



Tasmanian
Government

P A R L I A M E N T O F T A S M A N I A

The Budget

Budget Paper No 1

Presented by

Hon Peter Gutwein MP, Treasurer, for the information of
Honourable Members, on the occasion of the Budget, 2021-22

Useful 2021-22 Budget and Government Websites

www.premier.tas.gov.au/budget_2021	Contains the 2021-22 Budget Paper documents and related information including Budget Fact Sheets and Government Media Releases.
www.treasury.tas.gov.au	Contains the 2021-22 Budget Papers and Budget Paper archives. It also contains detailed information on the financial management framework established by the <i>Financial Management Act 2016</i> which has applied since 1 July 2019.
www.tas.gov.au	Provides links to the websites of Tasmanian public sector entities.
www.service.tas.gov.au	Provides a comprehensive entry point to Government services in Tasmania.

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I THE 2021-22 BUDGET

Key Issues

- The 2021-22 Budget is focussed on securing Tasmania's future through:
 - record investment in the delivery of essential services;
 - delivery of all commitments made as part of the 2021 Election campaign;
 - continuing to support the Tasmanian community in its response and recovery from the COVID-19 pandemic; and
 - other targeted initiatives.
- Funding of almost \$1.6 billion is provided in the 2021-22 Budget to meet election commitments. In addition, the Budget also includes additional funding totalling almost \$1.2 billion for key priority areas: COVID-19 response and recovery; areas of increasing demand including health costs; and additional commitments announced in the 2021 State of the State address.
- The 2021-22 Budget provides for \$4.6 billion in infrastructure investment, of which \$3.8 billion will be delivered through Government agencies. In addition, the 2021-22 Budget supports infrastructure investment delivered by government businesses and other entities, with \$783.8 million in equity funding contributed to support investment.
- The Government has also announced it will support investment of \$385 million for the largest port redevelopments in Tasmania's history, including the \$240 million Port of Devonport redevelopment and the \$145 million Port of Burnie upgrade. The Government will also support Hydro Tasmania, with \$700 million to be invested in the redevelopment of the Tarraleah power station.
- Responsible financial management remains a priority of the Government and key fiscal measures included in the 2021-22 Budget and Forward Estimates forecast that the Government will return to an operating cash surplus in 2022-23, and from 2023-24, the Budget will return to a Net Operating Balance surplus.
- The Tasmanian economy is expected to have grown by two per cent in 2020-21, with the continued recovery expected to drive growth in the Tasmanian economy of four per cent in 2021-22, buoyed by strong growth in household consumption and government expenditure.
- Tasmania's successful containment of the virus has also meant that the labour market has recovered strongly since the height of the pandemic in Tasmania in May 2020. In June 2021, employment was above its pre-pandemic record high and the continuing recovery in the broader economy means that employment is expected to grow strongly in 2021-22 at two per cent, and then at its long term average over the Forward Estimates. Given the strong economic recovery, increased employment of around 8 000 persons in year-average terms over the two-year forecast period to June 2023 would be consistent with these forecasts.

Key Issues (continued)

- While the social and economic impacts of the COVID-19 pandemic have been less than originally forecast, the pandemic continues to have an ongoing impact on the day-to-day lives of Tasmanians. Initiatives incorporated in the 2021-22 Budget will provide targeted support and stimulate growth across the State.

2021-22 BUDGET CONTEXT

Over the past year, Australia has managed the COVID-19 pandemic with relative success. Reflecting this success, economic activity has recovered faster than anticipated, with the outlook over the next few years positive. While Australia is in the early stages of its vaccine rollout, it is expected that this will continue to support the economic recovery and boost confidence.

The successful management of the virus in Tasmania has allowed for the easing of many activity restrictions, with closures of the State's borders with other states and territories occurring only in response to specific outbreaks in other jurisdictions.

The Tasmanian Government's COVID-19 response and recovery measures that were included in the 2020-21 Budget, were unprecedented in scale, and have played a major role in supporting Tasmanian households and businesses. Infrastructure investment, at both a State and national level, has also supported jobs and stimulated economic activity over the past year. Historically low interest rates, alongside the Australian and Tasmanian HomeBuilder programs, have provided a significant boost to the residential construction sector.

The Tasmanian economy grew by 0.3 per cent in 2019-20, in contrast to the economic contractions experienced by most other states and the national economy. Growth of two per cent is expected in 2020-21, with growth of four per cent expected in 2021-22, supported by strong growth in household consumption and government expenditure. Through 2022-23, growth in household consumption is expected to continue, with a gradual recovery in international tourism and overseas migration anticipated to support consumption.

The labour market has rebounded strongly since the height of the pandemic and employment is expected to grow strongly in 2021-22 at two per cent and the unemployment rate is expected to be around 5½ per cent in both 2021-22 and 2022-23.

The stronger than expected economic recovery at a State and national level has contributed to material increases in revenue in the 2021-22 Budget. There have been significant upward revisions to GST pool forecasts by the Australian Government since the 2020-21 Budget, and continued strength in State Taxation revenue, particularly conveyance duty receipts.

The strength of the economy and growth in revenues, has enabled the Government to fund all of its 2021 election commitments, new initiatives, and additional infrastructure investment, while also providing additional funding to meet increased demand for health services, and continuing to meet all Fiscal Strategy Strategic Actions. The Budget will return to an operating cash surplus in 2022-23, and from 2023-24, the Budget will return to a Net Operating Balance surplus.

The Budget is supported by a positive economic and fiscal outlook. However, Tasmania's economic and fiscal circumstances may change quickly and materially. The impact of the COVID-19 pandemic continues to evolve, as demonstrated by the recent return to lockdowns across a number of jurisdictions in Australia, and continuing incidences of new cases across the world. The Government continues to carefully manage the long-term needs of the Tasmanian community and the overall Budget position.

2021-22 BUDGET HIGHLIGHTS AND FUNDING PRIORITIES

Election Commitments and Other Priorities

The 2021-22 Budget funds all commitments made as part of the 2021 Election campaign, with new funding of almost \$1.6 billion over the Budget and Forward Estimates. The 2021-22 Budget also includes additional commitments in key priority areas, targeting COVID-19 response and recovery; areas of increasing demand including health costs; and additional commitments announced in the 2021 State of the State address which total almost \$1.2 billion over the Budget and Forward Estimates. In the 2021-22 Budget, key election and other commitments include:

- \$198 million to the Tasmanian Health Service to meet demand faced by major hospitals and to support opening beds in major hospitals;
- \$120 million to address elective surgery demand in response to the COVID-19 pandemic;
- \$52 million to strengthen palliative and community health care;
- \$50 million for Phases One and Two of the *Child and Adolescent Mental Health Services Review Report*;
- \$41 million to fund additional paramedics including two new crews in Hobart and Launceston;
- \$37.6 million to fund an extra 100 TasTAFE teachers;
- \$30.5 million for the cost of extending Tasmanian hotel quarantine;
- \$30 million to implement the Government's *Child and Youth Wellbeing Strategy*;
- \$26 million to support mental health services;
- \$20.5 million for the Working Tasmania Program;
- \$18.3 million to implement a new safe staffing model in District Hospitals;
- \$18 million to support tourism marketing;
- \$18 million to ensure communities are bushfire safe and to support career and volunteer firefighters;
- \$18 million to secure Tasmania's iconic events;
- \$16 million to increase access for rural and regional students;
- \$10.6 million for a fully funded police officer relief policy;
- \$10.1 million to support youth housing initiatives;
- \$10 million to guide the Government's response to addressing climate change;
- \$9.4 million for an additional 50 police officers;
- \$9.1 million to implement the Voluntary Assisted Dying Act;
- \$9 million for new ambulances and equipment;

- \$8.8 million to support the delivery of free or low-cost legal services;
- \$8 million to implement the *Tasmanian Renewable Energy Action Plan* and *Tasmanian Renewable Hydrogen Action Plan* priorities;
- \$8 million to establish an events support attraction fund;
- \$8 million to work in partnership with industry and other organisations to support workforce development;
- \$8 million to improve the amenity and health of the Tamar River;
- \$6.3 million to support cultural and creative industries;
- \$6 million to underwrite a new INCAT vessel;
- \$6 million to support students impacted by trauma;
- \$5.6 million for a new Community Farming Partnerships Program;
- \$5.4 million for school health nurses;
- \$5 million to implement the Advanced Manufacturing Action Plan;
- \$4 million to support the tourism hospitality sector; and
- \$3.8 million to provide free access to speech pathologists, psychologists and social workers in Child and Family Learning Centres.

Detailed information on these and other initiatives over the 2021-22 Budget and Forward Estimates is provided in the Key Deliverables section of each entity's chapter within *Government Services Budget Paper No 2*. A full listing of election commitments and other initiatives funded in the 2021-22 Budget is provided in Appendix 2 of chapter 1 of *Government Services Budget Paper No 2*.

Infrastructure Investment

The provision of total infrastructure funding of \$4.6 billion in the 2021-22 Budget maintains the Government's strong commitment to infrastructure investment, continuing to support Tasmania's recovery from the COVID-19 pandemic. This investment is intended to boost the confidence of Tasmanian businesses across industries to continue to invest and grow over the short and medium term.

Infrastructure investment primarily consists of investment through Government agencies of \$3.8 billion to deliver community infrastructure projects including:

- roads and bridges (\$2 billion);
- hospitals and health (\$503.7 million);
- human services and housing (\$404.9 million);
- schools, education and skills (\$335.8 million);
- law and order (\$238.8 million);
- tourism, recreation and culture (\$183.6 million); and
- ICT support to service delivery (\$145.4 million).

In addition, \$783.8 million in equity contributions is provided to government businesses and other entities, to support investment. This includes equity contributions of \$65 million to Stadium Authority Trust to oversee the development and management of stadium assets and \$64.6 million to the Macquarie Point Development Corporation to progress the next stage of the Macquarie Point development.

The Government has also announced it will support investment of \$385 million for the largest port redevelopments in Tasmania's history, including the \$240 million Port of Devonport redevelopment and the \$145 million Port of Burnie upgrade. The Government will also support Hydro Tasmania, with \$700 million to be invested in the redevelopment of the Tarraleah power station.

A number of the next generation infrastructure projects extend beyond the current Forward Estimates period, including the Launceston General Hospital Redevelopment - Stage 2, West Tamar Highway Traffic Solution, projects funded under the Roads of Strategic Importance program and the \$80 million Tamar River Bridge. The Government is committed to an ongoing pipeline of work to provide the building and construction sector with the confidence to continue to invest and employ.

2021-22 BUDGET ESTIMATES SUMMARY

The following sections provide summary information on the key 2021-22 Budget estimates. Further information on these estimates is provided throughout this Budget Paper. Information on an entity basis is provided within *Government Services Budget Paper No 2*.

Table I.1: Key Budget and Forward Estimate Aggregates, 2020-21 to 2024-25

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
General Government Sector						
Revenue	6 428.1	6 852.7	7 257.5	7 542.7	7 776.8	8 051.3
Expenses	7 546.1	7 264.1	7 947.2	7 629.2	7 737.4	7 924.5
Net Operating Surplus/(Deficit)	(1 118.0)	(411.5)	(689.8)	(86.4)	39.4	126.8
Fiscal Surplus/(Deficit)	(1 779.7)	(596.7)	(1 041.2)	(501.3)	(478.1)	(315.4)
Net Debt at 30 June¹	1 854.8	459.1	1 704.4	2 519.1	3 059.5	3 478.6
GFS Net Debt at 30 June²	1 432.8	140.2	1 419.0	2 267.3	2 824.7	3 284.9
Infrastructure Investment	1 073.4	642.4	828.5	982.0	1 047.9	988.8

Notes:

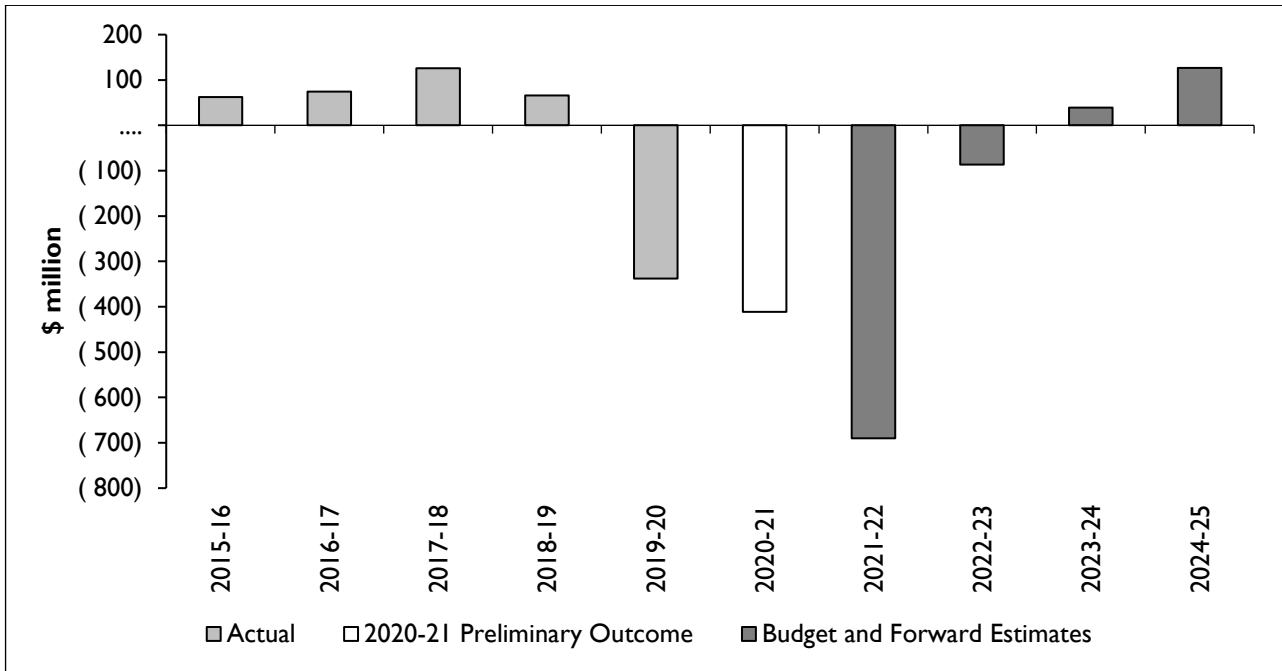
1. Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
2. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Net Operating Balance

The Net Operating Balance is estimated to be in deficit by \$689.8 million in 2021-22, returning to a surplus of \$39.4 million in 2023-24 and increasing to a surplus of \$126.8 million by 2024-25.

Chart I.1 highlights the change in the Net Operating Balance that has occurred since 2015-16 and the current projections for the 2021-22 Budget and Forward Estimates.

Chart I.1: Net Operating Balance, 2015-16 to 2024-25¹



Note:

1. The Net Operating Balance Actual for 2016-17 is presented net of the one-off Australian Government payment of \$730 million related to the Mersey Community Hospital. The Net Operating Balance including this payment was \$804 million.

The receipt of Australian Government funding for capital programs, particularly one-off major projects, has the effect of improving the Net Operating Balance outcome. Given the nature of the Net Operating Balance measure, it reflects the receipt of revenue from the Australian Government for infrastructure purposes but does not factor in the expenditure of these funds on infrastructure projects.

The Underlying Net Operating Balance has, therefore, been used for a number of years as a measure that removes the impact of one-off Australian Government funding for specific capital projects.

Table I.2 below provides information on the Underlying Net Operating Balance.

Table I.2: Underlying Net Operating Balance, 2020-21 to 2024-25

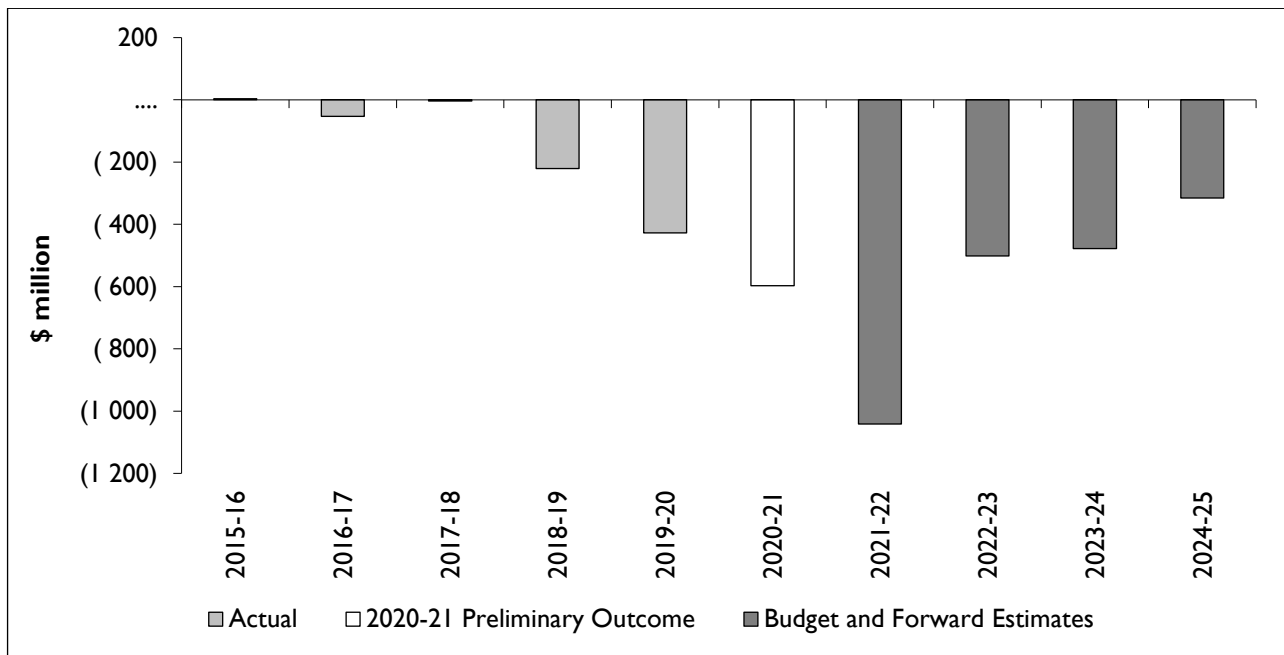
	2020-21	2021-22	2022-23	2023-24	2024-25
	Preliminary		Forward	Forward	Forward
	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m
Net Operating Balance	(411.5)	(689.8)	(86.4)	39.4	126.8
Less One-off Australian Government funding					
Bridgewater Bridge	(5.3)	(18.0)	(117.0)	(133.8)	(154.8)
Cascade Female Factory	(2.0)	....	....	....	....
Cradle Mountain Experience	....	....	....	(5.7)	(5.3)
COVID-19 Infrastructure Stimulus Funding	(18.5)	(9.9)	....	(3.2)	....
COVID-19 National and World Heritage Projects	(0.2)	(3.4)	(1.5)	....	....
National Water Infrastructure Development Fund	....	(20.0)	(20.0)	(20.0)	(20.0)
Redevelopment of the Royal Hobart Hospital	(0.4)	(5.0)	....	....	....
Revitalising TAFE Campuses Across Australia	(2.0)	(5.0)	....	....	....
Roads and Rail Funding (Nation Building)	(87.7)	(78.9)	(74.5)	(51.4)	(28.6)
Roads of Strategic Importance	(40.9)	(33.4)	(93.2)	(76.5)	(124.5)
Sustainable Rural Water Use and Infrastructure Program	(7.0)	....	....	....	....
Tasman Bridge Upgrade	....	....	(5.0)	....	(5.0)
Urban Congestion Fund	(0.5)	(3.7)	(9.5)	(12.0)	(12.2)
	(164.5)	(177.3)	(320.7)	(302.6)	(350.3)
Underlying Net Operating Balance	(576.0)	(867.1)	(407.1)	(263.2)	(223.5)

Fiscal Balance

A Fiscal Balance deficit of \$1 041.2 million is estimated for 2021-22 with the outcome improving over the Forward Estimates to an estimated deficit of \$315.4 million in 2024-25.

Chart 1.2 illustrates the Fiscal Balance since 2015-16.

Chart 1.2: Fiscal Balance, 2015-16 to 2024-25¹



Note:

1. The Fiscal Balance for 2016-17 is presented net of the one-off Australian Government payment of \$730 million for the Mersey Community Hospital for presentation purposes. The Fiscal Balance including this payment was \$677 million.

Net Debt

Net Debt represents Borrowings and Lease liabilities less the sum of Cash and deposits and Investments. A reference to ‘negative’ Net Debt means that Cash and deposits and Investments exceeds Borrowings. This can also be referred to as Net Cash and Investments.

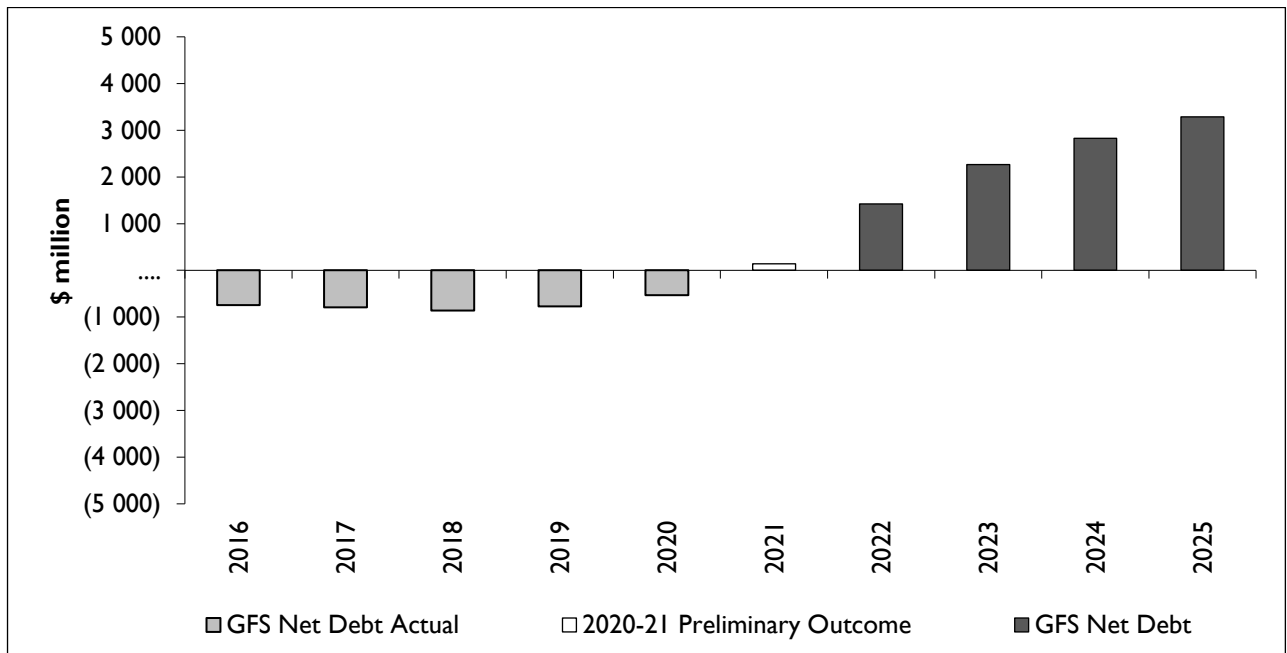
It is estimated that General Government Net Debt will be \$1 704.4 million as at 30 June 2022. General Government Net Debt is estimated to be \$3 478.6 million as at 30 June 2025. This represents an improvement to the Net Debt profile forecast last year in the 2020-21 Budget, primarily as a result of material improvements in forecast revenue.

A major contributing factor to the increase in General Government Net Debt over the 2021-22 Budget and Forward Estimates has been the Government’s response and recovery measures to support the community and the economy from the impacts of the COVID-19 pandemic. The response includes significant expenditure measures, revenue forgone through Government decisions on taxation and the Government’s commitment to a strong pipeline of infrastructure investment to drive economic growth.

When considered on a comparative basis with the Net Debt position of other jurisdictions and in the context of the current low interest rate environment, which is expected to remain for the medium-term, this level of Net Debt is considered to be manageable.

Chart 1.3 illustrates GFS Net Debt since 2016.

Chart 1.3: GFS Net Debt, 2016 to 2025¹



Note:

1. This chart presents information on a GFS Net Debt basis. GFS Net Debt reflects the methodology that is applied by the Australian Bureau of Statistics under its Government Finance Statistics reporting framework. The presentation of this chart on a GFS Net Debt basis enables a consistent and comparable time series to be presented to facilitate an understanding of changes in Net Debt over an extended period of time. Information on GFS Net Debt and the AASB 16 Leases based Net Debt calculation (applicable from 1 July 2019) is provided throughout this Budget Paper.

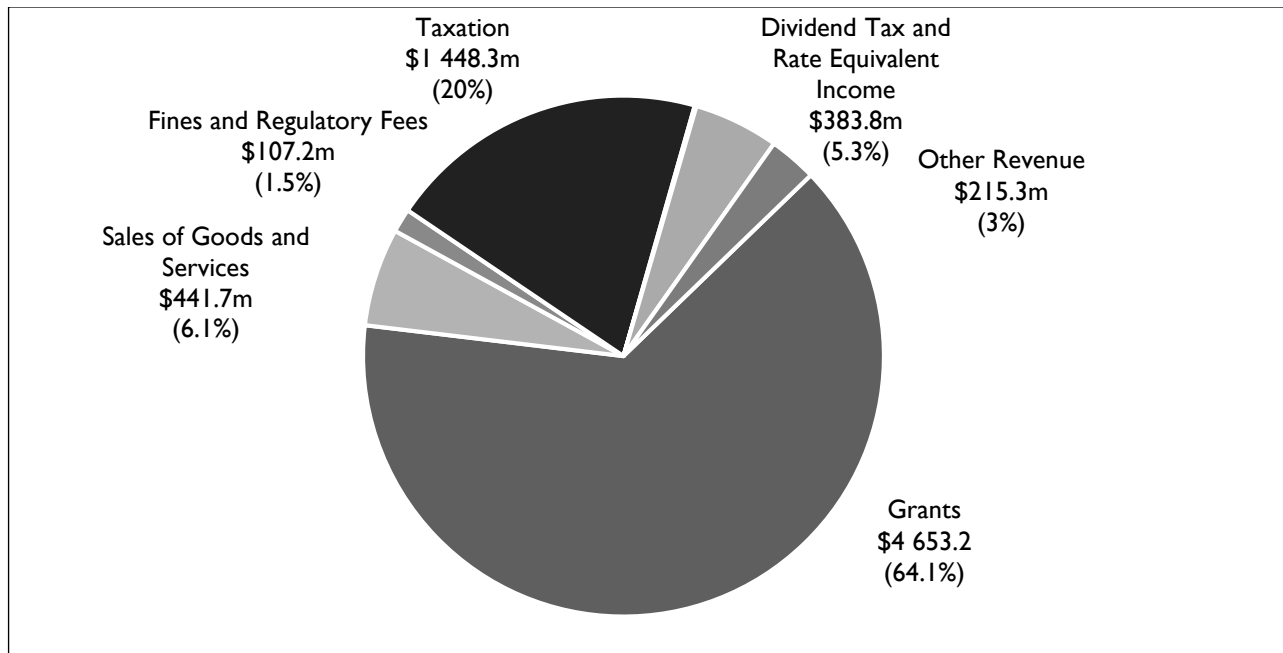
Sources of Revenue

In 2021-22, General Government Sector total revenue is estimated to be \$7 257.5 million.

Chart 1.4 provides information on the major sources of General Government Sector Revenue in 2021-22.

Chapter 5 of this Budget Paper provides a detailed explanation of the major revenue items included in the 2021-22 Budget and over the Forward Estimates.

Chart 1.4: Sources of General Government Revenue, 2021-22



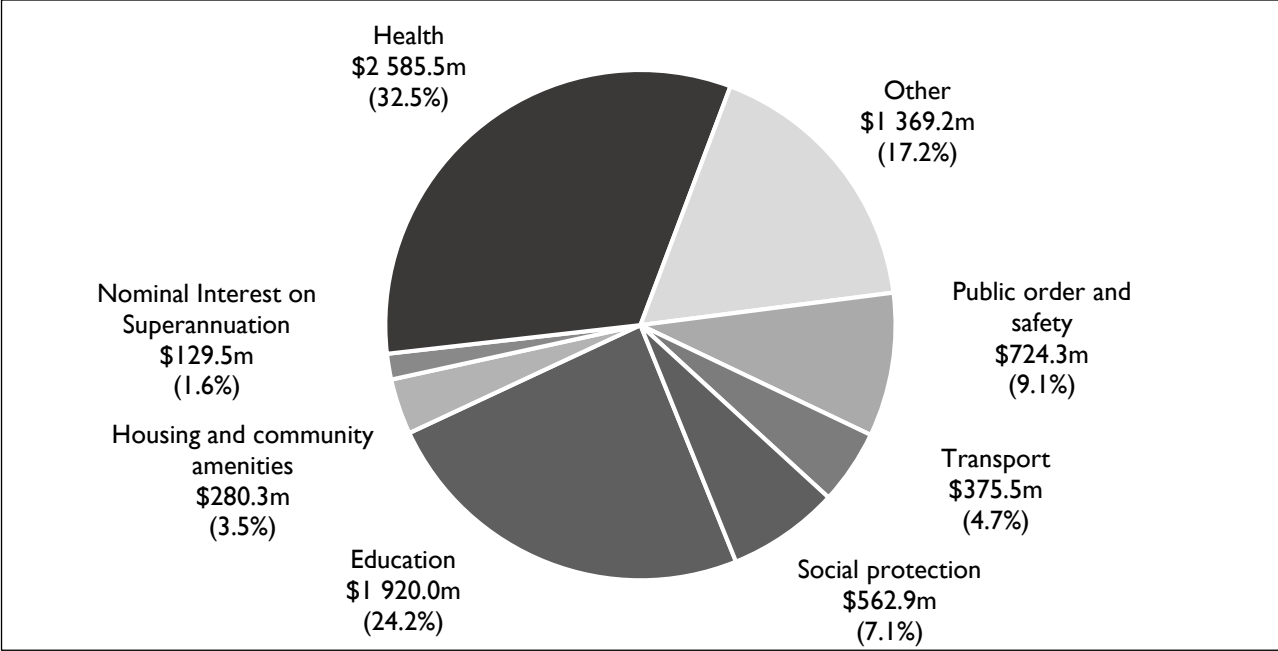
Purposes of Expenditure

In 2021-22, General Government Sector total expenditure is estimated to be \$7 947.2 million.

Chart 1.5 provides information on the major purposes of General Government Sector Expenditure in 2021-22. This Chart reflects the detailed information provided in Table AI.16 in appendix I of this Budget Paper.

Chapter 4 of this Budget Paper provides information on expenditure variations included in the 2021-22 Budget and over the Forward Estimates.

Chart 1.5: General Government Expenses by Purpose, 2021-22



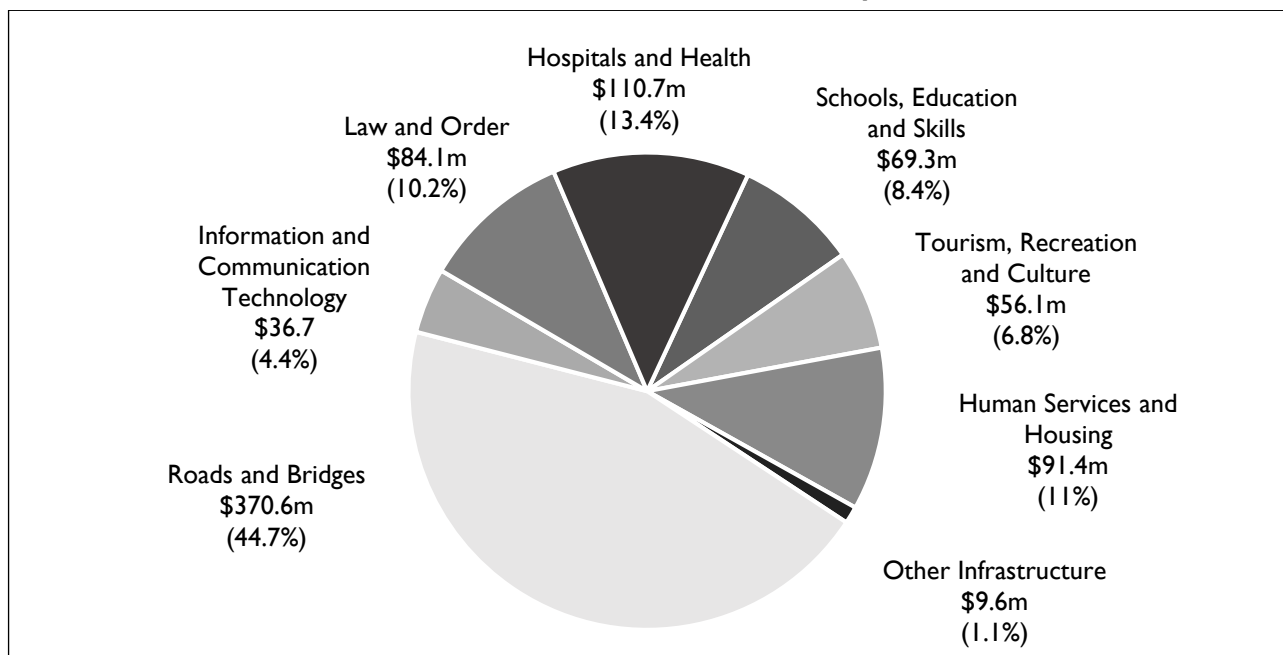
AGENCY INFRASTRUCTURE INVESTMENT

Infrastructure investment delivered through the General Government Sector exceeds \$3.8 billion over the 2021-22 Budget and Forward Estimates.

This includes additional funding of almost \$600 million in election commitment infrastructure investment. Key projects include: \$110 million for the Royal Hobart Hospital Redevelopment - Expanded Stage 2; \$80 million for the Launceston General Hospital - Mental Health Precinct; and \$39.7 million for four major school redevelopments at Exeter High School, Cambridge Primary School, Montello Primary School, and Lauderdale Primary School. In addition, \$500 million has been committed to Stage 2 of the Launceston General Hospital Redevelopment, commencing in 2025-26.

Chart 1.6 provides a breakdown of the 2021-22 agency infrastructure expenditure by ABS classification. Chapter 6 of this Budget Paper provides information on the Government’s investment in agency infrastructure over the 2021-22 Budget and Forward Estimates.

Chart 1.6: 2021-22 Infrastructure Investment by ABS Classification



CURRENT BUDGET RISKS AND SENSITIVITIES

Impact of the COVID-19 Pandemic

The ongoing COVID-19 pandemic and the associated responses from the Australian and Tasmanian governments, create greater uncertainty than is usually the case in relation to the fiscal and economic information presented in the 2021-22 Budget Papers. This uncertainty exists in terms of both potential negative and positive impacts on the information presented.

The impact of the COVID-19 pandemic on the Tasmanian economy and the Budget will continue to be closely monitored by the Government.

Goods and Services Tax Revenue

There remains a high degree of uncertainty in relation to the impact of recent COVID-19 outbreaks in other Australian jurisdictions on GST receipts.

GST revenue collections are highly sensitive to changes in national consumer spending patterns.

Tasmania's GST revenue forecasts are heavily reliant on the Australian Government forecasts of the GST pool published in the Australian Government 2021-22 Budget in May 2021. Since this time a number of jurisdictions have reintroduced public health measures in response to COVID-19 outbreaks.

In the medium term, there continues to be ongoing uncertainty related to Tasmania's relativity, which is calculated annually by the Commonwealth Grants Commission, and is currently at historically high levels.

State Taxation

State taxation revenue estimates are sensitive to changes in a range of economic parameters, such as employment, wages growth and inflation, as well as prevailing economic conditions in Tasmania more generally.

Conveyance Duty in particular is subject to a range of factors, including population growth, housing supply and interest rates which can result in significant volatility from year to year.

The State Taxation revenue outlook across the Budget and Forward Estimates is positive, but risks associated with the pandemic remain.

Government Businesses

Government business are subject to a wide range of influences that can significantly impact the level of returns to the Government, both positively and negatively. These include market conditions, infrastructure investment requirements and the implementation of major reform programs. Such influences may impact the Budget through increased costs or reduced returns from government businesses, and may also necessitate changes to businesses' capital structure requirements.

Significant Energy Projects

The State is continuing to progress a number of significant energy projects including Battery of the Nation and Marinus Link. Work is currently focused on taking the projects to a Final Investment Decision and is being progressed by the State-owned electricity businesses. Both of these projects will require significant investment if they proceed and, depending on the project finance model(s) chosen, may result in significant new assets and liabilities being recognised on the Total State Sector Balance Sheet, although the majority of the investment will fall outside the Forward Estimates period.

Funding Requirements beyond the Forward Estimates

Expenditure estimates presented in this Budget Paper are based on a Budget and Forward Estimates period of four years. As such, expenditure levels beyond this period are not identified. As is established practice, such impacts are taken into account in the ongoing development and management of the Budget.

General Agency Cost Pressures

While all agencies are expected to deliver services within their allocated Budget and Forward Estimates, there continues to be a range of pressures which agencies need to manage, including staffing levels, general increases in the cost of inputs and increasing demand for services. These issues will require ongoing management and review.

Health Expenditure

Improving health services in Tasmania is one of the Government's highest priorities and this is reflected in the significant level of additional funding that the Government committed to health services during the 2021 Election and the provision of significant additional funding to meet increased demand. Notwithstanding the provision of this additional funding, the delivery of health services to the Tasmanian community continues to present a significant budget challenge (as it is across all Australian jurisdictions), and this has been exacerbated by the uncertainty associated with the COVID-19 pandemic. The Government is continuing to monitor health demand and service requirements.

The Australian Government's funding contribution to Health Services is funded under the National Health Reform Agreement. However, growth in Australian Government funding to the states and territories is capped at 6.5 per cent per year. There remains an underlying risk to the Budget and Forward Estimates that additional State funding provided to meet the demand for health services in Tasmania may grow at a faster rate than growth in the Australian Government's capped funding contribution.

Support for Business and the Economy

The Government works closely with the private sector and local government to support investment and employment across Tasmania. This may result in the allocation of additional funding, the provision of financial guarantees or the forgoing of revenue over the Budget and Forward Estimates. In some instances, there have been offers of support made by the Government to business that may be taken up, if certain conditions are satisfied at a later date.

In response to the COVID-19 pandemic, the Government has supported Tasmanian businesses through the provision of loan programs to support businesses to invest to diversify and to remain viable. The increased size of the Government's loan portfolio results in an associated increase in credit risk.

Natural Disaster Costs and Recovery Arrangements

The 2021-22 Budget includes funding as a central provision for bushfire emergency costs. As has been the case in the past, additional funding to meet bushfire-related costs will be considered on a year-by-year basis, depending upon funding requirements.

Under the Disaster Recovery Funding Arrangements the State is able to seek reimbursement from the Australian Government for a portion of the costs incurred by the State and local government in the event of natural disasters. Assumptions have been required to be made in relation to the level of future funds to be received from the Australian Government relating to previous disasters and the timing of the receipt of those funds. Any variation from these assumptions will result in an impact on the current Budget estimates.

Variability of Infrastructure Expenditure

The Government is continuing its strong focus on the development of next generation infrastructure in the 2021-22 Budget. Actual infrastructure expenditure varies considerably year-on-year due to a range of factors, with the resulting variance potentially creating a material impact on the key fiscal measures in the Budget. This risk is currently exacerbated by the ongoing impact of COVID-19 pandemic and associated supply constraints.

Claims against the State by Survivors of Institutional Child Sexual Abuse

The Government has committed \$70 million over ten years to meet compensation and administration costs under the National Redress Scheme for Institutional Child Sexual Abuse. There is a risk that additional costs may be incurred, including for matters that are not covered under the scheme.

Commission of Inquiry into the Tasmanian Government's responses to Child Sexual Abuse in Institutional Settings

The Commission of Inquiry into the Tasmanian Government's responses to child sexual abuse in institutional settings was established by Order of the Governor on 15 March 2021. It is required to submit its final report and recommendations no later than 31 August 2022. The Commission is a separate entity to the Department of Justice, and is funded in the 2021-22 Budget as a separate output of the Department.

Actual costs incurred in responding to requests by the Commission and other costs associated with the Inquiry may differ from the Budget. Future funding requirements will continue to be reviewed. Any future costs associated with recommendations of the Commission will be considered when the final report is submitted to the Government.

Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability

There will be costs for jurisdictions from participation in the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability. Expected costs are associated with hearings that relate to Tasmania and the legal and administrative support including the cost of providing information and evidence to the Royal Commission by government agencies. In addition to these indirect costs, it is likely there will be costs associated with any Tasmanian Government response to the Royal Commission's findings and recommendations.

2021-22 BUDGET PRESENTATIONAL ISSUES

The 2021-22 Budget has been developed in an environment that reflects the ongoing uncertainty relating to the COVID-19 pandemic. This, together with the timing of the tabling of the Budget, results in a number of presentational changes that have been made, and related issues as highlighted below.

Preliminary Outcomes

Given the timing of the 2021-22 Budget, the most recent information published for the 2020-21 financial year is the *2020-21 Preliminary Outcomes Report*. As such, the 2020-21 Preliminary Outcomes are included in relevant financial tables throughout this Budget Paper.

As stated in the *2020-21 Preliminary Outcomes Report*, the 2020-21 actual results are preliminary in nature and are based on information provided by Government entities to Treasury in early July 2021. These results may vary from the audited actual results published in the *2020-21 Treasurer's Annual Financial Report* and agency annual reports.

Economic Estimates and Forecasts

This Budget Paper includes Treasury's estimates for key Tasmanian economic indicators for the 2020-21 financial year, forecasts for 2021-22 and 2022-23 and projections for 2023-24 and 2024-25.

The estimates and forecasts included in this chapter use a number of assumptions and judgements that are based on information available at the time of preparation and are inherently uncertain and subject to change, particularly in the current environment.

Presentation of COVID-19 Response and Recovery Initiatives and Costs

The presentation, allocation and treatment of COVID-19 response and recovery costs has continued to develop since the publication of the 2020-21 Budget. The 2021-22 Budget also includes an increased Treasurer's Reserve to provide capacity to manage the increased likelihood of uncertain and unforeseen costs.

Identifiable commitments for COVID-19 response and recovery activities have been directly appropriated to the relevant entity for implementation as part of their overall service delivery. All 2021 election commitments, some of which include COVID-19 response and recovery components, have also been directly appropriated. As new or unforeseen costs emerge or become quantifiable during 2021-22, the capacity within the Treasurer's Reserve will be utilised to meet those costs.

APPENDIX I.1 STATE AND TERRITORY CREDIT RATINGS

The current credit ratings and outlook for long-term domestic debt of the states and the territories by the rating agencies, Moody’s Investors Service (Moody’s) and Standard & Poor’s (S&P), are detailed in Table I.3.

Table I.3: Government Ratings

	Moody’s	S&P
Tasmania	Aa2 (Stable)	AA+ (Stable)
New South Wales	Aaa (Stable)	AA+ (Stable)
Victoria	Aa1 (Negative)	AA (Stable)
Queensland	Aa1 (Stable)	AA+ (Stable)
South Australia	Aa1 (Stable)	AA+ (Negative)
Western Australia	Aa1 (Stable)	AA+ (Stable)
Northern Territory	Aa3 (Stable)	na
Australian Capital Territory	na	AAA (Negative)

2 TASMANIAN ECONOMY

Key Issues

- Tasmania has been successful in managing the public health risk of the COVID-19 pandemic, and economic outcomes have been better than expected. However, the pandemic continues to disrupt global economic activity with uncertainty around the evolution of the pandemic remaining.
- The recovery from the COVID-19 pandemic in both Tasmania and at a national level has been strongly supported by a number of fiscal and monetary policy measures.
- Tasmania had experienced strong economic conditions prior to the onset of the pandemic and this, alongside the State's successful management of the virus, meant that the Tasmanian economy grew by 0.3 per cent in 2019-20, in contrast to the economic contractions experienced by most other states and the national economy.
- The Tasmanian economy is expected to have grown by two per cent in 2020-21, close to the long-term average. The continued recovery is expected to drive growth in the Tasmanian economy of four per cent in 2021-22, on the back of strong growth in household consumption and government expenditure, before moderating to growth of two per cent in 2022-23.
- Tasmania's successful containment of the virus has also meant that the labour market has recovered strongly since the height of the pandemic in Tasmania in May 2020. In June 2021, employment was above its pre-pandemic record high and the continuing recovery in the broader economy means that employment is expected to grow strongly in 2021-22 at two per cent, and then at its long-term average over the Forward Estimates. Given the strong economic recovery, increased employment of around 8 000 persons in year-average terms over the two-year forecast period to June 2023 would be consistent with these forecasts.
- Labour force participation is forecast to remain high over the next few years and the year-average unemployment rate is expected to be around 5½ per cent in both 2021-22 and 2022-23.
- Recent COVID-19 outbreaks in other Australian jurisdictions have highlighted that the public health risk of the virus remains present. The continuation of the vaccine rollout in Australia is expected to reduce this risk, supporting the economic recovery and boosting confidence. It will also provide a pathway for the reopening of Australia's international border, facilitating the return of temporary and permanent international migration to Tasmania.
- The outlook for the Tasmanian economy is positive, but material risks remain. The evolution of the COVID-19 pandemic, both globally and in Australia, is highly uncertain and is the key risk to the economic forecasts. The recovery path of the State's economy over the forecast period will continue to be highly dependent on the successful management of the virus.

ECONOMIC OUTLOOK

The COVID-19 pandemic has had a profound impact on the global economy. It is estimated that in 2020 the world experienced the greatest decline in economic activity since the Great Depression. Although it is now well over a year since the outbreak of the virus was declared a pandemic by the World Health Organization, and the rollout of vaccines has begun throughout the world, the public health crisis continues to evolve and impact global economic activity.

Over the past year, Australia has managed the pandemic with relative success. Outbreaks of the virus have generally been well contained and borders between states and territories have largely remained open. Reflecting this success, economic activity has recovered quicker than expected with the outlook over the next few years more positive. While Australia is in the early stages of its vaccine rollout, it is expected that this will continue to support the economic recovery and boost confidence.

The successful management of the virus in Tasmania has allowed for the easing of many activity restrictions and the reopening of the State's borders with other states and territories, with closures occurring only in response to specific outbreaks in other jurisdictions.

The recovery from the COVID-19 pandemic in both Tasmania and at a national level has been strongly supported by a number of fiscal and monetary policy measures. These measures have included significant income support measures for households, cash flow support for businesses and targeted, industry specific, schemes. The largest of these measures, the JobKeeper Payment program, assisted people to maintain relationships with employers when the impacts of the pandemic meant many would have otherwise lost their employment. This program, alongside other fiscal and monetary supports, boosted incomes and strengthened household balance sheets, leading to a strong recovery in domestic consumption as restrictions have eased.

The Tasmanian Government's Social and Economic Support packages, valued at over \$1 billion, were unprecedented in scale and have played a major role in supporting Tasmanian households and businesses. Infrastructure investment, at both a State and national level, has also supported jobs and stimulated economic activity over the past year. Historically low interest rates, alongside the Australian and Tasmanian HomeBuilder programs, have provided a significant boost to the residential construction sector.

While some support measures, including the JobKeeper Payment program, have since concluded, it is expected that fiscal and monetary support measures will continue to play an important role in supporting the recovery of the Australian economy for a number of years.

Notwithstanding the recovery experienced to date, the virus continues to present an ongoing threat to the global and domestic economies. Uncertainty regarding the evolution of the pandemic, and the associated public health responses, remains the key risk to the forecasts. The recent outbreaks in other Australian jurisdictions have highlighted the risk that the pandemic continues to pose.

Global and National Economic Environment

Globally, the economic recovery from the pandemic is underway, with strong growth expected over the next two years. The global recovery has been underpinned by the rollout of vaccines supporting the easing of restrictions and lifting consumer and business sentiment, particularly in large economies like the United States of America and China. Alongside global economies reopening, fiscal and monetary policy measures have also provided significant support to the recovery. In its July 2021 *World Economic Outlook Update*, the International Monetary Fund forecast that following an estimated contraction of 3.2 per cent in 2020, the global economy will grow at six per cent in 2021, before moderating to 4.9 per cent in 2022.

However, the speed and timing of recovery is divergent across countries, reflecting each country's success in managing the virus and the policy support provided. Some countries have vaccinated significant proportions of their populations and have eased many public health measures. In some cases, increasing rates of infection are being experienced and have necessitated the reintroduction of restrictions.

Following its first recession in almost 30 years, the Australian economy has recovered strongly since the middle of last year and, by the March quarter 2021, was estimated to be 0.8 per cent larger than its pre-pandemic level at the end of 2019. The national labour market has also improved markedly in the past year, exceeding earlier forecasts. Employment in June 2021 was around one per cent above the level recorded in March 2020 and the national unemployment rate has fallen sharply in recent months to be at its lowest level in 10 years, at 4.9 per cent in June 2021.

The Australian Government released its 2021-22 Budget on 11 May 2021. Reflecting the strengthened outlook for the economy, the Australian Treasury expected real gross domestic product to grow by 1¼ per cent in 2020-21, improving from the contraction of 1½ per cent forecast at the time of the *2020-21 Australian Budget*. The Australian Treasury forecast that the economy would grow strongly in 2021-22 at 4¼ per cent, before moderating to 2½ per cent in 2022-23.

At the time of the *2021-22 Australian Budget*, the Australian Treasury expected that economic growth would lead to sustained growth in employment over the forecast period. Tighter labour market conditions were expected to mean that national wage growth would rise above two per cent in 2022-23.

Australia's population was expected to grow by 0.1 per cent in 2020-21 and 0.2 per cent in 2021-22, reflecting the impact of international travel restrictions on overseas migration to Australia. With the Australian Government expecting migration to Australia to gradually return from mid-2022, the population was forecast to grow by 0.8 per cent in 2022-23.

Recent Performance, Estimates and Forecasts of the Tasmanian Economy

This chapter presents Treasury's estimates for key Tasmanian economic indicators for the 2020-21 financial year, forecasts for 2021-22 and 2022-23 and projections for 2023-24 and 2024-25. The projections differ from forecasts in that they are based on the long-term average growth rate of the economic indicators or, in the case of the unemployment and participation rates, reflect the expected rate of the indicator for 2022-23. There is still a level of uncertainty regarding the performance of the economy after 2022-23 and the potential for unforeseen events to affect the recovery path. Therefore, it is considered that it is appropriate to provide projections for the final two years of the Forward Estimates. This approach is relatively common across Australian jurisdictions.

Table 2.1: Estimates, Forecasts and Projections

	Budget 2021-22					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Actuals	Revised Estimates	Forecasts	Projections ⁶		
Gross state product (real, % change) ¹	0.3	2	4	2	2¼	2¼
State final demand (real, % change) ¹	-0.2	3¼	3¾	3	2¼	2¼
Employment (year-average, % change) ^{2,3}	1.4	1.7	2	1	1	1
Labour force participation rate (year-average, %) ^{2,3}	60.4	61.2	61½	61½	61½	61½
Unemployment rate (year-average, %) ^{2,3}	5.9	6.4	5½	5½	5½	5½
Consumer Price Index (year-average, % change) ^{3,4}	2.4	1.8	2½	2	2¼	2¼
Population (year-average, % change) ⁵	1.2	0.6	0.5	0.6	0.6	0.6

Source: Actual - Australian Bureau of Statistics; Estimates, forecasts and projections - Treasury.

Notes:

1. State final demand actual is an ABS estimate calculated using March quarter 2021 National Accounts data, while gross state product is calculated using annual ABS State Accounts data.
2. Labour force actuals are ABS estimates calculated using June 2021 data.
3. Actual for 2020-21.
4. Consumer Price Index actuals are ABS estimates calculated using June quarter 2021 data.
5. Population actual is an ABS estimate calculated using December quarter 2020 data.
6. The projections are not forecasts, but are based on the long-term averages for the economic indicators. In the case of the labour market, the projections of employment growth reflect the long-term trend. The projections for the unemployment rate and the participation rate are developed using prevailing rates, projected increases in the working age population, projected employment growth and the historic relationship between employment and labour market participation.

The economic estimates and forecasts presented in the table above rely heavily on official data produced by the Australian Bureau of Statistics. As a small jurisdiction, some of the key data for Tasmania are more volatile and less reliable than for the larger states, including data relating to the labour force and gross state product and its components. Data are also subject to revision, which can have a greater impact for smaller jurisdictions.

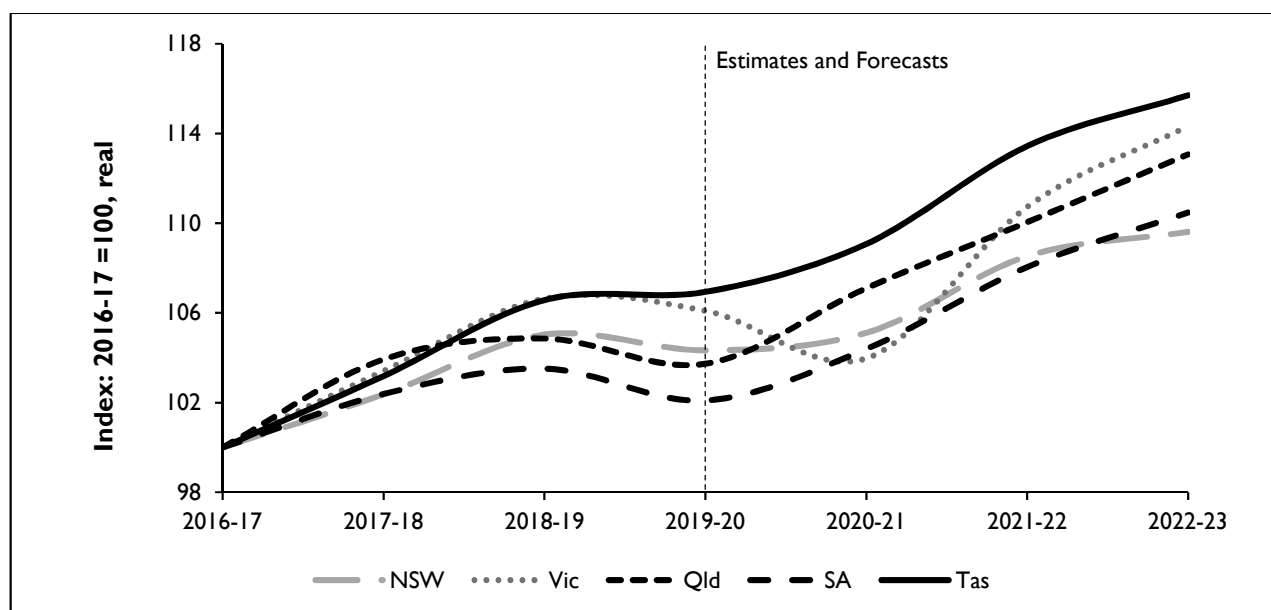
The estimates and forecasts included in this chapter use a number of assumptions and judgements that are based on information available at the time of preparation and are inherently uncertain and subject to change, particularly in the current environment. While events or changes to policy settings occurring after the finalisation of these estimates and forecasts may affect the likelihood of some of the underlying assumptions, it is not possible to reflect the impact of such events in the information presented in this chapter.

The estimates and forecasts presented were developed assuming that Tasmania continues to experience favourable outcomes in relation to virus containment and that outbreaks in other jurisdictions are effectively contained and relatively short-lived. It was assumed that there are no extended or sustained State border restrictions that materially impact the Tasmanian economy over the forecast period, especially over the tourism high season. It was also assumed that the vaccine rollout in both Australia and internationally continues to progress and is effective, facilitating a return of temporary and permanent migration to Australia, commencing in mid-2022.

Economic Activity

The Tasmanian economy experienced a significant shock in 2019-20. The growth that was experienced through the first three quarters of 2019-20 was largely unwound in the final quarter following the onset of the COVID-19 pandemic. Overall, Tasmania's economy grew by 0.3 per cent in 2019-20. This growth was in contrast to the national economy and most other jurisdictions, with Western Australia the only other state to record positive growth in 2019-20. Tasmania's performance over 2019-20 reflected the strong economic conditions in the State prior to the onset of COVID-19 and the State's successful management of the virus relative to other states (Chart 2.1). In the three years prior to the pandemic, the State experienced sustained growth and was one of the strongest performing economies in the country, a trend which is expected to continue over the forecast period.

Chart 2.1: Gross State Product¹



Source: Actual - Australian National Accounts: State Accounts, ABS; Estimates and forecasts - 2021-22 jurisdictional Budget papers.
Note:

1. Only states that have released their 2021-22 Budgets have been included in the chart.

The Tasmanian economy has recovered strongly through the first three quarters of 2020-21. High levels of fiscal and monetary stimulus have strengthened balance sheets and seen consumer confidence recover faster than expected, driving growth in household consumption. Alongside elevated government expenditure, private investment has also contributed to the recovery, as stimulus measures have driven growth in dwelling and business investment. It is expected that this growth in state final demand will be partially offset by low levels of international services exports due to ongoing international border closures. It is estimated that the Tasmanian economy grew by two per cent in 2020-21, close to the long-term average.

Household consumption is expected to grow through each of the four quarters in 2021-22, as it is assumed that virus containment measures remain effective and consumer confidence continues to improve. This will see consumers continuing to return to their pre-COVID-19 domestic spending behaviours and will also lead to an increase in interstate travel, which will positively impact consumption. Through 2022-23, household consumption is again forecast to grow consistently, as the gradual recovery in international tourism and overseas migration is expected to support consumption in the State. The strong growth in household consumption in Tasmania over the forecast period is also expected at a national level.

Following recent elevated levels, private investment is forecast to decrease in 2021-22, largely driven by a decline in business investment. This decline is expected to be partially offset by sustained high levels of dwelling investment through 2021-22, reflecting that a significant number of dwellings will continue to be constructed due to the Australian and Tasmanian HomeBuilder programs. It is expected that the increased \$30 000 Tasmanian First Home Owner Grant in 2021-22 will also support dwelling investment. Alongside the HomeBuilder programs, highly supportive monetary conditions and high demand for housing have seen house prices in the State rise through the pandemic, following already strong price growth in recent years. Private investment is forecast to decline a little in 2022-23, largely due to lower business investment over the year relative to 2021-22. Dwelling investment is expected to remain elevated throughout 2022-23, supported by the pipeline of work that has built up in the residential construction sector.

Government expenditure is expected to grow strongly through 2021-22, partly driven by growth in general government and other government investment. This is due to the expectation that substantial progress will be made on a number of significant capital projects over this period. It is expected that government expenditure will continue to grow strongly again through 2022-23, but that this will be primarily driven by growth in other government investment, reflecting a number of significant projects in that sector, including the purchase of the new TT-Line vessels.

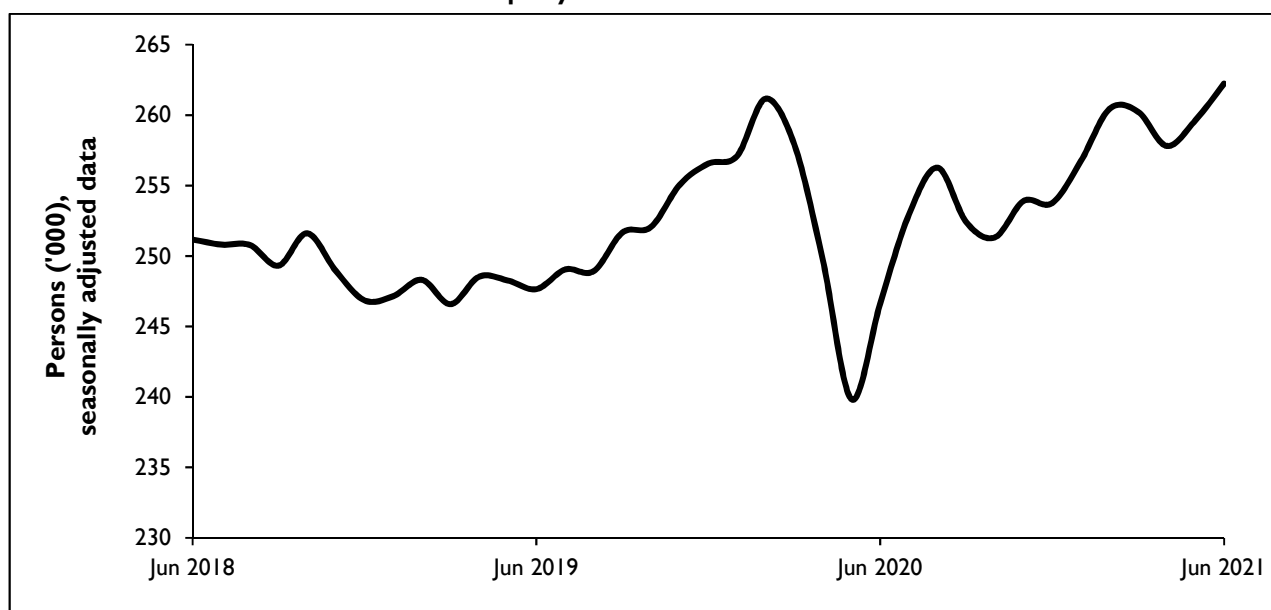
International exports are forecast to make a positive contribution to gross state product over the forecast period, with merchandise exports expected to grow in line with recent trends. Services exports are forecast to remain at low levels through 2021-22, reflecting the impact of ongoing international border closures on the State's tourism and education sectors, although it is expected that some international students may begin to return to the State through the year. With the expected reopening of Australia's international border in mid-2022, Tasmanian services exports are forecast to grow in 2022-23, reflecting the expected return of international tourists and increased international students.

Overall, these factors are forecast to mean that the Tasmanian economy will grow strongly by four per cent in 2021-22, before moderating to grow by two per cent in 2022-23.

Labour Market

Over the past year, Tasmania's labour market has rebounded strongly from the impacts of the COVID-19 pandemic, surpassing earlier forecasts. Since May 2020, over 22 000 persons have obtained employment and it was estimated that there were 262 200 persons employed in Tasmania in June 2021, the highest level on record (Chart 2.2). Tasmanian job vacancies, a forward-looking labour demand indicator, are at a series high, suggesting strong future demand for labour in the State.

Chart 2.2: Tasmanian Employment



Source: *Labour Force, Australia, ABS.*

In March 2021, a number of significant fiscal stimulus measures that provided support to the labour market through the pandemic concluded, including the JobKeeper Payment program and the JobSeeker Coronavirus Supplement. Available labour force data indicate that the conclusion of the program has had little impact on employment levels.

Following above average growth in 2019-20, it is estimated that Tasmanian employment grew by 1.7 per cent in year-average terms in 2020-21, reflecting the strong recovery in the labour market since the height of the pandemic.

Strong labour market conditions have also seen the headline unemployment rate fall from its pandemic peak of 7.9 per cent in October 2020 to 4.5 per cent in June 2021. However, in year-average terms, the unemployment rate in 2020-21 is estimated to have been 6.4 per cent, reflecting the temporary spike in unemployment experienced in late 2020.

Labour force participation has returned to around its pre-pandemic level, again reflecting better than forecast outcomes. In year-average terms, the participation rate is estimated to have been 61.2 per cent in 2020-21.

Employment is forecast to remain broadly unchanged through the first half of 2021-22, reflecting the strong growth that has been experienced in recent months. Through the latter half of the year, it is assumed that there will be a gradual return of international students to Tasmania and this is expected to provide a boost to employment growth. In year-average terms, these factors, alongside a relatively low 2020-21 year-average employment level, are forecast to drive employment growth of two per cent for 2021-22.

In 2021-22, the participation rate is expected to rise gradually throughout the year and is forecast to be 61½ per cent in year-average terms. This forecast reflects that the recovery in the Tasmanian labour market since mid-2020 has seen the participation rate already rise to a level that is around one percentage point above its long-term average.

The unemployment rate is forecast to fluctuate a little over the course of 2021-22 and, in year-average terms, is expected to be 5½ per cent, close to three percentage points below the 8¼ per cent forecast for 2021-22 at the time of the 2020-21 Budget.

Through the first half of 2022-23, the return of international visitors and overseas migrants to Tasmania is expected to drive strong employment growth in the State, with growth easing to around its long-term average in the second half of the year. In year-average terms, these factors are forecast to drive employment growth of one per cent for 2022-23, in line with the long-term growth rate of employment in Tasmania. These strong labour market conditions are expected to maintain the participation rate at 61½ per cent in 2022-23, with the unemployment rate also forecast to be steady at 5½ per cent in year-average terms over that period.

Given the strong recovery in the labour market, employment is expected to increase by around 8 000 persons over the two-year forecast period, in year-average terms, with further employment growth projected over the remainder of the Forward Estimates.

Prices

Following a large decline in the June quarter 2020, Hobart's inflation has risen over the past year, consistent with the national increase. This growth in prices partly reflects the conclusion of temporary COVID-19 policy measures that saw the removal of child care fees and some school levies for parts of 2020 and the recovery in petrol prices, which are now around their pre-pandemic levels. In year-average terms, Hobart's Consumer Price Index is estimated to have grown by 1.8 per cent in 2020-21.

Reflecting strong recent price growth, Hobart's CPI is expected to grow relatively strongly in 2021-22 at 2½ per cent in year-average terms, before moderating slightly to two per cent in 2022-23, reflecting broadly improving economic conditions and sentiment. These forecasts are consistent with the Reserve Bank of Australia's forecasts for national CPI, with inflation expected to be at the lower end of the RBA's target range in mid-2023. Nominal wages growth, which has consistently fallen over a number of years at both a State and national level, is also expected to improve over the forecast period, as tighter labour market conditions put upward pressure on wages.

Population

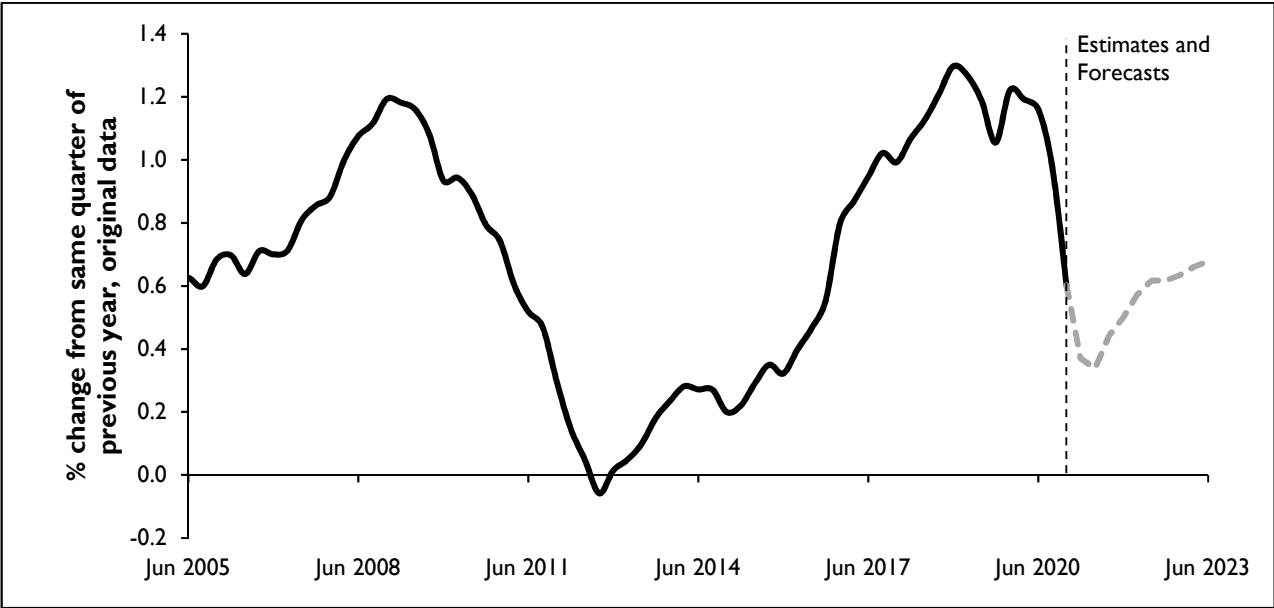
Tasmania continued to experience strong population growth in 2019-20. In year-average terms, Tasmania's population increased by 1.2 per cent during this period, around double the long-term average and similar to the growth levels experienced in the previous two years. Net overseas migration was the primary driver of Tasmania's population growth in 2019-20, with the State experiencing significant inflows in the first three quarters of the year, including an all-time high in the December quarter 2019.

The closure of Australia's international border due to the pandemic has severely disrupted migration to Australia. Over the first two quarters of 2020-21, Tasmania recorded negative net overseas migration, while net interstate migration has also been lower than in recent years. Reflecting these factors, in year-average terms, Tasmania's population is estimated to have grown by 0.6 per cent in 2020-21, in line with the long-term average (Chart 2.3).

Tasmania's population is forecast to grow by 0.5 per cent in 2021-22 in year-average terms, below the long-term average. This is due to continuing low levels of net overseas migration as international borders are expected to remain largely closed over the year, consistent with the assumptions of the Australian Government at the time of the *2021-22 Australian Budget*.

The assumed reopening of Australia's international border in mid-2022 is expected to provide a boost to population growth in Tasmania as international migration returns to the State. In year-average terms, Tasmania's population is forecast to increase by 0.6 per cent in 2022-23, in line with the long-term average.

Chart 2.3: Tasmanian Population Change



Source: Actual - National, state and territory population, ABS; Estimates and forecasts - Treasury.

RISKS TO THE OUTLOOK

The evolution of the COVID-19 pandemic remains the key risk to the outlook for the Tasmanian economy. While the State has experienced success in managing the virus, outbreaks that require the reintroduction of restrictions on activity in the State could occur, and these would adversely affect economic activity and employment. Sustained outbreaks in other jurisdictions may also necessitate the extended closure of Tasmania's border with other jurisdictions. Alongside the direct impacts of such events, the possibility of further outbreaks may weigh on business and consumer confidence. This could lead to consumption or investment being deferred, dampening the economic recovery.

An extended delay in the rollout of vaccines, either in Australia or globally, will mean that the virus will continue to pose a public health risk, as will the possibility that existing vaccines do not prove effective against new strains of the virus. Either of these risks could mean the reopening of Australia's international border is delayed and this would have consequences for the expected return of international migration and tourism to Tasmania. On the upside, if the vaccine rollout is quicker and more effective than anticipated, this would be expected to boost activity and confidence in the economy, and possibly accelerate the return of international migration and tourism to Tasmania. The continued development of new and more effective treatments for patients with COVID-19 may also lead to improvements in activity and confidence.

The future reopening of Australia's border also comes with the risk that local expenditure, including intrastate travel in Tasmania, may decline as Tasmanians recommence international travel.

A secondary effect of the pandemic has been the impact of restrictions on the movement of labour and goods in both Australia and throughout the world. Restrictions on individual travel and border closures due to the pandemic have constrained the supply of skilled or specialised labour into Australia and Tasmania. The movement of goods into Australia has also been affected by supply chain disruptions, which have been the result of issues both with the production and transportation of goods. In some sectors, including the construction sector, these supply issues have been compounded by strong increases in demand for inputs and goods. Going forward, there is a risk that these constraints may persist and that this could inhibit the economic recovery through delaying both public and private infrastructure projects, the construction of dwellings and other buildings, and the general, day-to-day operations of businesses.

Ongoing global trade tensions also present a risk to the outlook. In particular, Australia's trade relationship with China has deteriorated in recent years, with China imposing tariffs and other trade barriers on a number of Australian exports. Although this has to date affected only a very small share of Tasmanian exports, there is a risk of further barriers being imposed.

Since the onset of the pandemic, highly accommodative monetary policy settings have played an important role in insulating the global and domestic financial systems, while also boosting consumer spending and investment. There is a risk that changes to monetary and macroprudential policy settings or other events could lead to a deterioration in financial conditions and a rise in interest rates. This would place additional debt servicing pressures on households and may discourage business investment in the real economy.

3 THE FISCAL STRATEGY

Key Issues

- Over the term of the 2021-22 Budget and Forward Estimates the Government will continue to achieve all Fiscal Strategy Strategic Actions.
- The social and economic impacts of the COVID-19 pandemic have been less dramatic than originally anticipated. There have been material increases in General Government Sector revenue in 2020-21 compared to the 2020-21 Budget. However, material risks remain, with the evolution of the pandemic continuing to be highly uncertain.
- The effective implementation of the Government's Fiscal Strategy in previous years has been a key factor in providing the Budget flexibility to enable the Government to continue to respond to the COVID-19 pandemic.
- The 2021-22 Budget forecasts a return to an operating surplus from 2023-24, providing Budget flexibility to meet the Government's future policy priorities.

THE GOVERNMENT'S FISCAL STRATEGY

The Government's Fiscal Strategy continues to provide a strong and effective framework for the management of the State's Budget position. It is focused on the achievement of long-term fiscal principles that aim to deliver budget sustainability. The use of a principles based approach also recognises that a government can, in the short-term, legitimately depart from fiscal objectives in response to changing circumstances, as long as that departure is necessary, transparent and justifiable. The fiscal principles, embedded in the *Charter of Budget Responsibility Act 2007*, are:

- manage the State's finances responsibly for the wellbeing of all Tasmanians;
- provide for the future for the next generation of Tasmanians;
- prepare for unexpected events by building a robust financial position;
- improve services to Tasmanians by building a strong economy and efficiently allocating resources to gain the maximum community benefit;
- formulate spending and taxation policies that ensure a reasonable degree of equity, stability and predictability; and
- ensure transparency and accountability in developing, implementing and reporting on fiscal objectives.

In the context of the need to prepare for the unexpected, a focus on these principles also recognises that Tasmania's economic and fiscal circumstances can change quickly and significantly. The occurrence and impact of the COVID-19 pandemic demonstrates the speed with which circumstances can change and the length of time that uncertainty can remain.

The Government's long established Fiscal Strategy includes six important strategic actions that are aimed at achieving the long-term fiscal principles. These strategic actions are detailed below:

1. Annual growth in General Government operating expenses will be lower than the long-term average growth in revenue.
2. General Government debt and defined benefit superannuation liabilities will be managed to ensure the combined annual servicing cost is less than six per cent of General Government cash receipts.
3. A competitive tax environment will be maintained with an objective for state taxes to be efficient, fair, simple, stable and sustainable.
4. Government businesses will be required to deliver services to Tasmanians at the lowest sustainable cost, while also providing an appropriate financial return to the Government.
5. Tasmanian Government infrastructure investment will maintain existing assets, respond to economic and population growth and reflect the changing needs of the community.
6. Public sector efficiency, productivity and financial transparency will be improved.

MEDIUM-TERM OUTLOOK

The stronger than expected economic recovery from the impacts of the COVID-19 pandemic at both a State and national level has contributed to material increases in revenue in the 2021-22 Budget compared to forecasts in the 2020-21 Budget. This has led to an improvement in the Government's fiscal position, with the 2021-22 Budget continuing to meet all of the strategic actions above.

The outlook however, remains uncertain, with the impact of the COVID-19 pandemic continuing to evolve, as demonstrated by the recent return to lockdowns across a number of states in Australia and continuing new cases across the world. This uncertainty will require the Government to continue to carefully manage the long-term requirements of the Tasmanian community and the Budget position.

The 2021-22 Budget reflects the Government's focus on supporting Tasmanians and the economy through targeted recovery measures together with increased investment in service delivery and infrastructure.

Forecasts included in the 2021-22 Budget and Forward Estimates indicate that the Government will return to an operating cash surplus from 2022-23. From 2023-24, the Budget will return to a Net Operating Balance surplus, meaning that the Government is generating sufficient revenue to cover operating expenditure, and support the replacement of existing assets.

The achievement of an operating cash surplus from 2022-23 and a Net Operating Balance surplus from 2023-24 will enable the Government to stabilise growth in net debt in the short to medium-term. This is demonstrated, not only by the reduced level of net debt compared to forecasts in the 2020-21 Budget, but also by the reduction in the growth of annual borrowings over the Forward Estimates.

FISCAL STRATEGY PROGRESS

Set out below is a summary of the current progress that has been made by the Government in implementing its Fiscal Strategic Actions.

1. *Annual growth in General Government operating expenses will be lower than the long-term average growth in revenue.*
 - The compound annual growth in expenses over the period from the 2020-21 Preliminary Outcome to the 2024-25 Forward Estimate year is 2.2 per cent. This includes the high level of expenditure incurred in response to the COVID-19 pandemic and the budgeted return to lower levels of expenditure by the end of the Forward Estimates. Even with the increase in expenditure, required as part of the Government's COVID-19 response and recovery measures, expenditure growth is still below the long-term average revenue growth rate of 4 per cent (calculated from 2008-09 to 2020-21 Preliminary Outcome).
 - Over the period of the 2020-21 Preliminary Outcome to the end of the Forward Estimates (2024-25), revenue growth is expected to be 4.1 per cent. This represents an improvement compared to the 2020-21 Budget, largely driven by a material upward revision to GST forecasts and the continued growth in State Taxation revenue.
 - Chart 3.1 shows General Government revenue and expense growth over the period of 1999-00 to 2024-25. It shows the impact of short term expenditure measures to support the community, business sector and economy in response to the COVID-19 pandemic, with a return to lower expenditure growth over the Forward Estimates.
2. *General Government debt and defined benefit superannuation liabilities will be managed to ensure the combined annual servicing cost is less than six per cent of General Government cash receipts.*
 - Table 3.1 shows that over the 2021-22 Budget and Forward Estimates, borrowing and defined benefit superannuation costs as a percentage of General Government cash receipts remain below the established maximum of six per cent.
 - Defined benefit superannuation is a significant liability and the Government will continue to ensure that it manages this critical ongoing funding task in the most prudent way and in accordance with the recommendations of the State Actuary.
 - Over the 2021-22 Budget and Forward Estimates, General Government Net Debt is forecast to increase to \$3.5 billion in 2024-25. This is a reduction from the estimates in the 2020-21 Budget and reflects the State's stronger than anticipated recovery to date from the impacts of the COVID-19 pandemic.
3. *A competitive tax environment will be maintained with an objective for state taxes to be efficient, fair, simple, stable and sustainable.*
 - Chart 3.2 shows that, according to the most recent Commonwealth Grants Commission data, the ratio of revenue the State actually raised from its tax sources to the revenue it could have raised (had it applied the Australian average level of effort to its available revenue base), is the second lowest of all jurisdictions, and is below the national average.

- In 2020-21, the Government introduced or extended several taxation measures designed to support Tasmanian businesses and their employees during the COVID-19 pandemic. These included:
 - extending the payroll tax rebate scheme for youth employees, and for apprentices and trainees to 30 June 2022, alongside an expansion of the apprentices and trainees component of the scheme across all industries;
 - consistent with the Australian Government’s extension of the JobKeeper Payment program to 28 March 2021, an extension to the payroll tax waiver for wages paid under the program;
 - introducing a payroll tax waiver relating to certain employees involved in the delivery of a hotel quarantine service; and
 - introducing a land tax exemption for 2020-21 for commercial land owners where the business that operates on the land has suffered financial impacts due to the COVID-19 pandemic.
- In late 2020-21, the Government also introduced a suite of measures aimed at addressing cost of living issues, providing affordable housing support and lowering emissions. These included:
 - resetting Land Tax thresholds to increase the tax free threshold for land tax from \$24 999 to \$49 999, increase the start of the middle tax band threshold to \$50 000 and increase the top tax band threshold from \$350 000 to \$400 000;
 - allowing the Commissioner of State Revenue to accept payment of Land Tax in three instalments where the amount of Land Tax payable in any financial year exceeds \$500 (previously \$1 000);
 - reducing the premium component of the interest rate charged on unpaid tax from eight per cent to four per cent;
 - increasing the value threshold for the First Home Buyer Duty Concession and Pensioner Duty Concession (from \$400 000 to \$500 000);
 - capping the Motor Accidents Insurance Board premium duty at \$20 per annum to enable quarterly payment of vehicle registration bills; and
 - providing a two-year waiver of duty on the purchase of new and second hand electric and hydrogen fuel cell vehicles to incentivise the uptake of these vehicles by reducing up-front costs.

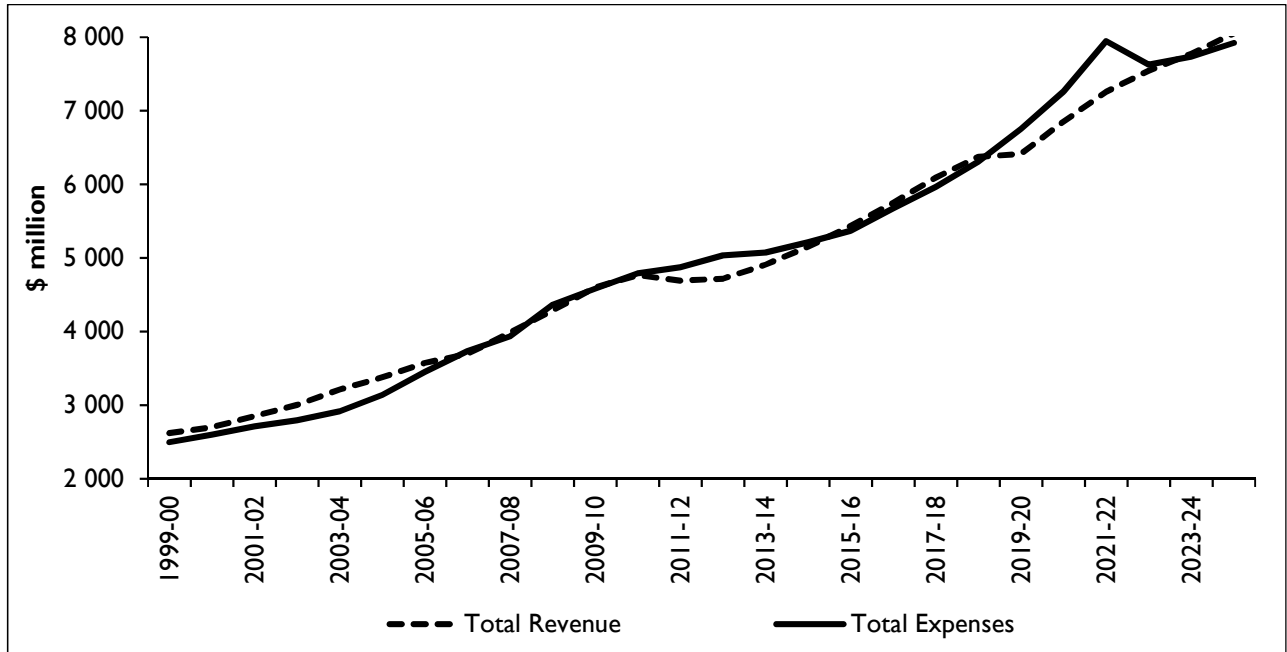
4. *Government businesses will be required to deliver services to Tasmanians at the lowest sustainable cost, while also providing an appropriate financial return to the Government.*

- A key priority for the Government continues to be the delivery of affordable energy to the Tasmanian community at predictable prices that are amongst the lowest in Australia.
- Through support for the implementation of a range of Government priorities and ongoing provision of vital services to the Tasmanian community, government businesses will continue to provide strong support for the State’s recovery from the impact of the COVID-19 pandemic.
- The Government is continuing to work with government businesses on the development, assessment and implementation of major economic infrastructure projects, including Project Marinus, Battery of the Nation, the redevelopment of the Port of Devonport and Port of Burnie, a range of major irrigation projects and the TT-Line vessel replacement.

- The operation of government businesses and the government business governance framework will continue to be monitored and reviewed, where necessary, with a view to improving governance arrangements and the efficiency of government businesses and ensuring that the provision of services is in accordance with the Government's and community's expectations. In 2021-22, this will include an independent review of the operations of the Public Trustee.
5. *Tasmanian Government infrastructure investment will maintain existing assets, respond to economic and population growth and reflect the changing needs of the community.*
- Over the 2021-22 Budget and Forward Estimates, \$3.8 billion is provided for Government agencies to deliver community infrastructure projects. This includes funding for roads and bridges (\$2 billion); hospitals and health (\$503.7 million); human services and housing (\$404.9 million); schools, education and skills (\$335.8 million); law and order (\$238.8 million); tourism, recreation and culture (\$183.6 million); and ICT support to service delivery (\$145.4 million).
 - In addition to the significant investment in the General Government Sector, the 2021-22 Budget supports investment by government businesses and other entities, with \$783.8 million in equity funding for infrastructure investment including: \$199 million to Tasmanian Irrigation Pty Ltd; \$184.8 million to Tasmanian Railway Pty Ltd; \$140 million to Tasmanian Water and Sewerage Corporation Pty Ltd; \$79.2 million to TT-Line Company Pty Ltd; \$65 million to the new Stadium Authority Trust; and \$64.6 million to Macquarie Point Development Corporation.
 - The Government has also announced it will support investment of \$385 million for the largest port redevelopments in Tasmania's history, including the \$240 million Port of Devonport redevelopment and the \$145 million Port of Burnie upgrade. The Government will also support Hydro Tasmania, with \$700 million to be invested in the redevelopment of the Tarraleah power station.
 - Chart 3.3 shows that, over the 2021-22 Budget and Forward Estimates, investment in General Government non-financial assets continues to materially exceed the value of depreciation. In 2021-22 investment in non-financial assets will exceed depreciation by 93 per cent. Table 3.2 summarises 2021-22 Budget and Forward Estimates for Depreciation and Purchases of non-financial assets.
6. *Public sector efficiency, productivity and financial transparency will be improved.*
- Despite a stronger than expected economic recovery, the COVID-19 pandemic continues to have an impact on the State's fiscal position. In addition to being committed to keeping the Tasmanian community informed of the health and wellbeing impacts of the pandemic, the Government has provided information on the impact of the COVID-19 pandemic on the economy and the State's fiscal position. This includes providing information through the *Revised Estimates Report 2020-21 (including December Quarterly Report)* in February 2021; and the *Fiscal Sustainability Report 2021* in June 2021.
 - The Government has received the Final Report on the Review of the Tasmanian State Service. The report recognises that Tasmanian State Service employees are passionate and committed to delivering better outcomes for Tasmania. The Review recommends a substantial suite of changes to address the challenges in the future. The Government will release the Report in the near future.

FISCAL STRATEGY DATA

Chart 3.1: General Government Revenues and Expenses, 1999-00 to 2024-25¹



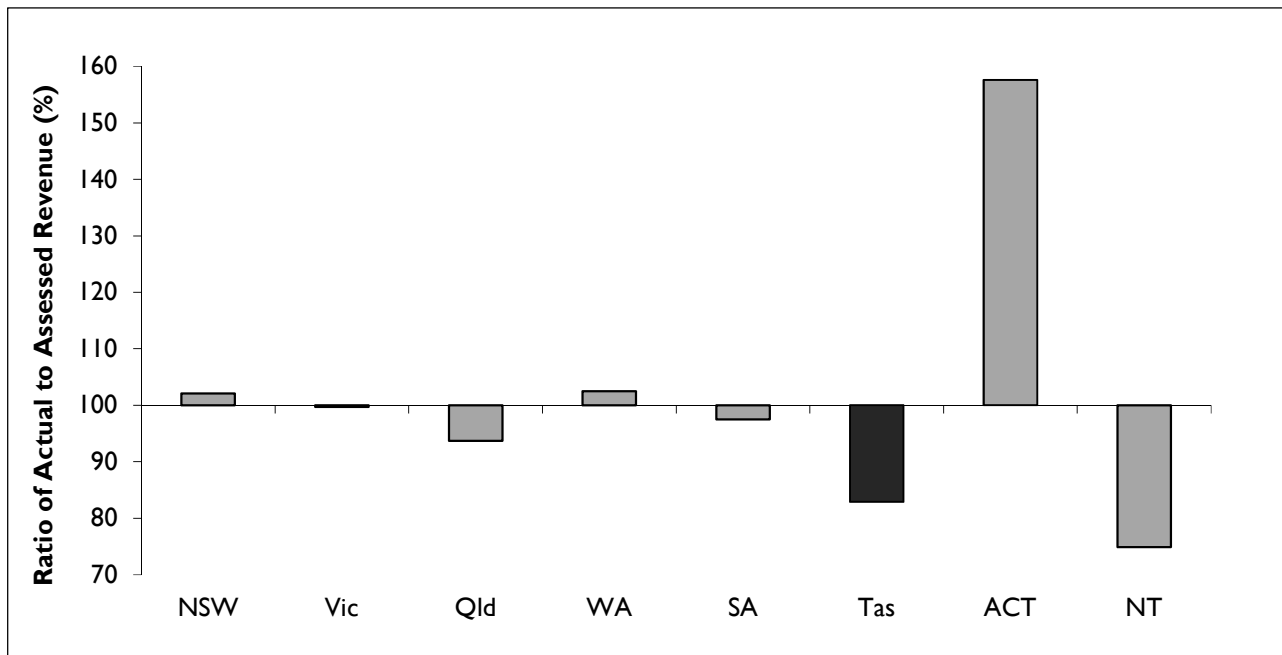
Note:

1. This chart is based on actual data for the period 1999-00 to 2019-20 and preliminary outcomes for 2020-21 (excluding the impact of the significant one-off payment for the Mersey Community Hospital of \$730.4 million in 2016-17) and the Budget and Forward Estimates for 2021-22 to 2024-25.

Table 3.1: General Government Borrowing and Defined Benefits Superannuation Costs, 2021-22 to 2024-25

	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m
Superannuation - defined benefit schemes	296.0	300.7	306.4	321.1
Borrowing costs	44.0	79.0	105.6	114.6
Total borrowing and defined benefit scheme costs	340.0	379.7	412.0	435.7
Borrowing and defined benefit costs as a percentage of General Government cash receipts	4.5%	4.8%	5.0%	5.2%

Chart 3.2: Ratio of Actual to Assessed Revenue, 2019-20^{1,2}



Source: Commonwealth Grants Commission 2021 Update Report on GST Revenue Sharing Relativities

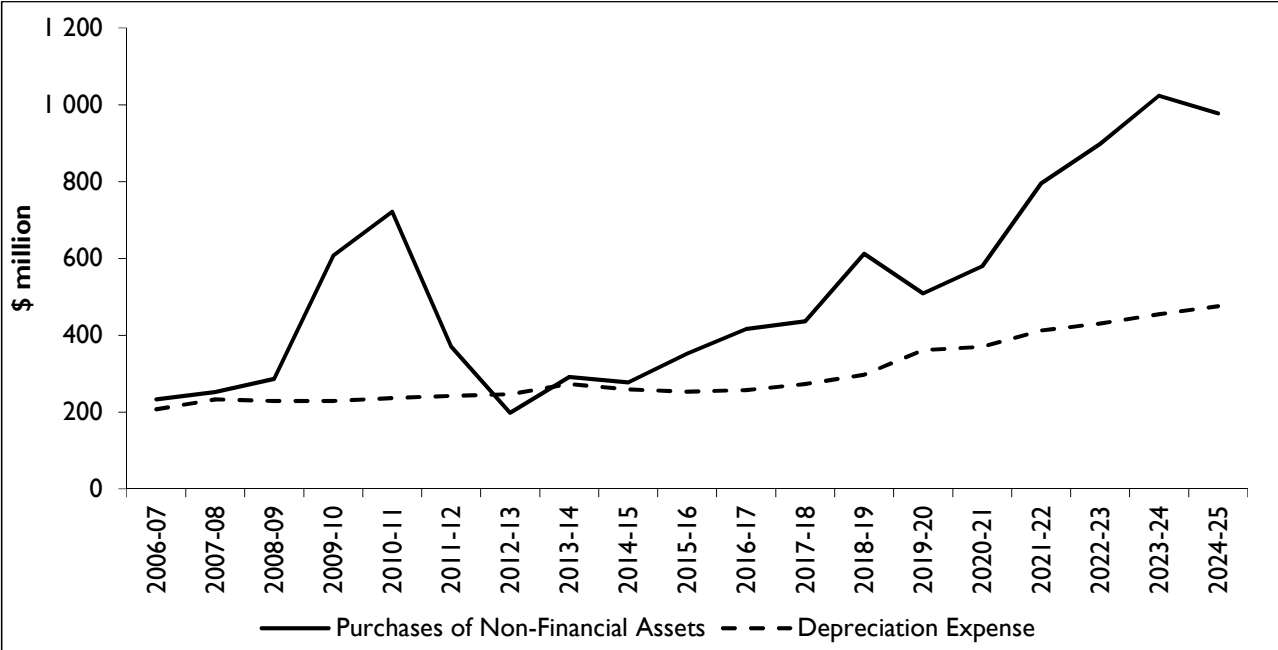
Notes:

1. The Ratio of Actual to Assessed Revenue compares the revenue a state actually raised from its tax sources to the revenue it could have raised had it applied the Australian average level of effort to its available revenue base.
2. The Commonwealth Grants Commission noted when publishing its revenue ratios that the Australian Capital Territory's ratio of actual to assessed revenue may not be directly comparable with those of other States as some categories include municipal transactions.

Table 3.2: Purchases of Non-Financial Assets in Excess of Depreciation, 2021-22 to 2024-25

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m
Purchases of Non-Financial Assets	795.8	897.8	1 023.8	977.5
Depreciation	412.5	430.4	455.0	475.6
Surplus	383.3	467.4	568.8	501.9

Chart 3.3: Purchases of Non-Financial Assets in Excess of Depreciation



4 2021-22 BUDGET AND FORWARD ESTIMATES

Key Issues

- The Net Operating Balance is estimated to be a deficit of \$689.8 million for 2021-22, improving over the Forward Estimates period to an estimated surplus of \$126.8 million in 2024-25.
- The Fiscal Balance remains in deficit over the 2021-22 Budget and Forward Estimates period, with an estimated deficit of \$1 041.2 million in 2021-22 improving to an estimated deficit of \$315.4 million in 2024-25.
- Net Debt (including the impact of Leases under AASB 16) is estimated to be \$1 704.4 million as at 30 June 2022 increasing to \$3 478.6 million as at 30 June 2025.
- Information on variations between 2020-21 Budget estimates and actual preliminary outcomes for 2020-21 is provided in the *Preliminary Outcomes Report 2020-21* that was recently released.
- This chapter includes the Policy and Parameter Statement, which provides a reconciliation of the major movements in the Net Operating Balance and the Fiscal Balance between the Budget and Forward Estimates presented in the 2020-21 Budget Papers and those presented in these Budget Papers. Detailed information on 2021-22 Budget election commitments and other initiatives can be found in *Government Services Budget Paper No 2*.

OVERVIEW

This chapter includes the General Government Sector Financial Statements for the 2021-22 Budget and Forward Estimates period and the preliminary outcome results for 2020-21. It also incorporates the Policy and Parameter Statement, which reflects changes between the Budget and Forward Estimates reported in the 2020-21 Budget Papers and the 2021-22 Budget Papers.

In addition, this chapter includes the Public Account Budget and Forward Estimates together with Specific Purpose Account Estimated Receipts and Expenditure for 2021-22. These reports are prepared to meet requirements under the *Financial Management Act 2016*.

The financial statements in this chapter have been prepared in accordance with the Uniform Presentation Framework (UPF). The statements present information for the 2020-21 Budget and for the 2021-22 Budget and Forward Estimates. Taxation information, required under the UPF, is provided in chapter 5 of this Budget Paper.

In accordance with the UPF, the final end of year results for the General Government Sector for 2021-22 will be presented in the *Treasurer's Annual Financial Report 2021-22*, which is required to be released by no later than 31 October 2022.

GOVERNMENT FINANCIAL ESTIMATES

Tables 4.1 to 4.3 detail the Income Statement, Balance Sheet and Cash Flow Statement for the General Government Sector.

Table 4.1: General Government Income Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions¹						
Grants	4 066.1	4 300.9	4 653.2	4 922.3	5 094.5	5 258.2
Taxation	1 220.6	1 336.0	1 448.3	1 530.6	1 608.5	1 684.6
Sales of goods and services	433.4	440.9	441.7	458.5	469.8	479.9
Fines and regulatory fees	102.2	100.4	107.2	108.3	109.7	111.0
Interest income	14.9	8.0	7.9	12.1	18.3	22.9
Dividend, tax and rate equivalent income	413.1	403.6	383.8	316.1	286.1	308.0
Other revenue	177.9	262.9	215.3	194.9	189.8	186.6
	6 428.1	6 852.7	7 257.5	7 542.7	7 776.8	8 051.3
Less Expenses from transactions						
Employee expenses ²	3 051.7	3 036.0	3 202.0	3 244.2	3 400.7	3 550.3
Superannuation ³	373.8	380.3	410.3	419.1	435.1	457.4
Depreciation	388.1	369.3	412.5	430.4	455.0	475.6
Supplies and consumables	1 731.8	1 601.0	1 723.8	1 553.4	1 574.6	1 612.9
Nominal superannuation interest expense ⁴	161.8	161.8	129.5	129.6	129.4	128.8
Borrowing costs ⁵	29.3	21.7	48.2	80.6	106.4	114.4
Grant and subsidy expenses ⁶	1 771.0	1 648.7	1 978.8	1 731.5	1 598.1	1 544.8
Other expenses	38.7	45.5	42.2	40.2	38.0	40.3
	7 546.1	7 264.1	7 947.2	7 629.2	7 737.4	7 924.5
Equals NET OPERATING BALANCE	(1 118.0)	(411.5)	(689.8)	(86.4)	39.4	126.8
Plus Other economic flows - included in Operating Result						
Gain/(loss) on sale of non-financial assets	16.6	(6.7)	13.7	34.3	33.0	41.6
Other gains/(losses)	80.9	148.4	(11.9)	(26.8)	(11.2)	3.7
	97.5	141.7	1.8	7.5	21.8	45.3
Equals Operating Result	(1 020.5)	(269.8)	(687.9)	(78.9)	61.2	172.1

Table 4.1: General Government Income Statement (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows - other movements in Equity						
Revaluations of non-financial assets	220.2	337.0	280.4	282.0	317.4	317.4
Revaluation of equity investment in PNFC and PFC sectors ⁷	148.3	183.2	(181.2)	(117.7)	(160.3)	(2.2)
Movements in superannuation liability ⁸	(1 198.2)	1 231.2	(866.4)	....	....	....
Other non-owner movements in Equity	....	38.3	....	....	....	....
	(829.6)	1 789.8	(767.3)	164.4	157.1	315.2
Equals Comprehensive Result	(1 850.1)	1 520.0	(1 455.2)	85.4	218.3	487.3
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	(1 118.0)	(411.5)	(689.8)	(86.4)	39.4	126.8
Less Net acquisition of non-financial assets						
Purchases of non-financial assets ⁹	1 085.5	579.7	795.8	897.8	1 023.8	977.5
Less Sales of non-financial assets	35.7	25.1	31.9	52.5	51.2	59.7
Less Depreciation	388.1	369.3	412.5	430.4	455.0	475.6
	661.7	185.3	351.4	414.9	517.6	442.1
Equals FISCAL BALANCE	(1 779.7)	(596.7)	(1 041.2)	(501.3)	(478.1)	(315.4)

Notes:

- Detailed information on revenue estimates is provided in chapter 5 of this Budget Paper.
- The increase in Employee expenses in 2021-22 primarily reflects the impact of the Government's 2021 election commitments and other initiatives.
- The change in Superannuation reflects increases to the Superannuation Guarantee Charge together with the latest actuarial advice provided by the State's Actuary. Further information on the Superannuation liability is provided in chapter 7 of this Budget Paper.
- The decrease in Nominal superannuation interest expense in 2021-22 reflects the latest actuarial advice provided by the State's Actuary and includes a change in the discount rate from 1.0 per cent in 2020-21 to 1.5 per cent in 2021-22.
- The increase in Borrowing costs from 2021-22 primarily reflects anticipated increases in the estimated General Government Sector cash deficit together with the impact of a higher projected borrowings rate.
- The increase in Grant and subsidy expenses in 2021-22 primarily reflects the impact of the Government's 2021 election commitments and other initiatives which are partially offset by a reduction in COVID-19 pandemic related expenditure compared with 2020-21.
- Revaluation of equity investment in PNFC and PFC sectors reflects changes in the net assets of the Public Non-Financial Corporations and Public Financial Corporation sectors. Refer to appendix 1 of this Budget Paper for more information on the PNFC and PFC sectors.
- The change in the Movements in superannuation liability reflects the latest actuarial advice provided by the State's Actuary. Further information on the Superannuation liability is provided in chapter 7 of this Budget Paper.
- Detailed information on infrastructure investment is provided in chapter 6 of this Budget Paper.

Table 4.2: General Government Balance Sheet as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets						
Cash and deposits	1 160.4	1 468.1	1 144.0	1 152.5	1 390.8	1 444.9
Investments ¹	420.3	202.9	311.0	360.8	233.9	200.9
Equity investments in PNFC and PFC sectors	4 721.8	4 874.7	4 928.6	5 077.3	5 045.3	5 073.4
Other equity investments	124.8	90.4	140.9	201.4	256.9	262.4
Receivables	326.5	348.3	345.4	342.2	339.3	336.7
Other financial assets	585.3	516.9	442.6	450.5	466.3	498.4
	7 339.1	7 501.2	7 312.6	7 584.6	7 732.5	7 816.7
Non-financial assets						
Land and buildings ²	7 470.8	7 468.6	7 771.9	8 031.2	8 374.4	8 645.6
Infrastructure ³	6 405.0	6 107.2	6 454.9	6 930.0	7 461.0	8 010.9
Plant and equipment	291.9	285.3	313.8	334.0	346.5	348.8
Heritage and cultural assets	452.0	439.9	452.2	464.5	476.8	489.1
Investment property	3.3	3.4	3.3	3.3	3.3	3.3
Intangibles	71.9	63.9	72.6	87.5	107.6	120.0
Assets held for sale	16.7	5.7	1.1	....	....	....
Lease - right-of-use-assets ⁴	412.1	310.4	275.2	243.9	231.9	198.1
Other non-financial assets	48.2	99.9	99.8	101.4	102.3	103.8
	15 171.9	14 784.1	15 444.7	16 195.8	17 103.8	17 919.5
Total Assets	22 510.9	22 285.4	22 757.3	23 780.4	24 836.3	25 736.2
Liabilities						
Borrowings	3 013.5	1 811.2	2 874.1	3 780.5	4 449.4	4 930.6
Lease liabilities ⁴	422.1	318.9	285.4	251.8	234.8	193.7
Superannuation ⁵	11 481.0	9 064.3	9 895.0	9 843.6	9 775.4	9 681.4
Employee entitlements	800.0	814.9	831.8	849.7	869.2	889.0
Payables	191.7	190.1	199.9	201.1	203.2	204.9
Other liabilities	590.0	703.2	743.5	840.6	1 072.9	1 118.0
Total Liabilities	16 498.3	12 902.6	14 829.7	15 767.3	16 604.9	17 017.5
Net Assets	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

Table 4.2: General Government Balance Sheet as at 30 June (continued)

	2021	2021	2022	2023	2024	2025
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Equity						
Accumulated funds	1 550.5	4 880.5	3 326.2	3 247.3	3 308.5	3 480.6
Asset revaluation reserve	5 296.3	5 301.5	5 581.9	5 863.9	6 181.3	6 498.6
Other revaluation reserves	(834.1)	(799.2)	(980.4)	(1 098.1)	(1 258.4)	(1 260.6)
Total Equity	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

KEY FISCAL AGGREGATES

NET WORTH⁶	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6
NET FINANCIAL WORTH⁷	(9 159.2)	(5 401.3)	(7 517.1)	(8 182.7)	(8 872.4)	(9 200.9)
NET FINANCIAL LIABILITIES⁸	13 881.0	10 276.0	12 445.7	13 260.1	13 917.7	14 274.2
NET DEBT⁹	1 854.8	459.1	1 704.4	2 519.1	3 059.5	3 478.6
GFS NET DEBT¹⁰	1 432.8	140.2	1 419.0	2 267.3	2 824.7	3 284.9

Notes:

- Variations from 2021-22 primarily reflect the timing of loan advances by the Department of State Growth. In 2021-22 and 2022-23, it also reflects the drawdown of the TT-Line Vessel Replacement Fund.
- The increase in Land and buildings reflects the implementation of the Government's infrastructure program including increased capital funding for schools, housing, prison infrastructure and hospital redevelopment projects. Further information on infrastructure investment is provided in chapter 6 of this Budget Paper.
- The increase in Infrastructure primarily reflects additional expenditure on Roads through the Government's infrastructure investment program. Further information on infrastructure investment is provided in chapter 6 of this Budget Paper.
- The decrease in Lease right-of-use-assets and Lease liabilities in 2022 primarily reflects revised estimates based on 30 June 2020 actuals.
- The decrease in Superannuation reflects the latest actuarial advice provided by the State's Actuary and includes a change in the discount rate from 1.0 per cent in 2020-21 to 1.5 per cent in 2021-22. Further information on the Superannuation liability is provided in chapter 7 of this Budget Paper.
- Net Worth represents Total Assets less Total Liabilities.
- Net Financial Worth represents Financial assets less Total Liabilities.
- Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in PNFC and PFC sectors.
- Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
- GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Table 4.3: General Government Cash Flow Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities						
Cash received from operating activities						
Grants received	3 966.0	4 388.6	4 697.6	5 018.8	5 326.1	5 302.7
Taxation	1 218.7	1 338.5	1 448.3	1 530.7	1 608.7	1 684.8
Sales of goods and services	432.0	428.4	436.9	453.7	464.5	474.4
Fines and regulatory fees	102.2	102.1	107.2	108.2	109.6	110.9
Interest received	14.0	8.1	8.0	12.0	18.3	22.6
Dividend, tax and rate equivalents	414.4	427.8	451.7	291.7	268.8	288.0
Other receipts	404.3	615.5	447.1	427.9	423.9	423.0
	6 551.6	7 308.8	7 596.8	7 843.0	8 219.9	8 306.4
Cash payments for operating activities						
Employee entitlements	(3 023.1)	(3 014.8)	(3 181.9)	(3 225.3)	(3 380.0)	(3 529.5)
Superannuation	(528.5)	(528.1)	(577.6)	(598.6)	(631.2)	(678.8)
Supplies and consumables	(1 737.6)	(1 609.3)	(1 733.7)	(1 564.2)	(1 585.2)	(1 622.9)
Borrowing costs	(29.4)	(14.2)	(44.0)	(79.0)	(105.6)	(114.6)
Grants and subsidies paid	(1 770.9)	(1 765.7)	(1 978.7)	(1 731.5)	(1 598.0)	(1 544.8)
Other payments	(267.5)	(321.9)	(276.4)	(275.6)	(274.5)	(279.0)
	(7 357.0)	(7 254.1)	(7 792.3)	(7 474.2)	(7 574.6)	(7 769.6)
Net cash flows from operating activities	(805.3)	54.7	(195.5)	368.8	645.3	536.8
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchases of non-financial assets	(1 073.2)	(579.7)	(776.2)	(887.3)	(1 014.0)	(967.8)
Sales of non-financial assets	32.7	25.1	36.3	48.6	47.4	55.9
	(1 040.5)	(554.6)	(739.9)	(838.7)	(966.7)	(911.9)
Net cash flows from financial assets (policy purposes)						
Equity injections	(72.2)	(241.5)	(285.6)	(326.9)	(183.7)	(35.7)
Net advances paid	(81.7)	(12.0)	(129.4)	(90.9)	126.9	33.0
Equity disposals	3.6	86.2	3.6	3.6	3.6	3.6
	(150.3)	(167.3)	(411.4)	(414.2)	(53.2)	0.9

Table 4.3: General Government Cash Flow Statement (continued)

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Net cash flows from financial assets (liquidity management purposes)						
Net (purchase)/sale of investments	(121.6)	20.2	21.2	41.2	....	....
	(121.6)	20.2	21.2	41.2	....	....
Net cash flows from investing activities	(1 312.3)	(701.7)	(1 130.1)	(1 211.7)	(1 019.9)	(911.0)
Net cash flows from financing activities						
Net borrowing	2 097.6	934.5	1 001.5	851.3	612.9	428.3
	2 097.6	934.5	1 001.5	851.3	612.9	428.3
Net increase/(decrease) in cash held	(20.1)	287.6	(324.1)	8.4	238.4	54.1
Cash at the beginning of the year	1 180.5	1 180.5	1 468.1	1 144.0	1 152.5	1 390.8
Cash at the end of the year	1 160.4	1 468.1	1 144.0	1 152.5	1 390.8	1 444.9
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	(805.3)	54.7	(195.5)	368.8	645.3	536.8
Plus Net cash flows from non-financial assets	(1 040.5)	(554.6)	(739.9)	(838.7)	(966.7)	(911.9)
Equals CASH SURPLUS/(DEFICIT)	(1 845.8)	(499.9)	(935.4)	(469.9)	(321.3)	(375.1)

POLICY AND PARAMETER STATEMENT

Introduction

The Policy and Parameter Statement is a reconciliation of the major changes in the Net Operating Balance and the Fiscal Balance between two points in time.

The changes in the PPS are classified as revenue, expense or net acquisition of non-financial assets and then further categorised as a policy or parameter change. The classification of a variation as a policy or parameter change is a matter of judgement and it is recognised that there may be some instances where part of a Government initiative may have both policy and parameter components. In exercising judgement, Treasury aims to ensure that Government decisions are made transparent.

Policy Variation

For the purpose of the PPS, a policy variation reflects a specific decision by the Government that has an impact on the Budget and Forward Estimates and is related to a new policy or represents a change in the Government's existing policy position since the previous Budget. A decision to change a Budget or Forward Estimate item, which is consistent with an existing policy, is not a policy decision.

Parameter Variation

A parameter variation reflects changes to the Budget and Forward Estimates due to the economic environment, the agency operating environment or the timing of a transaction.

Parameter variations will reflect the impact of changes in taxes, grants or other income that do not arise because of a Government decision; and demand and cost variations in agency service delivery, including the provision of indexation. Variations resulting from the rollover of a new Forward Estimate year and changes in accounting policies, such as a change in an agency depreciation policy or the impact on estimates of a change in an Australian Accounting Standard, are classified as parameter variations.

Table 4.4 provides a summary of the policy and parameter changes detailed in Table 4.5 that have impacted on the formulation of the 2021-22 Budget since the 2020-21 Budget.

Table 4.4: Summary Policy and Parameter Statement, 2021-22 to 2024-25

	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate ¹
	\$m	\$m	\$m	\$m
Forward Estimates (Net Operating Balance) as per the 2020-21 Budget (A)	(281.5)	13.9	17.2	....
Forward Estimates (Fiscal Balance) as per the 2020-21 Budget (B)	(745.9)	(338.3)	(437.9)	....
REVENUE				
Policy Decisions	(28.3)	(20.3)	(18.2)	(18.1)
Parameter Adjustments	473.3	468.4	459.8	....
TOTAL REVENUE ADJUSTMENTS (C)	445.1	448.1	441.6	....
EXPENSES				
Policy Decisions	683.7	415.9	337.9	404.7
Parameter Adjustments	169.6	132.5	81.3	....
TOTAL EXPENSE ADJUSTMENTS (D)	853.3	548.4	419.4	....
NET OPERATING BALANCE (A+C-D)	(689.8)	(86.4)	39.4	126.8
Less NET ACQUISITION OF NON-FINANCIAL ASSETS				
Purchases of non-financial assets				
Policy Decisions	69.4	95.4	230.4	284.0
Parameter Adjustments	(196.5)	(16.6)	(143.4)	....
	(127.0)	78.8	87.0	....
Less Sale of non-financial assets				
Policy Decisions	....	....	....	....
Parameter Adjustments	(11.3)	16.4	15.7	....
	(11.3)	16.4	15.7	....
Less Depreciation - Total Parameter Adjustments	(2.8)	(0.3)	8.8	....
TOTAL NET ACQUISITION OF NON-FINANCIAL ASSETS ADJUSTMENTS (E)	(113.0)	62.7	62.4	....
FISCAL BALANCE (B+C-D-E)	(1 041.2)	(501.3)	(478.1)	(315.4)

Note:

1. Parameter adjustments for 2024-25 are not reflected in the Table as the 2024-25 Forward Estimate was not published in the 2020-21 Budget. However, policy adjustments are reflected to show their full impact on the Budget and Forward Estimates.

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Forward Estimates (Net Operating Balance) as per the 2020-21 Budget (A)	(281.5)	13.9	17.2	....
Forward Estimates (Fiscal Balance) as per the 2020-21 Budget (B)	(745.9)	(338.3)	(437.9)	....
Revenue from transactions				
Policy Decisions				
Agency Revenue				
Election commitments				
Shellfish Levy - Oyster Industry Levy Relief	(0.4)	....	....	....
Other initiatives				
Extension of waiver of Liquor Licence Fees	(0.1)	(0.1)	(0.1)	(0.1)
	(0.5)	(0.1)	(0.1)	(0.1)
Taxation				
Duties ²				
Election commitments				
Quarterly Motor Vehicle Registration Payments	(3.5)	(3.5)	(3.5)	(3.5)
Stamp Duty Waiver for Electric Vehicles	(0.8)	(1.6)	....	....
Other initiatives				
Duty concessions for First Home Buyers and Pensioners Downsizing	(6.8)	....	....	....
Land Tax ³				
Election commitments				
Land Tax Threshold Modernisation	(14.1)	(14.1)	(14.1)	(14.1)
Motor Tax ⁴				
Election commitments				
Quarterly Motor Vehicle Registration Payments	(0.6)	....	....	....
Vehicle Registration Fees ⁴				
Election commitments				
Electric Vehicle - Car Rental - Registration Waiver	(0.5)	(0.5)	....	....
Quarterly Motor Vehicle Registration Payments	(1.1)	....	....	....
Premium Interest Rate Reduction ⁵	(0.5)	(0.5)	(0.5)	(0.5)
	(27.9)	(20.2)	(18.1)	(18.1)
Total Policy Decisions	(28.3)	(20.3)	(18.2)	(18.1)

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Parameter Adjustments				
Taxation				
Annual Wagering Levy ⁶	....	....	....	....
Casino Tax and Licence Fees	1.0	1.0	1.0	....
Duties	133.4	157.0	182.8	....
Fire Service Levies	3.2	3.5	3.8	....
Guarantee Fees	(0.9)	(2.2)	2.0	....
Land Tax	5.5	6.9	8.4	....
Lottery Tax	3.6	4.5	5.4	....
Motor Tax	0.5	1.8	5.3	....
Payroll Tax	29.0	34.6	37.1	....
Point of Consumption Wagering Tax	1.8	1.9	1.9	....
Vehicle Registration Fees	1.8	3.0	3.6	....
	179.1	212.0	251.3	....
Dividend, tax and rate equivalent income				
Dividend income				
Aurora Energy Pty Ltd	10.8	2.4	2.3	....
Hydro Tasmania	(6.2)	(4.5)	14.5	....
Motor Accidents Insurance Board	21.1	24.1	25.6	....
Tasmanian Networks Pty Ltd	10.1	(1.8)	(3.3)	....
Tasmanian Ports Corporation Pty Ltd	....	(3.8)	(2.1)	....
Tasmanian Public Finance Corporation	2.6	(3.9)	(2.9)	....
TT-Line Company Pty Ltd	....	2.7	4.0	....
	38.4	15.2	38.0	....
Income tax equivalents				
Aurora Energy Pty Ltd	0.9	0.5	0.2	....
Hydro Tasmania	(2.2)	6.9	1.0	....
Motor Accidents Insurance Board	(0.6)	(2.1)	(4.1)	....
Public Trustee	0.1	....	....	....
Sustainable Timber Tasmania	0.7	....	2.7	....
Tasmanian Networks Pty Ltd	(1.0)	(2.5)	(3.8)	....

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Income tax equivalents (continued)				
Tasmanian Ports Corporation Pty Ltd	(0.7)	....	0.8	....
Tasmanian Public Finance Corporation	(1.7)	(1.3)	(1.9)	....
TT-Line Company Pty Ltd	1.7	3.4	(4.3)	....
	(2.8)	4.9	(9.3)	....
Total Dividend, tax and rate equivalent income	35.6	20.1	28.8	....
Interest income	(7.4)	(4.7)	6.4	....
Australian Government Grants				
General Purpose Payments				
GST Revenue	321.0	293.0	320.8	....
	321.0	293.0	320.8	....
National Partnership Payments				
Community Services (including Disability)	....	0.9	1.8	....
Education	(0.1)	0.2	....	....
Environment	(9.2)	(10.5)	5.7	....
Health	33.4	8.3	3.4	....
Housing	33.8	13.8	....	....
Infrastructure	(129.9)	(124.6)	(216.6)	....
Natural Disaster Relief and Recovery Arrangements	(0.7)	(0.3)	1.1	....
Other Services	(35.5)	3.3	(2.8)	....
Skills and Workforce Development	2.4	7.4	2.1	....
	(105.9)	(101.5)	(205.3)	....
Specific Purpose Payments				
National Health Reform	10.4	31.5	33.0	....
National Housing and Homelessness	2.2	2.3	0.7	....
National Skills and Workforce Development	0.2	0.2	0.2	....
<i>Quality Schools, Quality Outcomes</i>	3.5	2.4	9.6	....
	16.3	36.4	43.5	....
Other Australian Government Grants	10.1	5.8	6.5	....
Total Australian Government Grants	241.6	233.8	165.6	....

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Agency Revenue				
Brand Tasmania ⁷	....	....	....	....
Communities Tasmania	4.6	(6.2)	(6.2)	....
Education	(0.2)	(0.2)	(0.2)	....
Finance-General	2.3	(1.3)	(1.2)	....
Health	(1.1)	3.4	7.4	....
Inland Fisheries Service	....	....	(0.1)	....
Marine and Safety Tasmania	0.1	0.1	0.2	....
Police, Fire and Emergency Management ⁸	....	....	....	....
Premier and Cabinet	0.8	0.8	(0.2)	....
Primary Industries, Parks, Water and Environment	(6.6)	(5.7)	(4.6)	....
Royal Tasmanian Botanical Gardens	0.6	2.1	2.0	....
State Fire Commission	(0.1)	(0.1)	....	....
State Growth ⁹	21.2	10.9	7.2	....
TasTAFE	1.9	2.7	2.8	....
Treasury and Finance	0.9	0.8	0.8	....
Total Agency Revenue	24.4	7.3	7.9	....
Total Parameter Adjustments	473.3	468.4	459.8	....
TOTAL REVENUE FROM TRANSACTIONS ADJUSTMENTS (C)	445.1	448.1	441.6	....
Expenses from transactions				
Policy Decisions¹⁰				
Agency Expenditure				
Brand Tasmania				
Initiatives	0.3	0.2	....	....
	0.3	0.2	....	....
Communities Tasmania				
Election Commitments	74.0	30.5	21.1	8.3
Other Initiatives	51.5	23.9	2.3	2.0
	125.5	54.4	23.4	10.3

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Education				
Election Commitments	5.4	7.2	8.4	8.4
Other Initiatives	0.3	0.1	0.1	0.1
	5.7	7.3	8.5	8.4
Finance-General				
Election Commitments	20.0	3.5	4.5	4.5
Other Initiatives	147.5	47.5	40.0	40.0
	167.5	51.0	44.5	44.5
Health				
Election Commitments ¹¹	96.5	78.3	71.5	68.2
Other Initiatives	68.4	65.8	65.5	165.5
	164.8	144.2	137.0	233.8
Inland Fisheries Service				
Election Commitments ¹²	0.1	0.1	....	....
	0.1	0.1	....	....
Integrity Commission				
Initiatives	0.6	0.6	0.6	0.3
	0.6	0.6	0.6	0.3
Justice				
Election Commitments	6.1	5.8	4.8	2.8
Other Initiatives	25.2	14.4	11.9	11.9
	31.4	20.2	16.7	14.7
Marine and Safety Tasmania				
Election Commitments	5.0	....	....	....
Other Initiatives	0.3	....	....	....
	5.3	....	....	....
Office of the Director of Public Prosecutions				
Initiatives	1.8	1.8	1.4	1.4
	1.8	1.8	1.4	1.4
Office of the Ombudsman				
Initiatives	0.5	0.8	1.0	1.0
	0.5	0.8	1.0	1.0
Police, Fire and Emergency Management				
Election Commitments	1.7	3.5	5.1	7.6
Other Initiatives	9.7	4.9	3.8	2.7
	11.4	8.4	9.0	10.2

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Premier and Cabinet				
Election Commitments	1.9	0.9	1.5	1.5
Other Initiatives	8.8	14.8	9.6	9.6
	10.7	15.7	11.1	11.1
Primary Industries, Parks, Water and Environment				
Election Commitments	9.4	11.4	6.8	6.1
Other Initiatives	8.0	7.4	2.1	2.1
	17.4	18.8	8.9	8.2
State Fire Commission				
Election Commitments	1.9	2.2	2.2	2.2
Other Initiatives	1.4	....	....	....
	3.2	2.2	2.2	2.2
State Growth				
Election Commitments	63.1	42.8	40.0	31.1
Other Initiatives	60.7	17.3	7.0	2.0
	123.8	60.0	47.0	33.1
TasTAFE				
Election Commitments	8.3	18.0	11.8	15.5
	8.3	18.0	11.8	15.5
Tourism Tasmania				
Election Commitments	1.2	4.5	7.0	7.0
	1.2	4.5	7.0	7.0
Treasury and Finance				
Initiatives	1.0	2.0	2.0	2.0
	1.0	2.0	2.0	2.0
Borrowing Costs				
State Growth				
Election Commitments	2.1	4.6	4.6	1.1
Other Initiatives	1.2	1.2	1.2	....
	3.3	5.8	5.8	1.1
Total Policy Decisions	683.7	415.9	337.9	404.7
Parameter Adjustments				
Borrowing costs	(8.1)	12.1	30.5	....
Depreciation	(2.8)	(0.3)	8.8	....
Nominal superannuation interest expense	35.0	35.1	34.7	....

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Agency Expenditure				
Brand Tasmania	0.2	....	....	....
Communities Tasmania	8.0	13.6	(26.6)	....
Education	9.8	9.4	19.5	....
Finance-General	(7.7)	(4.5)	(40.6)	....
Health	26.8	18.3	17.3	....
House of Assembly	....	0.1	0.1	....
Inland Fisheries Service	....	....	0.1	....
Integrity Commission	0.1	....	....	....
Justice	(2.7)	(0.8)	(0.3)	....
Legislative Council	0.1	....	0.1	....
Legislature-General	0.3	....	....	....
Marine and Safety Tasmania	(0.1)	0.2	0.3	....
Ministerial and Parliamentary Support	0.1	0.1	0.2	....
Office of the Director of Public Prosecutions	....	....	0.1	....
Office of the Governor	0.1	....	....	....
Office of the Ombudsman	0.3	0.2	0.2	....
Police, Fire and Emergency Management	14.8	24.2	25.0	....
Premier and Cabinet	(2.4)	(3.1)	(1.6)	....
Primary Industries, Parks, Water and Environment	7.9	(1.5)	(2.3)	....
Royal Tasmanian Botanical Gardens	0.2	1.9	1.9	....
State Fire Commission	(0.5)	2.9	3.3	....
State Growth	71.3	23.4	7.7	....
TasTAFE	3.0	0.6	2.1	....
Tourism Tasmania	16.4	0.1	0.1	....
Treasury and Finance	3.4	0.9	1.1	....
Other ¹³	(3.9)	(0.6)	(0.5)	....
Total Agency Expenditure	145.5	85.6	7.3	....
Total Parameter Adjustments	169.6	132.5	81.3	....
TOTAL EXPENSES FROM TRANSACTIONS ADJUSTMENTS (D)	853.3	548.4	419.4	....
NET OPERATING BALANCE (A+C-D)	(689.8)	(86.4)	39.4	126.8

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Less NET ACQUISITION OF NON-FINANCIAL ASSETS				
Purchases of non-financial assets from transactions				
Policy Decisions¹⁴				
Communities Tasmania				
Election Commitments	5.5	3.0	32.8	65.0
Other Initiatives	15.0	....	....	....
	20.5	3.0	32.8	65.0
Education				
Election Commitments	5.8	16.7	43.6	33.9
Other Initiatives	0.8	0.8	....	....
	6.6	17.5	43.6	33.9
Finance-General				
Initiatives	5.0	....	1.5	10.0
	5.0	....	1.5	10.0
Health				
Election Commitments	10.9	25.0	80.6	94.9
Other Initiatives	5.0	3.6	8.5	....
	15.9	28.6	89.1	94.9
Inland Fisheries Service				
Election Commitments	0.3	0.3	0.3	0.3
	0.3	0.3	0.3	0.3
Justice				
Election Commitments	....	1.3	....	....
Other Initiatives	1.0	12.5	12.5	....
	1.0	13.8	12.5	....
Marine and Safety Tasmania				
Election Commitments	0.1	....	....	....
	0.1	....	....	....
Office of the Governor				
Initiatives	0.3	....	....	....
	0.3	....	....	....
Police, Fire and Emergency Management				
Election Commitments	....	0.1	0.1	8.8
Other Initiatives	4.5	2.1	2.8	....
	4.5	2.2	2.9	8.8

Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Primary Industries, Parks, Water and Environment				
Election Commitments	1.2	8.4	13.8	11.7
Other Initiatives	1.0	5.0	4.0	....
	2.2	13.4	17.8	11.7
State Fire Commission				
Election Commitments	0.5	0.3	1.0	1.0
	0.5	0.3	1.0	1.0
State Growth				
Election Commitments	1.3	5.2	17.8	47.3
	1.3	5.2	17.8	47.3
TasTAFE				
Election Commitments	11.3	11.3	11.3	11.3
	11.3	11.3	11.3	11.3
Total Policy Decisions	69.4	95.4	230.4	284.0
Parameter Adjustments				
Communities Tasmania	(16.1)	14.9	17.3	....
Education	(22.2)	(1.5)	27.7	....
Finance-General	6.8	2.7	7.0	....
Health	(1.4)	60.2	19.5	....
Inland Fisheries Service	(0.1)	....	(0.1)	....
Justice	(6.6)	(18.1)	(39.4)	....
Marine and Safety Tasmania	0.6	....	0.1	....
Police, Fire and Emergency Management	(11.8)	6.0	42.5	....
Premier and Cabinet	0.2	....	....	....
Primary Industries, Parks, Water and Environment	(18.7)	8.0	12.7	....
Royal Tasmanian Botanical Gardens	(2.6)	2.5	0.6	....
State Fire Commission	1.6	2.2	2.5	....
State Growth	(134.6)	(101.6)	(233.0)	....
Tasmanian Audit Office	0.2	0.1	....	....
TasTAFE	8.7	7.0	(1.0)	....
Treasury and Finance	(0.5)	1.2	....	....
Total Parameter Adjustments	(196.5)	(16.6)	(143.4)	....

**Table 4.5: Policy and Parameter Statement, 2021-22 to 2024-25
(continued)**

	2021-22	2022-23	2023-24	2024-25
	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m
Total Purchases of non-financial assets from transactions (E)	(127.0)	78.8	87.0	....
Less Total Sale of non-financial assets from transactions (F)	(11.3)	16.4	15.7	....
Depreciation - Total Parameter Adjustments (G)	(2.8)	(0.3)	8.8	....
TOTAL NET ACQUISITION OF NON-FINANCIAL ASSETS FROM TRANSACTIONS ADJUSTMENTS (H) (E - F - G)	(113.0)	62.7	62.4	....
FISCAL BALANCE (B + C - D - H)	(1 041.2)	(501.3)	(478.1)	(315.4)

Notes:

1. Parameter adjustments for 2024-25 are not reflected in the Table as the 2024-25 Forward Estimate was not published in the 2020-21 Budget. However, policy adjustments are reflected to show their full impact on the Budget and Forward Estimates.
2. The decrease in Duties reflects the Government's decisions to increase the dutiable value threshold for the First Home Buyer Duty Concession and Pensioner Downsizing Duty Concession from \$400 000 to \$500 000; and cap the motor accident premium duty at \$20 per annum as a result of the introduction of quarterly registration for light vehicles; and provide a two year stamp duty waiver for all new and second hand electric and hydrogen fuel cell vehicle purchases.
3. The decrease in Land Tax reflects the Government's decision to reform the land tax thresholds by increasing the tax-free threshold from \$24 999 to \$49 999 and increasing the top tax band threshold from \$350 000 to \$400 000.
4. The decrease in Motor Tax and Vehicle Registration Fees reflects the Government's decision to introduce quarterly registration of light motor vehicles, and to waive registration for electric vehicles purchased by car rental companies and coach operators for two years.
5. The Premium Interest Rate reduction applies across all taxation lines.
6. Annual Wagering Levy reflects an increase of \$8 000 in 2021-22; \$7 000 in 2022-23; and \$36 000 in 2023-24.
7. The parameter movement for Brand Tasmania reflects an increase of \$12 000 per annum from 2021-22.
8. The parameter movement for the Department of Police, Fire and Emergency Management reflects an increase of \$3 000 in 2021-22; \$2 000 in 2022-23; and \$1 000 in 2023-24.
9. The increase in 2021-22 and over the Forward Estimates primarily reflects revised Mineral Royalty forecasts.
10. Detailed information on 2021 election commitments and other 2021-22 Budget initiatives is provided in *Government Services Budget Paper No 2*.
11. The election commitments for the Department of Health includes commitments partly funded by the Australian Government.
12. The election commitments for Inland Fisheries Service includes \$19 000 in both 2023-24 and 2024-25.
13. The movement in Other primarily reflects adjustments to cost estimates associated with the State's superannuation expense and liability.
14. Further information on Purchases of non-financial assets from transactions policy decisions is provided in chapter 6 of this Budget Paper.

In addition to the notes provided above, further information in relation to the 2021-22 Budget and Forward Estimates and the variations detailed in the Policy and Parameter Statement, is provided elsewhere in the Budget Papers. In particular:

- Chapter 5 of this Budget Paper includes background information in relation to Budget revenue estimates including in relation to GST, Australian Government funding, State Taxation and Dividend, tax and rate equivalent income;
- Chapter 6 of this Budget Paper includes information on Government infrastructure investment; and
- *Government Services Budget Paper No 2* includes comprehensive information (including information on new funding allocations and the reasons for variations in expenditure across the Budget and Forward Estimates) on agency revenues, expenditure and investment in infrastructure.

PUBLIC ACCOUNT RECEIPTS AND EXPENDITURE ESTIMATES

Tables 4.6 and 4.7 provide information on the total estimated Receipts and Expenditure of the Public Account for the 2021-22 Budget and Forward Estimates period. Estimated receipts are categorised based on the source and nature of each receipt. Estimated expenditure is categorised by the relevant Authority for Expenditure from the Public Account as provided under the FMA.

These tables meet the requirements of section 19(1)(a) and 19(1)(b) of the FMA. General Government Sector financial statements required under section 19(1)(c) are published elsewhere in this chapter.

These tables reflect the gross cash receipts to, and expenditure from, the Public Account. As such, they do not include the impact of the elimination of inter-entity transactions within the Public Account or whole-of-government investment and cash management activities within the Public Account. These transactions are fully reflected in General Government Statements and the key financial measures, including the Net Operating Balance, Fiscal Balance and Net Debt. Consequently the receipts and expenditures detailed in the tables will not reconcile directly with those presented in the General Government Cash Flow Statement.

Table 4.6: Public Account Receipts

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
General Receipts						
Australian Government Sources	2 864.9	3 262.7	3 692.2	3 878.2	4 077.4	4 234.3
State Sources	1 847.3	2 084.2	2 126.9	2 010.3	2 075.0	2 146.4
	4 712.2	5 346.9	5 819.1	5 888.5	6 152.4	6 380.7
Specific Purpose Accounts	2 956.7	3 022.9	2 706.3	2 921.3	3 016.6	2 770.9
Statutory Authorities	242.2	369.5	287.3	273.1	275.5	282.6
Total Receipts	7 911.1	8 739.2	8 812.8	9 082.9	9 444.5	9 434.2

Table 4.7: Public Account Expenditure

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Annual Appropriation						
Operating Services Expenditure	5 431.6	5 262.3	6 006.4	5 780.5	5 878.1	5 912.6
Capital Services Expenditure	640.9	370.0	593.0	662.4	705.7	599.5
	6 072.5	5 632.3	6 599.4	6 442.9	6 583.7	6 512.1
Reserved by Law	560.7	347.4	475.9	358.1	363.3	381.8
Specific Purpose Accounts	2 950.2	3 086.1	2 707.6	2 840.4	2 776.1	2 710.6
Statutory Authorities	261.2	350.9	301.2	288.6	277.6	288.8
Other Provisions	0.2	....	(0.5)	(0.7)	(0.8)	(1.0)
Total Expenditure	9 844.9	9 416.7	10 083.6	9 929.2	10 000.0	9 892.3

SPECIFIC PURPOSE ACCOUNTS ESTIMATED RECEIPTS AND EXPENDITURE FOR 2021-22

Table 4.8 provides estimated receipts and expenditure and associated balances for each Specific Purpose Account for 2021-22, by agency. This table meets the requirement of section 17(10) of the FMA.

Table 4.8 provides information on the gross cash receipts to and payments from Specific Purpose Accounts but it does not include the elimination of inter-entity transactions which are reflected in General Government Statements. Revenue and expenditure amounts do not, therefore, equal amounts in General Government Statements.

No estimates for receipts or payments from Agency Trust Accounts are included in the Public Account Statements presented in this Budget Paper.

Table 4.8: Specific Purpose Accounts Estimated Receipts and Expenditure for 2021-22

	Preliminary Outcome ¹	2021-22 Budget Estimates		Estimated Balance ³
	30 June 2021	Receipts	Expenditure	30 June 2022
	\$m	\$m	\$m	\$m
Brand Tasmania				
Agency Financial Management Account	0.1	....	....	0.1
Communities Tasmania				
Agency Financial Management Account	70.2	140.0	153.5	56.8
Education				
Agency Financial Management Account	23.9	73.9	71.0	26.9
Department of Education School Banking Account	59.0	110.8	114.8	55.0
	82.9	184.7	185.8	81.8
Finance-General				
Agency Financial Management Account	278.3	53.8	54.9	277.2
Australian Government Funding Management Account	245.0	422.8	378.6	289.2
Government Car Fleet Account	10.8	33.4	36.8	7.5
Rosetta Landslip Account	0.6	0.1	....	0.7
Tasmanian Risk Management Fund	290.8	109.1	97.4	302.5
TT-Line Vessel Replacement Fund	62.4	0.4	21.7	41.1
	887.8	619.6	589.3	918.1
Health				
Agency Financial Management Account	161.4	969.9	974.0	157.2
Private Patient Account	18.5	29.7	29.4	18.8
	179.9	999.5	1 003.4	176.0

Table 4.8: Specific Purpose Accounts Estimated Receipts and Expenditure for 2021-22 (continued)

	Preliminary Outcome ¹	2021-22 Budget Estimates		Estimated Balance ³
	30 June 2021	Receipts	Expenditure	30 June 2022
	\$m	\$m	\$m	\$m
House of Assembly				
Agency Financial Management Account	....	0.1	0.1	....
Integrity Commission				
Agency Financial Management Account	....	....	....	....
Justice				
Agency Financial Management Account	28.7	61.5	62.1	28.1
Asbestos Compensation Fund	24.6	7.9	7.7	24.8
Local Government and Other Elections Account	0.5	0.4	0.4	0.5
Workers Rehabilitation and Compensation Fund	2.4	9.8	9.9	2.3
	56.1	79.5	80.0	55.6
Legislative Council				
Agency Financial Management Account	....	0.1	0.1	....
Legislature-General				
Agency Financial Management Account	0.1	0.7	0.7	0.1
Ministerial and Parliamentary Support				
Agency Financial Management Account	0.4	1.2	1.2	0.4
Office of the Director of Public Prosecutions				
Agency Financial Management Account	2.0	0.9	0.9	2.0
Office of the Governor				
Agency Financial Management Account	0.2	0.2	0.1	0.3
Office of the Ombudsman				
Agency Financial Management Account	0.4	0.6	0.6	0.4
Police, Fire and Emergency Management				
Agency Financial Management Account	4.2	147.7	147.7	4.2
Premier and Cabinet				
Agency Financial Management Account	15.1	37.7	36.7	16.1
Primary Industries, Parks, Water and Environment				
Agency Financial Management Account	45.3	73.9	76.0	43.2
Crown Lands Administration Fund	46.3	6.9	6.3	46.9
	91.7	80.7	82.2	90.1

Table 4.8: Specific Purpose Accounts Estimated Receipts and Expenditure for 2021-22 (continued)

	Preliminary	2021-22 Budget		Estimated
	Outcome ¹	Estimates		Balance ³
	30 June 2021	Receipts	Expenditure	30 June 2022
	\$m	\$m	\$m	\$m
State Growth				
Agency Financial Management Account	33.2	386.6	392.1	27.7
Tasmanian Forests Agreement Account	2.3	....	....	2.3
	35.5	386.6	392.1	30.0
Tasmanian Audit Office				
Agency Financial Management Account	2.7	6.5	6.6	2.6
Tourism Tasmania				
Agency Financial Management Account ²	5.0	6.4	13.4	(2.0)
Treasury and Finance				
Agency Financial Management Account	8.8	13.7	13.3	9.1
Total Specific Purpose Accounts³	1 443.1	2 706.3	2 707.6	1 441.8

Notes:

1. The Preliminary Outcome for 30 June 2021 for each SPA is based on unaudited actual data for 2020-21.
2. Tourism Tasmania has an approved overdraft.
3. Discrepancies between totals and sums of components reflect rounding.

5 GENERAL GOVERNMENT REVENUE

Key Issues

- Total General Government Sector revenue is expected to be \$7 257.5 million in 2021-22, an increase of \$829.4 million compared to the 2020-21 Budget.
- There have also been material increases in General Government Sector revenue in the 2020-21 Preliminary Outcome compared to the 2020-21 Budget, largely driven by significant upwards revisions to GST pool forecasts by the Australian Government since the 2020-21 Budget and continued strength in State Taxation revenue, particularly Conveyance Duty receipts.
- This reflects the stronger than expected economic recovery from the impacts of the COVID-19 pandemic during 2020-21.
- The revenue outlook for 2021-22 and across the Forward Estimates is positive, but risks associated with the pandemic remain.
- From 2021-22 to 2024-25, revenue is forecast to grow by \$793.8 million (or by a compound annual growth rate of 3.5 per cent) mainly due to strong growth in GST revenue and State Taxation.
- Key components of General Government Sector revenue in 2021-22 include:
 - GST revenue, which is estimated to be \$2 999.7 million, an increase of \$787.4 million from the 2020-21 Budget of \$2 212.3 million;
 - Taxation revenue, which is estimated to be \$1 448.3 million, an increase of \$227.7 million from the 2020-21 Budget of \$1 220.6 million; and
 - Australian Government Payments for Specific Purposes, which are estimated to be \$1 593.7 million, a decrease of \$211.4 million from the 2020-21 Budget of \$1 805.1 million.
- Tasmania's share of revenue from Grants, including GST revenue and Australian Government Payments for Specific Purposes, equates to 64.1 per cent of Total General Government Sector revenue.

TOTAL REVENUE

This chapter provides an overview of Revenue for the 2021-22 Budget and Forward Estimates including the 2020-21 Preliminary Outcome. Table 5.1 lists the major General Government Sector revenue sources.

Table 5.1: General Government Sector Revenue

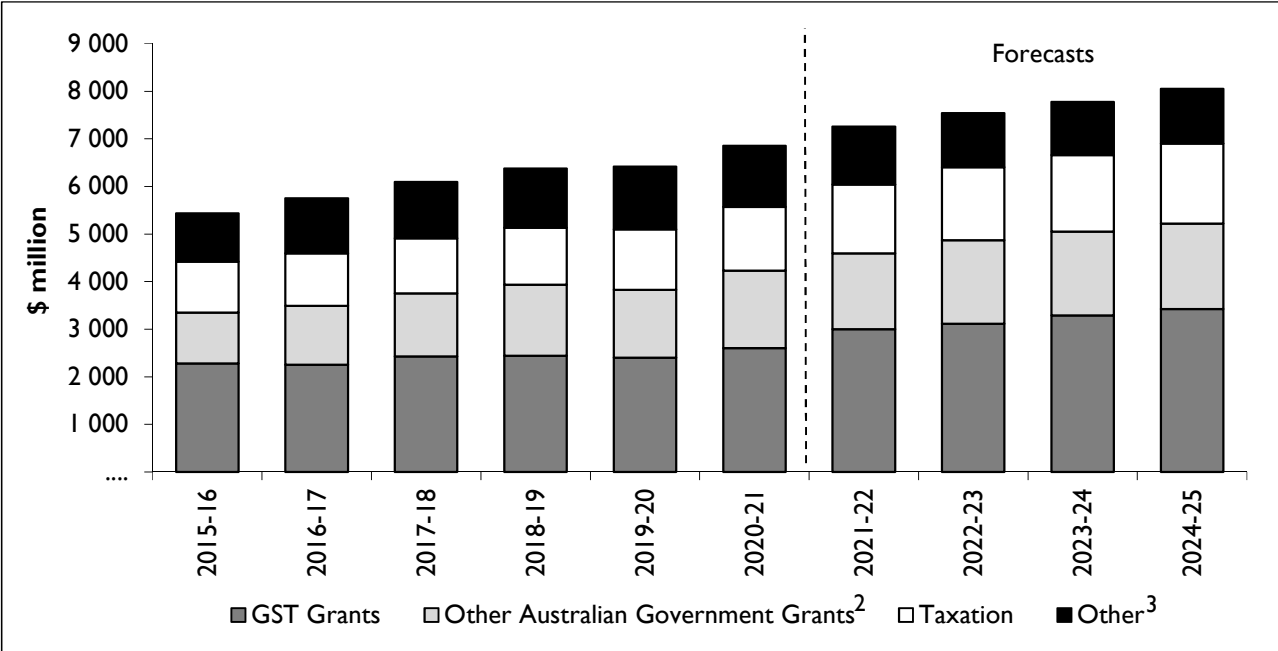
	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions						
Grants	4 066.1	4 300.9	4 653.2	4 922.3	5 094.5	5 258.2
Taxation	1 220.6	1 336.0	1 448.3	1 530.6	1 608.5	1 684.6
Sales of goods and services	433.4	440.9	441.7	458.5	469.8	479.9
Fines and regulatory fees	102.2	100.4	107.2	108.3	109.7	111.0
Interest income	14.9	8.0	7.9	12.1	18.3	22.9
Dividend, tax and rate equivalent income	413.1	403.6	383.8	316.1	286.1	308.0
Other revenue	177.9	262.9	215.3	194.9	189.8	186.6
	6 428.1	6 852.7	7 257.5	7 542.7	7 776.8	8 051.3

Tasmania's most significant source of funding is Grants revenue (including GST revenue and Australian Government Payments for Specific Purposes), which comprises 64.1 per cent of total revenue in 2021-22. State Own-Source revenue accounts for 35.9 per cent of total revenue.

Chart 5.1 shows the composition of Total General Government Sector revenue over time.

Major revenue risks and sensitivities are discussed in chapter 1 of this Budget Paper. The variances in revenue items are outlined in the Policy and Parameter Statement in chapter 4 of this Budget Paper.

Chart 5.1: Composition of Total Revenue, 2015-16 to 2024-25¹



Notes:

1. Data reflects actual outcomes for 2015-16 to 2019-20 and the Preliminary Outcome for 2020-21.
2. Other Australian Government Grants includes Specific Purpose Payments and National Partnership Payments.
3. Other includes: Sales of goods and services; Fines and regulatory fees; Interest income; Dividend, tax and rate equivalent income; and Other revenue.

GRANTS

Grants primarily reflect transfers of funding from the Australian Government and are estimated to be \$4 653.2 million in 2021-22.

Table 5.2: Grants

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
General Purpose Payments (Untied Funding)						
GST Revenue	2 212.3	2 604.8	2 999.7	3 114.2	3 288.9	3 422.3
Payments for Specific Purposes (Tied Funding)¹						
Specific Purpose Payments ²	1 099.9	1 087.6	1 172.4	1 228.5	1 287.5	1 331.5
National Partnership Payments ³	705.2	541.5	421.3	530.2	474.4	465.3
Total Payments for Specific Purposes	1 805.1	1 629.1	1 593.7	1 758.7	1 761.9	1 796.8
Other Grant and Subsidies⁴	48.7	67.0	59.8	49.4	43.7	39.1
Total Grants	4 066.1	4 300.9	4 653.2	4 922.3	5 094.5	5 258.2

Notes:

1. Estimates of Specific Purpose Payments may differ from those published in the Australian Government 2021-22 Budget due to different assumptions around timing and activity levels.
2. Specific Purpose Payments include National Health Reform; *Quality Schools, Quality Outcomes*; National Housing and Homelessness; and National Skills and Workforce Development.
3. Estimates of National Partnership Payments may differ from those published in the Australian Government 2021-22 Budget due to the application of Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers*.
4. Other Grant and Subsidies primarily relates to payments to the State for Commonwealth Own Purpose Expenditure.

In accordance with the *Intergovernmental Agreement on Federal Financial Relations*, transfers from the Australian Government fall into two categories:

- General Purpose Payments, which are ‘untied’ payments that can be used at the State’s discretion. The GST distribution is the only GPP received by Tasmania in 2021-22; and
- Conditional (tied) funding in the form of Payments for Specific Purposes, including Specific Purpose Payments and National Partnership Payments. These payments can only be spent for purposes as agreed with the Australian Government.

The Australian Government also provides payments directly to State agencies through Commonwealth Own Purpose Expenditure. Most of these payments will be made to the Department of Health and the Department of Communities Tasmania.

GST Revenue

GST revenue is the largest single source of revenue for Tasmania representing 41.3 per cent of Total General Government Sector revenue in 2021-22.

In accordance with the *Intergovernmental Agreement on Federal Financial Relations*, all GST revenue collected by the Australian Government is distributed amongst the states and territories. Each jurisdiction's GST entitlement is dependent on three factors: national GST collections; the state's per capita relativity; and the state's share of the national population.

For the 2021-22 Budget, Treasury has continued to use its own financial model to forecast GST revenues. The model incorporates the latest Commonwealth Grants Commission assessments and recommended relativities, Australian Government forecasts of the GST pool and state and territory populations, and states' and territories' own source revenue estimates.

Table 5.3 shows estimates for the national GST pool collections and Tasmania's GST revenue estimates.

Table 5.3: Tasmanian GST Revenue Estimates

	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
National GST Collections (\$m)	69 760	72 530	75 847	79 215	83 327
Tasmania's GST Share (%) ¹	4.0	4.1	4.1	4.1	4.0
Tasmania's GST Revenue (\$m) ^{2,3,4,5}	2 604.8	2 999.7	3 114.2	3 288.9	3 422.3

Notes:

1. GST shares have been calculated excluding the residual adjustment and the guarantee payments.
2. The 2020-21 Preliminary Outcome includes the negative \$188.2 million residual adjustment for 2019-20.
3. The 2020-21 Preliminary Outcome and the 2021-22 Budget is based on the actual relativities recommended by the CGC.
4. A residual adjustment for 2020-21 will be recognised once the Australian Government has finalised its 2020-21 actual GST collections.
5. Tasmania's GST revenue includes forecast no-worse-off guarantee payments of \$60.3 million in 2023-24 and \$51.2 million in 2024-25.

GST payments to Tasmania are expected to be \$2 999.7 million in 2021-22.

Since the 2020-21 Budget, GST revenue to Tasmania has increased by \$1.3 billion over the four years from 2020-21 to 2023-24. This largely reflects the combined impacts of:

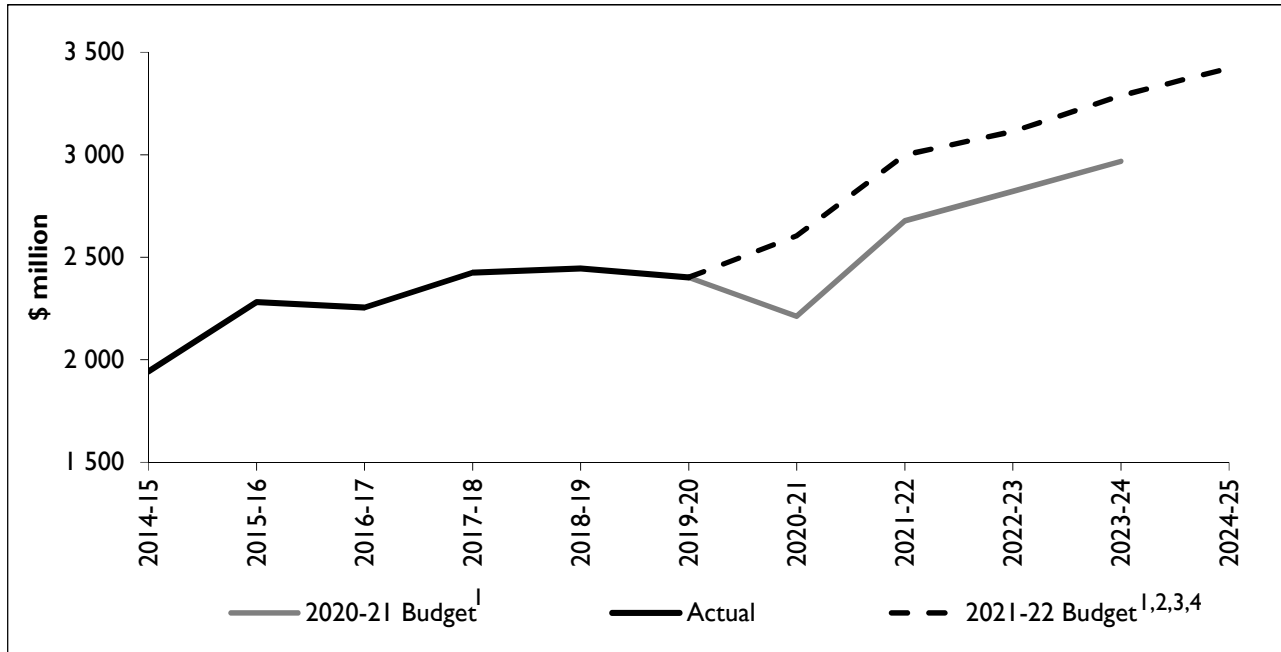
- the Australian Government increasing its forecasts of the GST pool in its 2021-22 Australian Government Budget by \$26 billion, compared to the 2020-21 Australian Government Budget; and
- Tasmania's share of the GST pool increasing from 2021-22 following the Commonwealth Grants Commission 2021 Update.

This has been partially offset by the impact of updated estimates of states' and territories' own source revenues on Tasmania's forecast relativities.

The Australian Government increased its forecasts of the GST pool to reflect stronger than expected recovery in household consumption and dwelling investment at the time of the 2021-22 Australian Government Budget and recovery of Australian Taxation Office granted deferrals during the COVID-19 pandemic.

Chart 5.2 compares the 2021-22 Budget forecasts to the 2020-21 Budget forecasts.

Chart 5.2: GST Revenue to Tasmania, 2014-15 to 2024-25



Notes:

1. GST revenue to Tasmania includes a negative \$188.2 million residual adjustment in 2020-21.
2. The 2021-22 Budget includes the 2020-21 Preliminary Outcome for GST revenue.
3. The 2021-22 Budget includes forecast no-worse-off guarantee payments of \$60.3 million in 2023-24 and \$51.2 million in 2024-25.
4. A residual adjustment for 2020-21 will be recognised once the Australian Government has finalised its 2020-21 actual GST collections.

New GST Arrangements

The Australian Government's new GST distribution arrangements came into effect from 1 July 2021.

Prior to the new arrangements, GST revenue was distributed on the basis of full Horizontal Fiscal Equalisation. HFE ensures that all states and territories have a similar fiscal capacity to deliver services and infrastructure to their residents to the same standard as any other state, provided they make a similar revenue raising effort.

From 2021-22, the distribution of the GST will transition to a new lesser standard of HFE.

The changes will be progressively implemented over six-years and will move from the principle of equalising a state's fiscal capacities to the level of the strongest state, currently Western Australia, to equalising to the fiscal capacity of the second strongest state (effectively the higher of New South Wales or Victoria).

For Tasmania, the new distribution methodology is expected to reduce GST revenue over the Forward Estimates. However, the Australian Government's temporary no-worse-off guarantee ensures that no State will be worse off in total under the new distribution arrangements during the transition period up to 2026-27.

2021-22 is the first year of the six year transition period that phases in these new arrangements. As such, the 2021-22 State Budget reflects the impact of these new arrangements, including the Australian Government's no-worse-off guarantee payments.

Guarantee payments are paid in the year after a state is recognised as being worse off under the new distribution arrangements, and are reduced by any benefit a state has received under the new arrangements in previous periods.

Under the new GST distribution arrangements, Tasmania is expected to be worse off from 2022-23 and receive no-worse-off guarantee payments of \$111.5 million in the last two years of the Forward Estimates.

Further information on the new distribution arrangements is provided in Box 5.1 *Impacts of the new GST distribution arrangements*.

Box 5.1 - Impacts of the new GST distribution arrangements

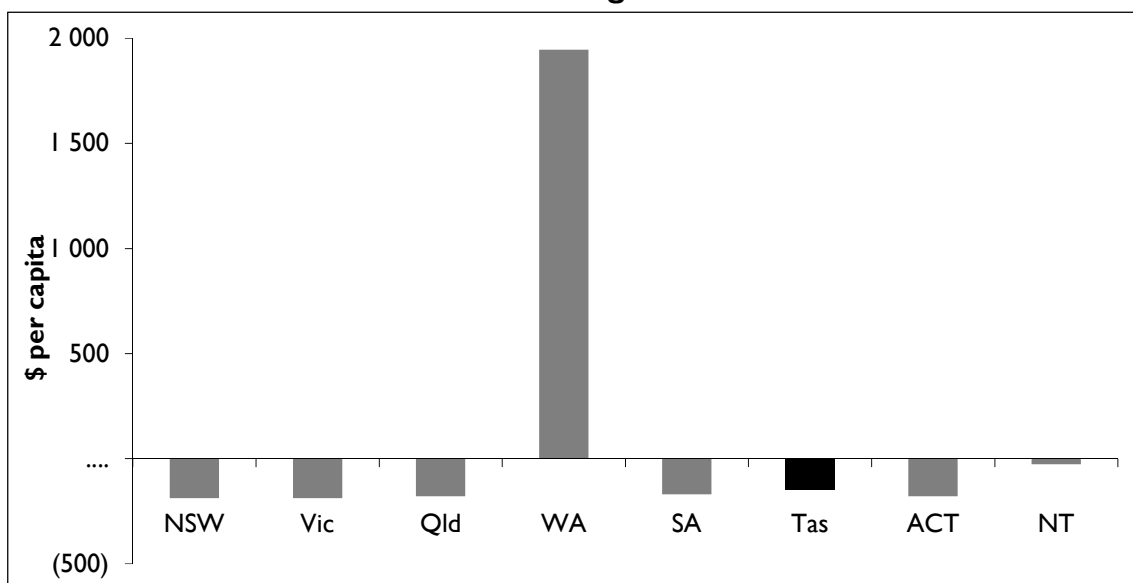
In 2018, the Australian Government legislated a new way of distributing GST revenue among states and territories. 2021-22 is the first of the six year transition period that phases in these new arrangements.

When the Australian Government announced the new GST distribution arrangements, it indicated that all states and territories would be better off under the new model, both now and in the future. However, it is becoming increasingly evident that the new GST distribution will direct a larger share of GST to Western Australia at the expense of all other states and territories, including Tasmania.

Under the new arrangements, Western Australia will have a permanent (and growing) advantage over the other states that will allow it to provide a higher standard of services and infrastructure than the other states, or to offer lower taxes to its businesses and residents.

Indicative modelling undertaken by the Department of Treasury and Finance, demonstrates that when the guarantee ends in 2027-28, Tasmania's GST revenue will decrease by \$83 million in that year under the new arrangements or \$147 per person. In comparison, Western Australia is expected to gain \$5.6 billion, or \$1 945 per person, in GST revenue in 2027-28 under the new arrangements (shown in Chart 5.3).

Chart 5.3: Estimated states' per person change in GST revenue in 2027-28 after the no-worse-off guarantee ends



The loss in GST revenue could significantly impact Tasmania's ability to provide essential services, such as health, education and emergency services.

Tasmania has consistently argued that the new arrangements will create a system that entrenches a gap between the fiscally strongest state (Western Australia) and the other states.

At the time the GST distribution changes were announced, Tasmania argued that the risk of being worse off under the new arrangements will be ongoing and therefore the no-worse-off guarantee should be a permanent arrangement.

The Productivity Commission is to review and report on the operation of the new arrangements by December 2026. Tasmania will continue to advocate for a system that distributes GST equitably across the states, in accordance with full HFE.

Commonwealth Payments for Specific Purposes

Specific Purpose Payments and Reform Funding

SPPs are an ongoing funding arrangement between the Australian Government and the states for service delivery in a particular sector. These include the National Health Reform Agreement, the National School Reform Agreement (*Quality Schools, Quality Outcomes*), the National Skills and Workforce Development SPP, and the National Housing and Homelessness Agreement.

In 2021-22, Tasmania will receive an estimated \$1 172.4 million in SPPs and Reform Funding. The increase in SPPs and Reform Funding since the 2020-21 State Budget primarily reflects an increase in *Quality Schools, Quality Outcomes* funding and National Health Reform funding.

It is noted that estimates of SPPs may differ from those published in the Australian Government 2021-22 Budget due to different assumptions around timing and activity levels.

National Partnership Payments

NPPs are provided to each state through National Partnership Agreements and Project Agreements. The agreements are usually time-limited and aim to support the delivery of projects, facilitate reforms within the State or reward the State for delivering on national reforms.

In 2021-22, NPPs for Tasmania will be an estimated \$421.3 million.

Since the 2020-21 Budget, additional funding has been provided to Tasmania for upgrades to the Tasman Bridge and to extend the HomeBuilder Grants program, public dental services for adults and the JobTrainer Fund.

The Budget also recognises additional funding under the Community Health and Hospitals Program, and the Rail component of the Land Transport Infrastructure Projects.

Since the 2020-21 Budget, the timing of a number of infrastructure payments, such as Roads of Strategic Importance and the Bridgewater Bridge, has been amended to reflect the Government's revised infrastructure program.

Table 5.4 details the Payments for Specific Purposes for Tasmania in 2021-22 and over the Forward Estimates.

Table 5.4: Commonwealth Payments for Specific Purposes¹

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Specific Purpose Payments						
Health						
National Health Reform	485.5	468.0	522.2	548.8	583.6	605.0
Education						
<i>Quality Schools, Quality</i>						
Outcomes - Government Schools	218.5	221.3	228.2	236.8	244.8	252.2
<i>Quality Schools, Quality</i>						
Outcomes - Non-Government Schools	329.0	330.8	353.8	373.9	391.3	405.8
Total Education Specific Purpose Payments	547.5	552.1	581.9	610.7	636.1	658.0
National Skills and Workforce Development	32.5	32.9	33.1	33.4	33.8	34.2
National Housing and Homelessness	34.4	34.6	35.1	35.6	34.0	34.3
Total Specific Purpose Payments	1 099.9	1 087.6	1 172.4	1 228.5	1 287.5	1 331.5
National Partnership Payments²						
Health						
Redevelopment of the Royal Hobart Hospital	22.3	0.4	5.0	....	....	....
Public Dental Services for Adults	3.8	3.8	3.4	....	....	....
Essential Vaccines	1.1	0.3	1.1	1.1	1.1	1.1
Community Health and Hospitals Program	37.5	9.5	35.1	19.9	14.9	....
COVID-19 Public Health Response ³	93.4	74.8	....	....	....	....
Other ⁴	11.8	20.5	4.3	1.0	0.8	0.5
Total Health National Partnerships	169.9	109.2	48.9	22.1	16.8	1.6

Table 5.4: Commonwealth Payments for Specific Purposes¹ (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Education						
Universal Access to Early Childhood Education ⁵	16.0	9.1	6.7	0.2	....	....
National School Chaplaincy Program	2.8	2.4	2.2	....	....	....
Other ⁶	1.7	0.9	0.2	0.3	....	....
Total Education National Partnerships	20.4	12.5	9.2	0.4	0.0	0.0
Housing						
HomeBuilder	13.5	25.2	47.3	13.8	....	....
Total Housing National Partnerships	13.5	25.2	47.3	13.8	0.0	0.0
Community Services (including Disability)						
DisabilityCare Australia Fund	23.0	45.9	24.1	25.0	25.9	....
Family, Domestic and Sexual Violence Responses ⁷	1.5	1.6	2.0	....	....	....
Other ⁸	2.6	2.1	2.5	1.7	....	....
Total Community Services (including Disability) National Partnerships	27.1	49.5	28.6	26.7	25.9	0.0
Skills and Workforce Development						
National Partnership for Skilling						
Australians Fund	5.0	0.8	5.0	5.0	5.0	5.0
Energising Tasmania	2.7	0.9	2.7	2.7	2.0	2.0
Job Ready Generation						
Package - North-West Tasmania	1.3	0.8	1.3	....	....	....
Revitalising TAFE Campuses Across Australia	2.0	2.0	5.0	....	....	....
JobTrainer Fund	10.5	0.3	1.0	7.4	2.1	....

Table 5.4: Commonwealth Payments for Specific Purposes¹ (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Skills and Workforce Development						
(continued)						
Other ⁹	4.4	0.1	1.8	....	....	....
Total Skills and Workforce Development National Partnerships	25.9	5.0	16.8	15.1	9.1	7.0
Infrastructure						
Land Transport Infrastructure Projects						
Road Component	39.2	55.5	38.0	29.5	40.4	28.6
Rail Component	36.0	38.0	41.0	45.0	11.0	....
Black Spot Projects	3.5	1.4	1.4	2.8	....	1.4
Bridges Renewal program	5.1	1.4	9.8	0.6	3.9	....
Heavy Vehicle Safety & Productivity Program	6.0	1.3	0.2	0.3	3.3	....
Roads of Strategic Importance	88.3	40.9	33.4	93.2	76.5	124.5
Bridgewater Bridge	30.0	5.3	18.0	117.0	133.8	154.8
Urban Congestion Fund	4.1	0.5	3.7	9.5	12.0	12.2
Tasman Bridge Upgrade	....	....	....	5.0	....	5.0
COVID-19 Infrastructure Stimulus Funding	32.6	18.5	9.9	....	3.2	....
Launceston City Deal - Tamar River	11.3	6.4	12.4	16.3	7.6	....
Other ¹⁰	0.7	0.2	0.5	....	....	....
Total Infrastructure National Partnerships	256.8	169.4	168.0	319.1	291.6	326.4
Environment						
Sustainable Rural Water Use and Infrastructure Program ¹¹	7.0	7.0	....	....	....	....
Cradle Mountain Experience	22.0	....	....	....	5.7	5.3
Management of the World Heritage Values of the Tasmanian Wilderness	5.1	4.9	5.1	5.1	5.1	5.1
National Water Infrastructure Development Fund	3.0	....	20.0	20.0	20.0	20.0
Project Marinus	36.7	16.7	2.0	1.7	0.1	....

Table 5.4: Commonwealth Payments for Specific Purposes¹ (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Environment (continued)						
Disaster Risk Reduction	2.1	0.5	1.0	1.0	1.0	1.5
Pest and Disease Preparedness and Response	1.2	1.1	1.2	0.9	0.7	....
Cascade Female Factory	2.0	2.0	....	....	....	....
COVID-19 National and World Heritage Projects	5.4	0.2	3.4	1.5	....	....
Other ¹²	0.8	0.6	0.2	0.0	....	....
Total Environment National Partnerships	85.3	32.9	32.9	30.3	32.7	31.9
Other Services						
Financial Assistance to Local Governments - Financial Assistance Grant program ¹³	38.2	79.1	42.4	84.3	84.5	85.5
National Legal Assistance Partnership	12.9	11.8	12.1	12.3	12.6	12.8
Natural Disaster Relief and Recovery Arrangements	44.6	41.3	4.8	2.6	1.1	0.0
Small Business Regulatory Reform	3.1	1.7	4.7	....	....	....
COVID-19 Legal Assistance Funding	0.9	0.9	....	....	....	....
Tourism Icon Package - Freycinet	3.7	0.1	3.0	3.0	....	....
Other ¹⁴	2.7	2.7	2.7	0.4	0.0	....
Total Other Services	106.2	137.7	69.7	102.5	98.2	98.3
Total National Partnership Payments	705.2	541.5	421.3	530.2	474.4	465.3
TOTAL PAYMENTS FOR SPECIFIC PURPOSES	1 805.1	1 629.1	1 593.7	1 758.7	1 761.9	1 796.8

Notes:

1. Estimates of Specific Purpose Payments may differ from those published in the Australian Government 2021-22 Budget due to different assumptions around timing and activity levels.
2. Estimates of National Partnership Payments may differ from those published in the Australian Government 2021-22 Budget due to the application of Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers*.
3. The 2020-21 Preliminary Outcome reflects actual receipts for activities reimbursed under the NPA. Estimated receipts for 2021-22 will be updated during the year, based on actual costs incurred that are eligible for reimbursement.
4. Includes funding for National Bowel Cancer Screening Program, Expansion of BreastScreen Australia Program, Comprehensive Palliative Care, Lymphedema Compression Garments, Suicide Prevention and Improving Health Services in Tasmania.
5. The Universal Access to Early Childhood Education Agreement will cease on 31 December 2021. The 2021-22 Budget funding profile reflects expected expenditure in accordance with Accounting Standards.

6. Includes funding for National Quality Agenda for Early Childhood Education and Care, Online Safety, Supporting Students with Disabilities, Local Schools Community Fund and Independent Public Schools.
7. This item was previously called COVID-19 Domestic Violence Support.
8. Includes funding for Home and Community Care for Veterans and the Municipal and Essential Services Transition Fund.
9. Includes funding for Infection Control Training, Building Australia's Future Workforce through Vocational Education, the Tasmanian Jobs and Investment Fund and the Industry and Indigenous skills centre.
10. Includes funding for Temporary Assistance for Tasmanian Exporters and the Regional Tourism Infrastructure and Innovation Fund.
11. Funding previously included in the Sustainable Rural Water Use and Infrastructure Program is shown as National Water Infrastructure Development Fund.
12. Includes funding for Prepared Communities, Bushfire Wildlife and Habitat Recovery and On-Farm Emergency Water Infrastructure.
13. The 2021-22 figure reflects approximately 49 per cent of the 2021-22 Financial Assistance Grant funding received from the Australian Government in 2020-21.
14. Includes funding for Provision of Fire Services, Women's Safety Package - Technology Trials, National Bushfire Mitigation Program, Disaster Resilience and Family Law Information Sharing.

STATE TAXATION

The strength in State Taxation reflects the stronger than expected recovery from the impacts of the COVID-19 pandemic, since the 2020-21 State Budget. The rebound in State Taxation has also been supported by a number of fiscal and monetary policy measures, which have assisted Tasmanian households and businesses.

In 2021-22, State Taxation is estimated to be \$1 448.3 million, which represents an increase of \$227.7 million compared to the 2020-21 Budget of \$1 220.6 million.

The Government has implemented a range of taxation measures, delivering on its State of the State Address and election commitments, including:

- a reset of Land Tax thresholds to increase the tax free threshold for Land Tax from \$24 999 to \$49 999, increase the start of the middle tax band threshold to \$50 000 and increase the top tax band threshold from \$350 000 to \$400 000;
- allow the Commissioner of State Revenue to accept payment of Land Tax in three instalments where the amount of Land Tax payable in any financial year exceeds \$500 (previously \$1 000);
- a reduction in the premium component of the interest rate charged on unpaid tax from eight per cent to four per cent;
- an increased value threshold for the First Home Buyer Duty Concession and Pensioner Duty Concession (from \$400 000 to \$500 000);
- a cap on the Motor Accidents Insurance Board premium duty at \$20 per annum to enable quarterly payment of vehicle registration bills; and
- a two-year waiver of duty on the purchase of new and second hand electric and hydrogen fuel cell vehicles to incentivise the uptake of these vehicles by reducing up-front costs.

The impact of these measures is included in the 2021-22 Budget and Forward Estimates.

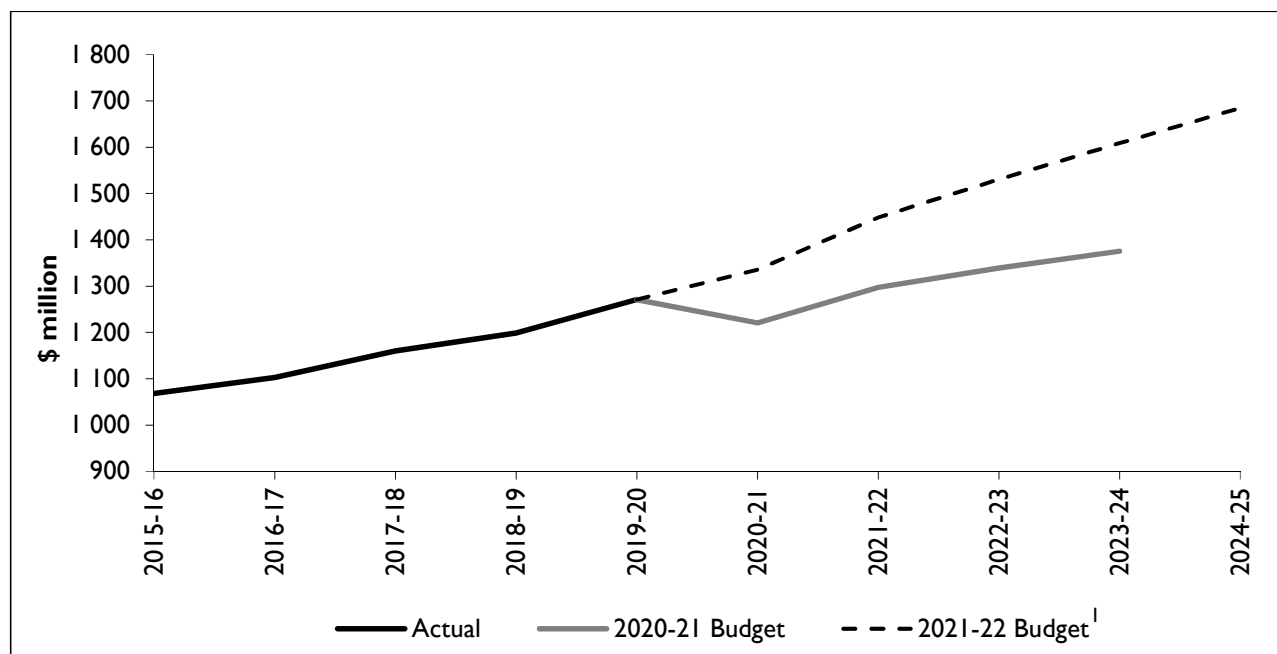
In addition, Treasury will consult with relevant stakeholders on the Government's election commitments in relation to the Foreign Investor Land Tax Surcharge and options for capping future Land Tax increases.

In line with announcements from other jurisdictions, Tasmania will also introduce a road user charge for zero and low emission vehicles from 1 July 2027 or when zero and low emissions vehicles make up 30 per cent of all new vehicle sales. This will ensure that the market is adequately incentivised to transition to zero and low emissions vehicles during this period while ensuring that drivers of these vehicles contribute their fair share towards the funding of Tasmanian roads.

Given that these policies are in the early stage of development, they are not reflected in the 2021-22 Budget.

Chart 5.4 compares the 2021-22 Budget forecasts to the 2020-21 Budget forecasts.

Chart 5.4: State Taxation Revenue, 2015-16 to 2024-25



Note:

1. The 2021-22 Budget includes the 2020-21 Preliminary Outcome for State Taxation revenue. The increase in the 2020-21 Preliminary Outcome compared to the 2020-21 Budget is mainly due to increases in Conveyance Duty and Payroll Tax.

State Taxation is forecast to grow by \$236.3 million from 2021-22 to 2024-25 (or by a compound annual growth rate of 5.2 per cent).

Conveyance Duty forecasts reflect the continued strength in the Tasmanian property market, with strong growth in residential property prices and high transaction volumes.

Land Tax forecasts reflect the Government's resetting of Land Tax thresholds and the expiry of the commercial Land Tax waiver which ceased on 30 June 2021. The take-up of the commercial Land Tax waiver in 2020-21 was lower than expected.

Payroll Tax forecasts reflect historical growth rates, supported by continued growth in employment and hours worked.

Motor Vehicle Duty forecasts reflects the growth in car sales, supported by Australian Government stimulus measures. These measures are expected to maintain growth in sales over the medium-term.

Further information on the revenue impact of the policy changes included in the 2021-22 Budget is detailed in the Policy and Parameter Statement of chapter 4 of this Budget Paper.

Chapter I of this Budget Paper provides information around the risks to State Taxation revenue over the Budget and Forward Estimates.

Table 5.5 provides details of the components of the State Taxation estimates.

Table 5.5: State Taxation

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Payroll tax	351.9	373.5	403.9	419.2	435.1	451.7
Taxes on property						
Land tax	116.7	129.8	141.7	148.7	156.2	164.0
Fire service levies ¹	70.1	74.3	75.8	78.6	81.5	84.6
Government guarantee fees	14.1	7.0	13.4	15.2	19.8	23.4
Conveyance duty	268.7	317.2	378.0	421.7	451.9	484.4
	469.6	528.3	608.8	664.1	709.5	756.5
Taxes on provision of goods and services						
Gambling taxes						
Annual Wagering Levy	1.5	1.5	1.5	1.5	1.6	1.6
Casino tax and licence fees ²	45.8	53.6	50.8	49.9	49.1	48.2
Lottery tax	40.7	39.8	45.3	47.1	48.9	50.9
Point of Consumption Wagering Tax	12.0	15.9	14.1	14.5	14.9	15.3
Insurance duty	108.3	107.4	106.0	107.9	111.5	114.8
	208.4	218.2	217.8	221.0	226.0	230.9
Taxes on the use of goods and services						
Vehicle registration fees	44.8	47.9	48.3	51.4	53.5	55.6
Motor vehicle fees and taxes						
Motor vehicle duty	43.2	59.3	59.5	60.5	63.9	65.8
Motor tax	93.7	99.6	100.5	104.5	110.5	113.9
Motor vehicle fire levy	9.0	9.3	9.6	9.8	10.0	10.2
	190.7	216.1	217.9	226.2	237.9	245.6
TOTAL STATE TAXATION	1 220.6	1 336.0	1 448.3	1 530.6	1 608.5	1 684.6

Notes:

1. Fire service levies are reported as a tax for the purposes of the Uniform Presentation Framework. However, all revenues go directly to the State Fire Commission.
2. Casino tax and licence fees does not reflect the Government's Future Gaming Market policy.

Tax Expenditure Statement

This statement provides an estimate of the revenue the Government has forgone, or the financial benefit obtained by taxpayers, through concessions, benefits and incentives that the Government provides through the tax system. Tax expenditures have been estimated for the main revenue lines of Payroll Tax, Land Tax and Conveyance Duty.

Methodology

Tax exemptions, rebates and concessions are measured based on the revenue foregone approach, where the value of the revenue that would have been received if the standard rate of tax had been applied is estimated.

The methodology does not allow for any behavioural changes that may result if an exemption, rebate or concession was removed. The approach also does not allow for potential tax rate changes that may result if a tax exemption, rebate or concession were removed.

Where thresholds are removed, the resulting measure of expenditure is labelled a tax free threshold in the table below. The tax expenditure, or revenue foregone, associated with providing tax free thresholds has been calculated for Payroll Tax.

All other expenditure measures included in Table 5.6 are measured as deviations from the current tax settings.

Table 5.6: Estimated Major Tax Expenditures

	2020-21	2021-22
	Budget	Budget
	\$m	\$m
Payroll Tax¹		
Tax-free threshold	154.6	178.6
Educational institutions exemption	14.8	17.1
Health care service provider exemptions	5.7	6.6
Employer Payroll Tax rebate for additional positions created	4.1	6.3
Payroll Tax waivers ²	16.3	....
	195.5	208.6
Land Tax^{3,4}		
Principal place of residence exemption	188.9	208.9
Primary production land exemption	95.1	107.6
Religious bodies, charitable institutions, or educational institutions exemption	9.0	9.5
Other ⁵	3.6	3.9
Land Tax waiver for commercial land ⁶	32.3	....
	328.9	329.9

Table 5.6: Estimated Major Tax Expenditures (continued)

	2020-21	2021-22
	Budget	Budget
	\$m	\$m
Conveyance Duty⁷		
Corporate reconstructions	2.2	....
First home buyer duty concession ⁸	7.1	13.0
Duty concession for pensioners downsizing ⁹	1.3	2.5
Family farm transfers	2.9	5.1
Transfer of public road or park/garden to council	3.9	4.1
Relationship breakdown or spouse and significant relationship transfers	9.6	13.8
Other ¹⁰	4.2	4.9
	31.2	43.4
TOTAL	555.6	581.9

Notes:

1. The Payroll Tax base consists of all wages paid in Tasmania in 2019-20 based on annual adjustment returns lodged by taxpayers and WorkCover data for employers who are not required to register for Payroll Tax. Actual Payroll Tax data for 2019-20 has been used as the basis for the 2021-22 estimate as it represents the most complete data source at the time of preparing the 2021-22 Budget.
2. The Government introduced several Payroll Tax Support measures during 2019-20 to mitigate the economic impact of the COVID-19 pandemic in Tasmania. The waiver from Payroll Tax for JobKeeper wages ceased when the JobKeeper Payment program ended on 28 March 2021.
3. The Land Tax base is all freehold land in Tasmania in 2021-22. Land classified as principal place of residence and primary production land is charged a nil rate of Land Tax. Property used for religious, charitable or educational purposes is exempt from Land Tax.
4. The Land Tax expenditure estimates for 2021-22 use the new Land Tax thresholds which commenced on 1 July 2021.
5. Comprises land owned by the Australian Government, aged care providers and charitable organisations and the Land Tax exemptions for both short-stay accommodation properties and newly built housing that are made available for long-term rental, until 30 June 2023.
6. As part of the Government's taxation related social and economic support measures for 2020-21, a Land Tax exemption was available for taxpayers who owned commercial land as at 1 July 2020, where they were able to satisfy the Commissioner of State Revenue they have been adversely financially impacted during the COVID-19 pandemic. Applications for the exemption closed on 30 June 2021.
7. The Conveyance Duty tax base is comprised of concessional or exempt properties transferred in 2020-21. Estimates are based on the expected growth in Conveyance Duty revenue. Not all exempt transactions are recorded and not all valuation data is available, therefore the estimates are likely to be understated.
8. The First home buyer duty concession estimate for 2021-22 reflects the increase to the dutiable value of property threshold from \$400 000 to \$500 000.
9. The pensioner downsizing duty concession estimate for 2021-22 reflects the increase to the dutiable value of property threshold from \$400 000 to \$500 000.
10. Comprises transfers to a special trustee under section 37 of the *Duties Act 2001* and instances where there is no change in beneficial ownership.

OTHER REVENUE SOURCES

Sales of Goods and Services

Revenue from the Sales of Goods and Services is estimated to be \$441.7 million in 2021-22.

Table 5.7 details the major components of revenue from the Sales of Goods and Services.

Table 5.7: Sales of Goods and Services¹

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Departmental Fees and Recoveries						
Communities Tasmania ²	53.1	55.1	45.3	45.3	45.3	45.3
Education	42.2	36.4	43.3	46.3	46.9	47.7
Finance-General	2.5	....	1.1	1.1	1.2	1.2
Health	234.2	228.3	233.9	241.0	247.6	255.3
Justice	4.5	2.4	4.6	4.7	4.8	4.8
Marine and Safety Tasmania	5.2	5.9	4.9	3.8	6.0	5.2
Office of the Governor	0.1	0.1	0.1	0.1	0.1	0.1
Police, Fire and Emergency Management	3.8	4.6	3.9	4.0	4.0	4.1
Premier and Cabinet	7.7	3.5	8.4	8.4	8.4	9.0
Primary Industries, Parks, Water and Environment ³	38.9	51.5	47.8	50.5	51.1	51.9
State Fire Commission	6.4	11.9	6.4	6.5	6.6	6.8
State Growth	9.8	10.7	9.9	10.0	10.1	10.2
Tasmanian Audit Office	5.5	5.5	5.6	5.8	5.9	5.9
TasTAFE ⁴	18.4	24.1	24.8	27.6	28.2	28.8
	432.3	440.0	439.8	455.0	466.2	476.1
Other Sales of Goods and Services	1.1	0.9	1.9	3.5	3.6	3.8
TOTAL SALES OF GOODS AND SERVICES	433.4	440.9	441.7	458.5	469.8	479.9

Notes:

1. The information provided in this table may differ from the Sales of Goods and Services for each agency in *Government Services Budget Paper No 2* due to the elimination of inter-agency transactions during the consolidation process.
2. The decrease in 2021-22 primarily reflects a reduction in rent revenues following the transfer of Housing assets to Community Housing Organisations.
3. The increase in Primary Industries, Parks, Water and Environment in 2021-22 compared to 2020-21, primarily reflects an increase in income received through entry fees and various business enterprises conducted within the State's National Parks and reserves.
4. The increase in TasTAFE in 2021-22 compared to 2020-21, primarily reflects the resumption of commercial short courses and international student revenue to 2018-19 levels by 2023-24.

Fines and Regulatory Fees

Revenue from Fines and Regulatory Fees is estimated to be \$107.2 million in 2021-22.

Table 5.8 details the major components of Fines and Regulatory Fees.

Table 5.8: Fines and Regulatory Fees¹

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Fines²	23.4	16.4	23.4	23.5	23.5	23.6
Fees						
Abalone Licences	6.3	3.5	6.4	6.6	6.8	6.9
Water Licence Fees	2.1	2.1	2.2	2.2	2.3	2.3
Environment Fees	4.2	4.7	4.2	4.3	4.4	4.5
Driver's Licences	7.1	7.5	7.5	7.7	7.9	8.1
Photo Licence Fees	1.8	1.7	1.8	1.9	1.9	2.0
Vehicle Inspection Services Fees	0.1	0.5	0.1	0.1	0.1	0.1
Quarantine Fees	4.1	4.3	4.1	4.1	4.1	4.1
Consumer Affairs Office Regulatory Fees	0.6	0.5	0.6	0.6	0.6	0.6
Magisterial Courts Regulatory Fees	0.7	1.0	0.7	0.7	0.7	0.7
Registrar-General Regulatory Fees	2.0	2.0	2.0	2.0	2.0	2.0
Supreme Court Regulatory Fees	1.2	3.2	1.2	1.2	1.2	1.2
Other Regulatory Fees	48.7	52.9	53.0	53.4	54.2	54.9
	78.8	84.0	83.8	84.8	86.2	87.4
TOTAL FINES AND REGULATORY FEES	102.2	100.4	107.2	108.3	109.7	111.0

Notes:

1. The information provided in this section may differ from the Fines and Regulatory Fees for each agency in *Government Services Budget Paper No 2* due to the elimination of inter-agency transactions during the consolidation process.
2. Includes fines collected by the Department of Justice, Inland Fisheries Service and the Department of Police, Fire and Emergency Management.

Interest Income

Interest income is estimated to be \$7.9 million in 2021-22. The decrease in 2021-22 primarily reflects a lower interest-earning rate on investments compared to the 2020-21 Budget together with the impact of a lower value of investments following the first instalment payment for the purchase of TT-Line’s new vessels.

Dividend, Tax and Rate Equivalent Income

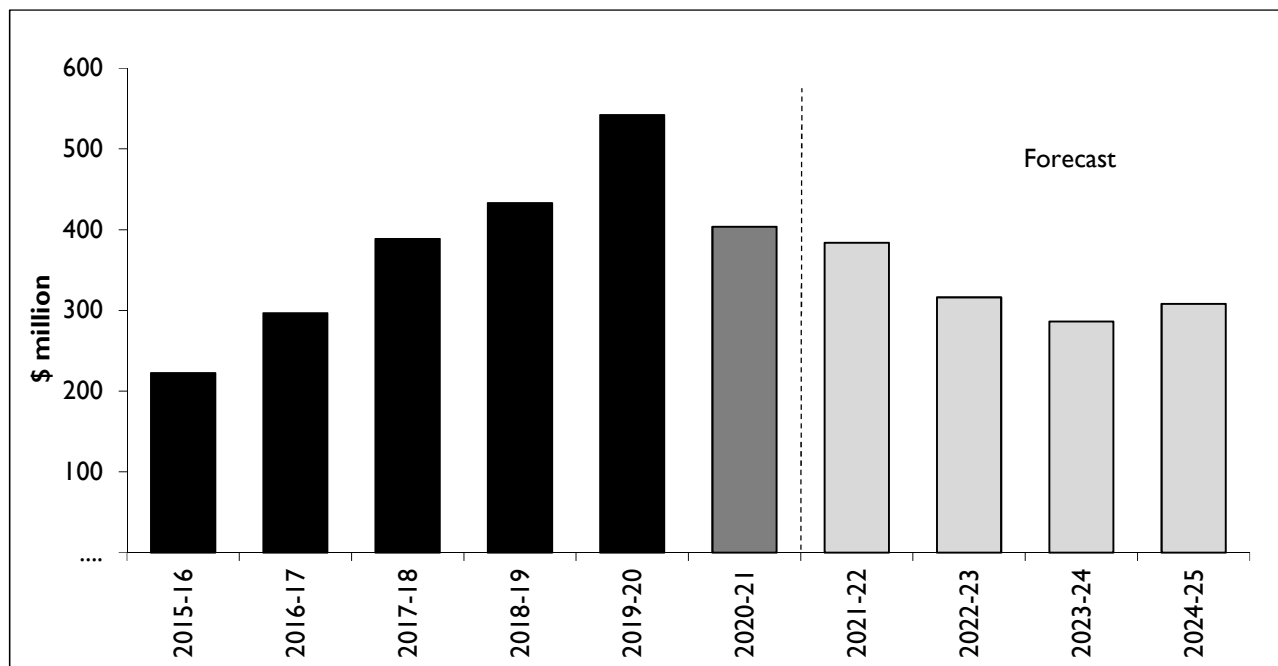
Dividend, tax and rate equivalent income in 2021-22 is estimated to be \$383.8 million.

This estimate reflects improved profitability, in 2020-21, for a number of government businesses, compared to that which was expected at the time of the 2020-21 Budget. This is in the context of the uncertain COVID-19 environment that existed at that time, including uncertainty in relation to the extent to which public health measures to limit the spread of COVID-19 would continue to impact government business profitability. This improvement in profitability is also expected to positively impact the level of estimated returns over the Forward Estimates.

On an annual basis, dividend, tax and rate equivalent income is forecast to trend downwards over the Forward Estimates, before improving slightly in 2024-25. The decrease is primarily due to profit forecasts for Hydro Tasmania, reflecting an expectation of less favourable trading conditions in the National Electricity Market, partially offset by increasing returns from the Motor Accidents Insurance Board which has benefited from improved financial markets, resulting in higher investment returns.

Chart 5.5 shows the total dividend, tax and rate equivalent income over time.

Chart 5.5: Dividend, Tax and Rate Equivalent Income, 2015-16 to 2024-25¹



Note:

1. Data is presented on an accruals basis and reflects actual outcomes for 2015-16 to 2019-20 and the Preliminary Outcome for 2020-21.

Table 5.9 details the dividend, tax and rate equivalent income in 2021-22 and over the Forward Estimates.

Table 5.9: Dividend, Tax and Rate Equivalent Income¹

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Dividends						
Aurora Energy Pty Ltd ²	....	....	10.8	9.3	14.1	12.7
Hydro Tasmania ³	115.0	115.0	112.3	56.7	27.4	20.8
Motor Accidents Insurance Board ⁴	32.6	32.6	52.6	48.7	45.9	50.5
Public Trustee	....	0.1	....	....	....	....
Sustainable Timber Tasmania ⁵	2.0	2.0	....	....	....	6.0
Tasmanian Networks Pty Ltd ⁶	26.7	26.7	15.5	9.2	15.5	19.2
Tasmanian Ports Corporation Pty Ltd ⁷	4.6	4.6	....	5.1	7.6	6.6
Tasmanian Public Finance Corporation	11.5	11.5	8.5	5.2	5.6	5.9
TT-Line Company Pty Ltd ⁸	29.2	16.2	....	12.3	4.0	....
	221.7	208.8	199.8	146.4	119.9	121.6
Mersey Community Hospital Dividend						
Dividend for Mersey Community Hospital	86.6	86.6	89.7	92.8	96.1	99.4
	86.6	86.6	89.7	92.8	96.1	99.4
Taxation Equivalents						
Aurora Energy Pty Ltd	....	6.4	5.5	7.6	7.3	6.9
Hydro Tasmania ³	57.5	55.3	28.8	11.4	8.5	11.6
Motor Accidents Insurance Board	15.5	8.1	12.9	13.1	12.8	12.1
Public Trustee ⁹	....	....	0.1	....	....	0.1
Sustainable Timber Tasmania	....	....	0.7	....	2.7	2.2
Tasmanian Networks Pty Ltd	24.5	30.1	26.6	28.3	26.7	36.8
Tasmanian Ports Corporation Pty Ltd ⁷	0.1	0.1	3.9	5.0	4.5	8.8
Tasmanian Public Finance Corporation	2.5	3.6	2.2	2.4	2.5	2.9
TT-Line Company Pty Ltd	....	....	8.9	4.2	....	0.4
	100.2	103.6	89.6	72.0	65.1	81.8
Rates Equivalents						
Hydro Tasmania	4.7	4.6	4.8	4.9	5.0	5.1
	4.7	4.6	4.8	4.9	5.0	5.1
TOTAL DIVIDEND TAX AND RATE EQUIVALENT INCOME						
	413.1	403.6	383.8	316.1	286.1	308.0

Notes:

1. Dividend, Tax and Rate Equivalent Income is reported on an accrual basis.
2. The increase in Aurora Energy dividends, in 2021-22 compared to 2020-21, reflects the impact of the COVID-19 pandemic on the entity's 2019-20 outcome.
3. The decrease in Hydro Tasmania dividend and taxation equivalent returns largely reflects an expectation of less favourable trading conditions in the National Electricity Market.
4. The Motor Accidents Insurance Board's increased dividend in 2021-22 compared to 2020-21, reflects higher investment returns as a result of improved financial market performance. As a result of the established dividend smoothing methodology, dividend returns are expected to be maintained at this level over the Forward Estimates.
5. The 2021-22 Budget assumes the standard dividend policy of 90 per cent of net profits after tax.
6. The decrease in Tasmanian Networks' dividends over the Forward Estimates, reflects a lower level of recovery in line with the maximum allowable revenue under the Australian Energy Regulator's final transmission and distribution revenue determination for the period 2019-24.
7. Tasmanian Ports Corporation dividends and taxation equivalents have been impacted by a number of factors as a result of the impact of the COVID-19 pandemic.
8. The nil dividend for TT-Line in 2021-22 reflects the impact of low passenger volumes in 2020-21 as a result of the impact of the COVID-19 pandemic.
9. Taxation equivalents of \$44 000 in 2022-23 and \$49 000 in 2023-24 are forecast to be received from the Public Trustee. These amounts do not appear in the table due to rounding.

Other Revenue

Other Revenue is estimated to be \$215.3 million in 2021-22.

Table 5.10 lists the sources of Other Revenue.

Table 5.10: Other Revenue¹

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Mineral Royalties ²	35.2	60.8	56.6	44.8	40.6	35.6
Regional Water Authority Licence Fees	2.3	2.5	2.3	2.3	2.3	2.3
Other Revenue by Agency						
Communities Tasmania ³	31.7	30.9	40.8	29.9	29.9	29.9
Education	17.7	23.4	18.7	19.0	20.6	21.5
Finance-General	4.7	5.6	3.9	4.8	3.8	3.8
Health	35.6	65.7	41.6	39.2	39.7	40.8
Justice	25.2	24.9	26.6	30.1	28.0	28.6
Police, Fire and Emergency Management	10.3	24.8	10.3	10.3	10.3	10.3
Premier and Cabinet	3.4	2.3	3.1	3.1	3.1	2.2
Primary Industries, Parks, Water and Environment	2.7	12.9	2.6	2.6	2.6	2.6
State Fire Commission	1.5	4.0	1.6	1.6	1.7	1.7
State Growth	3.2	2.6	3.2	3.2	3.2	3.2
Treasury and Finance	1.5	0.1	1.3	1.3	1.3	1.4
Other	2.7	2.4	2.8	2.8	2.8	2.8
TOTAL OTHER REVENUE	177.9	262.9	215.3	194.9	189.8	186.6

Notes:

1. The information provided in this table may differ from the Other revenue for each agency in *Government Services Budget Paper No 2* due to the elimination of inter-agency transactions during the consolidation process.
2. The increase in Mineral Royalties in 2021-22 compared to the 2020-21 Budget, primarily reflects strong commodity prices.
3. The increase in Communities Tasmania in 2021-22 compared to 2020-21, primarily reflects the reimbursement by the Victorian Government of Victorian Seasonal Worker hotel quarantine costs initially incurred by the State Government.

6 INFRASTRUCTURE INVESTMENT

Key Issues

- The provision of total infrastructure funding of \$4.6 billion in the 2021-22 Budget maintains the Government's strong commitment to infrastructure investment, continuing to support Tasmania's recovery from the COVID-19 pandemic. This investment will provide confidence to Tasmanian businesses to continue to invest and grow.
- Infrastructure investment in the General Government Sector exceeds \$3.8 billion over the 2021-22 Budget and Forward Estimates. This includes funding for roads and bridges (\$2 billion); hospitals and health (\$503.7 million); human services and housing (\$404.9 million); schools, education and skills (\$335.8 million); law and order (\$238.8 million); tourism, recreation and culture (\$183.6 million); and ICT support to service delivery (\$145.4 million).
- The Budget includes additional funding of almost \$600 million for the delivery of new infrastructure, delivering on the Government's 2021 election commitments. This includes significant projects, such as: \$110 million for the Royal Hobart Hospital Redevelopment - Expanded Stage 2; \$80 million for the Launceston General Hospital - Mental Health Precinct; and \$39.7 million for four major school redevelopments at Exeter High School, Cambridge Primary School, Montello Primary School, and Lauderdale Primary School. In addition, \$500 million has been committed to Stage 2 of the Launceston General Hospital Redevelopment, commencing in 2025-26.
- To continue to ensure that Tasmanians can access secure accommodation, the Budget provides an additional \$280 million for the Extended Social Housing Build. This is in addition to \$100 million for new social housing dwellings provided in the 2020-21 Budget.
- In addition to the significant investment in the General Government Sector, the 2021-22 Budget supports investment by government businesses and other entities, with \$783.8 million in equity funding for infrastructure investment. This includes equity contributions of \$65 million to Stadium Authority Trust to oversee the development and management of stadium assets and \$64.6 million to the Macquarie Point Development Corporation to progress the next stage of the Macquarie Point development.
- The Government has also announced it will support investment of \$385 million for the largest port redevelopments in Tasmania's history, including the \$240 million Port of Devonport redevelopment and the \$145 million Port of Burnie upgrade. The Government will also support Hydro Tasmania, with \$700 million to be invested in the redevelopment of the Tarraleah power station.

OVERVIEW

The 2021-22 Budget and Forward Estimates includes investment of \$3.8 billion in community infrastructure projects, to be delivered by Government agencies, including:

- roads and bridges (\$2 billion);
- hospitals and health (\$503.7 million);
- human services and housing (\$404.9 million);
- schools, education and skills (\$335.8 million);
- law and order (\$238.8 million);
- tourism, recreation and culture (\$183.6 million);
- ICT to support service delivery (\$145.4 million); and
- other infrastructure (\$36.5 million).

In addition, the 2021-22 Budget and Forward Estimates includes infrastructure investment outside of the General Government Sector through government businesses and other entities, supported by Government equity contributions of \$783.8 million.

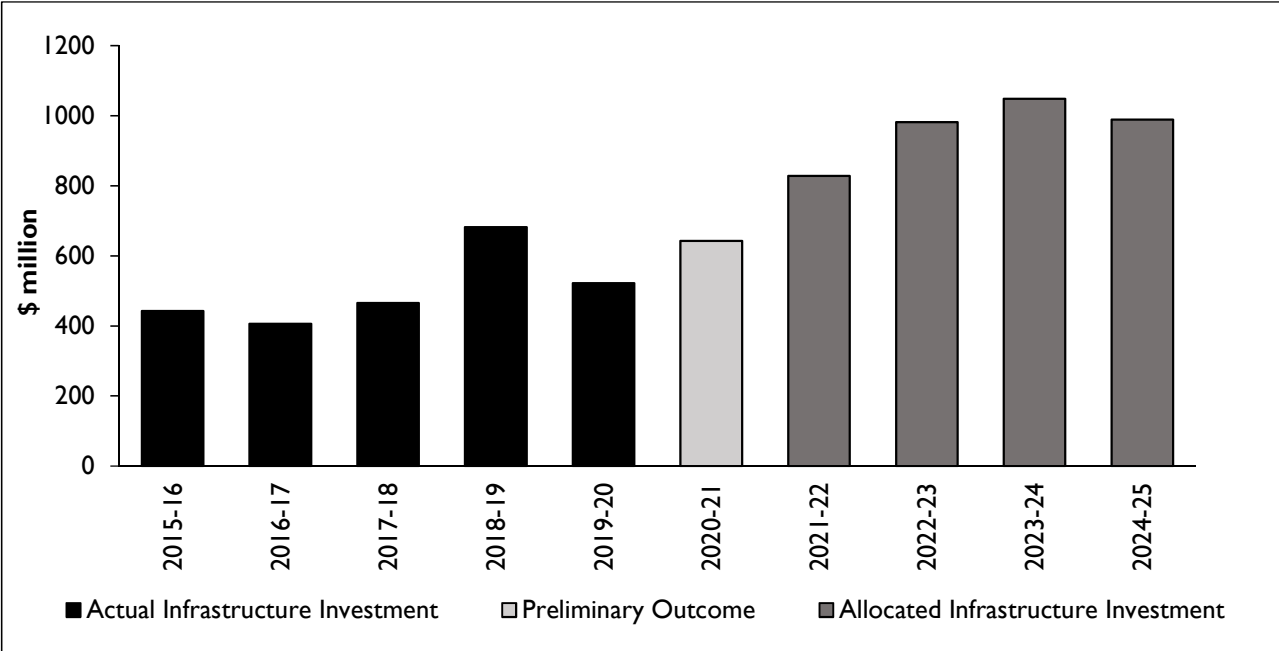
The 2021-22 Budget supports a substantial pipeline of infrastructure investment to sustain Tasmania's recovery from the COVID-19 pandemic, support economic activity and jobs across the State, and provide Tasmania with next generation infrastructure.

A number of the next generation infrastructure projects extend beyond the current Forward Estimates period, including the Launceston General Hospital Redevelopment - Stage 2, West Tamar Highway Traffic Solution, projects funded under the Roads of Strategic Importance program and the \$80 million Tamar River Bridge.

The Government continues to provide Tasmanian businesses with certainty of long term growth in public infrastructure investment, enabling businesses to plan and invest with confidence. Further information regarding the Government's long term infrastructure investment plans will be published in Tasmania's 10 Year Infrastructure Pipeline.

Chart 6.1 details actual agency infrastructure investment from 2015-16 to 2020-21 and budgeted infrastructure investment over the 2021-22 Budget and Forward Estimates.

Chart 6.1: Agency Infrastructure Investment, 2015-16 to 2024-25



GENERAL GOVERNMENT SECTOR INFRASTRUCTURE INVESTMENT PROJECTS BY AGENCY

Table 6.1 details infrastructure investment expenditure within the General Government Sector by agency.

Table 6.1: Infrastructure Expenditure by Agency^{1,2}

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Agencies						
Communities Tasmania	135.9	111.2	122.1	140.2	90.9	112.3
Education	59.9	43.6	47.0	67.1	101.6	56.1
Finance-General	12.6	5.9	23.9	16.7	18.8	25.0
Health	191.1	92.8	113.8	146.2	155.3	109.4
Justice	46.7	29.2	59.0	35.4	39.8	35.1
Legislature-General	0.1	....	0.1	....	....	....
Police, Fire and Emergency Management	42.8	9.9	30.3	20.0	32.8	20.3
Premier and Cabinet	0.4	0.3	1.5	1.1	0.9	0.3
Primary Industries, Parks, Water and Environment	85.4	23.8	32.1	32.5	31.0	49.9
State Growth	484.6	321.2	371.6	503.2	564.3	566.0
Treasury and Finance	0.4	0.4	....	....	....	....
Statutory Authorities						
Inland Fisheries Service	....	....	0.3	0.3	0.3	0.3
Marine and Safety Tasmania	1.5	1.1	1.6	....	....	....
Royal Tasmanian Botanical Gardens	4.0	....	....	....	1.0	3.0
TasTAFE	8.0	3.0	25.3	19.3	11.3	11.3
TOTAL INFRASTRUCTURE EXPENDITURE	1 073.4	642.4	828.5	982.0	1 047.9	988.8

Notes:

1. This Table includes expenditure (both Purchases of Non-Financial Assets and associated expenses) for all infrastructure projects, but does not include minor asset purchases for non-infrastructure projects. For these reasons, the Table is not equivalent to the Purchases of Non-Financial Assets presented in chapter 4 of this Budget Paper. Table 6.5 provides a reconciliation of Purchases of Non-Financial Assets to Infrastructure Investment.
2. Due to the timing of the 2021-22 Budget, preliminary outcome expenditure for 2020-21 may vary from final agency financial information published in 2020-21 Annual Reports.

INFRASTRUCTURE INVESTMENT OUTSIDE THE GENERAL GOVERNMENT SECTOR

Infrastructure investment undertaken by Government Business Enterprises or State-owned Companies is outside of the General Government Sector and is, therefore, not included as infrastructure investment for the purpose of this chapter. Other associated entities such as the Macquarie Point Development Corporation, Stadium Authority Trust and the Tasmanian Water and Sewerage Corporation Pty Ltd also operate (or in the case of Stadium Authority Trust, is expected to operate) outside of the General Government Sector. Information on infrastructure investment undertaken by these entities can be found in entity annual reports and on entity websites.

The 2021-22 Budget does, however, include equity contributions that are provided through the General Government Sector to directly support a number of these entities to undertake infrastructure projects. These equity contributions are detailed in Table 6.2 below.

All equity contributions to these entities are made through Finance-General.

Over the 2021-22 Budget and Forward Estimates, the total equity funding allocated to infrastructure investment is \$783.8 million. When combined with the General Government Sector agency infrastructure funding, this takes the total investment by the State and Australian Governments in infrastructure over this period to \$4.6 billion.

The Government has also announced it will support investment of \$385 million for the largest port redevelopments in Tasmania's history, including the \$240 million Port of Devonport redevelopment and the \$145 million Port of Burnie upgrade. The Government will also support Hydro Tasmania, with \$700 million to be invested in the redevelopment of the Tarraleah power station.

Table 6.2: 2021-22 Budget Total Infrastructure Investment Funding

	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
General Government Sector Infrastructure Investment	1 073.4	828.5	982.0	1 047.9	988.8
Government Businesses					
Metro Tasmania Pty Ltd	3.4	12.7	19.2	0.5	0.5
Port Arthur Historic Site Management Authority	5.0	3.0	....	....	....
Tasmanian Irrigation Pty Ltd ¹	13.8	53.8	64.1	51.3	29.7
Tasmanian Ports Corporation Pty Ltd	....	5.0	....	....	....
Tasmanian Railway Pty Ltd	46.0	70.9	74.9	39.0	....
Tasracing Pty Ltd	2.0	10.5	....	....	....
TT-Line Company Tasmania Pty Ltd	....	21.7	53.5	4.0	....
Total	70.2	177.6	211.7	94.7	30.2
Other					
Macquarie Point Development Corporation	....	27.4	28.2	9.0	....
Stadium Authority Trust	....	20.0	22.5	22.5	....
Tasmanian Water and Sewerage Corporation Pty Ltd ²	50.0	40.0	50.0	50.0	....
Total	50.0	87.4	100.7	81.5	....
TOTAL	1 193.6	1 093.4	1 294.4	1 224.1	1 019.0

Notes:

1. The total commitment for Tranche 3 irrigation projects is \$219 million. Additional Australian Government funding of \$20 million will be provided in 2025-26 taking total Australian Government funding to \$100 million.
2. In addition to the equity contributions to TasWater detailed in this table, the Government is also providing grant funding to support the Macquarie Point wastewater treatment plant relocation project and the upgrade of Launceston's combined stormwater and sewerage system.

Government Businesses

Metro Tasmania Pty Ltd

The 2021-22 Budget reflects equity contributions of \$32.9 million to Metro. Funding of \$25.9 million, over two years, including \$18.5 million of new funding and an existing allocation of \$7.4 million, is provided from 2021-22 to assist with implementation of a common ticketing solution that will apply to all Tasmanian general access public transport services. Funding has also been allocated to undertake an electric bus trial (\$2 million in 2021-22 and \$4 million in 2022-23) and for the Derwent River Ferry Service (\$500 000 per annum, over three years, commencing in 2023-24).

Port Arthur Historic Site Management Authority

Equity funding is being provided to PAHSMA to support the construction of a new visitor centre at the Cascades Female Factory in South Hobart. The total cost of the project is \$5 million, which includes an Australian Government contribution of \$2 million that was provided in 2020-21.

Tasmanian Irrigation Pty Ltd

The 2021-22 Budget includes the State's equity contributions to Tasmanian Irrigation to support Tranche 3 irrigation projects. This includes the 2021 election commitment of an additional \$23.7 million over four years, together with additional funding of \$15 million committed for the Don Irrigation Scheme, and \$5 million, in 2021-22, to develop a business case for the South East Extension Scheme.

The Australian Government has also committed \$100 million, over five years, commencing in 2021-22, to Tranche 3. Of this funding, \$80 million will be provided across the Budget and Forward Estimates, with the remaining \$20 million to be provided in 2025-26.

Funding is also included in 2021-22 and 2022-23 to support the Energy on Farms initiatives announced in the 2018-19 Budget.

Tasmanian Ports Corporation Pty Ltd

TasPorts will receive \$5 million, in 2021-22, to progress the business case and commence work on detailed engineering designs for the Burnie Port Export Gateway Project. This Project was endorsed as a priority initiative on the latest Infrastructure Australia Priority List.

Tasmanian Railway Pty Ltd

The 2021-22 Budget and Forward Estimates include \$184.8 million in equity contributions from the State and Australian Governments for Tranche 2 and Tranche 3 of the Tasmanian Rail Revitalisation Program. This funding supports the ongoing remediation of Tasmania's Freight Rail Network and the upgrade of the bulk minerals ship loader at the Port of Burnie.

Tasracing Pty Ltd

The 2021-22 Budget includes \$10.5 million, in 2021-22, for racing infrastructure in the North West of the State (\$7.5 million) and new funding for infrastructure upgrades at Longford, Brighton and Devonport (\$3 million).

TT-Line Company Pty Ltd

The replacement of TT-Line's passenger ferries represents a significant long-term investment by the State. On 14 April 2021, it was announced that TT-Line would enter into a contract with Finnish shipbuilder Rauma Marine Constructions for the delivery of two steel monohull passenger vessels. The contract provides for delivery of vessel one in late 2023 and vessel two in late 2024.

The cost of the purchase of the vessels will be supported by the allocation of funding from the Vessel Replacement Fund. These payments will be provided in accordance with the contract for the purchase of the vessels. An initial contribution of \$128.3 million was provided in June 2021 to meet the first contractual payment and the remaining funds will be provided over three years.

Other

Macquarie Point Development Corporation

The 2021-22 Budget includes a \$64.6 million contribution, over three years, to the MPDC. This funding will support the next development stage by progressing remediation works and the establishment of key enabling infrastructure.

Stadium Authority Trust

An equity contribution of \$65 million, over three years from 2021-22, will be provided to the new Stadiums Tasmania, which will oversee the development and management of stadium assets.

Tasmanian Water and Sewerage Corporation Pty Ltd

In 2018-19, the Government committed funding of \$300 million, over 10 years, to support TasWater's accelerated infrastructure program (through a \$200 million equity contribution) and to enable the decommissioning of TasWater's Macquarie Point wastewater treatment plant (\$100 million in grant funding). The balance of the equity funding (\$140 million) will be contributed in 2021-22 and over the Forward Estimates.

DETAILED INFRASTRUCTURE INVESTMENT PROJECTS BY AGENCY

Table 6.3 provides infrastructure investment project details for the General Government Sector by agency, including projects which are continuing from previous Budget years and new infrastructure projects that have been funded by the Government in the 2021-22 Budget.

Table 6.3: Infrastructure Investment Project Details by Agency¹

				Estimated Total Cost	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	New/ Existing	Start	Complete	\$m	\$m	\$m	\$m	\$m
DEPARTMENT OF COMMUNITIES TASMANIA								
Ashley Youth Detention								
Centre Redevelopment	Existing	2018	2022	7.0	4.0	....	....	....
Community Housing								
Growth Program	Existing	2021	2024	100.0	24.5	54.4	21.1	....
Derwent Entertainment								
Centre and Multi-Sports Facility ²	New/ Existing	2019	2023	83.5	30.7	30.0	....	....
Extended Social Housing								
Build ³	New	2023	2028	280.0	....	....	30.0	60.0
Housing - New Projects ⁴	Existing		Ongoing	na	32.5	27.3	37.0	47.3
Silverdome Capital Upgrade	New	2021	2022	5.0	5.0	....	....	....
Supported Accommodation Facilities ³								
	New	2023	2027	20.0	....	....	1.0	5.0
Tasmania's Affordable								
Housing Action Plan 2	Existing	2018	2023	125.0	25.0	25.6	....	....
Youth Housing Initiatives - Modular Youth Housing and Dispersed Youth								
Foyer	New	2021	2024	5.2	0.5	3.0	1.8	....
TOTAL					122.1	140.2	90.9	112.3
DEPARTMENT OF EDUCATION								
Bothwell District School -								
Agriculture in Schools	New	2021	2024	2.0	0.1	0.9	1.0	....
Cambridge Primary School - Major School								
Redevelopment	New	2021	2025	15.1	0.1	0.5	7.0	7.5

**Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)**

				Estimated Total Cost	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	New/ Existing	Start	Complete	\$m	\$m	\$m	\$m	\$m
Campbell Town District								
School - Agriculture in Schools	New	2021	2024	2.0	0.1	0.9	1.0	....
Contemporary Classrooms ³	New	2021	2025	10.0	0.2	0.8	3.0	3.0
Devonport High	Existing	2019	2022	10.5	4.6	....	....	....
East Launceston Primary School	Existing	2016	2021	4.5	0.6	....	....	....
Eastern Shore Multi-Sports Facility	New	2021	2024	8.0	0.5	3.5	4.0	....
Education Act Implementation - Capital	Existing	2018	2022	18.0	1.8	....	....	....
Exeter High School - Major School Redevelopment	New	2021	2025	11.0	0.2	0.5	3.8	6.6
Glen Dhu Pool	New	2021	2022	1.5	1.5	....	....	....
Hobart City Partner Schools Project (Ogilvie and New Town High) ³	New	2021	2026	21.6	0.8	2.0	7.0	7.0
Lansdowne Crescent Primary School	Existing	2019	2021	4.7	0.1	....	....	....
Lauderdale Primary School - Major School Redevelopment	New	2021	2024	6.5	0.2	2.0	4.3	....
Legana Primary School	Existing	2020	2024	24.0	2.6	8.0	13.2	....
Montagu Bay Primary School ⁵	Existing	2018	2020	1.8	0.0	....	....	....
Montello Primary School - Major School Redevelopment	New	2021	2024	7.1	0.2	2.2	4.8	....
Mt Nelson School Oval	New	2021	2022	0.1	0.1	....	....	....
New Brighton High School	Existing	2020	2025	50.0	2.0	10.0	16.4	18.7
New K-12 Penguin School	Existing	2018	2022	20.0	5.7	6.5	....	....
New K-12 Sorell School	Existing	2020	2024	22.0	3.5	9.0	8.5	....
Renewable Energy Schools Program ³	New	2021	2026	5.0	0.3	1.0	1.3	1.3
Revitalising Cosgrove High School	Existing	2020	2024	20.0	0.6	7.5	8.0	3.5

**Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)**

				Estimated	2021-22	2022-23	2023-24	2024-25
	New/ Existing	Start	Complete	Total Cost	Budget	Forward Estimate	Forward Estimate	Forward Estimate
				\$m	\$m	\$m	\$m	\$m
School Farm Redevelopment (Brighton/JRLF)	Existing	2019	2022	4.3	3.8	....	....	....
School Farm Redevelopment (Sheffield)	Existing	2019	2021	3.0	0.2	....	....	....
School Infrastructure Upgrades	Existing	2018	2021	6.8	1.7	....	....	....
Six New Child and Family Learning Centres	Existing	2020	2024	28.0	6.0	8.6	12.0	....
Sorell School ⁶	Existing	2018	2024	3.8	2.8	....	....	....
Southern Support School	Existing	2018	2022	4.3	0.4	....	....	....
Springfield Gardens Primary School	Existing	2020	2022	1.5	1.4	....	....	....
Support School Package including North West School ³	New	2021	2026	20.0	2.0	2.2	5.0	7.0
Supporting Safer Schools ³	New	2021	2026	6.3	0.5	1.0	1.5	1.5
Woodbridge School Oval ⁵	New	2021	2022	0.0	0.0	....	....	....
Year 7-12 Implementation Plan - Capital	Existing	2014	2022	16.5	2.5	....	....	....
TOTAL					47.0	67.1	101.6	56.1
FINANCE-GENERAL								
Digital Transformation Priority Expenditure Program ²	New/ Existing		Ongoing	na	23.9	16.7	18.8	25.0
TOTAL					23.9	16.7	18.8	25.0
DEPARTMENT OF HEALTH								
27 New Mental Health Beds in Southern Tasmania	Existing	2018	2024	20.7	9.4	6.5	1.5	....
Air Conditioning Upgrades - Statewide	Existing	2018	2021	5.9	2.7	....	....	....
Burnie and Glenorchy Ambulance Stations ²	New/ Existing	2018	2024	20.5	2.4	6.7	10.5	....
Campbell Town Ambulance Station ⁵	Existing	2019	2021	3.0	0.0	....	....	....

**Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)**

				Estimated	2021-22	2022-23	2023-24	2024-25
	New/ Existing	Start	Complete	Total Cost	Budget	Forward Estimate	Forward Estimate	Forward Estimate
				\$m	\$m	\$m	\$m	\$m
CHHP Acute Care facility NWRH ⁷	Existing	2021	2024	10.0	1.0	4.0	5.0	....
CHHP Birthing Suites Upgrade LGH ⁷	Existing	2020	2021	0.4	0.2	....	....	....
CHHP Kings Meadows Community Centre ⁷	Existing	2021	2024	10.0	1.0	4.0	5.0	....
CHHP Queenstown Allied Health and Aged Care Facility ⁷	Existing	2021	2022	1.0	1.0	....	....	....
CHHP St Johns Park Eating Disorders Treatment Centre ⁷	Existing	2020	2024	10.0	....	4.9	4.9	....
Dover Helipad	New	2022	2023	0.3	....	0.3	....	....
Health Transport and Coordination Infrastructure	Existing	2017	2021	9.2	0.7	....	....	....
Hospital Equipment Fund	New	2021	2024	20.0	5.0	10.0	5.0	....
Human Resources Information System	Existing	2020	2025	21.6	3.1	6.6	6.3	5.0
Kingston Health Centre - Stage 2 ³	New	2023	2027	30.0	....	....	2.0	8.0
Launceston General Hospital - Mental Health Precinct ³	New	2021	2027	80.0	0.5	1.5	5.0	5.0
Launceston General Hospital - Redevelopment	Existing	2018	2025	87.3	24.5	15.0	20.0	7.0
Maternity Services at the North West Regional Hospital ²	New/ Existing	2018	2023	5.8	3.6	1.5	....	....
Mersey Community Hospital - Expanded Redevelopment ³	New	2022	2026	20.0	....	1.0	4.0	5.0
Mersey Community Hospital - Rural Medical Workforce Centre	New	2022	2023	1.0	....	1.0	....	....
Mersey Community Hospital Capital Upgrades	Existing	2018	2023	37.4	12.1	18.0	....	....

**Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)**

				Estimated	2021-22	2022-23	2023-24	2024-25
	New/ Existing	Start	Complete	Total Cost	Budget	Forward Estimate	Forward Estimate	Forward Estimate
				\$m	\$m	\$m	\$m	\$m
Midlands Multipurpose								
Health Centre Upgrade	New	2021	2024	3.5	0.2	1.6	1.8	....
New Ambulance Vehicles and Equipment	New	2021	2024	9.0	2.0	4.0	3.0	....
North West Regional Hospital - Mental Health Precinct ³	New	2022	2026	40.0	....	2.0	8.0	10.0
North West Regional Hospital Upgrade	New	2022	2028	20.0	....	0.8	1.8	....
Regional Health and Ambulance Facilities Fund	Existing	2021	2025	10.0	2.5	2.5	2.5	2.5
Royal Hobart Hospital - New Angiography Suite and Equipment Upgrade	New	2023	2025	7.0	....	....	2.0	5.0
Royal Hobart Hospital Pharmacy Redevelopment ²	New/ Existing	2019	2023	5.9	3.6	2.1	....	....
Royal Hobart Hospital Redevelopment ⁸	Existing	2011	2022	469.2	5.0	....	....	....
Royal Hobart Hospital Redevelopment - Expanded Stage 2	New	2023	2025	110.0	....	....	48.1	61.9
Royal Hobart Hospital Stage 2 Redevelopment	Existing	2019	2024	91.1	26.7	44.1	17.0	....
Rural Hospital Equipment Boost	New	2021	2023	5.0	2.5	2.5	....	....
St Helens Helipad	New	2022	2023	0.3	....	0.3	....	....
Stage 2 of the King Island Hospital Redevelopment	Existing	2018	2022	10.5	0.2	....	....	....
Statewide Rural Hospital and Ambulance Station Upgrade Fund	Existing	2018	2024	15.0	2.4	2.0	2.0	....
Statewide Hospital Critical Facility Upgrades	Existing	2018	2023	7.0	0.5	1.4	....	....

Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)

				Estimated Total Cost	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	New/ Existing	Start	Complete	\$m	\$m	\$m	\$m	\$m
Statewide Rural Health								
Facility Infrastructure								
Upgrades	Existing	2018	2023	4.7	0.5	1.3	....	....
THS Infrastructure								
Upgrades	Existing	2019	2023	1.1	0.5	0.6	....	....
TOTAL					113.8	146.2	155.3	109.4
DEPARTMENT OF JUSTICE								
	New/							
Burnie Court Complex ²	Existing	2020	2024	40.0	1.9	18.1	19.0	....
New Northern Prison ³	Existing	2019	2029	270.0	1.5	4.8	18.3	32.6
New Southern Remand								
Centre	Existing	2018	2023	85.0	47.5	8.0	....	....
Prison Body Scanning								
Technology	New	2022	2023	1.3	....	1.3	....	....
Risdon Prison - Critical								
Infrastructure								
Maintenance	New	2021	2025	9.0	1.5	2.5	2.5	2.5
Risdon Prison Shared								
Facilities Upgrade								
Video Conferencing and	Existing	2021	2022	9.3	5.6	....	....	....
Recording	Existing	2020	2023	1.8	1.0	0.8	....	....
TOTAL					59.0	35.4	39.8	35.1
LEGISLATURE-GENERAL								
Parliament Lighting Façade	Existing	2020	2022	0.1	0.1	....	....	....
TOTAL					0.1	....	....	....
DEPARTMENT OF POLICE, FIRE AND EMERGENCY MANAGEMENT⁹								
Body Worn Video	Existing	2019	2022	0.7	0.7	....	....	....
Bridgewater Police Station								
Upgrade ³	New	2022	2026	12.5	....	0.1	0.1	5.9
Crackdown on Anti-Social								
Driving	Existing	2018	2022	0.4	0.1	....	....	....

Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)

				Estimated	2021-22	2022-23	2023-24	2024-25
	New/ Existing	Start	Complete	Total Cost	Budget	Forward Estimate	Forward Estimate	Forward Estimate
				\$m	\$m	\$m	\$m	\$m
Emergency Services	New/ Existing	2020	2022	6.5	6.4	....	....	....
Operations Centre								
Fire and Emergency Service								
Volunteer Grants								
Program ^{3,10}	New	2023	2026	1.5	....	....	0.5	0.5
Large Vessel Replacement	New/ Existing	2014	2024	24.6	2.5	3.0	7.3	....
Program ²								
Launceston Police Station								
Refurbishment	Existing	2020	2024	7.0	0.8	3.0	3.0	....
Longford Police Station	Existing	2018	2022	5.0	2.7	....	....	....
New Norfolk Police Station	Existing	2018	2022	5.0	3.0	....	....	....
Police Infrastructure	Existing	2020	2022	1.0	0.9	....	....	....
Project Unify ³	Existing	2020	2026	46.1	5.1	5.2	13.1	10.5
Sorell Emergency Services								
Hub	Existing	2018	2024	12.0	3.0	3.0	5.1	....
Special Operations Group								
Infrastructure - South	New	2021	2023	3.6	1.5	2.1	....	....
St Helens Police Station ³	New	2022	2026	7.5	....	0.1	0.1	2.9
Supporting our Emergency								
Services Volunteers ¹⁰	Existing	2018	2022	2.0	0.5	....	....	....
Upgrade Police Housing	Existing	2015	2024	21.7	3.0	3.4	3.2	....
Volunteer Brigade								
Equipment								
Upgrades ^{3,10}	New	2021	2026	2.0	0.3	0.3	0.5	0.5
TOTAL					30.3	20.0	32.8	20.3
DEPARTMENT OF PREMIER AND CABINET								
Cyber Security	Existing	2020	2024	2.7	1.2	0.9	0.6	....
Service Tasmania Shop								
Capital Investment	Existing		Ongoing	na	0.3	0.3	0.3	0.3
TOTAL					1.5	1.1	0.9	0.3
DEPARTMENT OF PRIMARY INDUSTRIES, PARKS, WATER AND ENVIRONMENT								
Analytical Services								
Tasmania	Existing	2021	2022	1.0	1.0	....	....	....

Table 6.3: Infrastructure Investment Project Details by Agency^l
(continued)

				Estimated	2021-22	2022-23	2023-24	2024-25
	New/ Existing	Start	Complete	Total Cost	Budget	Forward Estimate	Forward Estimate	Forward Estimate
				\$m	\$m	\$m	\$m	\$m
Arthur-Pieman Conservation Area Track Upgrade	New	2021	2024	10.0	1.0	5.0	4.0	....
Ben Lomond - A Year-Round Destination ³	New	2022	2027	2.8	....	0.4	....	0.8
Biosecurity Risk Management and Truck And Machinery Washes	Existing	2018	2022	2.0	1.6	....	....	....
Cape Bruny Car Park and Access Upgrade ³	New	2024	2027	1.7	....	....	....	0.2
Cockle Creek Camping and Access Upgrade ³	New	2021	2027	3.0	0.1	0.1	0.5	1.0
Community Recovery Fund - Parks Infrastructure	Existing	2019	2023	8.3	2.2	1.5	....	....
Cradle Mountain Experience ^{3,8}	Existing	2019	2026	61.0	2.0	5.0	12.7	21.0
Cradle Mountain Visitor Experience	Existing	2017	2022	25.7	4.0	....	....	....
Crown Land Services - Structural Asset Upgrades	Existing		Ongoing	na	0.7	0.6	0.6	0.6
Crown Lands Transaction Turnaround Time	Existing	2020	2022	0.4	0.3	....	....	....
Crumbed Rubber Roads ³	New	2021	2026	4.0	0.2	0.8	1.0	1.0
Edge of the World Revitalisation ³	New	2024	2027	2.8	....	....	....	0.8
Fisheries Digital Transition Project ¹¹	Existing	2017	2023	6.2	1.8	0.7	....	....
Flinders Island Camping Upgrades and RV Access ³	New	2021	2026	0.9	0.2	....	....	0.4
Freycinet Peninsula Wastewater	Existing	2020	2023	8.4	3.5	4.8	....	....
Freycinet Tourism Icons Project ⁷	Existing	2020	2023	7.2	3.0	3.0	....	....
Freycinet National Park New Visitor Gateway ³	New	2024	2027	14.0	....	....	....	4.0
Hastings Thermal Pool Revitalisation	New	2021	2024	3.0	0.1	0.1	2.8	....

**Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)**

				Estimated	2021-22	2022-23	2023-24	2024-25
	New/ Existing	Start	Complete	Total Cost	Budget	Forward Estimate	Forward Estimate	Forward Estimate
				\$m	\$m	\$m	\$m	\$m
Implementing the Bee Industry Futures Report	Existing	2019	2022	0.5	0.5	....	....	....
Improved Statewide Visitor Infrastructure	Existing	2018	2023	16.0	1.9	1.0	....	....
Maria Island Re-discovered Project ³	New	2023	2027	6.8	....	....	1.0	1.8
Modernise our Research Farms	Existing	2020	2023	7.0	1.0	1.0	....	....
Mt Field National Park New Arrival Concourse ³	New	2024	2027	1.8	....	....	....	0.2
National and World Heritage Projects ⁷	Existing	2020	2021	4.8	3.1	1.5	....	....
National Parks - Maintenance Boost	Existing	2018	2022	8.0	1.4	....	....	....
Next Iconic Walk ³	Existing	2018	2026	20.0	0.5	....	....	16.7
North-East Parks and Reserves Upgrades	New	2023	2024	0.5	....	....	0.5	....
Recreational Fishing - Improved boat and trailer parking	Existing	2019	2022	2.2	0.6	....	....	....
Spion Kop Road and Black River Day Use Area ⁵	New	2021	2022	0.0	0.0	....	....	....
Tamar Island Wetlands Boardwalk Replacement	New	2024	2027	2.8	....	....	....	0.5
Tasman Arch and Devils Kitchen Revitalisation	New	2023	2025	1.5	....	....	0.5	1.0
Tasmanian Agricultural Precinct	New	2021	2024	15.0	0.5	7.0	7.5	....
Waste Action Implementation	Existing	2021	2022	1.0	1.0	....	....	....
TOTAL					32.1	32.5	31.0	49.9
DEPARTMENT OF STATE GROWTH								
Roads Program Expenditure ^{8,12}	Existing		Ongoing	na	371.6	503.2	564.3	566.0
TOTAL					371.6	503.2	564.3	566.0

Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)

				Estimated Total Cost	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	New/ Existing	Start	Complete	\$m	\$m	\$m	\$m	\$m
INLAND FISHERIES SERVICE								
Inland Fisheries								
Infrastructure	New	2022	2026	1.0	0.3	0.3	0.3	0.3
TOTAL					0.3	0.3	0.3	0.3
MARINE AND SAFETY TASMANIA								
Develop a new online marketing portal - one stop shop ⁵	Existing	2018	2021	0.2	0.0	....	....	....
Flinders Island Boat Ramp and Upgrade	New	2021	2022	0.1	0.1	....	....	....
Improve catch opportunities - artificial reefs	Existing	2020	2022	1.0	0.5	....	....	....
Shore based fishing	Existing	2018	2022	1.6	0.7	....	....	....
Stronger safety arrangements	Existing	2018	2022	2.0	0.3	....	....	....
TOTAL					1.6	....	....	....
ROYAL TASMANIAN BOTANICAL GARDENS								
Royal Tasmanian Botanical Gardens upgrades	Existing	2023	2025	4.0	....	....	1.0	3.0
TOTAL					....	....	1.0	3.0
TASTAFE								
IT Network Infrastructure Upgrades	Existing	2020	2022	4.0	3.0	....	....	....
TasTAFE Facility Upgrades and Transition Fund	New	2021	2025	45.0	11.3	11.3	11.3	11.3
Trades and Water Centre of Excellence ⁸	Existing	2019	2022	21.0	11.0	8.0	....	....
TOTAL					25.3	19.3	11.3	11.3

**Table 6.3: Infrastructure Investment Project Details by Agency¹
(continued)**

			Estimated	2021-22	2022-23	2023-24	2024-25	
	New/ Existing	Start	Complete	Total Cost	Budget	Forward Estimate	Forward Estimate	Forward Estimate
				\$m	\$m	\$m	\$m	\$m
TOTAL INFRASTRUCTURE PROJECTS					828.5	982.0	1 047.9	988.8

Notes:

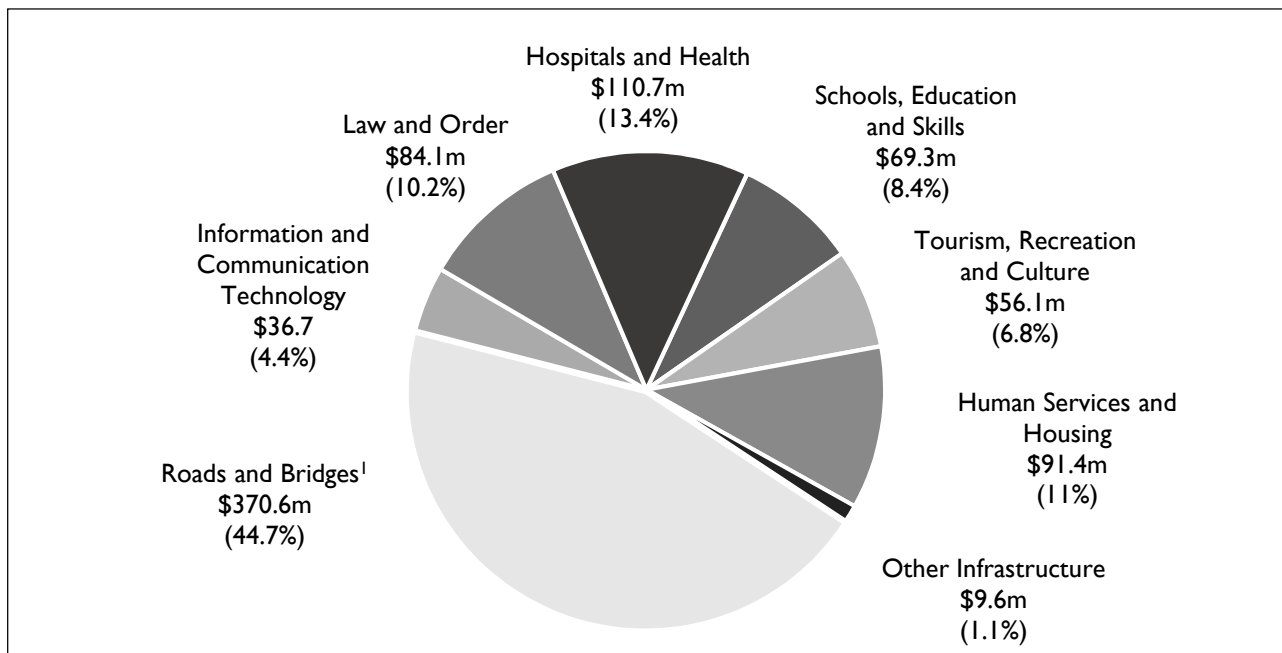
1. This Table does not include projects undertaken by government businesses or other entities outside of the General Government Sector.
2. Additional funding for this project has been included in the 2021-22 Budget.
3. The Estimated Total Cost for this project reflects funding allocated beyond the 2021-22 Budget and Forward Estimates.
4. This project includes funding made available under the Commonwealth-State Housing Agreement Debt Waiver Agreement.
5. Due to the impact of rounding the allocation for this project appears as zero.
6. This project is run as part of the New K-12 Sorell School project.
7. This project is funded by the Australian Government.
8. This project is funded by both the State and Australian Governments.
9. Given the accounting treatment of funding provided for the Tasmanian Government Radio Network, it is not included in this table. The project is allocated to the Department of Police, Fire and Emergency Management with expenditure split between operating expenditure and purchases of non-financial assets, in accordance with the contractual arrangements for the delivery of the project.
10. This project will be delivered by the State Fire Commission.
11. This project was previously referred to as the Fisheries Integrated Licencing Management System.
12. Details of the Roads Program are provided at Table 6.4.

MAJOR AREAS OF AGENCY INFRASTRUCTURE INVESTMENT IN 2021-22

This section provides an overview of the key projects being undertaken in 2021-22 within each of the major areas of agency infrastructure expenditure. Further details on these projects are available in individual agency chapters in *Government Services Budget Paper No 2*.

Chart 6.2 provides a breakdown of the 2021-22 agency infrastructure expenditure by ABS classification.

Chart 6.2: 2021-22 Infrastructure Investment by classification



Note:

1. The total for Roads and Bridges does not reconcile to Table 6.4 due to differences in the classification of expenditure related to bus services as Other Infrastructure.

Schools, Education and Skills

In 2021-22, total Schools, Education and Skills Infrastructure is budgeted to be \$69.3 million. Major infrastructure projects include:

- TasTAFE Facility Upgrades and Transition Fund (\$11.3 million);
- Trades and Water Centre of Excellence (\$11 million);
- Six New Child and Family Learning Centres (\$6 million);
- New K-12 Penguin School (\$5.7 million);
- Devonport High (\$4.6 million);
- School Farm Redevelopment (Brighton/JRLF) (\$3.8 million); and
- New K-12 Sorell School (\$3.5 million).

Human Services and Housing

In 2021-22, total Human Services and Housing Infrastructure is budgeted to be \$91.4 million. Major infrastructure projects include:

- Housing - New Projects (\$32.5 million);
- Tasmania's Affordable Housing Action Plan 2 (\$25 million); and
- Community Housing Growth Program (\$24.5 million).

Hospitals and Health

In 2021-22, total Hospitals and Health Infrastructure is budgeted to be \$110.7 million. Major infrastructure projects include:

- Royal Hobart Hospital Stage 2 Redevelopment (\$26.7 million);
- Launceston General Hospital - Redevelopment (\$24.5 million);
- Mersey Community Hospital Capital Upgrades (\$12.1 million);
- 27 New Mental Health Beds in Southern Tasmania (\$9.4 million); and
- Hospital Equipment Fund (\$5 million).

Law and Order

In 2021-22, total Law and Order Infrastructure is budgeted to be \$84.1 million. Major infrastructure projects include:

- New Southern Remand Centre (\$47.5 million);
- Emergency Services Operations Centre (\$6.4 million); and
- Risdon Prison Shared Facilities Upgrade (\$5.6 million).

Roads and Bridges

In 2021-22, total Roads and Bridges Infrastructure is budgeted to be \$370.6 million. Major infrastructure projects include:

- Infrastructure Maintenance (\$71.8 million);
- Roads of Strategic Importance (\$55.2 million);
- Infrastructure Stimulus Funding (\$47.2 million);
- New Bridgewater Bridge (\$30 million); and
- Greater Hobart Traffic Solution (\$23.4 million).

Further detail on the Roads Program is provided later in this chapter.

Information and Communication Technology

In 2021-22, total Information and Communication Technology Infrastructure is budgeted to be \$36.7 million. Major infrastructure projects include:

- Digital Transformation Priority Expenditure Program (\$23.9 million);
- Project Unify (\$5.1 million); and
- the Department of Health Human Resources Information System (\$3.1 million).

The Digital Transformation Priority Expenditure Program will support a number of projects in 2021-22 including: Justice Connect; Digital Health Transformation; a new website for Parliament; and the Whole-of-Government Online Portal.

Tourism, Recreation and Culture

In 2021-22, total Tourism, Recreation and Culture Infrastructure is budgeted to be \$56.1 million. Major infrastructure projects include:

- Derwent Entertainment Centre and Multi-Sports Facility (\$30.7 million);
- Cradle Mountain Visitor Experience (\$4 million);
- National and World Heritage Projects (\$3.1 million); and
- Freycinet Tourism Icons Project (\$3 million).

Other Infrastructure

In 2021-22, total Other Infrastructure is budgeted to be \$9.6 million. Major infrastructure projects include:

- Fisheries Digital Transition Project (\$1.8 million); and
- Biosecurity Risk Management and Truck and Machinery Washes (\$1.6 million).

ROADS PROGRAM

The Roads Program comprises new works projects and the upgrade and maintenance of established roads. In 2021-22, total roads program expenditure is \$371.6 million. This includes a State Government allocation of \$256.7 million and an Australian Government allocation of \$114.9 million. Completion dates reflect the current best estimates.

Table 6.4: Roads Program Expenditure

	Start	Complete	Estimated Total Cost \$m	2021-22 Budget \$m	2022-23 Forward Estimate \$m	2023-24 Forward Estimate \$m	2024-25 Forward Estimate \$m
STATE FUNDED							
Co-contribution Projects¹							
Algonia Interchange and Kingston Bypass ²	2022	2027	60.0	0.2	0.6	2.0	4.8
Brooker Highway - Elwick, Goodwood, Howard Roads	2015	2022	32.0	0.1	....	....	....
Channel Highway Bypass of Huonville ^{2,3}	2023	2026	21.7	....	....	2.3	6.2
Domain Highway Planning	2015	2023	5.0	....	0.2	....	....
Freight Access Bridge Upgrades	2017	2022	31.1	1.2	....	....	....
Greater Hobart Traffic Solution ^{2,4,5}	2019	2027	200.8	22.8	34.8	45.4	35.7
Infrastructure Stimulus Funding ⁶	2020	2024	86.8	33.6	10.0	....	....
Midland Highway ^{2,7}	2014	2026	565.0	0.2	2.7	....	10.0
New Bridgewater Bridge ²	2019	2025	576.0	12.0	38.0	56.3	0.2
Roads of Strategic Importance ^{2,8}	2019	2029	866.3	22.3	11.5	17.9	12.9
Rokeby Stage 3 - Pass Road to Oakdowns ^{2,9}	2022	2028	55.1	0.1	0.1	0.2	0.9
Sideling Upgrades Stage ^{2,10}	2025	2029	70.0	....	....	....	1.0
South East Traffic Solution ^{2,11,12}	2019	2026	64.0	11.3	11.8	14.5	15.0
State Road Upgrades - North West and West Coast Region	2019	2025	50.1	6.3	12.8	12.1	5.2
State Road Upgrades - Northern Region ⁷	2019	2025	54.2	6.4	7.5	8.5	5.0

Table 6.4: Roads Program Expenditure (continued)

			Estimated		2022-23	2023-24	2024-25
	Start	Complete	Total	2021-22	Forward	Forward	Forward
			Cost	Budget	Estimate	Estimate	Estimate
			\$m	\$m	\$m	\$m	\$m
State Road Upgrades - Southern Region ^{2,7}	2018	2026	99.8	17.4	2.1	5.3	3.0
Urban Congestion Fund ^{2,8,13}	2019	2027	87.7	6.7	1.5	....	....
				140.6	133.6	164.4	99.9
Other Road Infrastructure							
Arthur Highway Upgrades ²	2022	2029	50.0	....	....	0.5	1.5
Bruny Island Landside Infrastructure	2020	2022	7.5	1.0	....	....	....
Bus Services as part of the Hobart City Deal	2021	2022	0.5	0.5	....	....	....
Bus Stop Upgrades	2022	2027	10.0	0.5	1.0	2.0	2.5
Cycling Infrastructure	2023	2028	6.0	....	0.5	0.5	0.5
Cygnnet Township Safety Upgrade	2024	2025	5.0	....	....	1.0	4.0
Devonport to Cradle Mountain Road Upgrade ²	2025	2029	25.0	....	....	....	0.5
East and West Tamar Highway Upgrades ²	2025	2030	84.0	....	....	....	1.0
Esk Main Road	2015	2022	13.0	0.2	....	....	....
Extending the Great Eastern Drive - Binalong Bay Road	2019	2022	4.5	3.7	....	....	....
Great Eastern Drive Upgrades ^{2,14}	2018	2028	31.3	0.2	....	5.0	5.0
Infrastructure Maintenance		Ongoing	na	63.9	70.9	72.8	63.1
Launceston and Tamar Valley Traffic Vision	2019	2025	75.1	6.3	4.5	18.9	36.7
Network Planning		Ongoing	na	1.1	1.1	1.1	1.1
New Park and Ride Facilities ²	2023	2028	20.0	....	0.5	1.0	3.5
Palana Road Upgrades	2023	2024	2.0	....	1.0	1.0	....
Program Management		Ongoing	na	9.6	8.1	8.3	8.5
Road Safety Projects		Ongoing	na	12.4	9.9	11.1	8.0
Roads Package to Support Tasmania's Visitor Economy	2019	2023	66.1	10.5	10.0	....	....

Table 6.4: Roads Program Expenditure (continued)

	Start	Complete	Estimated Total Cost \$m	2021-22 Budget \$m	2022-23 Forward Estimate \$m	2023-24 Forward Estimate \$m	2024-25 Forward Estimate \$m
Stanley Highway Tourism Upgrades ²	2025	2028	10.0	....	....	....	0.5
Tasmanian Journeys	2019	2022	0.8	0.2	....	....	....
Traffic Management and Engineering Services		Ongoing	na	3.6	3.6	3.6	3.7
Victoria Street Redevelopment	2023	2023	0.7	....	0.7	....	....
West Tamar Highway Traffic Solution	2019	2029	12.7	2.4	....	....	....
				116.0	111.7	126.8	140.0
TOTAL STATE FUNDED ROADS				256.7	245.4	291.2	239.9
AUSTRALIAN GOVERNMENT FUNDED							
Investment Program¹							
Algonia Interchange and Kingston Bypass ^{2,3}	2022	2027	60.0	0.3	1.0	1.7	8.0
Brooker Highway - Elwick, Goodwood, Howard Roads	2015	2021	32.0	0.5	....	....	....
Channel Highway Bypass of Huonville ^{2,3}	2023	2026	21.7	....	0.2	1.7	10.0
Domain Highway Planning	2015	2021	5.0	1.1	....	....	....
Freight Access Bridge Upgrades	2017	2022	31.1	7.4	....	....	....
Greater Hobart Traffic Solution ^{2,4,5}	2019	2025	200.8	0.5	5.0	....	5.0
Infrastructure Stimulus Funding ⁶	2021	2022	86.8	13.5	....	3.2	....
Midland Highway ^{2,7}	2014	2025	565.0	17.0	35.4	32.7	20.0
New Bridgewater Bridge ²	2019	2025	576.0	18.0	117.0	133.8	154.8
Roads of Strategic Importance ^{2,8}	2019	2025	866.3	32.9	66.0	72.5	98.8

Table 6.4: Roads Program Expenditure (continued)

			Estimated		2022-23	2023-24	2024-25
	Start	Complete	Total	2021-22	Forward	Forward	Forward
			Cost	Budget	Estimate	Estimate	Estimate
			\$m	\$m	\$m	\$m	\$m
Rokeby Stage 3 - Pass Road to Oakdowns ^{2,9}	2022	2028	55.1	0.2	0.5	0.6	3.4
Sideling Upgrades Stage 2 ^{2,10}	2025	2029	70.0	....	....	....	4.0
Urban Congestion Fund ^{2,8,13}	2019	2025	87.7	3.7	9.5	12.0	12.2
				95.0	234.6	258.2	316.1
Other Roads Infrastructure							
Bridge Renewal Program		Ongoing	na	2.1	0.6	3.9	....
Heavy Vehicle Safety and Productivity		Ongoing	na	0.4	0.3	3.3	....
Road Safety Projects		Ongoing	na	9.4	14.8	....	10.0
Road Specific Maintenance		Ongoing	na	8.0	7.7	7.7	....
				19.9	23.3	14.9	10.0
TOTAL AUSTRALIAN GOVERNMENT FUNDED ROADS				114.9	257.9	273.1	326.1
TOTAL ROADS PROGRAM EXPENDITURE				371.6	503.2	564.3	566.0

Notes:

1. These projects are funded by both the State and Australian Governments.
2. The Estimated Total Cost for this project reflects funding outside the 2021-22 Budget and Forward Estimates.
3. This project includes the Australian Government's commitment of \$13.2 million.
4. The State Government's contribution of \$20 million to the Kingborough Congestion Fund is also incorporated into the Greater Hobart Traffic Solution.
5. This project includes the State and Australian Governments' co-contribution commitment of \$65 million for the Tasman Bridge Upgrade.
6. This initiative is funded by the State and Australian Governments. It will support the undertaking of a number of important road and bridge projects throughout the State including: East Derwent Highway Upgrades; Railton Main Road; Electronic School Zone Signs; Tasman Highway Apsley River Bridge; and Heavy Vehicle Rest Areas.
7. The State Government's contribution to the Midland Highway is also incorporated into State Road Upgrades - Southern Region and State Road Upgrades - Northern Region.
8. This project includes the Australian Government's commitment of \$150 million to the Hobart to Sorell Corridor Midway Point and Sorell Causeways, as well as funding for the Hobart Airport Interchange.
9. This project includes the State and Australian Governments' co-contribution commitment of \$55 million for important efficiency and safety upgrades in the South Arm locality.
10. This initiative reflects a State Government contribution of \$14 million towards a future partnership with the Australian Government for stage two upgrades of the Tasman Highway at the Sideling.
11. This project includes the State's commitment of \$37 million to the Hobart to Sorell Corridor Midway Point and Sorell Causeways.
12. This project includes the balance of the State funding contribution to the Roads of Strategic Importance.
13. This project includes the State and Australian Governments' co-contribution commitment of \$1.5 million each for the Tasman Bridge Intelligent Transport Solutions.
14. This project includes new funding of \$25 million from the State Government in addition to the existing commitment.

RECONCILIATION BETWEEN INFRASTRUCTURE INVESTMENT AND PURCHASES OF NON-FINANCIAL ASSETS

Purchases of Non-Financial Assets is an accounting classification under the Australian Accounting Standards. It appears on the Income Statement and Cash Flow Statement and reflects purchases of non-financial assets such as land, buildings, plant and equipment, infrastructure and intangible assets. While the majority of the Purchases of Non-Financial Assets is comprised of Infrastructure Investment projects, there is a portion of Purchases of Non-Financial Assets expenditure that is not included in this chapter. Such items include Budget allocations for:

- the Government's fleet management services;
- ambulance, surgical and medical equipment;
- computer software; and
- other smaller capital items.

Conversely, Infrastructure Investment projects can include allocations of expenditure which are not classified as Purchases of Non-Financial Assets under the Australian Accounting Standards, but are directly related to infrastructure projects. This expenditure can include items such as employee entitlements, infrastructure maintenance, grant payments and other supplies and consumables.

Table 6.5 provides a reconciliation between the two measures.

Table 6.5: Reconciliation between Purchases of Non-Financial Assets and Infrastructure Investment

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Purchases of non-financial assets ¹	1 073.2	579.7	776.2	887.3	1 014.0	967.8
Less Purchases of non-financial assets excluded from Infrastructure Investment	110.7	136.4	111.1	94.5	92.7	89.9
Plus Infrastructure Investment not included in Purchases of non-financial assets	110.9	199.2	163.4	189.1	126.5	110.9
Equals TOTAL INFRASTRUCTURE EXPENDITURE	1 073.4	642.4	828.5	982.0	1 047.9	988.8

Note:

1. Reflects Purchases of Non-Financial Assets as detailed in the General Government Sector Cash Flow Statement.

7 ASSETS AND LIABILITIES

Key Issues

- General Government Net Worth is estimated to be \$7 927.6 million as at 30 June 2022. Net Worth is estimated to increase over the Forward Estimates period to \$8 718.6 million by 30 June 2025.
- In accordance with the Australian Bureau of Statistics' Government Finance Statistics reporting framework General Government GFS Net Debt excludes the impact of lease liabilities. GFS Net Debt is estimated to be \$1 419 million as at 30 June 2022. GFS Net Debt is expected to increase to \$3 284.9 million as at 30 June 2025.
- General Government Net Debt is estimated to be \$1 704.4 million as at 30 June 2022.
- The General Government Superannuation liability is estimated to be \$9 895 million as at 30 June 2022.
- The Government continues to meet the cash cost of the defined benefit superannuation schemes on an emerging basis (\$296 million in 2021-22). The cash cost to the Budget is estimated to increase over the next 12 years, with cash payments anticipated to peak in 2033-34 (\$444.7 million).
- The present value of superannuation liabilities is particularly sensitive to discount rate movements, although these valuation movements do not impact on the emerging cash costs that require funding. The 2021-22 Budget projections are based on a discount rate of 1.5 per cent.

BALANCE SHEET

The Balance Sheet presented in this chapter provides assets and liabilities estimated as at 30 June 2022 to 30 June 2025 and reports key indicators for the same period. By providing information on the nature of assets and liabilities held by the Government, this Statement gives an indication of the State's financial strength.

The key measures presented in the Balance Sheet are Net Worth, Net Financial Worth, Net Financial Liabilities, Net Debt and GFS Net Debt.

Table 7.1 details the estimated General Government Sector Balance Sheet as at 30 June from 2021 (including 2021 Preliminary Outcome) to 30 June 2025.

Table 7.1: General Government Balance Sheet as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets						
Cash and deposits	1 160.4	1 468.1	1 144.0	1 152.5	1 390.8	1 444.9
Investments ¹	420.3	202.9	311.0	360.8	233.9	200.9
Equity investment in PNFC and PFC sectors	4 721.8	4 874.7	4 928.6	5 077.3	5 045.3	5 073.4
Other equity investments	124.8	90.4	140.9	201.4	256.9	262.4
Receivables	326.5	348.3	345.4	342.2	339.3	336.7
Other financial assets	585.3	516.9	442.6	450.5	466.3	498.4
	7 339.1	7 501.2	7 312.6	7 584.6	7 732.5	7 816.7
Non-financial assets						
Land and buildings ²	7 470.8	7 468.6	7 771.9	8 031.2	8 374.4	8 645.6
Infrastructure ³	6 405.0	6 107.2	6 454.9	6 930.0	7 461.0	8 010.9
Plant and equipment	291.9	285.3	313.8	334.0	346.5	348.8
Heritage and cultural assets	452.0	439.9	452.2	464.5	476.8	489.1
Investment property	3.3	3.4	3.3	3.3	3.3	3.3
Intangibles	71.9	63.9	72.6	87.5	107.6	120.0
Assets held for sale	16.7	5.7	1.1	....	....	....
Lease - right-of-use assets ⁴	412.1	310.4	275.2	243.9	231.9	198.1
Other non-financial assets	48.2	99.9	99.8	101.4	102.3	103.8
	15 171.9	14 784.1	15 444.7	16 195.8	17 103.8	17 919.5
Total Assets	22 510.9	22 285.4	22 757.3	23 780.4	24 836.3	25 736.2
Liabilities						
Borrowings	3 013.5	1 811.2	2 874.1	3 780.5	4 449.4	4 930.6
Lease liabilities ⁴	422.1	318.9	285.4	251.8	234.8	193.7
Superannuation ⁵	11 481.0	9 064.3	9 895.0	9 843.6	9 775.4	9 681.4
Employee entitlements	800.0	814.9	831.8	849.7	869.2	889.0
Payables	191.7	190.1	199.9	201.1	203.2	204.9
Other liabilities	590.0	703.2	743.5	840.6	1 072.9	1 118.0
Total Liabilities	16 498.3	12 902.6	14 829.7	15 767.3	16 604.9	17 017.5
Net Assets	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

Table 7.1: General Government Balance Sheet as at 30 June (continued)

	2021	2021	2022	2023	2024	2025
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Equity						
Accumulated funds	1 550.5	4 880.5	3 326.2	3 247.3	3 308.5	3 480.6
Asset revaluation reserve	5 296.3	5 301.5	5 581.9	5 863.9	6 181.3	6 498.6
Other revaluation	(834.1)	(799.2)	(980.4)	(1 098.1)	(1 258.4)	(1 260.6)
Total Equity	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

KEY FISCAL AGGREGATES

NET WORTH⁶	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6
NET FINANCIAL WORTH⁷	(9 159.2)	(5 401.3)	(7 517.1)	(8 182.7)	(8 872.4)	(9 200.9)
NET FINANCIAL LIABILITIES⁸	13 881.0	10 276.0	12 445.7	13 260.1	13 917.7	14 274.2
NET DEBT⁹	1 854.8	459.1	1 704.4	2 519.1	3 059.5	3 478.6
GFS NET DEBT¹⁰	1 432.8	140.2	1 419.0	2 267.3	2 824.7	3 284.9

Notes:

- Variations in Investments primarily reflect the timing of loan advances by the Department of State Growth. In 2022 and 2023 it also reflects the drawdown of the TT-Line Vessel Replacement Fund.
- The increase in Land and buildings reflects the impact of the implementation of the Government's infrastructure investment program including increased capital funding for schools, housing, prison infrastructure and hospital redevelopment projects. Further information on infrastructure investment is provided in chapter 6 of this Budget Paper.
- The increase in Infrastructure primarily reflects additional expenditure on Roads through the Government's infrastructure investment program. Further information on infrastructure investment is provided in chapter 6 of this Budget Paper.
- The decrease in Lease - right-of-use-assets and Lease liabilities in 2022 primarily reflects revised estimates based on 30 June 2020 actuals.
- The decrease in Superannuation reflects the latest actuarial advice provided by the State's Actuary and includes a change in the discount rate from 1.0 per cent in 2020-21 to 1.5 percent in 2021-22.
- Net Worth represents Total Assets less Total Liabilities.
- Net Financial Worth represents Total Financial assets less Total Liabilities.
- Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in PNFC and PFC sectors.
- Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
- GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

ASSETS

Total Assets are estimated to be \$22 757.3 million as at 30 June 2022, an increase of \$246.4 million from the 2020-21 Budget estimate of \$22 510.9 million as at 30 June 2021. The increase primarily reflects an increase in Land and buildings of \$301.1 million, Equity investment in the PNFC and PFC sectors of \$206.8 million and Infrastructure of \$49.9 million. These increases are partially offset by decreases in Other financial assets of \$142.7 million, Lease - right-of-use assets of \$136.9 million and Investments of \$109.3 million.

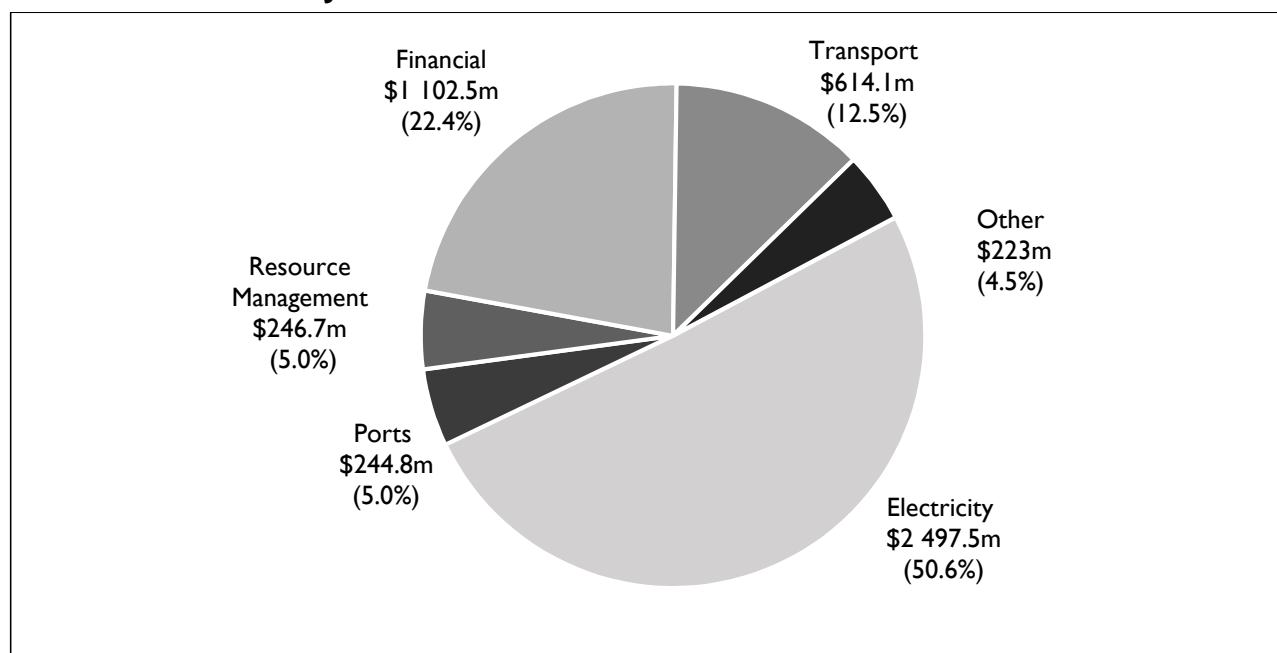
Equity Investment in PNFC and PFC Sectors

This consists of the Government's investment in the net assets of the Public Non-Financial Corporations and Public Financial Corporations sectors.

The Government's equity investment is estimated to be \$4 928.6 million as at 30 June 2022, an increase of \$206.8 million from the 2020-21 Budget of \$4 721.8 million as at 30 June 2021. This reflects an increase in the net assets of the PNFC Sector of \$132 million which is primarily due to increases in net assets including additional Government equity contributions to TT-Line Company Pty Ltd, Tasmanian Irrigation Pty Ltd and Macquarie Point Development Corporation. There is also an increase in net assets of the PFC Sector of \$74.8 million primarily due to an increase in net assets held by the Motor Accidents Insurance Board.

Chart 7.1 illustrates the components of the Government's equity investment holdings.

Chart 7.1: Equity Investment in PNFC and PFC Sectors as at 30 June 2022



Other Equity Investments

Other equity investments primarily consist of equity invested in the Tasmanian Water and Sewerage Corporation Pty Ltd. Other equity investments is estimated to be \$140.9 million as at 30 June 2022, an increase of \$16.1 million from the 2020-21 Budget Estimate of \$124.8 million. Table 7.2 provides a breakdown of Other equity investments.

Table 7.2: Other Equity Investments as at 30 June

	2021 Budget	2021 Preliminary Outcome	2022 Budget	2023 Forward Estimate	2024 Forward Estimate	2025 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Equity investment in TasWater	90.0	60.0	100.0	150.0	200.0	200.0
Other ¹	34.8	30.4	40.9	51.4	56.9	62.4
	124.8	90.4	140.9	201.4	256.9	262.4

Note:

1. Other is primarily comprised of the balance of HomeShare investments held by the Department of Communities Tasmania.

Other Financial Assets

Other financial assets primarily consists of Income tax equivalents receivable and Prepayments as outlined in Table 7.3. Income tax equivalents receivable relates to the tax equivalents paid by the State's PNFC and PFC sectors to the GGS.

Prepayments is estimated to be \$17.9 million as at 30 June 2022, which is a decrease of \$29.3 million from the 2020-21 Budget estimate of \$47.2 million. The 2021 Budget for Prepayments included one off payments such as for the Tasmanian Government Radio Network, which are no longer included in 2022.

Other is estimated to be \$400 000 as at 30 June 2022, which is a decrease of \$13.8 million from the 2020-21 Budget estimate of \$14.2 million. The movement reflects a \$12.8 million decrease in contract assets held. Contract assets relate to guaranteed Australian Government funding which is not paid in that financial year.

Table 7.3: Other Financial Assets as at 30 June

	2021 Budget	2021 Preliminary Outcome	2022 Budget	2023 Forward Estimate	2024 Forward Estimate	2025 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Income tax equivalents receivable	523.9	492.4	424.2	432.0	447.7	479.8
Prepayments	47.2	16.7	17.9	18.1	18.3	18.5
Other	14.2	7.8	0.4	0.4	0.3	0.2
	585.3	516.9	442.6	450.5	466.3	498.4

Non-Financial Assets

Non-financial assets include the value of Crown Land and other land holdings, including national parks and conservation areas, schools, hospitals and other buildings held by the Government for the provision of goods and services. Non-financial assets also includes Plant and equipment, Intangibles, Assets held for sale, Lease - right-of-use assets and Other non-financial assets.

Land and buildings is estimated to be \$7 771.9 million as at 30 June 2022, an increase of \$301.1 million on the 2020-21 Budget estimate of \$7 470.8 million as at 30 June 2021. Land and buildings is estimated to increase by \$873.7 million to \$8 645.6 million as at 30 June 2025. This primarily reflects increased capital expenditure on schools, housing, hospital and prison assets undertaken by the Department of Education, Department of Communities Tasmania, Department of Health, and Department of Justice.

Infrastructure is estimated to be \$6 454.9 million as at 30 June 2022, an increase of \$49.9 million on the 2020-21 Budget estimate of \$6 405 million as at 30 June 2021. Infrastructure is estimated to increase by \$1 556 million to \$8 010.9 million as at 30 June 2025, which primarily reflects capital expenditure on road and bridge infrastructure assets by the Department of State Growth.

Other non-financial assets is estimated to be \$99.8 million as at 30 June 2022, an increase of \$51.6 million on the 2020-21 Budget estimate of \$48.2 million as at 30 June 2021. This increase primarily relates to additional inventories held by the Department of Health.

The increase in Land and buildings and Infrastructure over the 2021-22 Budget and Forward Estimates period reflects the implementation of the Government's infrastructure investment program. Further information on infrastructure investment is provided in chapter 6 of this Budget Paper.

Leases

Australian Accounting Standard AASB 16 *Leases* came into effect from 1 July 2019. The Standard results in the recognition of a right-of-use asset together with a corresponding lease liability on the GGS Balance Sheet.

Table 7.4 outlines leases by category. A corresponding liability is recognised which means there is minimal impact on Net Worth for the General Government Sector.

Lease - right-of-use assets is estimated to be \$275.2 million as at 30 June 2022. This consists of \$260.3 million for Land and buildings which primarily represents the leasing of Government office accommodation held by Finance-General and \$14.9 million for Plant and equipment which primarily represents leases held by the Department of Police, Fire and Emergency Management.

Table 7.4: Leases by Category as at 30 June¹

	2021	2021	2022	2023	2024	2025
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Lease - right-of-use assets						
Land and buildings	379.7	292.8	260.3	229.0	219.5	186.5
Plant and equipment	32.4	17.6	14.9	14.9	12.4	11.6
	412.1	310.4	275.2	243.9	231.9	198.1
Lease liabilities						
Land and buildings	367.1	299.4	268.7	235.6	220.9	181.8
Plant and equipment	54.9	19.5	16.7	16.3	13.9	11.9
	422.1	318.9	285.4	251.8	234.8	193.7

Note:

1. While the value of the right-of-use assets will equal lease liabilities on initial recognition, differences arise over the term of the lease, as lease liabilities decrease based on the principal component of the cash-based lease repayment, while right-of-use assets are generally depreciated on a straight line basis over the term of the lease.

LIABILITIES

Total Liabilities is estimated to be \$14 829.7 million as at 30 June 2022 a decrease of \$1 668.6 million from the Budget of \$16 498.3 million as at 30 June 2021. The movement is primarily due to a decrease in the Superannuation liability of \$1 586 million which reflects the increase in the discount rate used by the State Actuary to value the liability.

Borrowings

The level of Borrowings is estimated to be \$2 874.1 million as at 30 June 2022, which is a decrease of \$139.4 million from the 2020-21 Budget estimate of \$3 013.5 million as at 30 June 2021. The decrease is primarily due to the lower than budgeted cash deficit for 2020-21. Borrowings is expected to increase by \$2 056.5 million to a balance of \$4 930.6 million as at 30 June 2025 primarily due to the General Government Sector cash deficits over the Forward Estimates. The breakdown of borrowings is outlined in Table 7.5.

Table 7.5: Borrowings by Category as at 30 June

	2021	2021	2022	2023	2024	2025
	Preliminary			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Borrowings						
Australian Government Debt	36.4	34.7	31.7	28.7	25.7	22.7
Other borrowings	2 977.0	1 776.5	2 842.4	3 751.8	4 423.7	4 908.0
	3 013.5	1 811.2	2 874.1	3 780.5	4 449.4	4 930.6

General Government Superannuation Liability

The Government's superannuation liability is an estimate of the obligations of the State with respect to liabilities arising from the current and former members of unfunded or partially funded Public Sector defined benefit superannuation schemes, which were closed to new members with effect from May 1999.

The superannuation liability is an estimate of the net present value of the Government's share of meeting current and future benefit payments for scheme members. The superannuation liability differs from other financial liabilities, such as Borrowings, which can be called on for repayment in full at any point in time.

The superannuation liability has arisen over many decades because benefits are funded on an emerging basis when scheme members become entitled to a pension or lump sum benefit. That is, the Government's portion of the final benefit is paid when it falls due, with the remaining part of the benefit being funded from the scheme's assets. The major schemes currently operating in the General Government Sector that have an unfunded liability are those established under the *Public Sector Superannuation Reform Act 2016*, the former *Parliamentary Superannuation Act 1973*, the former *Parliamentary Retiring Benefits Act 1985* and the *Judges' Contributory Pensions Act 1968*.

The General Government Superannuation liability is estimated to be \$9 895 million as at 30 June 2022, which is comprised of the estimated present value of the liability of \$11 850.1 million less the estimated fair value of plan assets of \$1 955.2 million.

Table 7.6: General Government Superannuation Liability as at 30 June

	2021 Budget	2021 Preliminary Outcome	2022 Budget	2023 Forward Estimate	2024 Forward Estimate	2025 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Present value of superannuation liability	13 323.5	11 227.1	11 850.1	11 726.6	11 581.6	11 402.2
Fair value of plan assets	(1 842.4)	(2 162.8)	(1 955.2)	(1 883.0)	(1 806.1)	(1 720.9)
Total	11 481.0	9 064.3	9 895.0	9 843.6	9 775.4	9 681.4

Chart 7.2 projects the General Government Superannuation liability (net of plan assets) over the total life of the defined benefit schemes to 30 June 2082.

Chart 7.2: General Government Superannuation Liability Projection 30 June 2022 to 30 June 2082

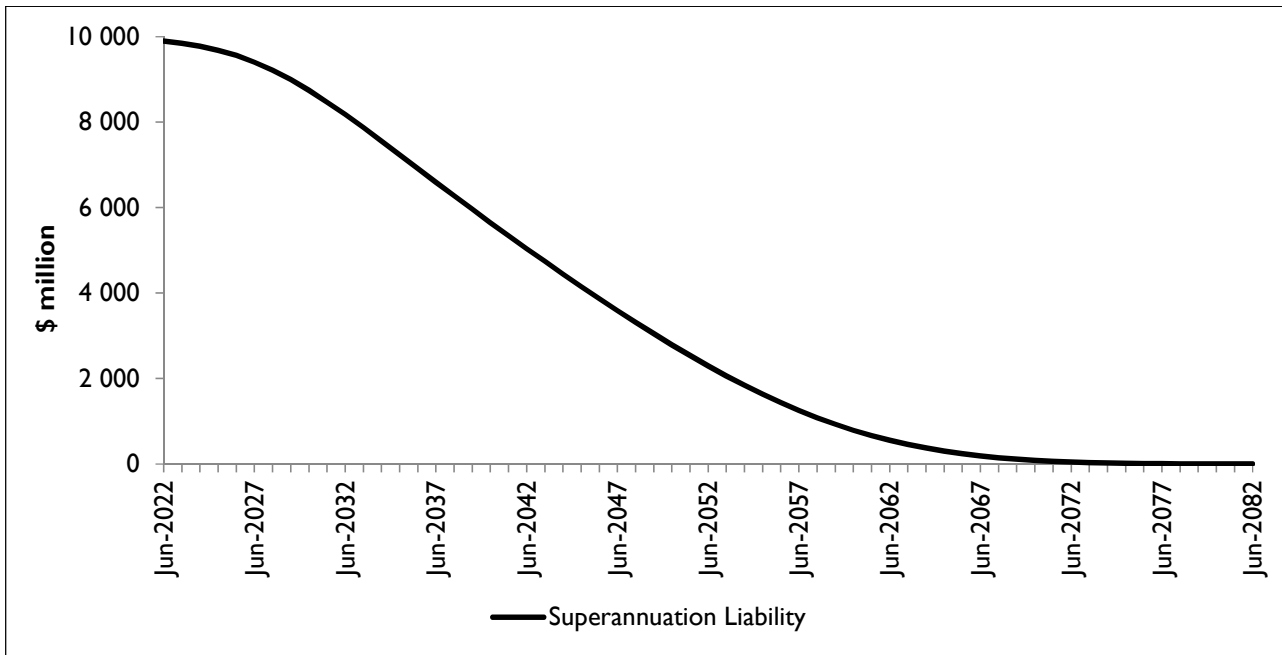
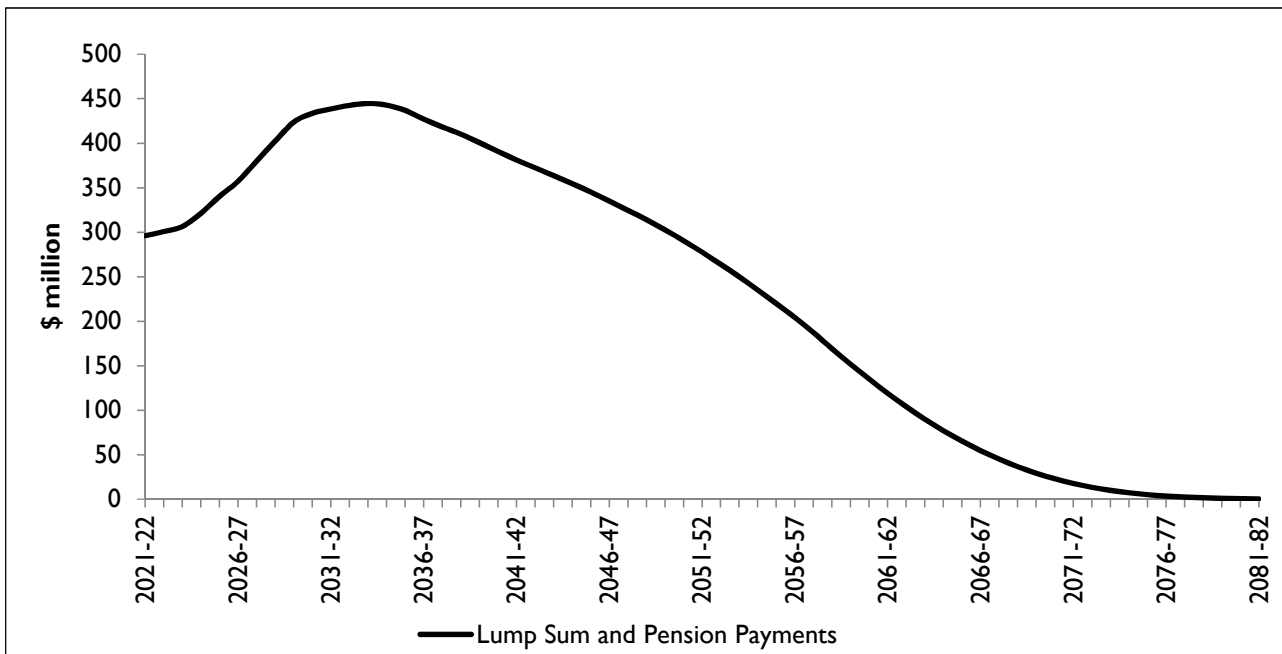


Chart 7.3 shows the estimated employer contribution payments, made up of both pension and lump sum benefit costs, over the period 2021-22 to 2081-82.

Chart 7.3: Defined Benefit Superannuation Costs, 2021-22 to 2081-82



Current projections show the emerging cost of the General Government Superannuation Liability will increase by 50.2 per cent over the next 12 years, peaking in 2033-34. The estimated cost to the Budget is based on the most recent actuarial estimates. The current estimated peak cost of \$444.7 million represents a decrease of 6.5 per cent from the estimated peak cost of \$475.6 million included in the 2020-21 Budget.

In 2021-22, defined benefit superannuation costs are estimated to be 3.9 per cent of Cash receipts from operating activities in the General Government Sector. Defined benefit superannuation costs, as a percentage of General Government cash receipts, is estimated to peak at 4.3 per cent in eight years (2029-30), followed by a decrease to 3.4 per cent in 15 years (2036-37) and 2.6 per cent in 20 years (2041-42).

Table 7.7 shows the estimated nominal cash flows required to meet the emerging cost of superannuation benefits payable to members. This represents the estimated total cost of benefits payable and includes the General Government share, together with the share of benefits that are funded from Plan Assets.

Table 7.7: Undiscounted Defined Benefit Obligations Payable to Employees of the General Government Sector

	2021 Estimate
	\$m
Estimated total benefit payments to be made in the period	
No later than 1 year	429.3
Later than 1 year and no later than 2 years	424.3
Later than 2 years and no later than 5 years	1 327.5
Later than 5 years and no later than 10 years	2 499.9
Later than 10 years and no later than 15 years	2 685.1
Later than 15 years and no later than 20 years	2 539.7
Later than 20 years and no later than 25 years	2 228.8
Later than 25 years and no later than 30 years	1 860.8
Later than 30 years and no later than 35 years	1 419.3
Later than 35 years and no later than 40 years	951.1
Later than 40 years and no later than 45 years	535.0
Later than 45 years and no later than 50 years	237.0
Undiscounted defined benefit obligation	17 137.8
After 50 years there is expected to be a reducing level of cash for a further 25 years totalling approximately:	90.4

Actuarial Assumptions and Sensitivity Analysis

Independent actuarial assessments are prepared by the State Actuary to provide reporting and disclosure information, relating to the General Government Superannuation liability, in respect of current and former employees who have defined benefits arising from membership of the closed defined benefit superannuation schemes.

The actuarial assumptions are used for the variables that will determine the ultimate cost of providing long-term superannuation benefits. Actuarial assumptions must be unbiased (i.e. neither imprudent nor excessively conservative) and should reflect the economic relationships between factors such as inflation, rates of salary increase, the return on scheme assets and discount rates.

Table 7.8 shows the key assumptions used by the State Actuary in preparing the 2020-21 Budget, the 2020-21 Preliminary Outcome and the 2021-22 Budget and Forward Estimates.

Table 7.8: Actuarial Assumptions

	2021 Budget	2021 Preliminary Outcome	2022 Budget
	%	%	%
Discount rate	1.0	2.15	1.5
Salary increase rate	3.0	3.0	3.0
Pension increase rate	2.25	2.25	2.25
Asset earnings rate	1.0	2.15	1.5

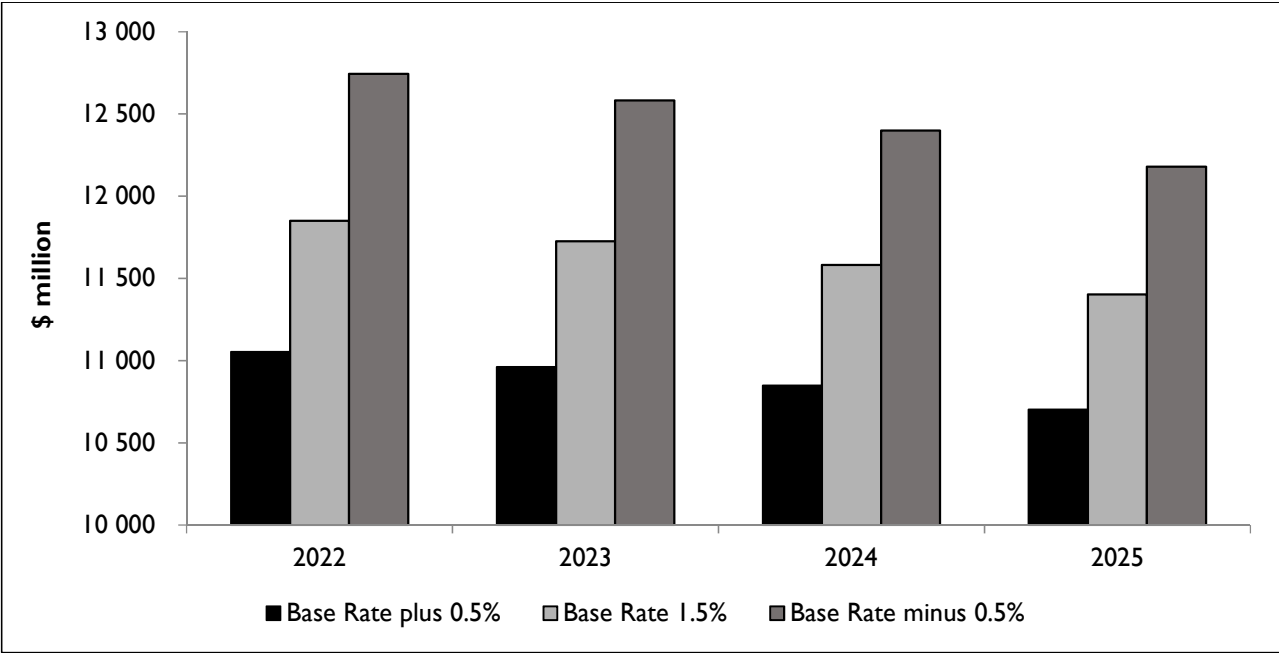
It is important to recognise that the actuarial estimate is a snapshot of a scheme's estimated financial position at a particular point in time, and that the actuarial results do not predict a scheme's future financial position or its ability to pay benefits in the future. Over time, a scheme's total cost will depend on a number of factors, including the value of benefits the scheme pays, the number of people paid benefits (for example mortality and marital status are estimated), scheme expenses and the investment earnings on any assets invested to meet future benefits. These factors will change over the life of the scheme.

The 2020-21 Budget estimate was based on a discount rate of 1.0 per cent, which was calculated using the 10 year Government Bond rate at the time of budget development, rounded to the nearest 0.5 per cent. Since the 2020-21 Budget, bond rates have increased and as a result, the discount rate applied to determine the Superannuation liability for the 2021-22 Budget has increased to 1.5 per cent, which is again based on the current 10 year Government Bond rate, rounded to the nearest 0.5 per cent.

The discount rate used for the 2020-21 Preliminary Outcome valuation is 2.15 per cent. This discount rate is determined by the State Actuary to ensure it complies with the requirements of the Australian Accounting Standard AASB 119 *Employee Entitlements*.

There is a strong inverse relationship between the discount rate and the valuation of the liability. Chart 7.4 shows the impact of an increase or decrease of 0.5 per cent in the average discount rate used to value the General Government Superannuation liability. The base rate column represents the estimated present value of the superannuation liability (gross) as at 30 June in each year valued by the State Actuary using a discount rate of 1.5 per cent.

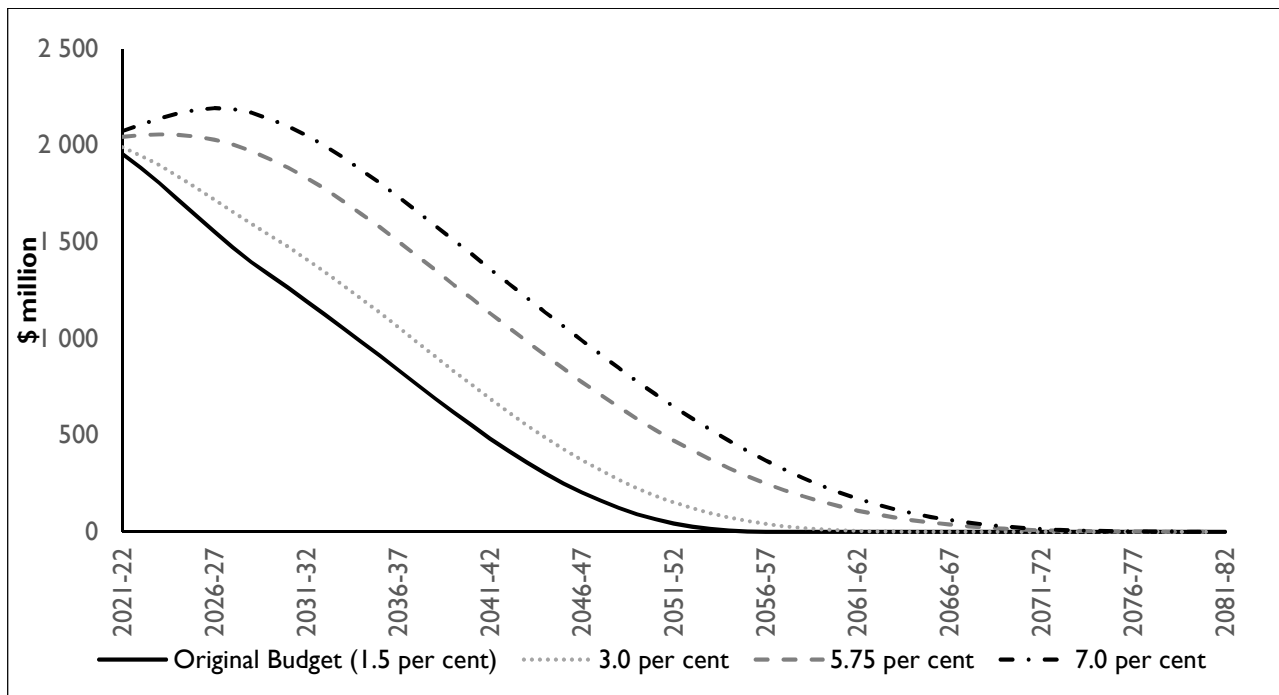
Chart 7.4: Sensitivity Analysis of the General Government Superannuation Liability as at 30 June



Changes in the discount rate assumption have a material impact on the valuation of the superannuation liability at any point of time. However, these movements do not impact on the cash flows required to meet the emerging cost of benefits paid to members. The asset earnings rate assumption does impact on the cash cost of employer contributions. A change in the asset earnings rate will directly impact on the value of Plan Assets.

Chart 7.5 shows the value of Plan Assets based on a number of different asset earning rate assumptions, ranging from the Budget assumption of 1.5 per cent up to 7 per cent. The chart shows that as the assets earning rate increases, the value of Plan Assets also increases.

Chart 7.5: General Government Superannuation Plan Assets based on different Asset Earning Rates



Total State Superannuation Liability

Total State Superannuation as at 30 June 2022 is estimated to be \$10 614.4 million, which is comprised of the estimated present value of the liability of \$12 705.5 million less the estimated fair value of plan assets of \$2 091.1 million. Total State Superannuation includes government businesses.

Table 7.9: Total State Superannuation Liability as at 30 June

	2021 Budget \$m	2021 Estimated Outcome \$m	2022 Budget \$m	2023 Forward Estimate \$m	2024 Forward Estimate \$m	2025 Forward Estimate \$m
Present value of superannuation liability	14 284.9	12 091.2	12 705.5	12 573.4	12 418.1	12 226.3
Fair value of plan assets	(1 970.4)	(2 299.8)	(2 091.1)	(2 014.0)	(1 931.7)	(1 840.6)
Total	12 314.6	9 791.5	10 614.4	10 559.4	10 486.4	10 385.6

Chart 7.6 shows the impact of an increase or decrease of 0.5 per cent in the discount rate used to value the Total State Superannuation Liability. The base rate column represents the estimated present value of the superannuation liability (gross) as at 30 June in each year valued by the State Actuary using a discount rate of 1.5 per cent.

Chart 7.6: Sensitivity Analysis of the Total State Superannuation Liability as at 30 June

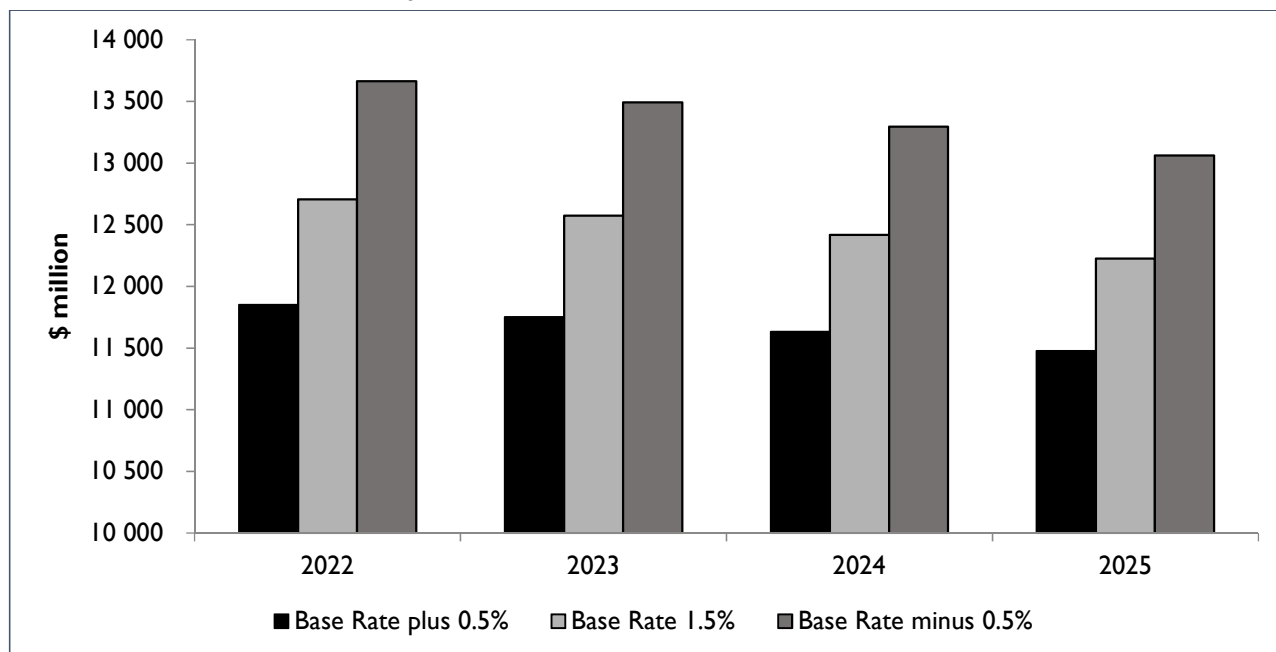


Table 7.10 shows the estimated nominal cash flows required to meet the emerging cost of superannuation benefits payable to members. This represents the estimated total cost of benefits payable and includes the Total State share, together with the share of benefits that are funded from plan assets.

Table 7.10: Undiscounted Defined Benefit Obligations Payable to Employees of the Total State Sector

	2021 Estimate
	\$m
Estimated total benefit payments to be made in the period	
No later than 1 year	459.7
Later than 1 year and no later than 2 years	454.3
Later than 2 years and no later than 5 years	1 422.0
Later than 5 years and no later than 10 years	2 678.4
Later than 10 years and no later than 15 years	2 878.2
Later than 15 years and no later than 20 years	2 722.7
Later than 20 years and no later than 25 years	2 390.2
Later than 25 years and no later than 30 years	1 996.0
Later than 30 years and no later than 35 years	1 522.9
Later than 35 years and no later than 40 years	1 020.6
Later than 40 years and no later than 45 years	574.1
Later than 45 years and no later than 50 years	254.3
Undiscounted defined benefit obligation	18 373.5

After 50 years there is expected to be a reducing level of cash for a further 25 years totalling approximately: 97.0

Tasmanian Risk Management Fund

Purpose of the Fund

The Tasmanian Risk Management Fund was established on 1 January 1999 to provide a whole-of-government approach to funding and managing the insurable liabilities of inner-Budget agencies.

Agencies are covered for the majority of insurable risks to which they are exposed or for which they choose to accept responsibility and the Fund agrees to cover, including:

- personal injury (including workers' compensation and personal accident);
- property (including buildings and contents, business interruption, motor vehicles, machinery, marine hull, transit and fraud);
- liability (including public and products, professional, and directors' and officers' liability);
- medical liability; and
- travel.

All classes are self-insured by the Fund apart from marine hull and travel. These classes remain insured through the purchase of a commercial insurance policy, as this is more cost-effective than self-insurance for these two categories of risk. From 1 July 2015, an Industrial Special Risks insurance policy has also been purchased to cover catastrophe risk for property assets for claims above \$6.25 million.

Performance of the Fund

The Fund operates on a cost recovery basis with all inner-Budget agencies making contributions each year in order to build up reserves to meet current and emerging costs. Contributions are based on advice from an independent actuary and are adjusted over time according to the claims experience of agencies.

Overall, total agency contributions increased from \$82.6 million in 2020-21 to an estimated \$107.6 million in 2021-22. The increase in contributions for 2021-22 is principally due to a significant increase in workers' compensation contributions and to a lesser degree an increase in general property contributions. The workers' compensation contribution increase is primarily as a result of materially higher claim costs in recent years, an increase in the number of claims, a lower discount rate, higher staffing costs and inflationary factors. Contributions for general property increased moderately reflecting an increase in the excess for the Industrial Special Risks insurance policy and unfavourable claims experience. While contributions also increased for all other categories of risk (with the exception of general liability risks), the increases were not significant in terms of quantum.

The Fund's Actuary takes into account the level of assets and liabilities in each risk category when determining annual contributions. The net assets of the Fund are expected to increase over the Forward Estimates, mainly reflecting improvement in the funding position for the workers' compensation risk and a rebuilding of the large claim funding reserve for property risk. There is also a significant pre-2001 medical liability risk provision. The provision is being maintained for medical liability risk as claims can take many years to be reported and settled. These reporting and settlement delays mean that the outstanding claims liability in this risk category is subject to considerable uncertainty.

Table 7.11: Financial Position of the Tasmanian Risk Management Fund as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Cash and cash equivalents	281.9	283.2	294.9	316.8	333.8	350.5
Receivables	2.4	2.4	2.4	2.4	2.4	2.4
	284.2	285.5	297.3	319.2	336.2	352.9
Liabilities¹						
Personal injury	130.7	156.8	167.2	175.9	183.3	189.8
Property	6.9	16.0	5.0	7.7	7.2	7.4
Motor vehicle	0.2	0.2	0.3	0.3	0.3	0.3
Liability	4.5	4.7	4.8	4.9	5.0	5.1
Medical	123.0	118.4	122.0	123.6	126.0	130.1
Payables	1.6	1.6	1.6	1.6	1.6	1.6
	267.0	297.8	300.8	313.9	323.4	334.3
Net Assets	17.3	(12.3)	(3.6)	5.3	12.9	18.6

Note:

1. Liabilities are calculated by the Fund's Actuary as at 31 December 2020.

APPENDIX I UNIFORM GOVERNMENT REPORTING

Key Issues

- The estimated Net Operating Balance for 2021-22 is a deficit of \$689.8 million for the General Government Sector, a deficit of \$46.6 million for the Public Non-Financial Corporations Sector, a deficit of \$736.4 million for the Total Non-Financial Public Sector, a deficit of \$96.2 million for the Public Financial Corporations Sector and a deficit of \$832.5 million for the Total State Sector.
- The estimated Fiscal Balance for 2021-22 is a deficit of \$1 041.2 million for the GGS, a deficit of \$455.9 million for the PNFC Sector, a deficit of \$1 497.1 million for the TNFP Sector, a deficit of \$97.6 million for the PFC Sector and a deficit of \$1 594.7 million for the Total State Sector.
- Further information about the GGS Budget and Forward Estimates is included in chapter 4 of this Budget Paper.

INTRODUCTION

The financial information in this appendix has been prepared in accordance with the Uniform Presentation Framework. This appendix provides Income Statement, Balance Sheet and Cash Flow Statement estimates for the:

- General Government Sector;
- Public Non-Financial Corporations Sector;
- Total Non-Financial Public Sector;
- Public Financial Corporations Sector; and
- Total State Sector.

General Government Sector information for 2020-21 is based on the preliminary outcomes presented in the *Preliminary Outcomes Report 2020-21*, released on 30 July 2021. Financial information for this Report is provided by Government entities to Treasury in early July for publication by the end of July. Due to the short timeframe for the preparation of the Report, estimation methods are applied using AASB 134 *Interim Financial Reporting*. The data is unaudited and preliminary in nature.

2020-21 information for PNFC and PFC sectors is based on the Estimated Outcome information provided by Government Businesses. These estimates were provided prior to the end of the financial year and therefore the data is an estimate of the 2020-21 outcome.

TNFPS and State Sector information for 2020-21 is an Estimated Outcome as it represents a consolidation of Preliminary Outcome information for the GGS and Estimated Outcome information for all other sectors.

Final audited outcomes for 2020-21 will be released in the *Treasurer's Annual Financial Report*, published by 31 October 2021.

GOVERNMENT FINANCIAL ESTIMATES

Tables AI.1 to AI.15 provide details of the Income Statements, Balance Sheets and Cash Flow Statements for the GGS, PNFC Sector, TNFP Sector, PFC Sector and Total State Sector respectively.

Table AI.1: General Government Income Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions						
Grants	4 066.1	4 300.9	4 653.2	4 922.3	5 094.5	5 258.2
Taxation	1 220.6	1 336.0	1 448.3	1 530.6	1 608.5	1 684.6
Sales of goods and services	433.4	440.9	441.7	458.5	469.8	479.9
Fines and regulatory fees	102.2	100.4	107.2	108.3	109.7	111.0
Interest income	14.9	8.0	7.9	12.1	18.3	22.9
Dividend, tax and rate equivalent income	413.1	403.6	383.8	316.1	286.1	308.0
Other revenue	177.9	262.9	215.3	194.9	189.8	186.6
	6 428.1	6 852.7	7 257.5	7 542.7	7 776.8	8 051.3
Less Expenses from transactions						
Employee expenses	3 051.7	3 036.0	3 202.0	3 244.2	3 400.7	3 550.3
Superannuation	373.8	380.3	410.3	419.1	435.1	457.4
Depreciation	388.1	369.3	412.5	430.4	455.0	475.6
Supplies and consumables	1 731.8	1 601.0	1 723.8	1 553.4	1 574.6	1 612.9
Nominal superannuation interest expense	161.8	161.8	129.5	129.6	129.4	128.8
Borrowing costs	29.3	21.7	48.2	80.6	106.4	114.4
Grant and subsidy expenses	1 771.0	1 648.7	1 978.8	1 731.5	1 598.1	1 544.8
Other expenses	38.7	45.5	42.2	40.2	38.0	40.3
	7 546.1	7 264.1	7 947.2	7 629.2	7 737.4	7 924.5
Equals NET OPERATING BALANCE	(1 118.0)	(411.5)	(689.8)	(86.4)	39.4	126.8
Plus Other economic flows - included in Operating Result						
Gain/(loss) on sale of non-financial assets	16.6	(6.7)	13.7	34.3	33.0	41.6
Other gains/(losses)	80.9	148.4	(11.9)	(26.8)	(11.2)	3.7
	97.5	141.7	1.8	7.5	21.8	45.3
Equals Operating Result	(1 020.5)	(269.8)	(687.9)	(78.9)	61.2	172.1

Table A1.1: General Government Income Statement (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows - other movements in Equity						
Revaluations of non-financial assets	220.2	337.0	280.4	282.0	317.4	317.4
Revaluation of equity investment in PNFC and PFC sectors	148.3	183.2	(181.2)	(117.7)	(160.3)	(2.2)
Movements in superannuation liability	(1 198.2)	1 231.2	(866.4)	....	....	....
Other non-owner movements in Equity	....	38.3	....	....	....	....
	(829.6)	1 789.8	(767.3)	164.4	157.1	315.2
Equals Comprehensive Result	(1 850.1)	1 520.0	(1 455.2)	85.4	218.3	487.3
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	(1 118.0)	(411.5)	(689.8)	(86.4)	39.4	126.8
Less Net acquisition of non-financial assets						
Purchases of non-financial assets	1 085.5	579.7	795.8	897.8	1 023.8	977.5
Less Sales of non-financial assets	35.7	25.1	31.9	52.5	51.2	59.7
Less Depreciation	388.1	369.3	412.5	430.4	455.0	475.6
	661.7	185.3	351.4	414.9	517.6	442.1
Equals FISCAL BALANCE	(1 779.7)	(596.7)	(1 041.2)	(501.3)	(478.1)	(315.4)

Table A1.2: General Government Balance Sheet as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets						
Cash and deposits	1 160.4	1 468.1	1 144.0	1 152.5	1 390.8	1 444.9
Investments	420.3	202.9	311.0	360.8	233.9	200.9
Equity investment in PNFC and PFC sectors	4 721.8	4 874.7	4 928.6	5 077.3	5 045.3	5 073.4
Other equity investments	124.8	90.4	140.9	201.4	256.9	262.4
Receivables	326.5	348.3	345.4	342.2	339.3	336.7
Other financial assets	585.3	516.9	442.6	450.5	466.3	498.4
	7 339.1	7 501.2	7 312.6	7 584.6	7 732.5	7 816.7
Non-financial assets						
Land and buildings	7 470.8	7 468.6	7 771.9	8 031.2	8 374.4	8 645.6
Infrastructure	6 405.0	6 107.2	6 454.9	6 930.0	7 461.0	8 010.9
Plant and equipment	291.9	285.3	313.8	334.0	346.5	348.8
Heritage and cultural assets	452.0	439.9	452.2	464.5	476.8	489.1
Investment property	3.3	3.4	3.3	3.3	3.3	3.3
Intangibles	71.9	63.9	72.6	87.5	107.6	120.0
Assets held for sale	16.7	5.7	1.1	....	....	....
Lease - right-of-use assets	412.1	310.4	275.2	243.9	231.9	198.1
Other non-financial assets	48.2	99.9	99.8	101.4	102.3	103.8
	15 171.9	14 784.1	15 444.7	16 195.8	17 103.8	17 919.5
Total Assets	22 510.9	22 285.4	22 757.3	23 780.4	24 836.3	25 736.2
Liabilities						
Borrowings	3 013.5	1 811.2	2 874.1	3 780.5	4 449.4	4 930.6
Lease liabilities	422.1	318.9	285.4	251.8	234.8	193.7
Superannuation	11 481.0	9 064.3	9 895.0	9 843.6	9 775.4	9 681.4
Employee entitlements	800.0	814.9	831.8	849.7	869.2	889.0
Payables	191.7	190.1	199.9	201.1	203.2	204.9
Other liabilities	590.0	703.2	743.5	840.6	1 072.9	1 118.0
Total Liabilities	16 498.3	12 902.6	14 829.7	15 767.3	16 604.9	17 017.5
Net Assets	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6
Equity						
Accumulated funds	1 550.5	4 880.5	3 326.2	3 247.3	3 308.5	3 480.6
Asset revaluation reserve	5 296.3	5 301.5	5 581.9	5 863.9	6 181.3	6 498.6
Other revaluation reserves	(834.1)	(799.2)	(980.4)	(1 098.1)	(1 258.4)	(1 260.6)
Total Equity	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

Table A1.2: General Government Balance Sheet as at 30 June (continued)

	2021	2021	2022	2023	2024	2025
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES						
NET WORTH¹	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6
NET FINANCIAL WORTH²	(9 159.2)	(5 401.3)	(7 517.1)	(8 182.7)	(8 872.4)	(9 200.9)
NET FINANCIAL LIABILITIES³	13 881.0	10 276.0	12 445.7	13 260.1	13 917.7	14 274.2
NET DEBT⁴	1 854.8	459.1	1 704.4	2 519.1	3 059.5	3 478.6
GFS NET DEBT⁵	1 432.8	140.2	1 419.0	2 267.3	2 824.7	3 284.9

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 plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
5. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Table A1.3: General Government Cash Flow Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities						
Cash received from operating activities						
Grants received	3 966.0	4 388.6	4 697.6	5 018.8	5 326.1	5 302.7
Taxation	1 218.7	1 338.5	1 448.3	1 530.7	1 608.7	1 684.8
Sales of goods and services	432.0	428.4	436.9	453.7	464.5	474.4
Fines and regulatory fees	102.2	102.1	107.2	108.2	109.6	110.9
Interest received	14.0	8.1	8.0	12.0	18.3	22.6
Dividend, tax and rate equivalents	414.4	427.8	451.7	291.7	268.8	288.0
Other receipts	404.3	615.5	447.1	427.9	423.9	423.0
	6 551.6	7 308.8	7 596.8	7 843.0	8 219.9	8 306.4
Cash payments for operating activities						
Employee entitlements	(3 023.1)	(3 014.8)	(3 181.9)	(3 225.3)	(3 380.0)	(3 529.5)
Superannuation	(528.5)	(528.1)	(577.6)	(598.6)	(631.2)	(678.8)
Supplies and consumables	(1 737.6)	(1 609.3)	(1 733.7)	(1 564.2)	(1 585.2)	(1 622.9)
Borrowing costs	(29.4)	(14.2)	(44.0)	(79.0)	(105.6)	(114.6)
Grants and subsidies paid	(1 770.9)	(1 765.7)	(1 978.7)	(1 731.5)	(1 598.0)	(1 544.8)
Other payments	(267.5)	(321.9)	(276.4)	(275.6)	(274.5)	(279.0)
	(7 357.0)	(7 254.1)	(7 792.3)	(7 474.2)	(7 574.6)	(7 769.6)
Net cash flows from operating activities	(805.3)	54.7	(195.5)	368.8	645.3	536.8
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchases of non-financial assets	(1 073.2)	(579.7)	(776.2)	(887.3)	(1 014.0)	(967.8)
Sales of non-financial assets	32.7	25.1	36.3	48.6	47.4	55.9
	(1 040.5)	(554.6)	(739.9)	(838.7)	(966.7)	(911.9)
Net cash flows from financial assets						
(policy purposes)						
Equity injections	(72.2)	(241.5)	(285.6)	(326.9)	(183.7)	(35.7)
Net advances paid	(81.7)	(12.0)	(129.4)	(90.9)	126.9	33.0
Equity disposals	3.6	86.2	3.6	3.6	3.6	3.6
	(150.3)	(167.3)	(411.4)	(414.2)	(53.2)	0.9
Net cash flows from financial assets						
(liquidity management purposes)						
Net (purchase)/sale of investments	(121.6)	20.2	21.2	41.2	....	....
	(121.6)	20.2	21.2	41.2	....	....
Net cash flows from investing activities	(1 312.3)	(701.7)	(1 130.1)	(1 211.7)	(1 019.9)	(911.0)

Table A1.3: General Government Cash Flow Statement (continued)

	2020-21 Budget	2020-21 Preliminary Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Net cash flows from financing activities						
Net borrowing	2 097.6	934.5	1 001.5	851.3	612.9	428.3
	2 097.6	934.5	1 001.5	851.3	612.9	428.3
Net increase/(decrease) in cash held	(20.1)	287.6	(324.1)	8.4	238.4	54.1
Cash at the beginning of the year	1 180.5	1 180.5	1 468.1	1 144.0	1 152.5	1 390.8
Cash at the end of the year	1 160.4	1 468.1	1 144.0	1 152.5	1 390.8	1 444.9
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	(805.3)	54.7	(195.5)	368.8	645.3	536.8
Plus Net cash flows from non-financial assets	(1 040.5)	(554.6)	(739.9)	(838.7)	(966.7)	(911.9)
Equals CASH SURPLUS/(DEFICIT)	(1 845.8)	(499.9)	(935.4)	(469.9)	(321.3)	(375.1)

Table A1.4: Public Non-Financial Corporations Sector Income Statement

	2020-21 Budget	2020-21 Estimated Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions						
Grants	194.5	202.4	209.0	177.1	179.9	181.6
Sales of goods and services	3 086.0	2 931.0	2 825.0	2 841.9	2 911.2	2 999.3
Interest income	4.3	2.8	2.2	2.3	2.3	2.4
Other revenue	32.0	40.6	40.9	39.9	40.4	41.6
	3 316.8	3 176.8	3 077.2	3 061.1	3 133.9	3 224.8
Less Expenses from transactions						
Employee expenses	429.0	414.2	428.5	434.4	445.6	457.0
Superannuation	63.2	60.6	66.2	67.4	69.1	70.9
Depreciation	351.9	350.0	368.0	366.9	370.5	377.3
Supplies and consumables	2 054.9	1 896.7	1 846.7	1 857.9	1 895.4	1 928.1
Nominal superannuation interest expense	13.0	13.0	9.4	9.4	9.4	9.4
Borrowing costs	107.5	107.7	101.5	110.3	127.0	129.1
Dividend and income tax equivalent expenses	264.4	261.3	218.0	153.9	123.3	137.2
Grant and subsidy expenses	41.8	48.6	48.6	48.6	48.6	48.6
Other expenses	28.7	63.1	36.9	36.1	35.2	34.2
	3 354.4	3 215.3	3 123.8	3 085.0	3 124.2	3 191.7
Equals NET OPERATING BALANCE	(37.7)	(38.5)	(46.6)	(23.9)	9.7	33.1
Plus Other economic flows - included in Operating Result						
Gain/(loss) on sale of non-financial assets	....	....	4.0	....	....	....
Other gains/(losses)	(111.9)	(0.8)	(89.8)	(65.6)	(135.9)	(67.7)
	(111.9)	(0.8)	(85.8)	(65.6)	(135.9)	(67.7)
Equals Operating Result	(149.6)	(39.3)	(132.4)	(89.5)	(126.3)	(34.6)

Table A1.4: Public Non-Financial Corporations Sector Income Statement (continued)

	2020-21 Budget	2020-21 Estimated Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows - other movements in Equity						
Revaluations of non-financial assets	15.4	(39.6)	21.4	22.9	34.9	56.9
Movements in superannuation liability	....	100.8	....	....	....	....
Other non-owner movements in Equity	336.2	116.2	1.0	20.1	5.0	60.3
	351.6	177.4	22.4	43.0	39.8	117.2
Equals Comprehensive Result	202.0	138.1	(110.0)	(46.5)	(86.4)	82.6
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	(37.7)	(38.5)	(46.6)	(23.9)	9.7	33.1
Less Net acquisition of non-financial assets						
Purchases of non-financial assets	613.3	709.9	782.5	1 049.1	962.2	663.6
Less Sales of non-financial assets	1.3	0.2	5.2	3.5	11.3	11.3
Less Depreciation	351.9	350.0	368.0	366.9	370.5	377.3
	260.1	359.6	409.3	678.6	580.4	275.0
Equals FISCAL BALANCE	(297.7)	(398.1)	(455.9)	(702.5)	(570.8)	(241.9)

Table A1.5: Public Non-Financial Corporations Sector Balance Sheet as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets						
Cash and deposits	150.1	224.5	179.2	115.5	124.4	140.1
Investments	58.2	11.8	11.3	11.3	11.3	11.3
Other equity investments	72.4	76.0	76.6	77.3	78.3	75.5
Receivables	635.1	649.3	635.7	636.7	627.5	624.7
Other financial assets	865.0	876.2	884.4	889.7	891.1	888.1
	1 780.7	1 837.8	1 787.2	1 730.6	1 732.7	1 739.7
Non-financial assets						
Land and buildings	266.1	265.9	313.8	367.6	425.4	437.6
Infrastructure	7 672.8	7 257.4	7 450.1	7 972.9	8 345.3	8 618.3
Plant and equipment	406.9	407.6	477.3	521.2	523.0	508.3
Biological assets	180.4	189.3	192.2	196.1	200.1	203.8
Intangibles	132.8	129.5	133.0	135.0	136.7	140.1
Assets held for sale	6.8	6.6	6.6	6.6	6.6	6.6
Lease - right-of-use assets	54.5	61.5	61.8	55.6	51.9	49.8
Other non-financial assets	128.3	152.4	161.1	165.6	173.2	173.8
	8 848.6	8 470.2	8 796.0	9 420.7	9 862.1	10 138.3
Total Assets	10 629.2	10 308.1	10 583.2	11 151.2	11 594.7	11 878.0
Liabilities						
Borrowings	2 937.3	2 874.5	3 101.9	3 470.0	3 910.0	4 083.5
Lease liabilities	60.1	54.1	45.5	36.3	25.6	20.3
Superannuation	824.9	718.6	710.3	706.1	700.7	693.3
Employee entitlements	112.7	127.0	127.9	130.2	132.1	134.7
Payables	575.2	579.7	545.8	526.2	517.0	518.8
Other liabilities	2 425.0	2 253.3	2 225.7	2 236.3	2 221.6	2 226.6
Total Liabilities	6 935.2	6 607.1	6 757.1	7 105.2	7 507.0	7 677.3
Net Assets	3 694.1	3 701.0	3 826.1	4 046.0	4 087.8	4 200.6
Equity						
Accumulated funds	297.7	(292.6)	(420.0)	(500.9)	(590.3)	(575.7)
Asset revaluation reserve	996.1	943.4	964.8	987.7	1 022.6	1 079.5
Other reserves	(164.7)	296.2	296.2	295.5	295.7	295.2
Other equity	2 565.0	2 753.9	2 985.0	3 263.7	3 359.8	3 401.7
Total Equity	3 694.1	3 701.0	3 826.1	4 046.0	4 087.8	4 200.6

**Table A1.5: Public Non-Financial Corporations Sector Balance Sheet
as at 30 June (continued)**

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES						
NET WORTH¹	3 694.1	3 701.0	3 826.1	4 046.0	4 087.8	4 200.6
NET FINANCIAL WORTH²	(5 154.5)	(4 769.3)	(4 969.9)	(5 374.7)	(5 774.3)	(5 937.7)
NET FINANCIAL LIABILITIES³	5 154.5	4 769.3	4 969.9	5 374.7	5 774.3	5 937.7
NET DEBT⁴	2 789.2	2 692.2	2 956.9	3 379.6	3 799.9	3 952.4
GFS NET DEBT⁵	2 729.1	2 638.2	2 911.4	3 343.2	3 774.3	3 932.1

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. For the PNFC Sector, this is equivalent to negative Net Financial Worth.
4. Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
5. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Table A1.6: Public Non-Financial Corporations Sector Cash Flow Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities						
Cash received from operating activities						
Grants received	190.5	202.4	205.0	177.1	179.9	181.6
Sales of goods and services	3 001.7	2 972.8	2 806.5	2 833.5	2 897.3	2 983.5
Interest received	3.0	2.2	1.8	1.8	1.7	1.7
Other receipts	120.2	143.5	146.7	144.2	144.1	149.5
	3 315.4	3 320.9	3 160.1	3 156.6	3 223.0	3 316.3
Cash payments for operating activities						
Employee entitlements	(450.1)	(436.2)	(447.4)	(456.8)	(467.9)	(479.5)
Superannuation	(51.6)	(50.9)	(52.8)	(53.5)	(56.6)	(57.4)
Supplies and consumables	(2 098.6)	(1 985.8)	(1 882.6)	(1 868.4)	(1 904.9)	(1 918.4)
Borrowing costs	(100.5)	(99.5)	(100.9)	(102.7)	(106.2)	(104.0)
Grants and subsidies paid	(41.8)	(48.6)	(48.6)	(48.6)	(48.6)	(48.6)
Other payments	(121.0)	(153.7)	(136.6)	(133.1)	(119.4)	(123.3)
	(2 863.7)	(2 774.7)	(2 669.0)	(2 663.1)	(2 703.6)	(2 731.2)
Net cash flows from operating activities	451.7	546.2	491.2	493.5	519.4	585.1
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchases of non-financial assets	(613.3)	(709.9)	(782.5)	(1 049.1)	(962.2)	(663.6)
Sales of non-financial assets	1.3	0.2	5.2	3.5	11.3	11.3
	(612.0)	(709.7)	(777.3)	(1 045.5)	(950.9)	(652.2)
Net cash flows from financial assets (policy purposes)						
Equity injections	16.4	132.7	235.1	266.4	128.2	30.2
	16.4	132.7	235.1	266.4	128.2	30.2
Net cash flows from financial assets (liquidity management purposes)						
Net (purchase)/sale of investments	(28.4)	21.9	5.5	5.7	(0.1)	4.1
	(28.4)	21.9	5.5	5.7	(0.1)	4.1
Net cash flows from investing activities	(624.0)	(555.1)	(536.7)	(773.4)	(822.8)	(617.8)

Table A1.6: Public Non-Financial Corporations Sector Cash Flow Statement (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Net cash flows from financing activities						
Net borrowing	250.6	175.3	217.7	359.1	431.2	167.9
Dividends and tax equivalents paid	(278.1)	(289.3)	(217.4)	(142.8)	(118.9)	(119.4)
	(27.5)	(114.1)	0.2	216.3	312.3	48.4
Net increase/(decrease) in cash held	(199.7)	(122.9)	(45.3)	(63.6)	8.9	15.7
Cash at beginning of the year	349.8	347.4	224.5	179.2	115.5	124.4
Cash at end of the year	150.1	224.5	179.2	115.5	124.4	140.1
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	451.7	546.2	491.2	493.5	519.4	585.1
Plus Net cash flows from non-financial assets	(612.0)	(709.7)	(777.3)	(1 045.5)	(950.9)	(652.2)
Plus Dividends and tax equivalents paid	(278.1)	(289.3)	(217.4)	(142.8)	(118.9)	(119.4)
Equals CASH SURPLUS/(DEFICIT)	(438.4)	(452.8)	(503.5)	(694.9)	(550.5)	(186.5)

Table A1.7: Total Non-Financial Public Sector Income Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions						
Grants	4 066.1	4 300.9	4 653.2	4 922.3	5 094.5	5 258.2
Taxation	1 178.8	1 295.8	1 408.0	1 488.2	1 560.8	1 632.6
Sales of goods and services	3 484.9	3 336.1	3 234.6	3 267.1	3 348.0	3 446.3
Fines and regulatory fees	102.2	100.4	107.2	108.3	109.7	111.0
Interest income	19.2	10.8	10.2	14.4	20.7	25.3
Dividend, tax and rate equivalent income	148.7	142.4	165.9	162.1	162.8	170.8
Other revenue	209.8	303.5	256.2	234.9	230.2	228.2
	9 209.7	9 489.9	9 835.2	10 197.3	10 526.8	10 872.4
Less Expenses from transactions						
Employee expenses	3 480.7	3 450.2	3 630.4	3 678.6	3 846.2	4 007.3
Superannuation	437.0	440.9	476.5	486.5	504.3	528.3
Depreciation	740.0	719.3	780.5	797.3	825.5	852.9
Supplies and consumables	3 752.2	3 461.9	3 538.3	3 378.1	3 437.0	3 508.1
Nominal superannuation interest expense	174.8	174.8	138.9	139.0	138.8	138.2
Borrowing costs	122.6	115.3	136.3	175.8	213.7	220.0
Grant and subsidy expenses	1 618.2	1 494.9	1 818.4	1 603.1	1 466.9	1 411.9
Other expenses	39.8	82.5	52.1	49.2	45.3	45.9
	10 365.3	9 939.8	10 571.6	10 307.6	10 477.7	10 712.5
Equals NET OPERATING BALANCE	(1 155.6)	(450.0)	(736.4)	(110.3)	49.1	159.9
Plus Other economic flows - included in Operating Result						
Gain/(loss) on sale of non-financial assets	16.6	(6.7)	17.7	34.3	33.0	41.6
Other gains/(losses)	(31.0)	147.7	(101.7)	(92.4)	(147.1)	(64.0)
	(14.5)	140.9	(83.9)	(58.1)	(114.1)	(22.4)
Equals Operating Result	(1 170.1)	(309.0)	(820.3)	(168.5)	(65.0)	137.5

Table A1.7: Total Non-Financial Public Sector Income Statement
(continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows - other movements in Equity						
Revaluations of non-financial assets	233.3	297.4	301.8	305.0	352.2	374.3
Revaluation of equity investment in PFC sector	(53.6)	45.1	(71.2)	(71.2)	(73.8)	(84.8)
Movements in superannuation liability	(1 198.2)	1 332.0	(866.4)	....	....	....
Other non-owner movements in Equity	338.5	154.5	1.0	20.1	4.9	60.3
	(680.0)	1 829.0	(634.9)	253.9	283.4	349.8
Equals Comprehensive Result	(1 850.1)	1 520.0	(1 455.2)	85.4	218.3	487.3
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	(1 155.6)	(450.0)	(736.4)	(110.3)	49.1	159.9
Less Net acquisition of non-financial assets						
Purchase of non-financial assets	1 698.7	1 289.6	1 578.3	1 946.9	1 986.0	1 641.1
Less Sales of non-financial assets	37.0	25.4	37.1	56.0	62.5	71.1
Less Depreciation	740.0	719.3	780.5	797.3	825.5	852.9
	921.8	544.9	760.7	1 093.5	1 098.0	717.1
Equals FISCAL BALANCE	(2 077.4)	(994.9)	(1 497.1)	(1 203.9)	(1 048.9)	(557.3)

Table A1.8: Total Non-Financial Public Sector Balance Sheet as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets						
Cash and deposits	1 310.5	1 692.6	1 323.2	1 268.0	1 515.2	1 585.0
Investments	478.4	214.7	322.3	372.1	245.2	212.2
Equity investment in PFC sector	1 027.7	1 173.7	1 102.5	1 031.3	957.5	872.7
Other equity investments	197.2	166.4	217.5	278.7	335.2	337.9
Receivables	961.6	997.6	981.2	978.9	966.9	961.4
Other financial assets	900.3	945.6	899.5	910.7	923.7	939.9
	4 875.7	5 190.6	4 846.2	4 839.7	4 943.7	4 909.0
Non-financial assets						
Land and buildings	7 736.9	7 734.6	8 085.7	8 398.8	8 799.7	9 083.2
Infrastructure	14 077.8	13 364.6	13 905.0	14 902.9	15 806.3	16 629.2
Plant and equipment	698.8	692.8	791.1	855.2	869.4	857.1
Heritage and cultural assets	452.0	439.9	452.2	464.5	476.8	489.1
Biological assets	180.4	189.3	192.2	196.1	200.1	203.8
Investment property	3.3	3.4	3.3	3.3	3.3	3.3
Intangibles	204.6	193.3	205.6	222.5	244.3	260.0
Assets held for sale	23.5	12.3	7.7	6.6	6.6	6.6
Lease - right-of-use assets	466.6	371.9	337.0	299.6	283.8	247.9
Other non-financial assets	176.5	252.3	260.9	267.0	275.5	277.6
	24 020.4	23 254.4	24 240.7	25 616.4	26 965.8	28 057.8
Total Assets	28 896.1	28 445.0	29 086.9	30 456.1	31 909.6	32 966.9
Liabilities						
Borrowings	5 950.8	4 685.6	5 975.9	7 250.5	8 359.4	9 014.1
Lease liabilities	482.2	373.0	330.9	288.2	260.4	214.0
Superannuation	12 305.9	9 782.9	10 605.2	10 549.7	10 476.1	10 374.7
Employee entitlements	912.7	941.9	959.8	979.9	1 001.3	1 023.7
Payables	766.9	769.8	745.7	727.3	720.2	723.7
Other liabilities	2 465.0	2 509.0	2 541.7	2 647.5	2 860.8	2 897.9
Total Liabilities	22 883.5	19 062.2	21 159.3	22 443.1	23 678.2	24 248.2
Net Assets	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

Table A1.8: Total Non-Financial Public Sector Balance Sheet as at 30 June (continued)

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Equity						
Accumulated funds	(140.8)	2 841.6	1 883.9	1 665.1	1 531.0	1 644.5
Asset revaluation reserve	6 292.4	6 244.9	5 747.5	6 052.4	6 404.7	6 778.9
Other reserves	(138.9)	296.2	296.2	295.5	295.7	295.2
Total Equity	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

KEY FISCAL AGGREGATES

NET WORTH¹	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6
NET FINANCIAL WORTH²	(18 007.8)	(13 871.6)	(16 313.1)	(17 603.4)	(18 734.5)	(19 339.2)
NET FINANCIAL LIABILITIES³	19 035.5	15 045.3	17 415.6	18 634.7	19 692.0	20 211.9
NET DEBT⁴	4 644.0	3 151.4	4 661.3	5 898.7	6 859.4	7 431.0
GFS NET DEBT⁵	4 161.8	2 778.4	4 330.4	5 610.5	6 599.0	7 217.0

Notes:

1. Net Worth represents Total Assets less Total Liabilities.
2. Net Financial Worth represents Total Financial assets less Total Liabilities.
3. Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity Investment in the PFC Sector.
4. Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
5. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Table A1.9: Total Non-Financial Public Sector Cash Flow Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities						
Cash received from operating activities						
Grants received	3 962.0	4 388.6	4 693.6	5 018.8	5 326.1	5 302.7
Taxation	1 177.0	1 298.3	1 408.0	1 488.3	1 561.0	1 632.8
Sales of goods and services	3 399.2	3 365.4	3 211.3	3 254.0	3 328.8	3 425.0
Fines and regulatory fees	102.2	102.1	107.2	108.2	109.6	110.9
Interest received	16.9	10.3	9.8	13.7	20.0	24.4
Dividend, tax and rate equivalents	136.3	138.5	234.3	148.9	149.9	168.6
Other receipts	524.5	759.0	593.8	572.2	568.0	572.5
	9 318.2	10 062.1	10 258.1	10 604.1	11 063.4	11 236.8
Cash payments for operating activities						
Employee entitlements	(3 473.2)	(3 451.1)	(3 629.3)	(3 682.1)	(3 847.9)	(4 009.1)
Superannuation	(580.2)	(579.0)	(630.4)	(652.1)	(687.8)	(736.2)
Supplies and consumables	(3 801.8)	(3 559.4)	(3 584.1)	(3 399.3)	(3 457.2)	(3 508.4)
Borrowing costs	(115.8)	(99.6)	(131.5)	(166.6)	(192.0)	(195.1)
Grants and subsidies paid	(1 618.1)	(1 612.0)	(1 818.3)	(1 603.0)	(1 466.8)	(1 411.8)
Other payments	(360.9)	(449.6)	(386.1)	(381.5)	(366.0)	(373.8)
	(9 949.9)	(9 750.5)	(10 179.8)	(9 884.6)	(10 017.6)	(10 234.3)
Net cash flows from operating activities	(631.8)	311.6	78.3	719.5	1 045.8	1 002.5
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchase of non-financial assets	(1 686.5)	(1 289.6)	(1 558.7)	(1 936.4)	(1 976.2)	(1 631.4)
Sales of non-financial assets	34.0	25.4	41.5	52.2	58.7	67.3
	(1 652.5)	(1 264.2)	(1 517.2)	(1 884.2)	(1 917.6)	(1 564.1)
Net cash flows from financial assets (policy purposes)						
Equity injections	(55.7)	(27.8)	(50.5)	(60.5)	(55.5)	(5.5)
Net advances paid	(81.7)	(12.0)	(129.4)	(90.9)	126.9	33.0
Equity disposals	3.6	5.2	3.6	3.6	3.6	3.6
	(133.8)	(34.6)	(176.3)	(147.8)	75.0	31.1
Net cash flows from financial assets (liquidity management purposes)						
Net (purchase)/sale of investments	(150.4)	42.1	26.7	46.9	(0.1)	4.1
	(150.4)	42.1	26.7	46.9	(0.1)	4.1
Net cash flows from investing activities	(1 936.7)	(1 256.7)	(1 666.8)	(1 985.1)	(1 842.7)	(1 528.9)

Table A1.9: Total Non-Financial Public Sector Cash Flow Statement
(continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Net cash flows from financing activities						
Net borrowing	2 348.2	1 109.8	1 219.1	1 210.4	1 044.1	596.1
Other financing	0.3	(2.6)	....	....	....	....
	2 348.5	1 107.2	1 219.1	1 210.4	1 044.1	596.1
Net increase/(decrease) in cash held	(220.0)	162.1	(369.3)	(55.2)	247.2	69.8
Cash at beginning of the year	1 530.5	1 530.5	1 692.6	1 323.2	1 268.0	1 515.2
Cash at end of the year	1 310.5	1 692.6	1 323.2	1 268.0	1 515.2	1 585.0
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	(631.8)	311.6	78.3	719.5	1 045.8	1 002.5
Plus Net cash flows from non-financial assets	(1 652.5)	(1 264.2)	(1 517.2)	(1 884.2)	(1 917.6)	(1 564.1)
Equals CASH SURPLUS/(DEFICIT)	(2 284.2)	(952.7)	(1 438.9)	(1 164.7)	(871.8)	(561.6)

Table A1.10: Public Financial Corporations Sector Income Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions						
Sales of goods and services	142.1	143.1	142.7	147.0	155.0	163.6
Interest income	274.9	220.9	227.7	256.5	276.3	281.0
Dividend income	52.2	53.7	57.7	58.3	60.4	62.5
Other revenue	4.9	8.9	4.5	4.6	4.7	4.9
	474.1	426.6	432.6	466.4	496.4	512.0
Less Expenses from transactions						
Employee expenses	7.4	7.0	7.1	7.3	7.5	7.7
Superannuation	1.2	1.2	1.3	1.3	1.4	1.5
Depreciation	0.2	0.2	0.2	0.2	0.2	0.2
Supplies and consumables	165.6	160.1	145.2	149.2	161.0	174.0
Borrowing costs	249.7	191.9	203.4	232.8	253.0	257.7
Dividend and income tax equivalent expenses	149.6	142.4	165.9	162.1	162.8	170.8
Grant and subsidy expenses	5.2	5.2	5.4	5.6	5.7	5.9
Other expenses	0.4	0.3	0.3	0.3	0.3	0.3
	579.2	508.3	528.8	558.9	591.9	618.0
Equals NET OPERATING BALANCE	(105.1)	(81.7)	(96.2)	(92.4)	(95.4)	(106.0)
Plus Other economic flows - included in Operating Result						
Other gains/(losses)	54.7	181.3	20.6	20.8	21.8	22.5
	54.7	181.3	20.6	20.8	21.8	22.5
Equals Operating Result	(50.4)	99.6	(75.6)	(71.6)	(73.7)	(83.5)
Plus Other economic flows - other movements in Equity						
Revaluations of non-financial assets	0.2	....	....	....	....	....
Other non-owner movements in Equity	4.0	0.2	4.4	0.5	(0.1)	(1.4)
	4.2	0.2	4.4	0.5	(0.1)	(1.4)
Equals Comprehensive Result	(46.2)	99.8	(71.2)	(71.2)	(73.8)	(84.8)

Table A1.10: Public Financial Corporations Sector Income Statement
(continued)

	2020-21 Budget	2020-21 Estimated Outcome	2021-22 Budget	2022-23 Forward Estimate	2023-24 Forward Estimate	2024-25 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	(105.1)	(81.7)	(96.2)	(92.4)	(95.4)	(106.0)
Less Net acquisition of non-financial assets						
Purchases of non-financial assets	1.2	1.1	1.7	1.7	1.7	1.7
Less Sales of non-financial assets	5.6	....	....	....	....	....
Less Depreciation	0.2	0.2	0.2	0.2	0.2	0.2
	(4.6)	0.9	1.5	1.4	1.4	1.4
Equals FISCAL BALANCE	(100.5)	(82.6)	(97.6)	(93.9)	(96.9)	(107.4)

Table A1.11: Public Financial Corporations Sector Balance Sheet as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets						
Cash and deposits	5.0	5.0	5.0	5.1	5.1	5.2
Investments	13 256.1	12 838.0	13 173.0	13 956.4	14 225.4	15 172.6
Receivables	14.8	18.0	18.9	19.8	20.8	21.9
Other financial assets	361.0	373.0	394.5	383.4	374.5	374.5
	13 636.9	13 234.0	13 591.4	14 364.7	14 625.8	15 574.2
Non-financial assets						
Land and buildings	17.9	17.6	18.1	18.5	19.0	19.4
Plant and equipment	1.0	1.0	1.3	1.6	1.9	2.1
Intangibles	0.5	0.5	0.6	0.7	0.8	1.0
Other non-financial assets	0.2	0.2	....	....	0.5	0.5
	19.5	19.4	20.1	20.8	22.2	23.1
Total Assets	13 656.4	13 253.4	13 611.5	14 385.5	14 648.0	15 597.3
Liabilities						
Borrowings	10 904.2	10 416.4	10 853.8	11 655.3	11 939.5	12 911.5
Superannuation	8.6	8.6	9.1	9.7	10.3	10.9
Employee entitlements	1.4	1.4	1.4	1.5	1.5	1.6
Payables	2.3	2.3	2.3	2.3	2.4	2.4
Other liabilities	1 712.3	1 651.1	1 642.4	1 685.4	1 736.8	1 798.2
Total Liabilities	12 628.9	12 079.7	12 508.9	13 354.2	13 690.5	14 724.6
Net Assets	1 027.5	1 173.7	1 102.5	1 031.3	957.5	872.7
Equity						
Accumulated funds	545.0	690.2	699.0	711.8	727.0	736.2
Asset revaluation reserve	5.7	5.5	5.5	5.5	5.5	5.5
Other revaluation reserves	10.0	10.0	10.0	10.0	10.0	10.0
Other equity	466.8	468.0	388.0	304.0	215.0	121.0
Total Equity	1 027.5	1 173.7	1 102.5	1 031.3	957.5	872.7

**Table A1.11: Public Financial Corporations Sector Balance Sheet
as at 30 June (continued)**

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES						
NET WORTH¹	1 027.5	1 173.7	1 102.5	1 031.3	957.5	872.7
NET FINANCIAL WORTH²	1 008.0	1 154.3	1 082.4	1 010.5	935.3	849.6
NET FINANCIAL LIABILITIES³	(1 008.0)	(1 154.3)	(1 082.4)	(1 010.5)	(935.3)	(849.6)
NET DEBT⁴	(2 356.8)	(2 426.6)	(2 324.2)	(2 306.2)	(2 291.0)	(2 266.3)
GFS NET DEBT⁵	(2 356.8)	(2 426.6)	(2 324.2)	(2 306.2)	(2 291.0)	(2 266.3)

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. For the PFC Sector, this is equivalent to negative Net Financial Worth.
4. Net Debt represents Borrowings plus Lease liabilities less the sum of Cash and deposits and Investments.
5. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Table A1.12: Public Financial Corporations Sector Cash Flow Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities						
Cash received from operating activities						
Sales of goods and services	164.0	167.2	159.4	166.7	176.0	185.7
Interest received	274.9	220.9	227.8	256.5	276.3	281.0
Dividends received	52.2	53.7	57.7	58.3	60.4	62.5
Other receipts	2.3	2.5	2.5	2.5	2.5	2.5
	493.4	444.3	447.4	484.0	515.2	531.8
Cash payments for operating activities						
Employee entitlements	(7.3)	(7.0)	(7.0)	(7.2)	(7.4)	(7.6)
Superannuation	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)
Supplies and consumables	(121.7)	(108.8)	(124.5)	(127.1)	(133.7)	(136.0)
Borrowing costs	(246.0)	(190.6)	(201.6)	(231.3)	(251.5)	(256.7)
Grants and subsidies paid	(5.8)	(5.8)	(6.0)	(6.2)	(6.3)	(6.5)
Other payments	(10.1)	(8.8)	(7.9)	(8.0)	(8.4)	(8.3)
	(391.5)	(321.6)	(347.7)	(380.6)	(408.1)	(416.0)
Net cash flows from operating activities	101.9	122.7	99.7	103.4	107.1	115.8
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchases of non-financial assets	(1.2)	(1.1)	(1.7)	(1.7)	(1.7)	(1.7)
Sales of non-financial assets	5.6	....	....	....	....	....
	4.4	(1.1)	(1.7)	(1.6)	(1.6)	(1.6)
Net cash flows from financial assets (liquidity management purposes)						
Net (purchase)/sale of investments	(2 601.1)	(895.6)	(301.2)	(754.4)	(239.3)	(917.5)
	(2 601.1)	(895.6)	(301.2)	(754.4)	(239.3)	(917.5)
Net cash flows from investing activities	(2 596.6)	(896.7)	(302.8)	(756.0)	(240.9)	(919.2)

Table A1.12: Public Financial Corporations Sector Cash Flow Statement
(continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Net cash flows from financing activities						
Net borrowing	2 631.0	905.0	437.5	801.6	283.8	972.0
Dividends and tax equivalents paid	(136.3)	(131.5)	(234.3)	(148.9)	(149.9)	(168.6)
	2 494.8	773.4	203.2	652.7	133.9	803.4
Net increase/(decrease) in cash held	0.1	(0.5)	0.1	....	....	....
Cash and cash equivalents at beginning of the year	778.5	5.5	5.0	5.0	5.1	5.1
Cash and cash equivalents at end of the year	778.6	5.0	5.0	5.1	5.1	5.2
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	101.9	122.7	99.7	103.4	107.1	115.8
Plus Net cash flows from non-financial assets	4.4	(1.1)	(1.7)	(1.6)	(1.6)	(1.6)
Plus Dividends and tax equivalents paid	(136.3)	(131.5)	(234.3)	(148.9)	(149.9)	(168.6)
Equals CASH SURPLUS/(DEFICIT)	(29.9)	(9.9)	(136.3)	(47.1)	(44.4)	(54.4)

Table A1.13: Total State Sector Income Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions						
Grants	4 066.1	4 300.9	4 653.2	4 922.3	5 094.5	5 258.2
Taxation	1 178.4	1 295.5	1 407.7	1 487.9	1 560.5	1 632.4
Sales of goods and services	3 627.0	3 479.2	3 377.3	3 414.2	3 503.1	3 609.9
Fines and regulatory fees	102.2	100.4	107.2	108.3	109.7	111.0
Interest income	177.2	130.6	116.4	105.7	87.6	86.0
Dividend, tax and rate equivalent income	51.4	53.6	57.7	58.3	60.4	62.5
Other revenue	214.7	312.4	260.7	239.4	235.0	233.1
	9 417.1	9 672.7	9 980.1	10 336.1	10 650.8	10 993.0
Less Expenses from transactions						
Employee expenses	3 488.0	3 457.2	3 637.5	3 685.9	3 853.7	4 014.9
Superannuation	438.3	442.1	477.8	487.8	505.7	529.8
Depreciation	740.2	719.5	780.7	797.5	825.7	853.1
Supplies and consumables	3 917.8	3 622.0	3 683.6	3 527.3	3 598.0	3 682.1
Nominal superannuation interest expense	174.8	174.8	138.9	139.0	138.8	138.2
Borrowing costs	255.5	206.1	218.2	243.4	257.3	257.4
Grant and subsidy expenses	1 623.4	1 500.1	1 823.8	1 608.7	1 472.5	1 417.8
Other expenses	39.8	82.5	52.1	49.2	45.3	45.9
	10 677.8	10 204.3	10 812.7	10 538.9	10 697.1	10 939.2
Equals NET OPERATING BALANCE	(1 260.7)	(531.7)	(832.5)	(202.8)	(46.3)	53.9
Plus Other economic flows - included in Operating Result						
Gain/(loss) on sale of non-financial assets	16.6	(6.7)	17.7	34.3	33.0	41.6
Other gains/(losses)	32.2	406.6	(72.2)	(62.6)	(116.2)	(32.0)
	48.8	399.9	(54.4)	(28.3)	(83.2)	9.5
Equals Operating Result	(1 211.9)	(131.8)	(887.0)	(231.1)	(129.5)	63.4
Plus Other economic flows - other movements in Equity						
Revaluations of non-financial assets	233.5	297.4	301.8	305.0	352.2	374.3
Movements in superannuation liability	(1 198.2)	1 332.0	(866.4)	....	....	....
Other non-owner movements in Equity	326.6	22.3	(3.6)	11.5	(4.3)	49.6
	(638.1)	1 651.8	(568.2)	316.5	347.9	423.9
Equals Comprehensive Result	(1 850.1)	1 520.0	(1 455.2)	85.4	218.3	487.3

Table A1.13: Total State Sector Income Statement (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE	(1 260.7)	(531.7)	(832.5)	(202.8)	(46.3)	53.9
Less Net acquisition of non-financial assets						
Purchase of non-financial assets	1 699.9	1 290.7	1 580.0	1 948.5	1 987.6	1 642.7
Less Sale of non-financial assets	42.6	25.4	37.1	56.0	62.5	71.1
Less Depreciation	740.2	719.5	780.7	797.5	825.7	853.1
	917.1	545.8	762.2	1 095.0	1 099.4	718.5
Equals FISCAL BALANCE	(2 177.8)	(1 077.5)	(1 594.7)	(1 297.7)	(1 145.8)	(664.7)

Table A1.14: Total State Sector Balance Sheet as at 30 June

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets						
Cash and deposits	154.5	1 265.5	929.1	869.5	878.3	894.1
Investments	7 155.8	6 891.8	6 272.9	6 131.5	5 307.9	5 446.4
Other equity investments	197.2	166.4	217.5	278.7	335.2	337.9
Receivables	976.4	1 015.6	1 000.1	998.7	987.7	983.4
Other financial assets	1 238.9	1 233.4	1 247.4	1 236.9	1 228.7	1 229.4
	9 722.8	10 572.7	9 666.9	9 515.3	8 737.9	8 891.3
Non-financial assets						
Land and buildings	7 754.9	7 752.2	8 103.7	8 417.3	8 818.7	9 102.7
Infrastructure	14 077.8	13 364.6	13 905.0	14 902.9	15 806.3	16 629.2
Plant and equipment	699.8	693.8	792.5	856.8	871.3	859.2
Heritage and cultural assets	452.0	439.9	452.2	464.5	476.8	489.1
Biological assets	180.4	189.3	192.2	196.1	200.1	203.8
Investment property	3.3	3.4	3.3	3.3	3.3	3.3
Intangibles	205.2	193.9	206.2	223.2	245.1	261.0
Assets held for sale	23.5	12.3	7.7	6.6	6.6	6.6
Lease - right-of-use assets	466.8	371.9	337.0	299.6	283.8	247.9
Other non-financial assets	176.5	252.5	261.0	267.0	276.0	278.1
	24 040.1	23 273.8	24 260.7	25 637.2	26 988.0	28 080.9
Total Assets	33 762.9	33 846.5	33 927.7	35 152.5	35 725.9	36 972.1
Liabilities						
Borrowings	9 115.3	8 509.1	9 208.2	10 305.2	10 494.2	11 291.2
Lease liabilities	482.2	373.0	330.9	288.2	260.4	214.0
Superannuation	12 314.6	9 791.5	10 614.4	10 559.4	10 486.4	10 385.6
Employee entitlements	914.1	943.2	961.2	981.4	1 002.8	1 025.3
Payables	769.2	772.1	748.0	729.6	722.5	726.1
Other liabilities	4 154.9	4 074.8	4 137.4	4 275.7	4 528.1	4 611.2
Total Liabilities	27 750.3	24 463.7	26 000.1	27 139.5	27 494.5	28 253.5
Net Assets	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6

Table A1.14: Total State Sector Balance Sheet as at 30 June (continued)

	2021	2021	2022	2023	2024	2025
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Equity						
Accumulated funds	(156.5)	2 826.1	1 868.4	1 649.6	1 515.5	1 629.0
Asset revaluation reserve	6 298.1	6 250.4	5 753.0	6 057.9	6 410.1	6 784.4
Other revaluation reserves	(128.9)	306.2	306.2	305.5	305.7	305.2
Total Equity	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.7

KEY FISCAL AGGREGATES

NET WORTH¹	6 012.7	9 382.8	7 927.6	8 013.0	8 231.4	8 718.6
NET FINANCIAL WORTH²	(18 027.5)	(13 891.0)	(16 333.1)	(17 624.2)	(18 756.7)	(19 362.2)
NET FINANCIAL LIABILITIES³	18 027.5	13 891.0	16 333.1	17 624.2	18 756.7	19 362.3
NET DEBT⁴	2 287.2	724.8	2 337.1	3 592.4	4 568.4	5 164.7
GFS NET DEBT⁵	1 805.1	351.8	2 006.2	3 304.2	4 308.0	4 950.7

Notes:

1. Net Worth represents Total Assets less Total Liabilities.
2. Net Financial Worth represents Financial assets less Total Liabilities.
3. Net Financial Liabilities represents Total Liabilities less Financial assets. For the Total State Sector, this is equivalent to negative Net Financial Worth.
4. Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
5. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Table A1.15: Total State Sector Cash Flow Statement

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities						
Cash received from operating activities						
Grants received	3 962.0	4 388.6	4 693.6	5 018.8	5 326.1	5 302.7
Taxation	1 176.6	1 298.0	1 407.8	1 488.0	1 560.7	1 632.5
Sales of goods and services	3 559.7	3 529.0	3 367.0	3 416.9	3 500.8	3 606.6
Fines and regulatory fees	102.2	102.1	107.2	108.2	109.6	110.9
Interest received	175.0	130.1	116.0	105.1	87.0	85.1
Dividend, tax and rate equivalents	52.2	60.7	57.7	58.3	60.4	62.5
Other receipts	526.8	761.4	596.3	574.7	570.5	575.0
	9 554.6	10 269.9	10 345.6	10 769.9	11 215.1	11 375.3
Cash payments for operating activities						
Employee entitlements	(3 480.4)	(3 458.0)	(3 636.3)	(3 689.4)	(3 855.3)	(4 016.6)
Superannuation	(580.9)	(579.6)	(631.2)	(652.9)	(688.6)	(737.0)
Supplies and consumables	(3 920.0)	(3 664.6)	(3 704.9)	(3 522.7)	(3 586.9)	(3 640.3)
Borrowing costs	(244.9)	(189.1)	(211.7)	(232.7)	(234.2)	(231.5)
Grants and subsidies paid	(1 623.9)	(1 617.7)	(1 824.2)	(1 609.2)	(1 473.0)	(1 418.3)
Other payments	(370.6)	(458.1)	(393.7)	(389.2)	(374.1)	(381.8)
	(10 220.7)	(9 967.2)	(10 402.0)	(10 096.0)	(10 212.1)	(10 425.6)
Net cash flows from operating activities	(666.1)	302.7	(56.4)	674.0	1 003.0	949.7
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchase of non-financial assets	(1 687.6)	(1 290.7)	(1 560.4)	(1 938.1)	(1 977.9)	(1 633.0)
Sales of non-financial assets	39.6	25.4	41.5	52.2	58.7	67.3
	(1 648.0)	(1 265.3)	(1 518.8)	(1 885.8)	(1 919.2)	(1 565.7)
Net cash flows from financial assets (policy purposes)						
Equity injections	(55.7)	(27.8)	(50.5)	(60.5)	(55.5)	(5.5)
Net advances paid	(81.7)	(12.0)	(129.4)	(90.9)	126.9	33.0
Equity disposals	3.6	5.2	3.6	3.6	3.6	3.6
	(133.8)	(34.6)	(176.3)	(147.8)	75.0	31.1
Net cash flows from financial assets (liquidity management purposes)						
Net (purchase)/sale of investments	220.8	453.4	715.1	202.2	660.2	(197.1)
	220.8	453.4	715.1	202.2	660.2	(197.1)
Net cash flows from investing activities	(1 561.0)	(846.5)	(980.0)	(1 831.4)	(1 184.0)	(1 731.7)

Table A1.15: Total State Sector Cash Flow Statement (continued)

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Net cash flows from financing activities						
Net borrowing	2 039.7	1 470.0	700.0	1 097.9	189.9	797.7
Other financing	13.5	(2.6)	....	....	....	....
	2 053.2	1 467.4	699.9	1 097.8	189.9	797.7
Net increase/(decrease) in cash held	(173.9)	923.6	(336.4)	(59.6)	8.9	15.8
Cash and cash equivalents at beginning of the year	1 117.3	341.9	1 265.5	929.1	869.5	878.3
Cash and cash equivalents at end of the year	943.5	1 265.5	929.1	869.5	878.3	894.1
KEY FISCAL AGGREGATES						
Net cash flows from operating activities	(666.1)	302.7	(56.4)	674.0	1 003.0	949.7
Plus Net cash flows from non-financial assets	(1 648.0)	(1 265.3)	(1 518.8)	(1 885.8)	(1 919.2)	(1 565.7)
Equals CASH SURPLUS/(DEFICIT)	(2 314.1)	(962.6)	(1 575.2)	(1 211.8)	(916.2)	(616.0)

Table AI.16: General Government Expenses from Transactions by Purpose

	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Budget	Preliminary Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
General public services	648.7	532.4	587.9	473.1	494.7	496.4
Public order and safety	800.7	676.9	724.3	717.4	731.0	739.4
Economic affairs	334.4	262.3	394.0	282.5	236.7	213.1
Environmental protection	98.1	154.8	158.6	151.9	141.9	141.2
Housing and community amenities	227.3	246.3	280.3	270.5	206.1	203.2
Health	2 456.3	2 419.2	2 585.5	2 567.0	2 709.7	2 875.1
Recreation, culture and religion	163.5	176.5	228.5	181.1	157.4	157.0
Education	1 788.2	1 754.3	1 920.0	1 981.5	2 030.5	2 092.9
Social protection	551.7	573.3	562.9	513.4	544.0	553.1
Transport	315.5	306.2	375.5	361.1	355.9	324.3
Nominal interest on superannuation	161.8	161.8	129.5	129.6	129.4	128.8
	7 546.1	7 264.1	7 947.2	7 629.2	7 737.4	7 924.5

Table AI.16 presents General Government Expenses from Transactions classified by purpose. This is presented in accordance with the Classification of the Functions of Government - Australia. The COFOG-A is the classification framework which was introduced by the Australian Bureau of Statistics from 1 July 2017.

