

Preliminary Outcomes Report 2018-19



Preliminary Outcomes Report 2018-19

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I INTRODUCTION

The *Preliminary Outcomes Report 2018-19* provides details on the General Government's financial results for 2018-19. It presents the preliminary financial data for the General Government Sector against the forecasts contained in the 2018-19 Budget and the 2018-19 Estimated Outcome (published in the 2019-20 Budget).

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 2018-19 Budget and reporting requirements of the Uniform Presentation Framework. Financial information for this Report is provided by Government entities to Treasury in early 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 2019.

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.

On 1 July 2019, the *Financial Management Act 2016* came into effect, replacing the *Public Account Act 1986* and the *Financial Management and Audit Act 1990*. As a result, the Consolidated Fund ceased to exist from 1 July 2019. Consequently, this Report will be the final Preliminary Outcomes Report to present information on the Consolidated Fund. From 2019-20, information will be presented on the receipts and expenditure of the Public Account.

This Report should be read in conjunction with the 2018-19 Budget Papers.

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 2018-19 is at Table 2.3.

Table 2.1: General Government Summary of Operating Result

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions	6 217.3	6 381.0	6 430.0	6 093.0
Expenses from transactions	6 055.4	6 339.7	6 328.1	5 966.9
Net Operating Balance – Surplus/(Deficit)	161.9	41.3	101.9	126.1
Less Net acquisition of non-financial assets	446.5	398.2	278.6	129.9
Equals Fiscal Balance – Surplus/(Deficit)	(284.6)	(356.9)	(176.7)	(3.8)

Estimated Outcome

The 2018-19 Estimated Outcome is presented in Appendix 2 of the 2019-20 Budget (published 23 May 2019). The Estimated Outcome is compiled from information provided by agencies in March 2019. As a result, 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 \$101.9 million represents an improvement of \$60.6 million from the Estimated Outcome Surplus of \$41.3 million. The main variations from the Estimated Outcome are set out below.

Preliminary Revenue from transactions is \$6 430 million, which is \$49 million above the Estimated Outcome of \$6 381 million. This increase is mainly due to:

- an increase in Dividend, tax and rate equivalent income of \$30.1 million, which is due to additional income tax equivalent income of \$30 million as a result of an improvement in profit forecasts for Government businesses in 2018-19; and

- an increase in Other revenue of \$53.5 million, which is primarily due to additional revenue recognised by:
 - the Department of Health of \$21.4 million as a result of higher than budgeted recoveries in relation to salaries, wages and workers compensation. This is offset by increased Employee expenses;
 - the Department of Police, Fire and Emergency Management of \$13.3 million, which is a result of additional revenue related to the Tasmanian Government Radio Network Project of \$9.2 million and the Triple Zero Project of \$2.2 million;
 - the State Fire Commission of \$11.7 million, primarily as a result of the reimbursement of wildfire fighting costs from Sustainable Timber Tasmania of \$5.9 million and other recoveries; and
 - the Department of Communities Tasmania of \$9.2 million as a result of additional housing services revenue.

These increases in Revenue are partly offset by a decrease in:

- Grants of \$30.5 million, which is primarily due to a decrease in National partnership payments of \$37 million consisting of decreases for:
 - Natural Disaster Relief and Recovery Arrangements of \$11.7 million, which reflects timing for the reimbursement of costs associated with the June 2016 floods; and
 - Community Health, Hospitals and Infrastructure projects of \$9.4 million; and
- Sales of goods and services of \$14.2 million, which is primarily due to a decrease in revenue for the Department of Health of \$16 million. This reflects a shortfall in inpatient fees and income from the Pharmaceutical Benefits Scheme in relation to the Hepatitis “C” program. This decrease is offset by a reduction in medical expenses.

Preliminary Expenses from transactions is \$6 328.1 million, which is \$11.6 million below the Estimated Outcome of \$6 339.7 million. The main variations include:

- Employee expenses is \$17.1 million higher, primarily due to increases of \$13.7 million for the Department of Police, Fire and Emergency Management and \$6.6 million for the Department of Health;
- Supplies and consumables is \$123.9 million higher, primarily due to increases of:
 - \$25.9 million for Department of Communities Tasmania due to additional expenditure in Out of Home Care, additional Housing maintenance and higher than anticipated housing rates and insurance costs;
 - \$31.2 million for the Department of Health, which is primarily due to higher than budgeted expenditure of \$14.8 million on information technology as a result of additional costs related to the Digital Transformation Priority Expenditure Program and an increase in the contractual costs for current IT licensing arrangements. There is also an increase of \$10.1 million in property services expenditure;
 - \$36.5 million for the Department of Police, Fire and Emergency Management, primarily relating to unbudgeted project costs and additional costs related to Business and Executive Services staff transferred from the State Fire Commission and helicopter resources; and
 - \$35.3 million for the State Fire Commission, primarily due to additional costs as a result of the Southern and Central Tasmania bushfires; and

- Grant and subsidy expenses is \$159.9 million lower, primarily due to:
 - a decrease of \$79.7 million for the Department of Communities Tasmania, which is primarily due to lower than anticipated expenses arising from the transition to the National Disability Insurance Scheme. The number of clients transitioning to NDIS in 2018-19 was significantly lower than budgeted. The Department is continuing to work collaboratively with the National Disability Insurance Agency on transitioning clients in 2019-20; and
 - a decrease of \$69.7 million for Finance-General, which primarily reflects the additional funding of \$64 million provided to meet the cost of the Southern and Central Tasmania bushfires, which was transferred to other General Government Sector entities and Sustainable Timber Tasmania to meet the bushfire costs.

The preliminary Fiscal Deficit of \$176.7 million represents an improvement of \$180.2 million from the Estimated Outcome Deficit of \$356.9 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 \$125.6 million below the Estimated Outcome. This decrease primarily reflects revised cash flows for:
 - the Department of Health of \$45.7 million, which primarily relates to revised cash flows for the Royal Hobart Hospital Redevelopment;
 - the Department of State Growth of \$29.1 million, which primarily relates to revised cash flows for the Roads Program. Major variances include the Hobart Airport Interchange (\$22 million), New Bridgewater Bridge (\$5 million) and the Midland Highway (\$4.7 million);
 - TasTAFE of \$15 million, which relates to revised cash flows for various projects such as training infrastructure, Drysdale developments and the Agricultural Centre of Excellence; and
 - the Department of Communities Tasmania of \$11.1 million, which primarily relates to revised cash flows for Housing Projects.

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 2018-19 Underlying Net Operating Balance is estimated to be a deficit of \$43.2 million, an improvement of \$69.1 million from the Estimated Outcome Deficit of \$112.3 million.

Table 2.2: Underlying Net Operating Balance

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Net Operating Balance	161.9	41.3	101.9	126.1
<i>Less Impact of One-off Australian Government funding</i>				
Bridgewater Bridge	(5.0)	....	....	....
Cradle Mountain Experience	(2.0)	....	....	....
Roads and Rail Funding (Nation Building)	(97.4)	(94.4)	(92.9)	(107.9)
Roads of Strategic Importance	(10.0)	(5.0)	(2.2)	....
Royal Hobart Hospital Redevelopment	(17.5)	(17.5)	(17.5)	(18.0)
Water for the Future Funding	....	....	....	(21.2)
Sustainable Rural Water Use and Infrastructure Program	(34.5)	(35.8)	(32.5)	....
Urban Congestion Fund	....	(1.0)	....	....
	(166.4)	(153.6)	(145.1)	(147.1)
Underlying Net Operating Balance	(4.5)	(112.3)	(43.2)	(21.0)

Table 2.3: General Government Income Statement

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions				
Grants	3 893.9	4 018.9	3 988.4	3 811.2
Taxation	1 215.2	1 195.2	1 200.1	1 160.3
Sales of goods and services	417.6	424.6	410.4	406.9
Fines and regulatory fees	98.6	98.6	106.2	108.1
Interest income	17.8	24.7	22.2	20.4
Dividend, tax and rate equivalent income	409.7	451.1	481.2	388.6
Other revenue	164.6	167.9	221.4	197.6
	6 217.3	6 381.0	6 430.0	6 093.0
Expenses from transactions				
Employee expenses	2 531.5	2 665.8	2 682.9	2 567.8
Superannuation	294.1	328.7	332.1	309.7
Depreciation	264.1	273.0	273.2	272.5
Supplies and consumables	1 232.7	1 269.4	1 393.3	1 261.1
Nominal superannuation interest expense	270.9	243.3	243.3	255.0
Borrowing costs	9.5	9.4	8.9	10.4
Grant and subsidy expenses	1 393.1	1 511.9	1 352.0	1 249.4
Other expenses	59.5	38.2	42.5	40.9
	6 055.4	6 339.7	6 328.1	5 966.9
Equals NET OPERATING BALANCE	161.9	41.3	101.9	126.1
Plus Other economic flows – included in Operating Result				
Gain/(loss) on sale of non-financial assets	12.2	18.1	8.8	0.5
Revaluation of equity investment in PNFC and PFC sectors	(93.7)	121.9	(407.2)	134.2
Movements in superannuation liability	....	1 415.6	(1 826.9)	(277.4)
Other gains/(losses)	(4.2)	42.8	(125.9)	11.5
	(85.7)	1 598.4	(2 351.2)	(131.1)
Equals Operating Result	76.2	1 639.7	(2 249.3)	(5.0)

Table 2.3: General Government Income Statement (continued)

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Plus Other economic flows – Other movements in Equity				
Revaluations of non-financial assets	268.4	274.3	1 030.1	969.6
Other non-owner movements in Equity	3.8	....	19.4	1.8
	272.2	274.3	1 049.5	971.5
Equals Comprehensive Result	348.4	1 914.0	(1 199.9)	966.5
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	161.9	41.3	101.9	126.1
Less Net acquisition of non-financial assets				
Purchases of non-financial assets	741.0	707.5	581.9	436.3
Less Sales of non-financial assets	30.4	36.3	30.2	33.9
Less Depreciation	264.1	273.0	273.2	272.5
	446.5	398.2	278.6	129.9
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(284.6)	(356.9)	(176.7)	(3.8)

Table 2.4: General Government Grants

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Australian Government Grants				
General purpose payments	2 487.7	2 445.1	2 445.1	2 424.9
Specific purpose payments	997.2	1 004.1	1 007.7	965.5
National partnership payments	359.3	513.1	476.1	361.4
Other grants and subsidies	49.7	56.6	59.5	59.5
	3 893.9	4 018.9	3 988.4	3 811.2

Table 2.5: General Government Taxation

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Payroll tax	354.2	369.3	370.9	353.8
Taxes on property				
Land tax	111.1	113.3	107.7	105.0
Fire service levies	62.6	62.6	67.5	61.6
Government guarantee fees	15.5	16.7	15.7	17.0
Conveyance duty	297.7	245.8	248.5	254.9
Taxes on the provision of goods and services				
Gambling taxes				
Casino tax and licence fees	51.0	51.8	50.6	51.5
Lottery tax	30.7	35.0	37.8	30.1
Totalizator wagering levy	7.4	7.5	7.4	7.3
Insurance duty	94.3	97.3	97.8	92.0
Taxes on the use of goods and services				
Vehicle registration fees	43.8	43.8	44.9	43.2
Motor vehicle fees and taxes				
Motor vehicle duty	48.4	49.4	48.7	47.5
Motor tax	89.9	94.1	93.5	88.5
Motor vehicle fire levy	8.5	8.5	8.8	8.2
	1 215.2	1 195.2	1 200.1	1 160.3

Revenue Variations from Original Budget

Preliminary Revenue from transactions is \$6 430 million in 2018-19, which is \$212.7 million higher than the 2018-19 Original Budget estimate of \$6 217.3 million. The main variations are outlined below.

Revenue Item	Variance	Reasons
Grants	\$94.5 million higher	
General purpose payments	\$42.6 million lower	The decrease in General purpose payments funding is primarily a result of a reduction in the estimated GST pool available for distribution to the states, together with a negative \$3.6 million residual adjustment for GST revenue overpaid to Tasmania in 2017-18.
Specific purpose payments	\$10.5 million higher	<p>The increase in Specific purpose payments primarily reflects an increase in Australian Government funding for <i>Quality Schools, Quality Outcomes</i> of \$12 million.</p> <p>This increase is partially offset by a decrease in Australian Government Block and Activity Based National Health Reform funding of \$3.6 million, following a revision in activity estimates together with the reconciliation of 2017-18 payments.</p>
National partnership payments	\$116.8 million higher	<p>The increase in National partnership payments primarily reflects:</p> <ul style="list-style-type: none"> • new funding for Project Marinus of \$56 million; • an increase in Grants to the State for Local Government of \$39.4 million due to an advance payment made by the Australian Government. This advance payment was on-paid to the Local Government sector on receipt; • an increase in Pest and Disease Preparedness and Response funding of \$20 million, which primarily reflects the reallocation of the payment by the Australian Government from 2017-18 to 2018-19; and • an increase in funding for the Skilling Australians Fund of \$5.5 million reflecting the new agreement.

Revenue Item	Variance	Reasons
Grants (continued)		
Other grants and subsidies	\$9.8 million higher	<p>The increase in Other grants and subsidies primarily reflects additional grants for:</p> <ul style="list-style-type: none"> the Department of Health of \$4.9 million relating to Commonwealth own-purpose expenses; and the Department of State Growth of \$2.7 million relating to Industry contributions.
Taxation	\$15.1 million lower	<p>The decrease in Taxation primarily reflects a \$49.2 million downwards revision in conveyance duty, largely driven by a reduction in residential property transaction volumes in the south of the State.</p> <p>This decrease is partially offset by upward revisions in:</p> <ul style="list-style-type: none"> Payroll tax receipts of \$16.7 million mainly due to stronger employment growth; Lottery tax receipts of \$7.1 million primarily due to large jackpot draws; Motor tax revenue of \$3.6 million, due to strong growth in the number of registered vehicles; and Insurance duty of \$3.5 million, reflecting the stronger premium revenue growth of general insurers.
Dividend, tax and rate equivalent income	\$71.5 million higher	<p>The increase in Dividend, tax and rate equivalent income reflects increased dividends of \$14.8 million and increased tax equivalent income of \$56.6 million.</p> <p>These increases primarily reflect improved profit forecasts which have resulted in additional revenue from:</p> <ul style="list-style-type: none"> Hydro Tasmania, which is due to favourable trading conditions in the National Electricity Market together with very strong yields into hydro catchments resulting in higher profits; and TT-Line Company Pty Ltd, which is due to higher passenger numbers.

Revenue Item	Variance	Reasons
Other revenue	\$56.8 million higher	<p>The increase in Other revenue primarily reflects additional revenue recognised by:</p> <ul style="list-style-type: none"> • the Department of Health of \$28.7 million as a result of additional recoveries in relation to salaries and wages and workers compensation; • the Department of Communities Tasmania of \$11.2 million, which reflects additional housing services revenue; and • the Department of Police, Fire and Emergency Management of \$11.9 million, primarily as a result of revenue related to the Tasmanian Government Radio Network Project of \$9.2 million and the Triple Zero Project of \$2.2 million.

Expense Variations from Original Budget

Preliminary Expenses from transactions is \$6 328.1 million in 2018-19, which is \$272.7 million higher than the 2018-19 Original Budget of \$6 055.4 million. The major variations are outlined below.

Expense Item	Variance	Reasons
Employee expenses	\$151.4 million higher	<p>The increase in Employee expenses primarily reflects increases for:</p> <ul style="list-style-type: none"> the Department of Health of \$119.1 million, which reflects additional funding of \$95.6 million provided to support demand for health and ambulance services. In addition, \$21 million was reclassified from Grant and subsidy expenses to Employee expenses; the Department of Education of \$9.8 million primarily due to revised funding from the Australian Government and increased State funding to Government Schools; the Department of Police, Fire and Emergency Management of \$13.7 million primarily due to additional salary costs of \$6.9 million for Business and Executive services staff transferred from the State Fire Commission and unbudgeted costs of \$2.7 million associated with the Tasmanian Government Radio Network Project; and the State Fire Commission of \$5.1 million reflecting additional costs as a result of the Southern and Central Tasmania bushfires.
Superannuation	\$38 million higher	The increase in Superannuation reflects the latest actuarial projection of the defined benefit obligation resulting from employee service in 2018-19.
Supplies and consumables	\$160.6 million higher	<p>The increase in Supplies and consumables primarily reflects increases for:</p> <ul style="list-style-type: none"> the Department of Communities Tasmania of \$40.5 million, which reflects additional expenditure for Out of Home Care, housing maintenance and higher than anticipated housing rates and insurance costs.

Expense Item	Variance	Reasons
Supplies and consumables (continued)		<ul style="list-style-type: none"> • the Department of Health of \$46.1 million primarily due to: <ul style="list-style-type: none"> – higher than budgeted expenditure on information technology of \$15.7 million, which is related to the Digital Transformation Priority Expenditure Program and an increase in the contractual costs for current IT licensing arrangements; – an increase of \$10.4 million for property services expenditure; and – an increase in medical, surgical and pharmacy supply costs of \$7.2 million; • the Department of Police, Fire and Emergency Management of \$41.1 million primarily due to additional costs of: <ul style="list-style-type: none"> – \$11.5 million for the Tasmanian Government Radio Network Project; – \$5.5 million for Project Unify; – \$2.3 million for the Emergency Services Computer Aided Dispatch Project; – \$2.0 million for the Triple Zero Project; and – \$1.5 million for helicopter resources; and • State Fire Commission of \$35.3 million due to additional costs as a result of the Southern and Central Tasmania bushfires.
Nominal superannuation interest expense	\$27.6 million lower	The decrease reflects the most recent actuarial assessment of the Government's superannuation liability.
Grant and subsidy expenses	\$41.1 million lower	<p>The movement in Grant and subsidy expenses primarily reflects:</p> <ul style="list-style-type: none"> • a decrease of \$65.4 million for the Department of Communities Tasmania primarily reflecting lower than anticipated expenses from the transition to the NDIS. The number of clients transitioning to the NDIS in 2018-19 was significantly lower than budgeted. The Department is continuing to work collaboratively with the National Disability Insurance Agency on transitioning clients in 2019-20;

Expense Item	Variance	Reasons
Grant and subsidy expenses (continued)		<ul style="list-style-type: none"> • a decrease of \$30.5 million for the Department of Health primarily due to the reclassification of \$21 million from Grant and subsidy expenses to Employee expenses. In addition, there is a decrease of \$9.5 million primarily due to revised cashflows for various grants, which include: <ul style="list-style-type: none"> - Improving Health Services Tasmania Projects; - Improving Collaborative Care; - Statement of Purchasing Intent Grants; and - Developing a Wellness Framework for Tasmania; and • an increase of \$44.3 million for Finance-General primarily due to additional Local Government Grants of \$39.4 million as a result of an advance payment from the Australian Government.

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

Preliminary Other economic flows – included in Operating Result is negative \$2 351.2 million in 2018-19, which is \$2 265.5 million lower than the 2018-19 Original Budget estimate of negative \$85.7 million. The main changes are outlined below.

Line Item	Variance	Reasons
Revaluation of equity investment in PNFC and PFC sectors	\$313.5 million lower	<p>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 lower than budgeted net assets for Government businesses such as:</p> <ul style="list-style-type: none"> • Hydro Tasmania; • Motor Accidents Insurance Board; • Tasmanian Networks Pty Ltd; and • Tasmanian Railway Pty Ltd.
Movements in superannuation liability	\$1 826.9 million lower	<p>The movements is due to a revaluation loss, which 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 3.0 per cent at 30 June 2018 to 1.8 per cent at 30 June 2019.</p>
Other gains/(losses)	\$121.7 million lower	<p>The decrease in Other gains/(losses) is primarily due to:</p> <ul style="list-style-type: none"> • a decrease for Finance-General of \$141.2 million, which is primarily due to a revision of the deferred tax assets resulting in an increased revaluation loss of \$148 million. <p>This was partly offset by an increased revaluation loss of \$10.8 million for the Tasmanian Risk Management Fund liability, based on the latest valuation advice provided from the actuary; and</p> <ul style="list-style-type: none"> • an increase for the Department of State Growth of \$17.8 million which is primarily due to an inflow of \$47.9 million to recognise the transfer of Macquarie and Davey Streets from Hobart City Council. <p>This was partly offset by a \$29.7 million write-down of assets, including replaced road infrastructure of \$11 million and the transfer of Macquarie Point land of \$18.3 million.</p>

Net Acquisition of Non-Financial Assets Variations from Original Budget

Preliminary Net acquisition of non-financial assets is \$278.6 million in 2018-19, which is \$167.9 million lower than the 2018-19 Original Budget estimate of \$446.5 million. The major variations are outlined below.

Line Item	Variance	Reasons
Purchases of non-financial assets	\$159.1 million lower	<p>This primarily reflects decreases for:</p> <ul style="list-style-type: none">• the Department of State Growth of \$54.9 million, which is primarily due to revised timing of Roads Program funding including:<ul style="list-style-type: none">– Hobart Airport Interchange (\$22.6 million);– Roads of Strategic Importance (\$8.2 million);– Road Safety and Traffic Management (\$7.6 million);– Mowbray Connector (\$6.1 million);– New Bridgewater Bridge (\$5.3 million); and– Midland Highway (\$4.7 million);• the Department of Education of \$34.8 million due to revised cash flows for school infrastructure projects;• the Department of Primary Industries, Parks, Water and Environment of \$22.4 million, which is primarily due to revised cash flows of \$15.4 million for the Cradle Mountain Experience;• the Department of Communities Tasmania of \$20.2 million due to revised cash flows for the Affordable Housing Strategy; and• TasTAFE of \$15 million, which relates to revised cash flows for various projects such as Drysdale and other Training Infrastructure assets.

Balance Sheet

Table 2.6: General Government Balance Sheet as at 30 June

	2019 Original Budget	2019 Estimated Outcome	2019 Preliminary Outcome	2018 Actual
	\$m	\$m	\$m	\$m
Assets				
Financial assets				
Cash and deposits	938.7	1 098.5	1 258.4	1 292.7
Investments	139.8	107.9	119.0	64.4
Equity investment in PNFC and PFC sectors	5 398.3	5 587.7	5 053.8	5 393.4
Other equity investments	47.9	46.0	45.9	20.5
Receivables	316.9	310.0	345.6	313.2
Other financial assets	802.9	804.3	618.6	796.7
	7 644.5	7 954.4	7 441.2	7 880.9
Non-financial assets				
Land and buildings	6 635.1	6 672.4	7 104.9	6 321.5
Infrastructure	5 259.9	5 783.8	5 976.4	5 477.8
Plant and equipment	255.9	259.2	244.0	234.7
Heritage and cultural assets	486.0	474.3	466.4	462.2
Investment property	4.0	3.9	3.0	3.6
Intangibles	54.5	52.9	59.4	56.5
Assets held for sale	9.4	11.3	9.1	9.0
Other non-financial assets	43.6	41.3	46.7	39.5
	12 748.4	13 299.1	13 909.9	12 604.7
Total Assets	20 392.9	21 253.6	21 351.1	20 485.6
Liabilities				
Borrowings	748.9	671.2	593.5	493.2
Superannuation	6 868.1	6 939.1	10 187.4	8 276.8
Employee entitlements	648.3	683.8	714.2	675.1
Payables	135.8	162.0	174.4	161.7
Other liabilities	398.4	383.1	381.0	378.5
Total Liabilities	8 799.6	8 839.2	12 050.5	9 985.2
Net Assets	11 593.3	12 414.4	9 300.6	10 500.4

Table 2.6: General Government Balance Sheet as at 30 June (continued)

	2019 Original Budget	2019 Estimated Outcome	2019 Preliminary Outcome	2018 Actual
	\$m	\$m	\$m	\$m
Equity				
Accumulated funds	6 098.7	6 197.0	4 016.6	4 557.3
Asset revaluation reserve	5 494.6	6 217.5	5 284.0	5 943.2
Total Equity	11 593.3	12 414.4	9 300.6	10 500.4
KEY FISCAL AGGREGATES				
NET WORTH¹	11 593.3	12 414.4	9 300.6	10 500.4
NET FINANCIAL WORTH²	(1 155.1)	(884.7)	(4 609.3)	(2 104.3)
NET FINANCIAL LIABILITIES³	6 553.4	6 472.5	9 663.1	7 497.7
NET DEBT⁴	(329.6)	(535.2)	(783.8)	(863.9)

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 PNFC and PFC sectors.
4. Net Debt represents Borrowings less the sum of Cash and deposits and Investments.

Balance Sheet Variations from 30 June 2018 Outcome

Budget estimates for the 2019 Balance Sheet were compiled in June 2018, prior to completion of the actual outcomes for 30 June 2018. The preliminary outcome variance from the Original Budget estimate will reflect the difference between the estimated and actual opening balances for 2018. The following commentary is therefore based on movements between the 30 June 2018 actual outcome and the 30 June 2019 preliminary outcome.

Assets Variations

Preliminary General Government Assets are \$21 351.1 million at 30 June 2019, an increase of \$865.5 million from the 30 June 2018 balance of \$20 485.6 million. The major variations are outlined below.

Line Item	Variance from 2018	Reasons
Cash and deposits	\$34.3 million lower	The decrease primarily reflects: <ul style="list-style-type: none">• a decrease in the balance of cash held in the Special Deposits and Trust Fund of \$30.1 million; and• a decrease in cash held outside the Public Account of \$4.2 million.
Investments	\$54.6 million higher	The increase primarily reflects an increase in: <ul style="list-style-type: none">• the TT-Line Vessel Replacement Fund of \$40 million, which has been invested with the Tasmanian Public Finance Corporation; and• industry and business assistance loans of \$17.5 million, provided by the Department of State Growth.
Equity investment in PNFC and PFC sectors	\$339.6 million lower	The decrease primarily reflects a decrease in net assets held by: <ul style="list-style-type: none">• Hydro Tasmania;• Motor Accidents Insurance Board; and• Tasmanian Public Finance Corporation.
Other financial assets	\$178.1 million lower	The decrease primarily reflects a decrease of \$167.7 million in the deferred tax assets held by Finance-General to mirror tax liabilities held in the PNFC and PFC sectors.

Line Item	Variance from 2018	Reasons
Land and buildings	\$783.4 million higher	<p>The increase primarily reflects increases for:</p> <ul style="list-style-type: none"> the Department of Communities Tasmania of \$392.4 million, primarily due to the revaluation of Housing assets; the Department of Health of \$198.5 million; primarily due to the Royal Hobart Hospital Redevelopment; and the Department of Primary Industries, Parks, Water and Environment of \$147.9 million, primarily as a result of the revaluation of land and building assets.
Infrastructure	\$498.6 million higher	<p>The increase primarily reflects increases for:</p> <ul style="list-style-type: none"> the Department of State Growth of \$476.4 million as a result of capital works of \$183.2 million, transfer of infrastructure assets from the Hobart City Council of \$47.9 million and the revaluation of road infrastructure assets of \$360.1 million. This was partly offset by the write-down of assets of \$11.2 million and depreciation of \$103.9 million; and Finance-General of \$14.1 million as a result of expenditure relating to Digital Transformation Projects.

Liability Variations

Preliminary General Government Liabilities are \$12 050.5 million at 30 June 2019, \$2 065.3 million higher than the 30 June 2018 balance of \$9 985.2 million. The major variations are outlined below.

Line Item	Variance from 2018	Reasons
Borrowings	\$100.3 million higher	<p>The increase primarily reflects an increase of \$120 million in the overnight borrowing transaction undertaken by Finance-General, increasing from \$260 million to \$380 million.</p> <p>This increase was partly offset by decreases for:</p> <ul style="list-style-type: none">• the Department of State Growth of \$10.8 million due to the repayment of loans from the Australian Government and the Tasmanian Public Finance Corporation; and• Finance-General of \$7.8 million due to the repayment of housing loans from the Australian Government.
Superannuation	\$1 910.6 million higher	<p>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 3.0 per cent at 30 June 2018 to 1.8 per cent at 30 June 2019.</p>
Employee entitlements	\$39.1 million higher	<p>The increase primarily reflects increases in accrued salaries, annual leave and long service leave liabilities with increases recognised by:</p> <ul style="list-style-type: none">• the Department of Health of \$26.7 million;• the Department of Police, Fire and Emergency Management of \$6.3 million;• the Department of Education of \$4.8 million; and• the Department of Primary Industries, Parks, Water and Environment of \$1.5 million.

Cash Flow Statement

Table 2.7: General Government Cash Flow Statement

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Cash received from operating activities				
Grants received	3 893.9	4 019.0	3 999.8	3 818.6
Taxation	1 213.6	1 192.6	1 187.8	1 163.9
Sales of goods and services	417.0	424.1	389.1	402.0
Fines and regulatory fees	98.6	98.7	100.5	104.0
Interest received	17.8	23.6	20.6	19.6
Dividend, tax and rate equivalents	412.0	495.5	503.2	402.2
Other receipts	355.2	358.5	486.5	459.2
	6 407.9	6 611.9	6 687.5	6 369.4
Cash payments for operating activities				
Employee entitlements	(2 521.3)	(2 655.5)	(2 656.9)	(2 544.9)
Superannuation	(481.8)	(492.7)	(489.0)	(434.7)
Supplies and consumables	(1 244.5)	(1 279.3)	(1 291.1)	(1 226.9)
Borrowing costs	(9.5)	(9.5)	(11.4)	(10.4)
Grants and subsidies paid	(1 393.1)	(1 511.9)	(1 358.1)	(1 258.2)
Other payments	(252.1)	(230.7)	(317.6)	(281.9)
	(5 902.3)	(6 179.7)	(6 124.0)	(5 756.8)
Net cash flows from operating activities	505.6	432.2	563.5	612.6
Cash flows from investing activities				
Net cash flows from non-financial assets				
Purchase of non-financial assets	(731.8)	(699.1)	(581.9)	(436.3)
Sale of non-financial assets	30.4	32.4	30.2	33.9
	(701.4)	(666.6)	(551.8)	(402.4)
Net cash flows from financial assets (policy purposes)				
Equity injections	(98.7)	(97.9)	(92.1)	(139.6)
Net advances paid	(27.6)	(3.0)	(17.1)	(16.9)
Equity disposals	1.1	3.6	2.9	....
	(125.1)	(97.3)	(106.3)	(156.4)
Net cash flows from financial assets (liquidity management purposes)				
Net (purchase)/sale of investments	(40.5)	(40.6)	(40.3)	39.7
	(40.5)	(40.6)	(40.3)	39.7
Net cash flows from investing activities	(866.9)	(804.5)	(698.3)	(519.0)

Table 2.7: General Government Cash Flow Statement (continued)

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Net cash flows from financing activities				
Net borrowing	170.0	178.0	100.4	(56.5)
Other financing	....	....	....	2.2
	170.0	178.0	100.4	(54.3)
Net increase/(decrease) in cash held	(191.3)	(194.2)	(34.4)	39.3
Cash at the beginning of the year	1 130.0	1 292.7	1 292.7	1 253.4
Cash at the end of the year	938.7	1 098.5	1 258.4	1 292.7
KEY FISCAL AGGREGATES				
Net cash from operating activities	505.6	432.2	563.5	612.6
Plus Net cash flows from non-financial assets	(701.4)	(666.6)	(551.8)	(402.4)
Equals CASH SURPLUS/(DEFICIT)	(195.7)	(234.4)	11.7	210.2

3 CONSOLIDATED FUND

Table 3.1: Consolidated Fund Preliminary Outcome¹

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Recurrent receipts				
Australian Government sources				
General purpose payments	2 487.7	2 445.1	2 445.1	2 424.8
Specific purpose payments	529.6	579.5	582.9	541.4
National partnership payments	77.2	38.0	38.3	36.7
Other grants and subsidies	0.1	....	....	....
	3 094.5	3 062.6	3 066.3	3 003.0
State sources				
Taxation	1 087.6	1 066.3	1 053.0	1 036.1
Receipts from government businesses	388.4	472.2	479.7	379.9
Departmental fees and recoveries	102.7	102.7	108.1	107.0
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	38.8	38.8	38.9	41.3
Other recurrent receipts	247.1	281.9	269.5	182.9
	1 869.5	1 966.9	1 954.2	1 752.2
Capital receipts				
State sources	3.5	4.1	3.6	3.4
	3.5	4.1	3.6	3.4
Total Receipts	4 967.4	5 033.6	5 024.1	4 758.6
Less Expenditure				
Recurrent services				
Appropriation Act	4 350.2	4 496.2	4 422.4	4 101.7
Reserved by Law	341.0	340.7	338.9	298.3
	4 691.3	4 836.9	4 761.4	4 400.0
Works and services				
Capital Investment Program	439.1	392.6	383.6	344.0
	439.1	392.6	383.1	344.0
Total Expenditure	5 130.4	5 229.5	5 144.9	4 744.0
CONSOLIDATED FUND SURPLUS/(DEFICIT)	(162.9)	(195.9)	(120.8)	14.6

Note:

1. On 1 July 2019, the *Financial Management Act 2016* came into effect, replacing the *Public Account Act 1986* and the *Financial Management and Audit Act 1990*. As a result, the Consolidated Fund ceased to exist from 1 July 2019. Consequently, this Report will be the final Preliminary Outcomes Report to present information on the Consolidated Fund. From 2019-20, information will be presented on the receipts and expenditure of the Public Account.

Table 3.2: Consolidated Fund Expenditure by Agency¹

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Communities Tasmania²				
Recurrent services	522.0	528.0	490.2	n/a
Reserved by Law	6.5	6.7	7.2	n/a
Works and services	47.0	39.7	39.3	n/a
	575.5	574.5	536.8	n/a
Education				
Recurrent services	1 321.6	1 334.5	1 331.0	1 272.3
Works and services	59.0	27.6	27.1	33.7
	1 380.7	1 362.2	1 358.1	1 306.0
Finance-General				
Recurrent services	265.2	320.7	305.2	225.0
Reserved by Law	309.6	305.7	303.7	264.1
Works and services	24.8	24.8	24.7	1.8
	599.6	651.2	633.6	490.9
Health²				
Recurrent services	1 072.1	1 181.3	1 175.0	1 477.3
Works and services	93.3	119.2	117.5	156.4
	1 165.4	1 300.5	1 292.4	1 633.7
House of Assembly				
Recurrent services	3.4	3.4	3.1	3.1
Reserved by Law	6.0	6.4	6.5	6.0
	9.4	9.8	9.6	9.1
Integrity Commission				
Recurrent services	2.5	2.5	2.5	2.5
	2.5	2.5	2.5	2.5
Justice				
Recurrent services	179.9	162.1	160.8	148.6
Reserved by Law	13.9	16.9	16.5	17.0
Works and services	13.7	8.9	4.8	3.9
	207.5	187.9	182.1	169.5
Legislative Council				
Recurrent services	3.9	4.0	3.9	3.9
Reserved by Law	3.1	3.1	3.3	3.0
Works and services	....	0.7	0.6	....
	7.0	7.8	7.8	7.0
Legislature-General				
Recurrent services	6.7	6.9	6.9	7.0
Works and services	....	1.8	1.8	....
	6.7	8.8	8.7	7.0

Table 3.2: Consolidated Fund Expenditure by Agency¹ (continued)

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Ministerial and Parliamentary Support				
Recurrent services	22.3	22.3	22.9	21.9
Reserved by Law	0.2	0.2	0.3	0.2
	22.5	22.5	23.2	22.1
Office of the Director of Public Prosecutions				
Recurrent services	7.3	8.0	8.0	7.1
Reserved by Law	0.5	0.5	0.5	0.5
	7.8	8.6	8.6	7.6
Office of the Governor				
Recurrent services	3.6	3.8	3.8	3.5
Reserved by Law	0.6	0.6	0.5	0.5
	4.2	4.4	4.3	4.0
Office of the Ombudsman				
Recurrent services	2.3	2.3	2.3	2.3
	2.3	2.3	2.3	2.3
Police, Fire and Emergency Management				
Recurrent services	229.0	229.1	228.8	228.0
Works and services	6.9	3.7	3.7	12.8
	235.9	232.8	232.5	240.7
Premier and Cabinet				
Recurrent services	37.7	44.9	44.1	79.6
Reserved by Law	....	....	....	6.5
Works and services	0.3	0.3	0.3	1.5
	38.0	45.1	44.3	87.6
Primary Industries, Parks, Water and Environment				
Recurrent services	182.5	181.5	186.9	188.5
Works and services	38.4	20.9	20.9	11.7
	220.9	202.4	207.8	200.2
State Growth				
Recurrent services	394.7	367.7	357.2	348.0
Reserved by Law	0.1	0.1	....	....
Works and services	154.2	144.8	142.8	119.3
	548.9	512.5	500.0	467.3
Tasmanian Audit Office				
Recurrent services	2.0	2.0	2.0	2.0
Reserved by Law	0.5	0.5	0.4	0.4
	2.5	2.5	2.4	2.4
Tourism Tasmania				
Recurrent services	33.0	32.5	32.4	28.7
	33.0	32.5	32.4	28.7

Table 3.2: Consolidated Fund Expenditure by Agency¹ (continued)

	2018-19 Original Budget	2018-19 Estimated Outcome	2018-19 Preliminary Outcome	2017-18 Actual
	\$m	\$m	\$m	\$m
Treasury and Finance				
Recurrent services	58.5	58.5	55.3	52.5
Works and services	1.5	0.2	0.2	2.9
	60.0	58.7	55.5	55.4
TOTAL CONSOLIDATED FUND EXPENDITURE	5 130.4	5 229.5	5 144.9	4 744.0

Notes:

1. On 1 July 2019, the *Financial Management Act 2016* came into effect, replacing the *Public Account Act 1986* and the *Financial Management and Audit Act 1990*. As a result, the Consolidated Fund ceased to exist from 1 July 2019. Consequently, this Report will be the final Preliminary Outcomes Report to present information on the Consolidated Fund. From 2019-20, information will be presented on the receipts and expenditure of the Public Account.
2. From 1 July 2018, the Department of Communities Tasmania was established through the amalgamation of part of the former Department of Human and Health Services and part of the Department of Premier and Cabinet. The Department of Health and Human Services was subsequently renamed to the Department of Health. Comparatives have not been adjusted to reflect this change.



Tasmanian
Government