

Preliminary Outcomes Report 2017-18





Preliminary Outcomes Report 2017-18

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I INTRODUCTION

The *Preliminary Outcomes Report 2017-18* provides details on the General Government's financial results for 2017-18. It presents the preliminary financial data for the General Government Sector against the forecasts contained in the 2017-18 Budget and the 2017-18 Estimated Outcome (published in the 2018-19 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 2017-18 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 2018.

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 2017-18 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.

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 Income Statement for 2017-18 is at Table 2.3.

Table 2.1: General Government Summary of Operating Result

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions	5 874.0	6 035.8	6 067.4	6 478.2
Expenses from transactions	5 819.8	5 960.5	5 969.5	5 673.7
Net Operating Balance – Surplus/(Deficit)	54.3	75.3	97.9	804.4
Less Net acquisition of non-financial assets	308.2	216.0	109.0	127.6
Equals Fiscal Balance – Surplus/(Deficit)	(253.9)	(140.7)	(11.1)	676.9

Estimated Outcome

The 2017-18 Estimated Outcome is presented in Appendix 3 of the 2018-19 Budget (published 14 June 2018). The Estimated Outcome is compiled from information provided by agencies in March 2018. 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 Surplus of \$97.9 million represents an improvement of \$22.6 million from the Estimated Outcome Surplus of \$75.3 million. The main variations from the Estimated Outcome are set out below.

Preliminary Revenue from Transactions is \$6 067.4 million which is \$31.6 million above the Estimated Outcome of \$6 035.8 million. This movement is mainly due to:

- an increase in Grants of \$18 million, which is primarily due to:
 - an increase in Specific purpose payments of \$16.9 million primarily due to additional Activity Based Funding as part of the National Health Reform of \$20.4 million, partly offset by a decrease of \$2.9 million in funding received for Quality Schools, Quality Outcomes;

- a decrease in National partnership payments of \$13 million primarily due to timing changes in funding which has resulted in a decrease for Pest and Disease Preparedness and Response of \$20 million, with this funding now expected in 2018-19, partly offset by additional payments for the Nation Building Roads Program of \$6.8 million; and
- an increase in Other grants and subsidies of \$14 million which primarily reflects additional Australian Government grants of \$4.9 million for the Hobart pedestrian bridge, received by the Department of Premier and Cabinet and Australian Government grants of \$4.7 million received by the Department of Primary Industries, Parks, Water and Environment.
- a decrease in Dividend, tax and rate equivalent income of \$5.6 million, which reflects a decrease in income tax equivalent revenue, due to a decline in the preliminary profit forecast by the Public Non-Financial Corporations and Public Financial Corporations sectors compared to the profit forecasts used for the Estimated Outcome; and
- an increase in Other revenue of \$21.1 million, which is primarily due to additional revenue recognised by the Tasmanian Health Service of \$13.3 million as a result of higher than budgeted recoveries in relation to salaries, food and other items. In addition, mineral royalties collected by the Department of State Growth were \$3.6 million above the Estimated Outcome.

Preliminary Expenses from Transactions is \$5 969.5 million which is \$9 million above the Estimated Outcome of \$5 960.5 million. Whilst total expenses are broadly consistent with the Estimated Outcome, variances within individual expense lines include:

- an increase in Employee expenses of \$58 million, primarily due to:
 - an increase of \$47.7 million for the Tasmanian Health Service primarily due to the higher growth in emergency activity, including 15 per cent growth in Emergency Department presentations which convert to admissions and six per cent growth in emergency surgery. These figures are inclusive of the extraordinary winter flu season in 2017;
 - an increase of \$5.9 million for the Department of Police, Fire and Emergency Management primarily due to additional costs relating to the Police Enterprise Agreement 2018; and
 - an increase of \$4 million for the Department of Health and Human Services due to a reclassification from Grant expenses;
- a decrease in Superannuation of \$12.2 million, reflecting lower than anticipated employer contributions to defined contributions schemes;
- an increase in Supplies and consumables of \$47.1 million which is primarily due to:
 - an increase in the Department of Police, Fire and Emergency Management of \$26.8 million primarily relating to additional expenses for support to the community (\$14.3 million) and payments for the Emergency Services Computer Aided Dispatch Project (\$3 million); and
 - an increase in the Department of Health and Human Services of \$20.2 million, which primarily reflects additional expenditure as a result of increased demand for children in care services; and

- a decrease of \$88.5 million in Grant expenses, which primarily relates to:
 - a decrease of \$48.5 million for the Department of Health and Human Services primarily reflecting a slower than anticipated transition of clients to the National Disability Insurance Scheme (\$16.5 million) and timing of payments for Health Services Systems Management (\$23.4 million), Children Services (\$3.5 million) and Community Services (\$2.7 million);
 - a decrease of \$16.2 million for Finance-General primarily due to revised timing of grant expenses for the Natural Disaster Relief Scheme (\$3.8 million), Energy Rebates (\$3.4 million), the Tasmanian Cycling Tourism Strategy (\$1.3 million), the Tasmanian Forest Agreement (\$1.2 million), Launceston City Deal (\$1 million) and the Launceston Flood Levee (\$1 million);
 - a decrease of \$12.7 million for the Department of State Growth reflecting lower than anticipated expenditure on Student transport services; and
 - a decrease of \$6.5 million for the Department of Premier and Cabinet which primarily reflects the revised timing of grants for Sport and Recreation.

The preliminary Fiscal Deficit of \$11.1 million represents an improvement of \$129.6 million from the Estimated Outcome Deficit of \$140.7 million. The variation from the Estimated Outcome is primarily due to:

- the movement in the Net Operating Balance, as outlined above; and
- the decrease in Purchases of non-financial assets, which is \$99.7 million below the Estimated Outcome. This decrease primarily reflects revised cash flows for:
 - the Department of State Growth of \$41.3 million, which primarily relates to revised cash flows for the Roads Program;
 - the Department of Health and Human Services of \$32 million, which primarily relates to revised cash flows for the Royal Hobart Hospital redevelopment and Housing projects;
 - the Tasmanian Health Service of \$12.3 million, which primarily relates to revised cash flows for Plant and equipment purchases;
 - Finance-General of \$11.3 million, which primarily relates to revised cash flows for the Digital Transformation Project; and
 - the Department of Police, Fire and Emergency Management of \$6.3 million, which primarily relates to revised timing of the Emergency Services Computer Aided Dispatch Project.

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, Royal Hobart Hospital Redevelopment and other non-operational capital related funding received from the Australian Government.

The preliminary 2017-18 Underlying Net Operating Balance is estimated to be a deficit of \$49.6 million, an improvement of \$47.1 million from the Estimated Outcome Deficit of \$96.7 million.

Table 2.2: Underlying Net Operating Balance

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Net Operating Balance	54.3	75.3	97.9	804.4
<i>Less Impact of One-off Australian Government funding</i>				
Roads and Rail Funding	116.1	116.1	108.3	109.8
Royal Hobart Hospital Redevelopment	15.0	18.0	18.0	4.5
Sustainable Rural Water Use and Infrastructure Program	19.0	17.9	21.2	26.4
Pest and Disease Preparedness and Response	....	20.0	....	....
	150.1	172.0	147.5	140.7
<i>Less Mersey Community Hospital Transfer</i>	....	....	....	730.4
Underlying Net Operating Balance	(95.8)	(96.7)	(49.6)	(66.7)

Table 2.3: General Government Income Statement

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions				
Grants	3 682.9	3 802.0	3 820.0	4 368.4
Taxation	1 128.5	1 161.1	1 158.3	1 102.7
Sales of goods and services	408.0	406.4	404.8	406.9
Fines and regulatory fees	98.9	99.0	104.3	99.4
Interest income	19.6	22.4	19.6	18.2
Dividend, tax and rate equivalent income	358.4	376.5	370.9	296.6
Other revenue	177.7	168.4	189.5	185.8
	5 874.0	6 035.8	6 067.4	6 478.2
Expenses from transactions				
Employee expenses	2 400.4	2 513.8	2 571.8	2 385.8
Superannuation	273.5	318.4	306.2	339.2
Depreciation	268.6	267.7	270.9	256.8
Supplies and consumables	1 227.8	1 211.4	1 258.5	1 202.7
Nominal superannuation interest expense	285.6	254.9	254.9	234.5
Borrowing costs	9.8	9.7	10.8	9.9
Grant expenses	1 314.3	1 351.3	1 262.8	1 224.7
Other expenses	39.7	33.3	33.6	20.2
	5 819.8	5 960.5	5 969.5	5 673.7
Equals NET OPERATING BALANCE	54.3	75.3	97.9	804.4
Plus Other economic flows – Included in Operating Result				
Gain/(loss) on sale of non-financial assets	15.3	13.1	(6.4)	(5.2)
Revaluation of equity investment in PNFC and PFC Sectors	(104.2)	10.9	317.2	864.1
Revaluation of superannuation liability	....	1 186.5	(276.1)	1 215.4
Other gains/(losses)	9.8	27.2	55.5	37.2
	(79.0)	1 237.7	90.2	2 111.5
Equals Operating Result	(24.8)	1 312.9	188.1	2 915.9

Table 2.3: General Government Income Statement (continued)

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Plus Other economic flows – Other movements in equity				
Revaluations of non-financial assets	250.8	250.6	974.8	487.1
Other non-owner movements in equity	3.8	3.8	(12.9)	18.0
	254.6	254.4	961.9	505.2
Equals Comprehensive Result	229.8	1 567.4	1 150.0	3 421.1
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	54.3	75.3	97.9	804.4
Less Net acquisition of non-financial assets				
Purchase of non-financial assets	609.9	514.7	415.0	415.6
Less Sale of non-financial assets	33.2	30.9	35.2	31.2
Less Depreciation	268.6	267.7	270.9	256.8
	308.2	216.0	109.0	127.6
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(253.9)	(140.7)	(11.1)	676.9

Table 2.4: General Government Grants

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Australian Government Grants				
General purpose payments	2 387.4	2 424.8	2 424.8	2 254.9
Specific purpose payments	912.0	948.6	965.5	901.6
National partnership payments	339.6	383.9	370.9	1 066.1
Other grants and subsidies	43.9	44.7	58.7	145.7
	3 682.9	3 802.0	3 820.0	4 368.4

Table 2.5: General Government Taxation

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Payroll tax	338.7	353.2	353.8	332.8
Taxes on property				
Land tax	105.2	105.8	105.0	100.2
Fire service levies				
Fire service contribution	43.3	43.3	43.3	41.0
Insurance levy	17.0	17.0	16.2	17.1
Government guarantee fees	16.9	17.5	17.0	20.7
Conveyance duty	246.8	258.4	254.8	230.8
Taxes on the provision of goods and services				
Gambling taxes				
Casino tax and licence fees	54.9	51.2	51.5	54.0
Betting exchange taxes and levies	....	....	....	0.4
Lottery tax	30.4	30.4	30.1	31.0
Totalizator wagering levy	7.3	7.3	7.3	7.2
Insurance duty	87.3	91.8	92.0	87.3
Taxes on the use of goods and services				
Vehicle registration fees	42.1	42.1	43.2	41.1
Motor vehicle fees and taxes				
Motor vehicle duty	42.9	47.5	47.5	44.2
Motor tax	87.7	87.7	88.5	86.9
Motor vehicle fire levy	8.0	8.0	8.1	8.0
	1 128.5	1 161.1	1 158.3	1 102.7

Revenue Variations from Original Budget

Revenue from transactions is estimated to be \$6 067.4 million in 2017-18, which is \$193.4 million higher than the 2017-18 Original Budget estimate of \$5 874 million. The main variations are:

Revenue Item	Variance from Budget	Reasons
Grants revenue	\$137.1 million higher	
General purpose payments	\$37.4 million higher	The increase in General purpose payments funding is primarily a result of an increase in the estimated GST pool available for distribution to the states together with a \$7.3 million residual adjustment for underpaid GST revenue to Tasmania in 2016-17.
Specific purpose payments	\$53.5 million higher	The increase in Specific purpose payments primarily reflects: <ul style="list-style-type: none"> • an increase in National Health Reform funding, made up of Australian Government Activity Based Funding of \$42.7 million, due to a revision to the activity estimate for the Tasmanian Health Service; and • an increase in Quality Schools, Quality Outcomes funding of \$9.3 million reflecting the most recent advice from the Australian Government.
National partnership payments	\$31.3 million higher	The increase in National partnership payments primarily reflects: <ul style="list-style-type: none"> • an increase in Natural Disaster Relief and Recovery Arrangements of \$13.8 million which primarily reflects the reallocation of the expected payment by the Australian Government from 2016-17 to 2017-18; and • an increase in funding for Improving Health Services in Tasmania of \$16.2 million.
Other grants and subsidies	\$14.8 million higher	The increase in Other grants and subsidies primarily reflects: <ul style="list-style-type: none"> • additional grants of \$4.9 million received by the Department of Premier and Cabinet primarily due to Australian Government funding for the Hobart pedestrian bridge; and • additional Australian Government grants of \$4.7 million received by the Department of Primary Industries, Parks, Water and Environment.

Revenue Item	Variance from Budget	Reasons
Taxation	\$29.8 million higher	<p>The increase in Taxation primarily reflects upwards revisions in:</p> <ul style="list-style-type: none"> • Payroll tax receipts of \$15.1 million, due mainly to stronger employment growth; • Conveyance duty receipts of \$8 million, due mainly to growth in residential property prices and transaction volumes; • Insurance duty of \$4.7 million reflecting the stronger premium revenue growth of general insurers; and • Motor vehicle duty receipts of \$4.6 million reflecting stronger motor vehicle sales. <p>These movements are partially offset by a reduction in Casino tax and licence fees of \$3.4 million.</p>
Dividend, tax and rate equivalent income	\$12.5 million higher	<p>The increase in Dividend, tax and rate equivalent income primarily reflects an increase of \$12.4 million in income tax equivalents, due to improved profit forecasts for Government businesses compared to the profit forecasts used in the Original Budget estimate.</p>
Other revenue	\$11.8 million higher	<p>The increase in Other revenue primarily reflects:</p> <ul style="list-style-type: none"> • additional revenue recognised by the Tasmanian Health Service of \$14 million as a result of higher than budgeted recoveries in relation to salaries, food and other items; and • a decrease in mineral royalties collected by the Department of State Growth of \$4.1 million, primarily driven by the volatility in iron ore prices.

Expense Variations from Original Budget

Expenses from transactions is estimated to be \$5 969.5 million in 2017-18, which is \$149.7 million higher than the 2017-18 Original Budget of \$5 819.8 million. The major expense variations are:

Expense Item	Variance from Budget	Reasons
Employee expenses	\$171.4 million higher	<p>The increase in Employee expenses primarily reflects increases for:</p> <ul style="list-style-type: none"> • the Tasmanian Health Service of \$129.5 million including: <ul style="list-style-type: none"> – \$83.5 million due to increased demand and associated activity, including meeting demand caused by the 2017 winter flu outbreak and increased elective surgery; – \$33.1 million primarily reflecting the expenditure of increased National Health Reform funding; and – \$10.5 million reflecting the transfer and reclassification of the Health Funding Provision from Finance-General; • the Department of Health and Human Services of \$11.5 million primarily due to the reclassification of \$4 million from Grant expenses and additional expenditure as a result of revised funding from the Australian Government; • the Department of Police, Fire and Emergency Management of \$10.4 million primarily reflecting the impact of the Police Enterprise Agreement 2018; and • the Department of Primary Industries, Parks, Water and Environment of \$8.7 million, of which \$3.2 million relates to funding for the Fruit Fly Response and Assistance Package.
Superannuation	\$32.7 million higher	The increase in Superannuation primarily reflects the latest actuarial projection of the defined benefit obligation resulting from employee service in the current period.
Supplies and consumables	\$30.7 million higher	<p>The increase in Supplies and consumables primarily reflects increases for:</p> <ul style="list-style-type: none"> • the Department of Police, Fire and Emergency Management of \$26.8 million primarily due to additional costs associated with the Tasmanian Interoperability Project of \$5.5 million and the Tasmanian Mobile Radio Network of \$3.7 million;

Expense Item	Variance from Budget	Reasons
Supplies and consumables (continued)		<ul style="list-style-type: none"> the Department of Health and Human Services of \$20.6 million primarily due to an increase in demand for children in care services; and the Tasmanian Health Service of \$25.1 million primarily reflecting the increased demand on admitted services. <p>These increases were partly offset by a decrease of \$33.7 million for Finance-General which primarily reflects:</p> <ul style="list-style-type: none"> the reclassification of \$12.7 million to Grant expenses for Natural Disaster Recovery Arrangement payments to Local Councils; amortisation of \$10 million for the Treasurer's Reserve; and a decrease of \$9 million in relation to Tasmanian Risk Management fund expenses.
Nominal superannuation interest expense	\$30.7 million lower	The decrease reflects the most recent actuarial assessment of the Government's superannuation liability which includes the application of the "spot" discount rate of 3.3 per cent for 30 June 2017 and 3.0 per cent for 30 June 2018 (a long term rate of 4.75 per cent was used in the 2017-18 Budget) to determine interest with respect to the superannuation liability.
Grant expenses	\$51.5 million lower	<p>The decrease in Grant expenses primarily reflects:</p> <ul style="list-style-type: none"> a decrease of \$31.7 million for the Department of Health and Human Services primarily reflecting the timing of payments for Health Services Systems Management (\$23.3 million), slower than anticipated transition of clients to the National Disability Insurance Scheme (\$5.9 million) and a reclassification to Employee expenses (\$4 million); and a decrease of \$14.9 million for Finance-General primarily due to the transfer of the Health Funding Provision to the Tasmanian Health Service (\$20 million) and lower than budgeted Energy Rebates (\$8.4 million), partly offset by the reclassification of Natural Disaster Recovery Arrangement payments from Supplies and consumables (\$12.7 million).

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

Other economic flows – Included in Operating Result is estimated to be positive \$90.2 million in 2017-18, which is \$169.2 million higher than the 2017-18 Original Budget estimate of negative \$79 million. The main changes are:

Line Item	Variance from Budget	Reasons
Revaluation of equity investment in PNFC and PFC Sector	\$421.4 million higher	The revaluation is based on the movement in net assets in the PNFC and PFC sectors after excluding the impact of equity injections. The movement primarily reflects a higher than budgeted growth in net assets for Government businesses such as the Motor Accidents Insurance Board, Tasmanian Networks Pty Ltd and the Tasmanian Public Finance Corporation.
Revaluation of superannuation liability	\$276.1 million lower	The revaluation loss reflects the latest actuarial assessment. The loss is primarily due to changes in the actuarial assumptions, in particular, a decrease in the discount rate from 3.3 per cent at 30 June 2017 to 3.0 per cent at 30 June 2018.
Other gains/(losses)	\$45.7 million higher	<p>The increase in Other gains/(losses) is primarily due to increases for:</p> <ul style="list-style-type: none"> • the Department of Health and Human Services of \$27.1 million which is primarily due to an inflow of \$31.8 million to recognise the transfer of the Mersey Community Hospital asset from the Australian Government to the State. This was partly offset by the net derecognition of \$9.4 million in community housing assets; • Finance-General of \$36.6 million which is primarily due to: <ul style="list-style-type: none"> – a revision of the Income tax assets resulting in an additional revaluation gain of \$21.3 million; and – a revaluation gain of \$9.4 million primarily due to the revaluation of the Tasmanian Risk Management Fund liability. <p>The increase was partly offset by a write-down of \$22.3 million by the Department of State Growth for road infrastructure assets.</p>

Net Acquisition of Non-Financial Assets Variations from Original Budget

Net acquisition of non-financial assets is estimated to be \$109 million in 2017-18, which is \$199.4 million lower than the 2017-18 Original Budget estimate of \$308.4 million. The major variations are outlined below:

Line Item	Variance from Budget	Reasons
Purchase of non-financial assets	\$194.9 million lower	<p>This primarily reflects decreases for:</p> <ul style="list-style-type: none"> • the Department of State Growth of \$99.9 million which is primarily due to revised timing and re-prioritisation of the Roads Program funding and Capital Program including: <ul style="list-style-type: none"> – Midland Highway (\$62.8 million); – Road Safety and Traffic Management (\$4.8 million); – Hobart Airport Interchange (\$4.7 million); – Huon Highway/Summerleas Road (\$4.5 million); – Bridge Strengthening on Esk and Tamar Highways (\$4.5 million); and – Colebrook Main Road (\$2.5 million); • the Department of Health and Human Services of \$63 million. This is primarily due to revised cashflows which have reallocated \$70 million across the life of the Royal Hobart Hospital Redevelopment Project, due to the timing of the construction program. <p>This decrease is partly offset by an increase of \$7.3 million in expenditure on Housing Projects;</p> • the Department of Education of \$5.6 million due to revised cashflows for school infrastructure projects; • Finance-General of \$20.7 million primarily due to revised cashflows for the following projects: <ul style="list-style-type: none"> – Digital Transformation Priority Expenditure (\$10 million); and – Launceston Government Office Accommodation (\$3.5 million); and • the Department of Primary Industries, Parks, Water and Environment of \$6.5 million which is primarily due to the reallocation of \$7.7 million in funding to 2018-19 for the Cradle Mountain Visitor Experience.

Balance Sheet

Table 2.6: General Government Balance Sheet

	30 June 2018 Original Budget	30 June 2018 Estimated Outcome	30 June 2018 Preliminary Outcome	30 June 2017 Actual
	\$m	\$m	\$m	\$m
Assets				
Financial assets				
Cash and deposits	1 117.2	1 130.0	1 303.2	1 253.4
Investments	46.4	71.7	62.3	87.3
Equity investment in PNFC and PFC sectors	5 654.0	5 417.4	5 720.0	5 259.2
Other equity investments	27.2	23.8	20.8	19.8
Receivables	315.4	320.9	318.9	325.0
Other financial assets	815.4	796.6	809.5	792.2
	7 975.7	7 760.5	8 234.6	7 737.0
Non-financial assets				
Land and buildings	6 265.3	6 270.9	6 320.6	6 025.9
Infrastructure	4 816.5	4 916.2	5 478.2	4 686.8
Plant and equipment	229.0	244.0	240.0	240.8
Heritage and cultural assets	484.0	473.9	462.8	461.8
Investment property	3.5	3.7	3.4	3.4
Intangibles	47.7	57.5	54.3	55.9
Assets held for sale	4.8	10.1	6.7	11.1
Other non-financial assets	37.4	43.9	43.9	41.4
	11 888.1	12 020.2	12 609.8	11 527.0
Total Assets	19 863.8	19 780.7	20 844.4	19 264.0
Liabilities				
Borrowings	711.8	579.3	493.8	549.6
Superannuation	6 266.3	6 786.2	8 276.7	7 873.2
Employee entitlements	618.8	638.8	675.6	632.5
Payables	133.7	135.2	146.3	135.6
Other liabilities	409.7	396.3	424.5	395.5
Total Liabilities	8 140.3	8 535.8	10 016.9	9 586.4
NET ASSETS	11 723.5	11 244.9	10 827.5	9 677.5

Table 2.6: General Government Balance Sheet (continued)

	30 June 2018 Original Budget	30 June 2018 Estimated Outcome	30 June 2018 Preliminary Outcome	30 June 2017 Actual
	\$m	\$m	\$m	\$m
Equity				
Accumulated funds	6 761.4	6 018.7	4 879.2	4 704.0
Asset revaluation reserve	4 962.1	5 226.2	5 948.3	4 973.5
Total Equity	11 723.5	11 244.9	10 827.5	9 677.5
KEY FISCAL AGGREGATES				
NET WORTH¹	11 723.5	11 244.9	10 827.5	9 677.5
NET FINANCIAL WORTH²	(164.6)	(775.3)	(1 782.3)	(1 849.5)
NET FINANCIAL LIABILITIES³	5 818.6	6 192.7	7 502.2	7 108.7
NET DEBT⁴	(451.8)	(622.4)	(871.7)	(791.1)

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 30 June 2017 Outcome

Budget estimates for the 2018 Balance Sheet were compiled in May 2017, prior to completion of the actual outcomes for 30 June 2017. The preliminary outcome variance from the original Budget estimate will reflect the difference between the estimated and actual opening balances for 2017. The following commentary is therefore based on movements between the 30 June 2017 actual outcome and the 30 June 2018 preliminary outcome.

Assets Variations

General Government Assets are estimated to be \$20 844.4 million at 30 June 2018, an increase of \$1 580.4 million from the 30 June 2017 balance of \$19 264 million.

Line Item	Variance from 2017	Reasons
Cash and deposits	\$49.8 million higher	The increase primarily reflects an estimated increase in cash balances held in the Special Deposits and Trust Fund of \$29.9 million. There was also an increase in cash held outside the Public Account of \$18.4 million.
Equity investment in PNFC and PFC sectors	\$460.8 million higher	The increase primarily reflects the increase in net asset for the PNFC Sector of \$464.6 million. This reflects the forecast increase in net assets held by: <ul style="list-style-type: none">• Aurora Energy Pty Ltd;• Hydro Tasmania;• TT-Line Company Pty Ltd; and• Sustainable Timber Tasmania.

Line Item	Variance from 2017	Reasons
Land and buildings	\$294.7 million higher	<p>The increase primarily relates to increases for:</p> <ul style="list-style-type: none"> • the Department of Health and Human Services of \$134.1 million primarily as a result of capital works projects, such as the Royal Hobart Hospital Redevelopment; • the Tasmanian Health Service of \$99.7 million primarily due to the revaluation of existing assets; and • the Department of Education of \$42.3 million, primarily due to capital works undertaken with regard to school infrastructure.
Infrastructure	\$791.4 million higher	<p>The increase primarily relates to an increase of \$799.4 million for the Department of State Growth. This is due to the full revaluation of road assets undertaken as at 30 June 2018 which has resulted in a \$797 million revaluation increment.</p>

Liability Variations

General Government Liabilities are estimated to be \$10 016.9 million at 30 June 2018, \$430.5 million higher than the 30 June 2017 balance of \$9 586.4 million.

Line Item	Variance from 2017	Reasons
Borrowings	\$55.8 million lower	The decrease primarily reflects: <ul style="list-style-type: none">• a decrease of \$50 million in the overnight borrowing transaction undertaken by Finance-General from \$310 million to \$260 million; and• the repayment of \$7.8 million in housing loans from the Australian Government.
Superannuation	\$403.5 million higher	The Superannuation liability reflects the most recent actuarial estimate of the liability. The increase is primarily a result of changes in actuarial assumptions, in particular a decrease in the discount rate from 3.3 per cent at 30 June 2017 to 3.0 per cent at 30 June 2018.
Employee entitlements	\$43.1 million higher	The increase primarily reflects increases in accrued salaries, annual leave and long service leave liabilities with increases recognised by: <ul style="list-style-type: none">• the Tasmanian Health Service of \$18.1 million;• the Department of Education of \$11.5 million;• the Department of Health and Human Services of \$4.3 million; and• the Department of Justice of \$2.2 million.

Cash Flow Statement

Table 2.7: General Government Cash Flow Statement

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Cash inflows				
Grants received	3 682.9	3 802.0	3 818.5	4 363.0
Taxation	1 127.3	1 159.0	1 163.9	1 093.2
Sales of goods and services	408.0	406.1	404.0	390.8
Fines and regulatory fees	98.9	99.0	99.7	98.5
Interest received	19.6	22.3	19.1	18.2
Dividend, tax and rate equivalents	372.4	409.3	402.2	304.1
Other receipts	365.3	355.7	447.5	408.2
	6 074.3	6 253.4	6 354.9	6 676.0
Cash outflows				
Employee entitlements	(2 393.0)	(2 506.2)	(2 543.3)	(2 350.1)
Superannuation	(468.1)	(472.7)	(436.4)	(433.9)
Supplies and consumables	(1 239.9)	(1 225.9)	(1 236.0)	(1 193.9)
Borrowing costs	(9.8)	(9.8)	(10.5)	(10.2)
Grants and subsidies paid	(1 314.2)	(1 351.2)	(1 250.5)	(1 214.7)
Other payments	(229.1)	(222.6)	(272.5)	(260.1)
	(5 654.1)	(5 788.5)	(5 749.0)	(5 463.0)
Net cash flows from operating activities	420.3	464.9	605.9	1 213.0
Cash flows from investing activities				
Net cash flows from non-financial assets				
Purchase of non-financial assets	(603.1)	(514.1)	(415.0)	(415.6)
Sale of non-financial assets	33.0	30.8	35.2	31.2
	(570.1)	(483.3)	(379.9)	(384.4)
Net cash flows from financial assets (policy purposes)				
Equity injections	(58.8)	(151.4)	(146.7)	(785.3)
Net advances paid	(2.1)	(24.4)	(16.8)	(4.2)
Equity disposals	0.7	1.1	3.6	1.8
	(60.3)	(174.6)	(160.0)	(787.6)
Net cash flows from financial assets (liquidity purposes)				
Net purchase of investments	....	39.9	40.2	(40.0)
	....	39.9	40.2	(40.0)
Net cash flows from investing activities	(630.3)	(618.0)	(499.7)	(1 212.0)

Table 2.7: General Government Cash Flow Statement (continued)

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Cash flows from financing activities				
Net borrowing	147.8	29.7	(56.5)	(75.7)
Other financing	....	....	....	1.2
	147.8	29.7	(56.5)	(74.5)
Net increase/(decrease) in cash held	(62.3)	(123.4)	49.8	(73.5)
Cash at the beginning of the year	1 179.6	1 253.4	1 253.4	1 326.9
Cash at the end of the year	1 117.2	1 130.0	1 303.2	1 253.4
KEY FISCAL AGGREGATES				
Net cash from operating activities	420.3	464.9	605.9	1 213.0
Plus Net cash from investments in non-financial assets	(570.1)	(488.3)	(379.9)	(384.4)
Equals CASH SURPLUS/(DEFICIT)	(149.8)	(18.4)	226.0	828.6

3 CONSOLIDATED FUND

Table 3.1 Consolidated Fund Preliminary Outcome

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Recurrent Receipts				
Australian Government sources				
General purpose payments	2 387.4	2 424.8	2 424.8	2 254.9
Specific purpose payments	532.3	544.9	541.4	513.9
National partnership payments	73.0	36.7	36.7	71.6
Other grants and subsidies	0.1	0.1	....	....
	2 992.7	3 006.4	3 003.0	2 840.4
State sources				
Taxation	1 004.3	1 036.3	1 036.1	975.2
Receipts from government businesses	350.4	387.0	379.9	276.8
Departmental fees and recoveries	99.9	102.1	107.0	101.5
Recoveries of state debt charges	0.1	0.1	....	....
Sale and rent of government property	5.0	5.0	5.0	5.0
Resource rents and royalties	45.8	38.0	41.3	43.7
Other recurrent receipts	159.8	206.9	182.9	154.3
	1 665.2	1 775.4	1 752.2	1 556.4
Capital Receipts				
State sources				
Other capital receipts	3.5	3.5	3.4	3.4
	3.5	3.5	3.4	3.4
Total Receipts	4 661.4	4 785.3	4 758.6	4 400.2
Less Expenditure				
Recurrent services				
Appropriation Act	4 083.4	4 136.1	4 101.7	3 782.0
Reserved by Law	344.1	327.5	298.3	307.3
	4 427.4	4 463.6	4 400.0	4 089.3
Works and services				
Capital Investment Program	395.5	356.4	344.0	237.4
	395.5	356.4	344.0	237.4
Total Expenses	4 822.9	4 820.0	4 744.0	4 326.7
CONSOLIDATED FUND SURPLUS/(DEFICIT)	(161.5)	(34.6)	14.6	73.5

Table 3.2: Consolidated Fund Expenditure

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Education				
Recurrent services	1 261.9	1 271.8	1 272.3	1 214.8
Works and services	47.8	33.7	33.7	48.2
	1 309.7	1 305.5	1 306.0	1 263.0
Finance-General				
Recurrent services	289.0	236.8	225.0	253.3
Reserved by Law	310.4	291.6	264.1	278.4
Works and services	27.7	11.8	1.8	....
	627.1	540.1	490.9	531.7
Health and Human Services				
Recurrent services	1 401.0	1 475.4	1 477.3	1 249.5
Works and services	152.5	156.4	156.4	41.6
	1 553.5	1 631.9	1 633.7	1 291.1
House of Assembly				
Recurrent services	3.3	3.3	3.1	2.9
Reserved by Law	5.0	5.9	6.0	5.0
	8.3	9.2	9.1	7.9
Integrity Commission				
Recurrent services	2.5	2.5	2.5	2.3
	2.5	2.5	2.5	2.3
Justice				
Recurrent services	142.7	149.9	148.6	134.5
Reserved by Law	16.5	18.7	17.0	12.0
Works and services	2.1	3.9	3.9	1.5
	161.3	172.4	169.6	148.1
Legislative Council				
Recurrent services	3.9	3.9	3.9	3.8
Reserved by Law	3.0	3.0	3.0	3.0
Works and services	0.7	0.7	....	....
	7.6	7.6	7.0	6.9
Legislature-General				
Recurrent services	6.6	7.0	7.0	6.5
Works and services	....	....	....	0.8
	6.6	7.0	7.0	7.3
Ministerial and Parliamentary Support				
Recurrent services	19.1	21.6	21.9	19.2
Reserved by Law	1.1	0.2	0.2	1.1
	20.2	21.8	22.1	20.2

Table 3.2: Consolidated Fund Expenditure (continued)

	2017-18 Original Budget	2017-18 Estimated Outcome	2017-18 Preliminary Outcome	2016-17 Actual
	\$m	\$m	\$m	\$m
Office of the Director of Public Prosecutions				
Recurrent services	7.1	7.1	7.1	5.9
Reserved by Law	0.5	0.5	0.5	0.5
	7.6	7.6	7.6	6.4
Office of the Governor				
Recurrent services	3.5	3.5	3.5	3.4
Reserved by Law	0.6	0.6	0.5	0.5
	4.1	4.1	4.0	3.9
Office of the Ombudsman				
Recurrent services	2.3	2.3	2.3	2.1
	2.3	2.3	2.3	2.1
Police, Fire and Emergency Management				
Recurrent services	221.0	228.7	228.0	208.0
Works and services	8.0	12.8	12.8	12.2
	229.0	241.5	240.7	220.2
Premier and Cabinet				
Recurrent services	70.4	86.9	79.6	66.3
Reserved by Law	6.4	6.5	6.5	6.3
Works and services	2.1	2.5	1.5	1.1
	78.9	95.9	87.6	73.8
Primary Industries, Parks, Water and Environment				
Recurrent services	174.4	184.7	188.5	172.4
Works and services	23.5	11.7	11.7	19.0
	197.9	196.4	200.2	191.4
State Growth				
Recurrent services	384.8	361.7	348.0	366.4
Reserved by Law	0.1	0.1	....	....
Works and services	128.0	120.0	119.3	110.4
	512.9	481.8	467.3	476.8
Tasmanian Audit Office				
Recurrent services	2.0	2.0	2.0	1.8
Reserved by Law	0.5	0.5	0.4	0.4
	2.5	2.5	2.4	2.2
Tourism Tasmania				
Recurrent services	29.3	28.7	28.7	26.8
	29.3	28.7	28.7	26.8
Treasury and Finance				
Recurrent services	58.7	58.3	52.5	42.1
Works and services	2.9	2.9	2.9	2.6
	61.6	61.2	55.4	44.7
TOTAL CONSOLIDATED FUND EXPENDITURE	4 822.9	4 820.0	4 744.0	4 326.7



Tasmanian
Government