of the Jane Franklin building (\$9.3 million).

Balance Sheet

Table 2.6: General Government Balance Sheet

	30 June 2015 Original Budget	30 June 2015 Estimated Outcome	30 June 2015 Preliminary Outcome	30 June 2014 Actual
	\$m	\$m	\$m	\$m
Assets				
Financial assets				
Cash and deposits	1 041.1	1 136.4	1 283.3	1 308.5
Investments	77.7	62.2	51.5	48.8
Equity investment in PNFC and PFC sectors	4 331.7	4 404.7	4 415.2	4 530.1
Other equity investments	14.7	17.7	16.1	10.8
Receivables	304.3	334.8	309.4	406.3
Other financial assets	755.2	698.1	712.6	922.7
	6 524.8	6 653.9	6 788.0	7 227.3
Non-financial assets				
Land and buildings	5 829.6	5 800.0	5 625.3	5 841.9
Infrastructure	4 634.4	4 449.3	4 316.9	4 290.9
Plant and equipment	231.2	246.3	258.2	245.9
Heritage and cultural assets	485.0	478.5	466.3	466.4
Investment property	11.9	18.7	2.4	11.6
Intangible assets	35.1	44.9	39.2	43.9
Assets held for sale	10.9	7.9	19.4	24.8
Other non-financial assets	36.9	30.8	25.3	32.0
	11 274.9	11 076.4	10 753.1	10 957.4
Total Assets	17 799.7	17 730.2	17 541.2	18 184.8
Liabilities				
Borrowings	930.6	834.5	801.6	1 149.0
Superannuation	5 448.0	5 338.4	7 151.1	6 622.9
Employee entitlements	561.7	578.9	589.3	574.0
Payables	91.0	111.5	82.1	113.7
Other liabilities	408.7	379.3	376.7	395.1
Total Liabilities	7 439.9	7 242.6	9 000.7	8 854.7
NET ASSETS	10 359.7	10 487.6	8 540.5	9 330.1

Table 2.6: General Government Balance Sheet (continued)

	30 June 2015 Original Budget	30 June 2015 Estimated Outcome	30 June 2015 Preliminary Outcome	30 June 2014 Actual
	\$m	\$m	\$m	\$m
Equity				
Accumulated funds	5 434.6	5 730.7	4 138.3	4 847.9
Asset revaluation reserve	4 925.2	4 756.9	4 402.1	4 482.1
Total Equity	10 359.7	10 487.6	8 540.5	9 330.1
KEY FISCAL AGGREGATES				
NET WORTH¹	10 359.7	10 487.6	8 540.5	9 330.1
NET FINANCIAL WORTH²	(915.1)	(588.8)	(2 212.7)	(1 627.4)
NET FINANCIAL LIABILITIES³	5 246.8	4 993.5	6 627.9	6 157.5
NET DEBT⁴	(188.3)	(364.1)	(533.2)	(208.3)

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 2015 Balance Sheet were compiled in August 2014, prior to completion of the actual outcomes for 30 June 2014. The preliminary outcome variance from the original Budget estimate will reflect the difference between the estimated and actual opening balances for 2015. The following commentary is therefore based on movements between the 30 June 2014 actual outcome and the 30 June 2015 preliminary outcome.

Assets Variations

General Government Assets are estimated to be \$17 541.2 million at 30 June 2015, a decrease of \$643.6 million from the 30 June 2014 balance of \$18 184.8 million.

Variance from 30 June 2014	Reasons
Equity investment in PNFC and PFC sectors \$114.9 million lower	<p>The decrease reflects an estimated decrease in net assets held by Tasmanian Irrigation Pty Ltd and the Motor Accidents Insurance Board.</p> <p>This is partly offset by an estimated increase in net assets for the electricity entities, Tasmanian Public Finance Corporation and Tasmanian Railway Pty Ltd.</p>
Receivables \$96.9 million lower	<p>The decrease is primarily due to the receipt in 2014-15 of the exceptional additional dividends of \$61.1 million from Aurora Energy Pty Ltd and Transend Networks Pty Ltd that were recognised as a receivable as at 30 June 2014. Receivables for the Department of Justice also reduced by \$15 million, primarily as a result of a decrease in the level of future asbestos compensation levies receivable.</p>
Other financial assets \$210.1 million lower	<p>This primarily reflects a decrease in Income Tax Assets recorded by Finance-General of \$207 million.</p>
Land and buildings \$216.6 million lower	<p>The decrease primarily relates to decreases for the:</p> <ul style="list-style-type: none">• Department of Education (\$208.1 million) as a result of a revaluation of its land and buildings; and• Department of Health and Human Services (\$111.3 million) as a result of the transfer of property to the Non Government Sector under the <i>Better Housing Futures</i> Program. <p>This decrease is partly offset by an increase for the Department of Primary Industries, Parks, Water and Environment (\$135.9 million), primarily as a result of the transfer of land from Forestry Tasmania under the <i>Forest Management Act 2013</i>.</p>

Liability Variations

General Government Liabilities are estimated to be \$9 000.7 million at 30 June 2015, \$146 million higher than the 30 June 2014 balance of \$8 854.7 million.

Variance from 30 June 2014	Reasons
Borrowings \$347.4 million lower	The decrease primarily reflects the application of the Consolidated Fund Surplus to repay debt. Further detail on the Consolidated Fund can be found in Part 3 of this Report.
Superannuation \$528.2 million higher	The Superannuation liability reflects the most recent actuarial estimate of the liability.

Cash Flow Statement

Table 2.7: General Government Cash Flow Statement

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Cash inflows				
Grants received	3 027.5	3 092.1	3 111.3	2 974.1
Taxation	983.4	998.6	998.6	955.8
Sales of goods and services	353.8	362.9	360.5	400.2
Fines and regulatory fees	103.3	92.9	90.6	93.3
Interest received	16.1	18.4	13.9	13.7
Dividend, tax and rate equivalents	576.7	576.9	582.8	377.0
Other receipts	305.9	319.9	367.1	335.2
	5 366.7	5 461.7	5 524.9	5 149.3
Cash outflows				
Employee entitlements	(2 128.6)	(2 187.8)	(2 209.1)	(2 184.8)
Superannuation	(397.3)	(427.3)	(419.7)	(361.8)
Supplies and consumables	(1 097.3)	(1 070.7)	(1 009.1)	(977.3)
Borrowing costs	(10.8)	(11.0)	(10.3)	(12.0)
Grants and subsidies paid	(1 148.4)	(1 127.2)	(1 123.7)	(1 050.9)
Other payments	(199.8)	(205.4)	(201.8)	(227.4)
	(4 982.1)	(5 029.3)	(4 973.7)	(4 814.1)
Net cash flows from operating activities	384.6	432.4	551.2	335.2
Cash flows from investing activities				
Net cash flows from non-financial assets				
Purchase of non-financial assets	(400.3)	(290.1)	(235.5)	(291.5)
Sale of non-financial assets	36.8	44.7	56.2	22.8
	(363.5)	(245.4)	(179.3)	(268.7)
Net cash flows from financial assets (policy purposes)				
Equity injections	(42.8)	(30.1)	(44.1)	(81.6)
Net advances paid	(20.6)	(13.8)	(5.7)	....
	(63.4)	(43.9)	(49.7)	(81.5)
Net cash flows from financial assets (liquidity purposes)				
Net purchase of investments	0.7	....	0.1	(0.7)
	0.7	....	0.1	(0.7)
Net cash flows from investing activities	(426.2)	(289.3)	(229.0)	(350.9)

Table 2.7: General Government Cash Flow Statement (continued)

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Cash flows from financing activities				
Net borrowing	(229.5)	(315.2)	(347.5)	23.0
Other financing	....	....	....	3.0
	(229.5)	(315.2)	(347.5)	26.0
Net increase/(decrease) in cash held	(271.2)	(172.1)	(25.2)	10.3
Cash at the beginning of the year	1 312.4	1 308.5	1 308.5	1 298.3
Cash at the end of the year	1 041.1	1 136.4	1 283.3	1 308.5
KEY FISCAL AGGREGATES				
Net cash from operating activities	384.6	432.4	551.2	335.2
Plus Net cash from investments in non-financial assets	(363.5)	(245.4)	(179.3)	(268.7)
Equals CASH SURPLUS/(DEFICIT)	21.0	187.0	371.9	66.5

3 CONSOLIDATED FUND

Table 3.1: Consolidated Fund Preliminary Outcome

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Recurrent Receipts				
Australian Government sources				
General purpose payments	1 911.4	1 948.4	1 942.7	1 819.3
Specific purpose payments	423.4	445.9	460.2	407.7
National partnership payments	72.1	72.6	72.6	75.3
Other grants and subsidies	0.1	0.1	....	....
	2 407.0	2 467.0	2 475.5	2 302.2
State sources				
Taxation	862.4	877.6	881.5	835.9
Receipts from government businesses	601.8	601.5	605.2	406.8
Departmental fees and recoveries	90.1	89.0	96.1	92.6
Sale and rent of government property	5.0	5.0	5.0	6.5
Resource rents and royalties	31.3	31.3	27.3	36.4
Recoveries of state debt charges	0.1	0.1	....	0.1
Other recurrent receipts	135.0	163.1	172.5	137.6
	1 725.7	1 767.6	1 787.4	1 515.9
Capital Receipts				
State sources				
Proceeds on sale of assets	2.8	3.0	3.1	6.0
Other capital receipts	0.5	0.5	0.5	0.6
	3.3	3.5	3.6	6.5
Total Receipts	4 136.0	4 238.1	4 266.6	3 824.7
less Expenditure				
Recurrent services				
Appropriation Act	3 423.5	3 447.5	3 458.1	3 374.3
Reserved by Law	297.9	327.9	314.9	265.3
	3 721.3	3 775.5	3 773.0	3 639.6
Works and services				
Capital Investment Program	159.2	149.6	148.7	174.6
	159.2	149.6	148.7	174.6
Total Expenses	3 880.6	3 925.0	3 921.7	3 814.3
CONSOLIDATED FUND SURPLUS/(DEFICIT)	255.4	313.1	344.9	10.4

Table 3.2: Consolidated Fund Expenditure

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Education¹				
Recurrent services	1 093.7	1 109.1	1 108.5	1 052.1
Works and services	16.5	13.1	13.1	26.5
	1 110.1	1 122.2	1 121.5	1 078.7
Finance-General				
Recurrent services	227.1	232.2	222.2	186.2
Reserved by Law	267.4	297.0	283.6	234.7
	494.5	529.2	505.8	420.9
Health and Human Services				
Recurrent services	1 108.7	1 123.9	1 146.9	1 152.6
Works and services	7.9	7.4	7.4	12.0
	1 116.6	1 131.3	1 154.3	1 164.5
House of Assembly				
Recurrent services	2.2	2.5	2.4	2.3
Reserved by Law	5.4	5.4	5.3	5.3
	7.6	7.8	7.7	7.6
Integrity Commission				
Recurrent services	2.4	2.4	2.4	2.6
	2.4	2.4	2.4	2.6
Justice				
Recurrent services	118.8	121.6	121.6	118.4
Reserved by Law	13.2	13.2	13.5	13.7
Works and services	6.0	6.0	6.0	10.4
	138.0	140.8	141.1	142.5
Legislative Council				
Recurrent services	3.4	3.5	3.5	3.4
Reserved by Law	3.0	3.0	3.2	3.1
	6.4	6.6	6.7	6.5
Legislature-General				
Recurrent services	5.8	6.1	6.1	6.0
	5.8	6.1	6.1	6.0
Ministerial and Parliamentary Support				
Recurrent services	16.8	17.6	17.8	21.8
Reserved by Law	0.8	0.8	0.7	0.7
	17.6	18.4	18.5	22.5
Office of the Director of Public Prosecutions				
Recurrent services	6.5	6.3	6.1	6.0
Reserved by Law	0.6	1.1	1.1	0.7
	7.1	7.4	7.2	6.8

Table 3.2: Consolidated Fund Expenditure (continued)

	2014-15 Original Budget	2014-15 Estimated Outcome	2014-15 Preliminary Outcome	2013-14 Actual
	\$m	\$m	\$m	\$m
Office of the Governor				
Recurrent services	2.8	3.1	3.0	3.1
Reserved by Law	0.6	0.6	0.4	0.5
	3.4	3.6	3.4	3.6
Office of the Ombudsman				
Recurrent services	2.1	2.0	1.7	2.0
	2.1	2.0	1.7	2.0
Police and Emergency Management				
Recurrent services	183.8	184.3	186.8	188.9
Works and services	0.5	0.5	....	....
	184.3	184.8	186.8	188.9
Premier and Cabinet¹				
Recurrent services	73.1	74.6	74.1	60.5
Reserved by Law	6.2	6.2	6.6	6.1
Works and services	1.1	1.1	1.0	0.3
	80.4	81.9	81.8	66.8
Primary Industries, Parks, Water and Environment				
Recurrent services	128.6	129.6	131.3	137.1
Works and services	8.5	4.8	4.5	1.8
	137.2	134.4	135.8	138.9
State Growth¹				
Recurrent services	383.9	364.8	359.3	367.7
Reserved by Law	0.1	0.1	....	....
Works and services	117.5	115.5	115.5	123.8
	501.5	480.4	474.7	491.5
Tasmanian Audit Office				
Recurrent services	1.7	1.7	1.7	1.8
Reserved by Law	0.5	0.5	0.4	0.5
	2.2	2.2	2.2	2.2
Tourism Tasmania¹				
Recurrent services	24.6	24.6	24.6	24.2
	24.6	24.6	24.6	24.2
Treasury and Finance				
Recurrent services	37.5	37.7	38.3	37.6
Works and services	1.3	1.3	1.3	....
	38.8	39.0	39.5	37.6
TOTAL CONSOLIDATED FUND EXPENDITURE	3 880.6	3 925.0	3 921.7	3 814.3

Note:

1. The 2013-14 comparative amounts have been restated to reflect the restructuring of entities that took effect from 1 July 2014. Details of the restructure are provided on Page 1 of this Report.



Tasmanian
Government