
2024-25 Revised Estimates Report (including December Quarterly Report)

February 2025

2024-25 Revised Estimates Report (including December Quarterly Report)

© Government of Tasmania

Excerpts from this publication may be reproduced,
with appropriate acknowledgement,
as permitted under the *Copyright Act 1968*.

For further information please contact:
Department of Treasury and Finance
GPO Box 147
Hobart Tasmania 7001
Telephone: +61 3 6166 4444
Website: <http://www.treasury.tas.gov.au>

Published February 2025

ISSN 1837-7793 (Online)

CONTENTS

1. Introduction	3
2. Fiscal Strategy Update	7
Whole-of-Government Financial Position	8
Debt Management	9
Financial Sustainability	12
Sustainable Infrastructure Development	15
Public Sector Productivity and Service Delivery	17
Summary of Strategic Actions and Targets	19
3. Tasmanian Economy Update	21
Global and National Economic Environment	21
Recent Economic Performance and Outlook for the Tasmanian Economy	22
Risks to the Outlook	28
4. General Government Sector Outcome	31
Income Statement	31
Underlying Net Operating Balance	34
Balance Sheet	52
Cash Flow Statement	54
Policy and Parameter Statement	56
5. Risks and Sensitivities	67
Revenue Risks	68
Expenditure Risks	69
Risks from the Ownership of Government Businesses	74
6. Uniform Government Reporting	79
General Government Sector	80
Public Non-Financial Corporations Sector	86
Total Non-Financial Public Sector	92
Public Financial Corporations Sector	98

Total State Sector	104
7. Public Account	111
Public Account Receipts and Expenditure	111
Specific Purpose Accounts Estimated Receipts and Expenditure	113

1. INTRODUCTION

The *2024-25 Revised Estimates Report (including December Quarterly Report)* has been prepared in accordance with sections 36 and 37 of the *Financial Management Act 2016*. Accordingly, it presents the information required for a Revised Estimates Report as well as a December Quarterly Report.

The Report contains the following information:

- Section 2 provides an update of the Government's Fiscal Strategy;
- Section 3 updates the Tasmanian economic aggregates and forecasts published in the 2024-25 Budget Papers;
- Section 4 presents General Government Sector financial results for the six months ending 31 December 2024 and revised Budget estimates presented in accordance with the applicable Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Commentary is provided on material changes between original and revised Budget estimates;
- Section 5 presents known risks and sensitivities that may impact the Budget position and Forward Estimates in the future, but are not reflected in the financial estimates as they are unable to be accurately quantified or remain uncertain at the time of the finalisation of this Report;
- Section 6 presents revised fiscal estimates for the General Government, Public Non-Financial Corporations, Public Financial Corporations, Total Non-Financial Public and Total State Sectors, in accordance with the Uniform Presentation Framework reporting requirements for a Mid-Year Report; and
- Section 7 presents Public Account financial results for the six months ending 31 December 2024 and revised Public Account Receipts and Expenditure estimates, together with Specific Purpose Account balances as at 31 December 2024 and revised Budget estimates for receipts and expenditure for 2024-25.

This Report should be read in conjunction with the 2024-25 Budget Papers and *Tasmania's Financial Management Framework* that are available on the Treasury website.

The financial information provided in this Report reflects the results of the mid-year review of the 2024-25 Budget tabled on 12 September 2024. A further review of the Forward Estimates will be undertaken as part of the development of the 2025-26 Budget.

Table 1.1 summarises the impact of budget variations on Key Fiscal Measures since the 2024-25 Budget.

Table 1.1: General Government Sector Key Fiscal Measures

	2024-25	2025-26	2026-27	2027-28
	Revised	Forward	Forward	Forward
	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m
Net Operating Balance				
Budget 2024-25	(792.8)	(386.7)	(436.7)	(63.2)
Variations	(503.4)	54.9	73.9	23.3
2024-25 Revised	(1 296.1)	(331.8)	(362.8)	(39.9)
Fiscal Balance				
Budget 2024-25	(1 293.3)	(849.3)	(757.8)	(287.9)
Variations	(328.8)	(128.0)	(14.4)	(21.2)
2024-25 Revised	(1 622.1)	(977.3)	(772.2)	(309.0)
Net Debt¹				
Budget 2024-25	5 434.6	6 688.8	7 978.5	8 591.2
Variations	286.8	591.0	827.9	1 046.6
2024-25 Revised	5 721.5	7 279.9	8 806.4	9 637.8
GFS Net Debt²				
Budget 2024-25	4 178.9	5 502.3	6 863.6	7 550.4
Variations	310.4	615.6	853.2	1 072.4
2024-25 Revised	4 489.3	6 117.9	7 716.8	8 622.9
Infrastructure Expenditure				
Budget 2024-25	1 103.5	1 064.0	935.3	787.3
Variations	(157.8)	213.6	116.3	67.1
2024-25 Revised	945.6	1 277.6	1 051.6	854.4

Notes:

1. Net Debt represents Borrowings plus Lease liabilities and Service concession liabilities, less the sum of Cash and deposits and Investments.
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 and Service concession liabilities.

There have been material changes in the Key Fiscal Measures over the Budget and Forward Estimates since the tabling of the 2024-25 Budget. The General Government Sector Net Operating Deficit has increased by \$503.4 million for 2024-25, but decreased by a total of \$152 million over the Forward Estimates period. This reflects a range of revenue and expenditure changes.

Government policy decisions reflected in this Report total \$665.7 million. Major policy decisions impacting the Net Operating Balance over the Budget and Forward Estimates include:

- \$345 million for the Department of Health to meet health demand and service requirements;
- \$80 million for the Department of Justice to meet Tasmania Prison Service cost pressures;
- \$42 million for the Department of Police, Fire and Emergency Management to meet an increase in workers' compensation premiums to support injured workers;
- \$32 million for the Department of Natural Resources and Environment Tasmania Parks Operational Support;
- \$19.5 million for the Department for Education, Children and Young People to meet the State's contribution under the Better and Fairer Schools Agreement;
- \$11 million for the Department of State Growth and Tourism Tasmania to implement the Tasmanian Government's Tourism and Hospitality Support Package;
- \$10.5 million for the Department of State Growth for the Dolphin Tungsten Mine Project (Group 6 Metals Pty Ltd); and
- \$10.3 million for the Department of Premier and Cabinet to implement the Government's response to the severe weather events that impacted the North and North-East regions of Tasmania in August and September 2024.

Parameter variations reflect changes due to the economic environment, the agency operating environment or the timing of a transaction. Major parameter adjustments which have impacted on the Net Operating Balance over the Budget and Forward Estimates include:

- an increase in revenue of \$373.2 million for revised Australian Government funded National Partnership Payments including for the Northern Heart Centre in Launceston, Macquarie Wharf 6 (Port of Hobart), and the National Water Infrastructure Development Fund;
- an increase in forecast GST revenue of \$213.1 million, which primarily reflects the Australian Government's increased estimate of the GST pool;
- an increase in Borrowing costs of \$137.9 million which primarily reflects forecast increases in the estimated General Government Sector cash deficit together with forecast higher borrowing rates; and

- a decrease of \$108.8 million in Dividend, tax and rate equivalent income from government businesses and State-owned companies.

Information on all policy and parameter variations is provided in the Policy and Parameter Statement in Section 4 of this Report.

2. FISCAL STRATEGY UPDATE

The Fiscal Strategy focuses on a 10-year timeframe from the 2023-24 Budget and utilises 11 Strategic Targets (and associated Strategic Actions) in recognition that there is no single indicator of fiscal health.

The Strategic Targets and Actions are organised into groups, each of which reflect a different perspective on the State's fiscal health:

- Whole-of-Government Financial Position (Strategic Target and Action 1);
- Level of Government Debt (Strategic Targets and Actions 2-4);
- Financial Sustainability (Strategic Targets and Actions 5-7);
- Sustainable Infrastructure Development (Strategic Targets and Actions 8-9); and
- Public Sector Productivity and Service Delivery (Strategic Targets and Actions 10-11).

This approach provides a clear and stable assessment of fiscal performance in the short to medium term and aligns with the long-term fiscal principles embedded in the *Charter of Budget Responsibility Act 2007*.

This chapter provides an update on each of the 11 Fiscal Strategy Targets in the context of 2024-25 Revised Budget estimates.

Whole-of-Government Financial Position

1. State's Current Credit Rating

Since the release of the 2024-25 Budget, Moody's and Standard and Poor's have:

- affirmed the State's credit rating of Aa2 and AA+ respectively (Table 2.1); and
- revised the outlook on the State's credit rating from stable to negative.

Further consideration of a framework and processes in relation to the establishment of a minimum credit rating requirement for certain Government businesses has identified concerns and practical implications that are being further investigated.

Table 2.1: State's Current Credit Rating

Strategic Action	2023-24	2024-25	2032-33
	Actual	Revised Budget	Target
Moody's	Aa2 (stable)	Aa2 (negative)	Aa2
Standard & Poor's	AA+ (stable)	AA+ (negative)	AA+

Debt Management

2. Gross Debt per capita

Table 2.2 shows that the 2024-25 Revised Budget for Gross Debt per capita of \$19 310 is within the established Target of less than \$20 000. The increase from the 2023-24 Actual is primarily due to an estimated increase in GGS Borrowings in 2024-25. Over the Forward Estimates Gross Debt per capita is forecast to exceed the 2032-33 target.

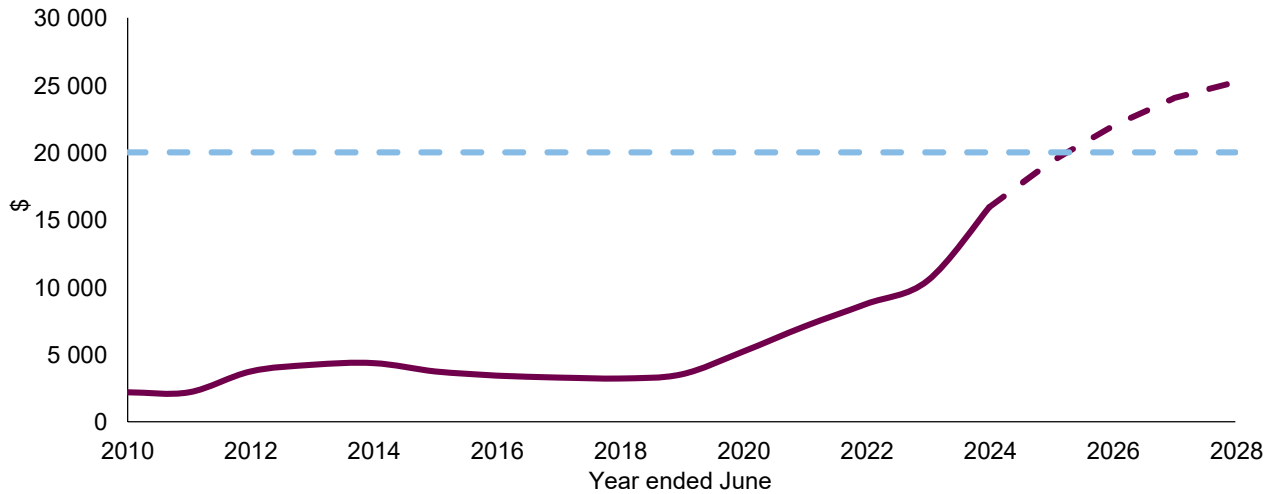
Table 2.2: Gross Debt per capita

	2023-24	2024-25	2032-33
Strategic Action	Actual	Revised Budget	Target
General Government Sector Gross Debt per capita (\$)¹	15 924	19 310	<20 000

Note:

- Gross Debt for this purpose represents the sum of the General Government Sector Total liabilities plus Homes Tasmania supported Borrowings less General Government Sector Superannuation liabilities.

Chart 2.1 General Government Sector Gross Debt per capita, 30 June 2010 to 30 June 2028



3. Net Debt to Gross State Product

Table 2.3 shows that the 2024-25 Revised Budget for Net Debt to Gross State Product of 14.2 per cent exceeds the 2032-33 Target of less than 10 per cent. The increase from the 2023-24 Actual is due to an estimated increase in Net Debt as at 30 June 2025.

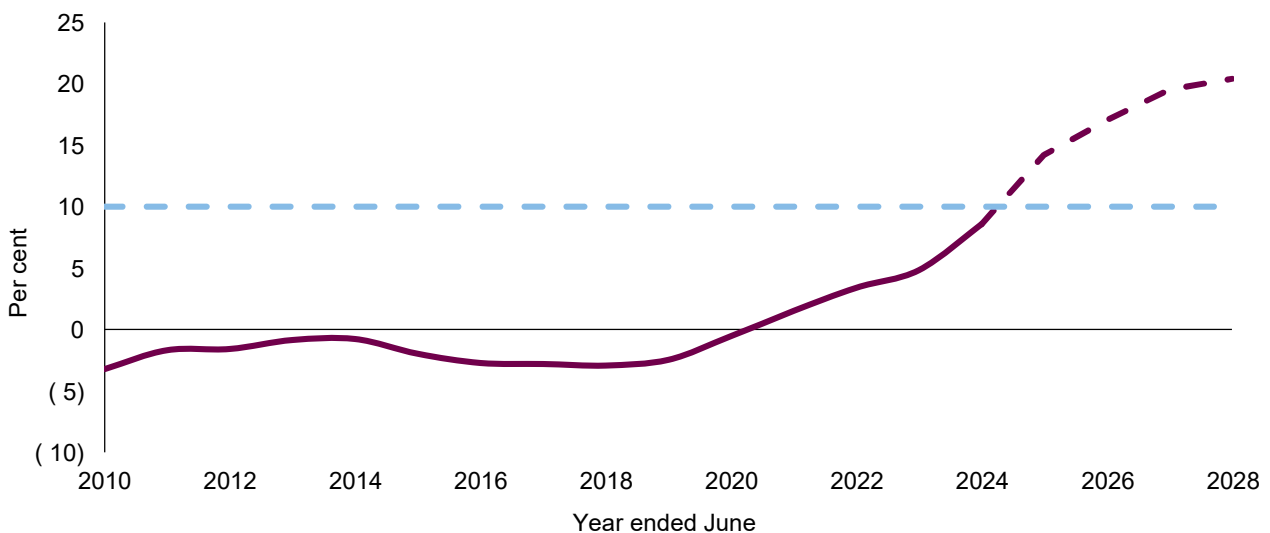
Table 2.3: Net Debt to Gross State Product

Strategic Action	2023-24 Actual	2024-25 Revised Budget	2032-33 Target
General Government Sector Net Debt to Gross State Product (%) ¹	8.4	14.2	<10

Note:

1. The action includes Homes Tasmania supported Borrowings.

Chart 2.2 General Government Sector Net Debt to Gross State Product (%), 30 June 2010 to 30 June 2028



4. Cost of Debt (including defined benefit superannuation) to Cash Receipts

Table 2.4 shows that the 2024-25 Revised Budget for the Cost of Debt to Cash Receipts of 6.8 per cent exceeds the established ceiling of less than 6 per cent, primarily due to higher GGS Borrowings and defined benefit scheme costs.

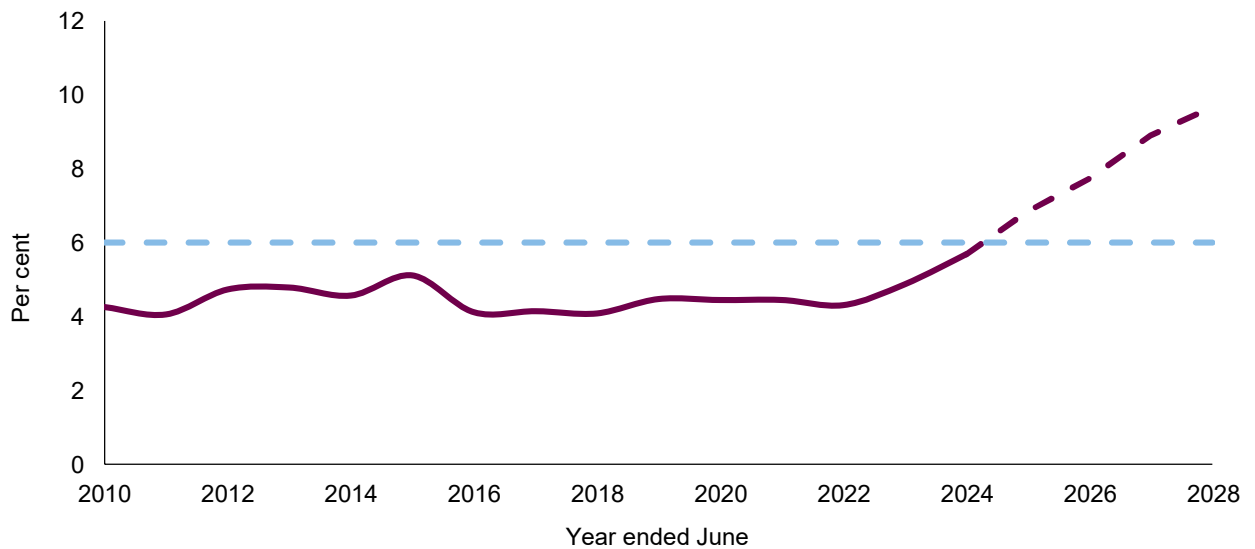
Table 2.4: Cost of Debt

	2023-24	2024-25	2032-33
Strategic Action	Actual	Revised Budget	Target
General Government Sector Cost of debt (including defined benefit superannuation) to cash receipts (%) ¹	5.7	6.8	<6

Note:

1. The action includes the cost of debt for Homes Tasmania.

Chart 2.3 General Government Sector Cost of Debt to Cash Receipts (%), 30 June 2010 to 30 June 2028



Financial Sustainability

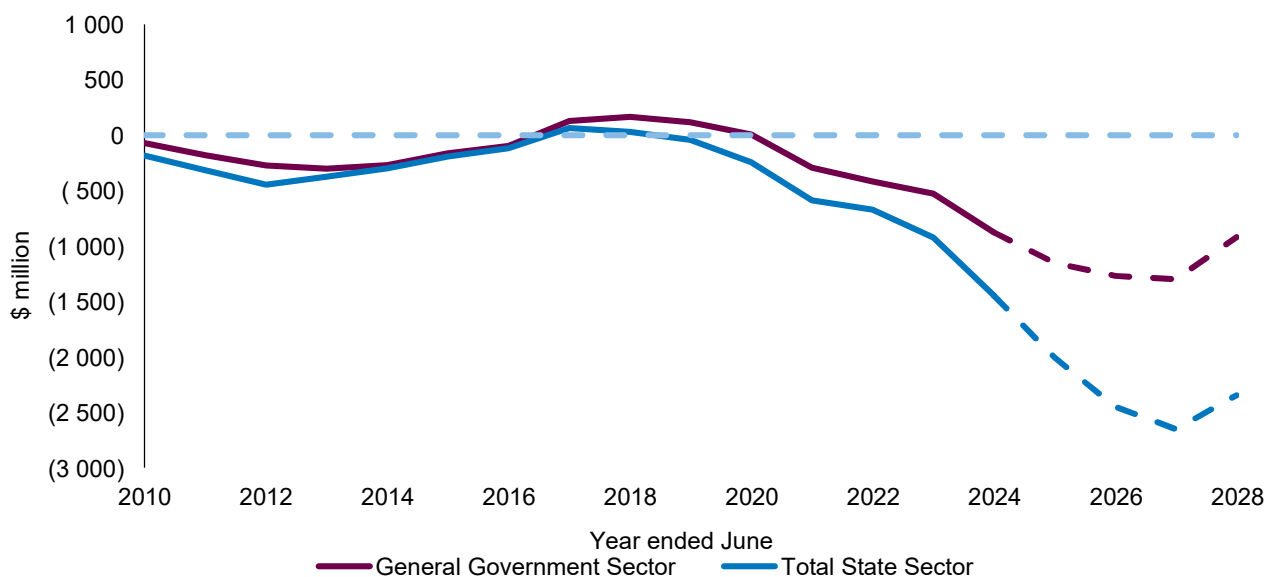
5. Fiscal Balance

Table 2.5 highlights an increase in the rolling four year average Fiscal Deficit for both the GGS and Total State Sector. This increase reflects the estimated higher Fiscal Deficit in 2024-25 compared to the average Fiscal Deficit between 2020-21 and 2023-24.

Table 2.5: Fiscal Balance

	2023-24	2024-25	2032-33
Strategic Action	Actual	Revised Budget	Target
Fiscal Balance (\$m, rolling 4-year average)			
General Government Sector	(877.4)	(1 151.7)	Balanced fiscal position over a rolling four-year average
Total State Sector	(1 446.2)	(2 005.7)	

Chart 2.4: Fiscal Balance (Rolling 4-year average), 30 June 2010 to 30 June 2028



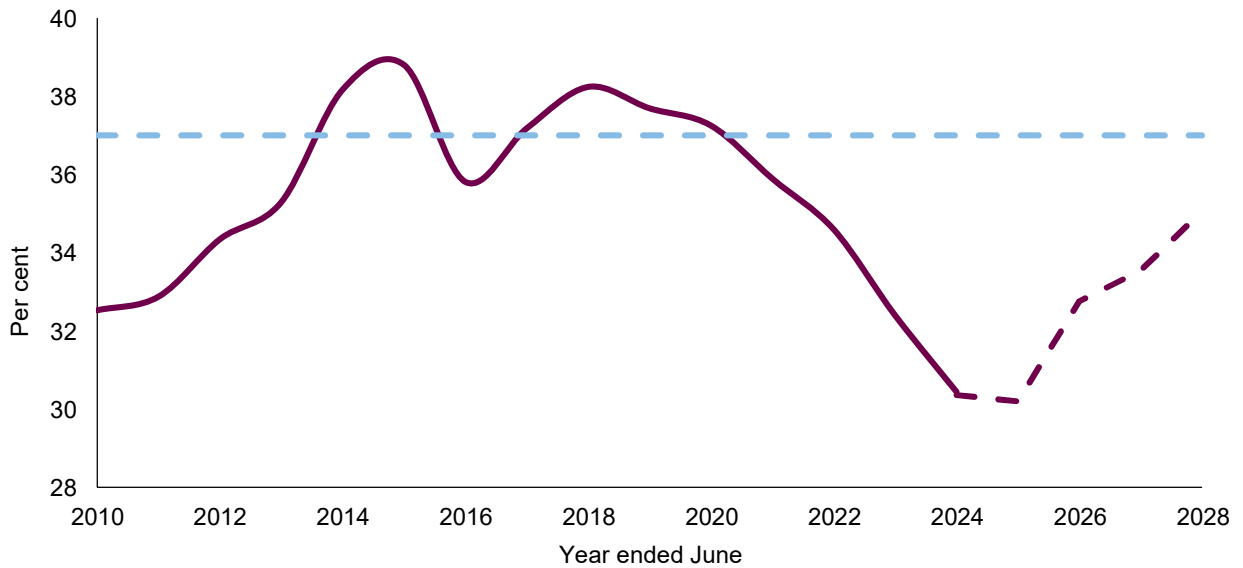
6. Total General Government Sector Own-Source Revenue as a percentage of Total Expenditure

Table 2.6 shows that the 2024-25 Revised Budget for GGS Own-source Revenue as a percentage of Total Expenditure is 30.2 per cent which is less than the established target of greater than 37 per cent. The decrease in 2024-25 from the 2023-24 Actual is primarily due to increased GGS expenditure.

Table 2.6: General Government Sector Own-Source Revenue as a percentage of Total Expenditure

	2023-24	2024-25 Revised	2032-33
Strategic Action	Actual	Budget	Target
General Government Sector Own-Source Revenues as a percentage of Total Expenditure (%)	30.4	30.2	>37

Chart 2.5: General Government Sector Own-Source Revenue as a percentage of Total Expenditure, 30 June 2010 to 30 June 2028



7. Impact of Government Business Enterprises and State-Owned Companies on the General Government Sector Financial Position

The 2024-25 Revised Budget for this Strategic Action represents a decline of \$82.7 million from the prior year, primarily due to a one-off equity transfer to Tasmanian Networks Pty Ltd.

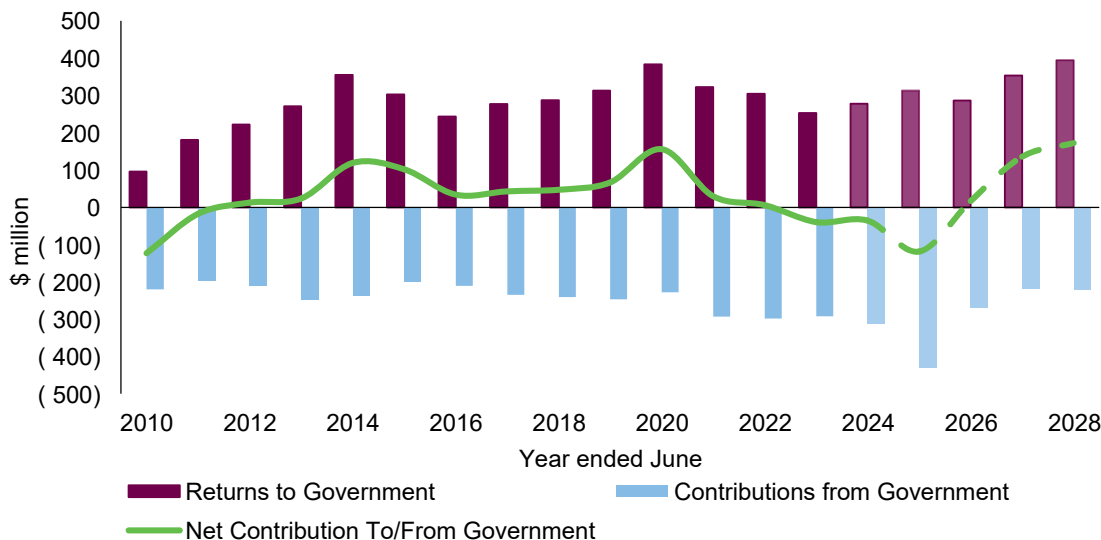
Table 2.7: Impact of Government Business Enterprises and State-Owned Companies on the General Government Sector

Strategic Action	2023-24	2024-25	2032-33
	Actual	Revised Budget	Target
	\$m	\$m	
Impact of Government Business Enterprises and State-Owned Companies on the General Government Sector Financial Position ¹	(35.6) ²	(118.3)	Positive impact

Notes:

- This includes the impact of the Supercharged Renewable Energy Dividend program.
- The 2023-24 comparative has been revised from the amount published in the *Treasurer's Annual Financial Report 2023-24* to reflect the final value of payments by government businesses relating to the Supercharged Renewable Energy Dividend and the Energy Bill Relief Fund.

Chart 2.6: Impact of Government Business Enterprises and State-Owned Companies on the General Government Sector, 30 June 2010 to 30 June 2028



Sustainable Infrastructure Development

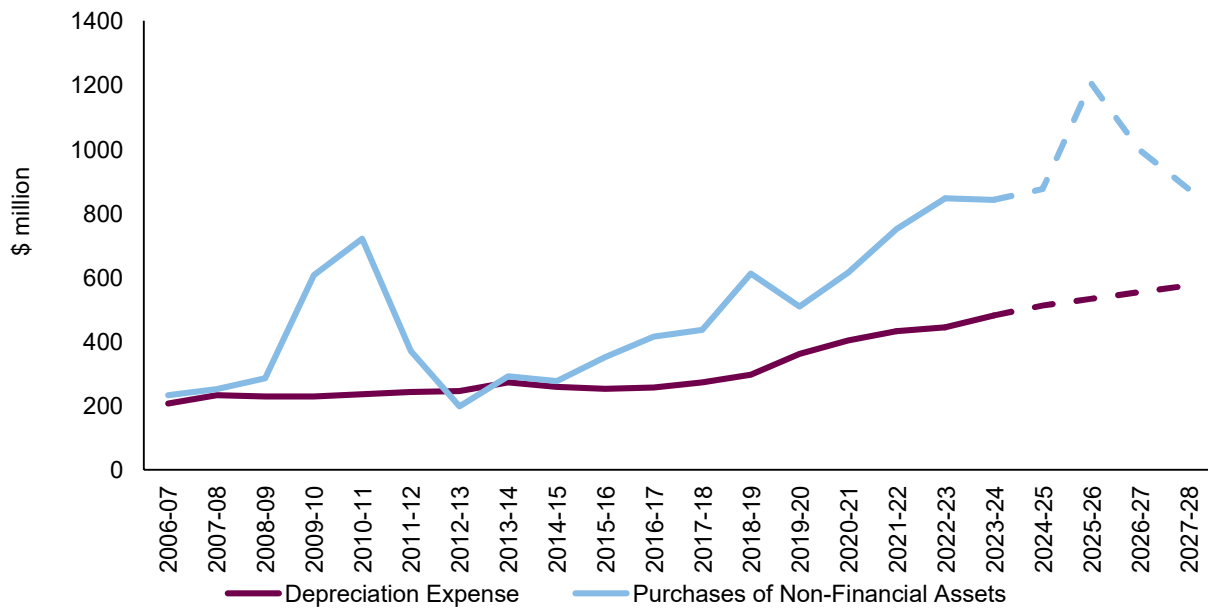
8. General Government Infrastructure Investment

The annual investment in the infrastructure investment program exceeds the annual depreciation expense, consistent with the 2032-33 Target.

Table 2.8: General Government Sector Infrastructure Investment

	2023-24	2024-25 Revised	2032-33
Strategic Action	Actual	Budget	Target
Annual investment in infrastructure no less than depreciation	Yes	Yes	GGs Income Statement infrastructure investment > depreciation

Chart 2.7: General Government Sector Purchases of Non-Financial Assets and Depreciation, 2006-07 to 2027-28



9. Government Business Infrastructure Investment

Since the announcement of this measure in the 2023-24 Budget, work has commenced on developing the necessary framework to support this strategic action, including the development of a new Guideline.

Table 2.9: Government Business Infrastructure Investment

	2023-24	2024-25	2032-33
Strategic Action	Actual	Revised Budget	Target
The proportion of GBE and SOC infrastructure projects in excess of \$50 million, for which Board approval is provided in the Budget year, that have a positive Net Present Value and/or positive Benefit Cost Ratio calculated as part of a Cost Benefit Analysis undertaken in accordance with the Infrastructure Australia Assessment Framework (%)	n/a	n/a	100

Public Sector Productivity and Service Delivery

10. General Government Sector FTEs per capita

The GGS FTEs per capita as at 31 December 2024 is above the established target of 5 315 per 100 000 persons.

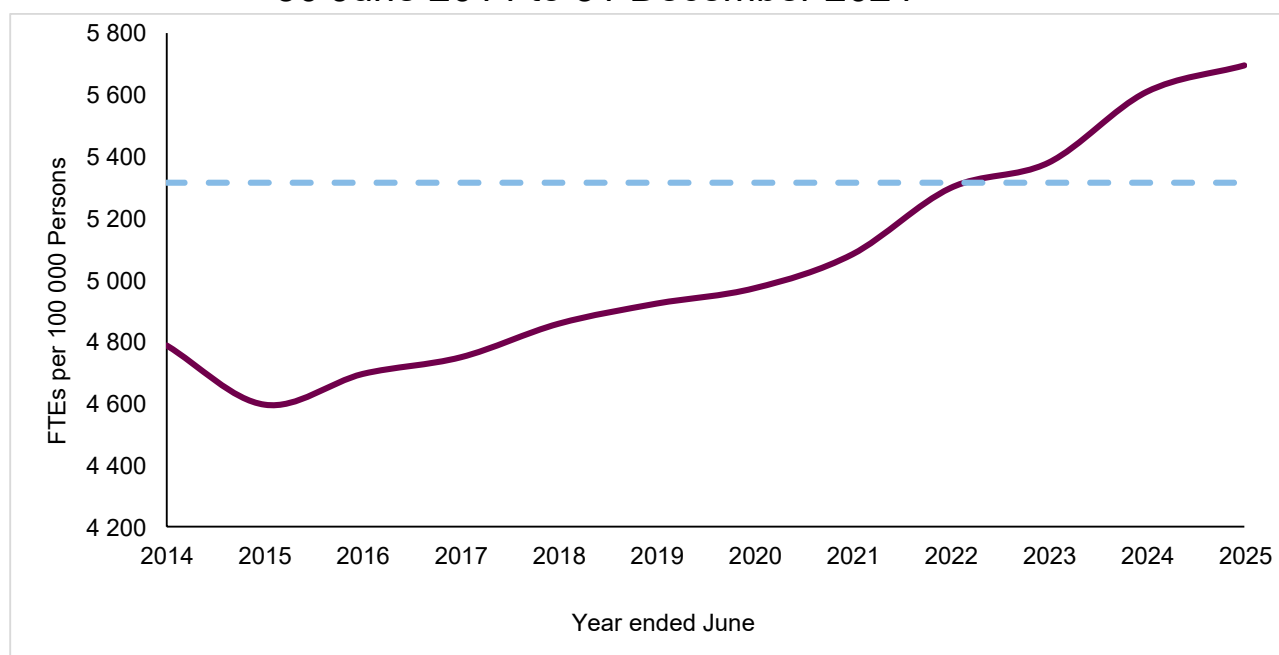
Table 2.10: General Government Sector FTEs per capita

	2023-24	2024-25 Revised	2032-33
Strategic Action	Actual	Budget	Target
General Government Sector FTEs per capita (including Homes Tasmania) (per 100 000 persons) ¹	5 613	5 695 ²	5 315 No increase compared to 30 June 2022

Notes:

1. This Action reflects the total number of FTEs employed within the General Government Sector. There may be differences between the total number of FTEs under this action and the State Service Workforce Report, which only includes FTEs employed under the *State Service Act 2000* and excludes those FTEs employed under other Acts (such as sworn Police Officers under the *Police Service Act 2003*).
2. 2024-25 Revised Budget reflects the figure as at 31 December 2024.

Chart 2.8: General Government Sector FTEs per 100 000 persons, 30 June 2014 to 31 December 2024



11. *Public Sector Efficiency, Productivity and Financial Transparency will be Improved*

The Government has continued to implement recommendations from the *Independent Review of the Tasmanian State Service Final Report*. The establishment of the new Fiscal Strategy in the 2023-24 Budget and monitoring against the new strategic actions represents a significant step in improving financial transparency and reporting on the Government's financial position.

Implementation of the 2023-24 Budget Efficiency Dividend commenced this financial year, with a strong focus on improving efficiency and productivity across the Public Sector. The Government is currently developing its strategy for the implementation of the 2024-25 Budget Efficiency Dividend, which takes effect from 2027-28.

Table 2.11: Public Sector Efficiency, Productivity and Financial Transparency will be Improved

	2023-24	2024-25	2032-33
Strategic Action	Actual	Revised Budget	Target
Public sector efficiency, productivity and financial transparency will be improved	Yes	Yes	Review to be undertaken in 2032-33 to assess the impact of action taken.

Summary of Strategic Actions and Targets

	2023-24	2024-25	2032-33
Strategic Action	Actual	Revised Budget	Target
Whole of Government Financial Position			
1. State's Current Credit Rating			
Moody's	Aa2	Aa2	Aa2
Standard & Poor's	AA+	AA+	AA+
Debt Management			
2. Gross Debt per capita (\$)¹			
General Government Sector	15 924	19 310	<20 000
3. Net Debt to Gross State Product (%)¹			
General Government Sector	8.4	14.2	<10
4. Cost of debt (including defined benefit superannuation) to cash receipts (%)¹			
General Government Sector	5.7	6.8	<6
Financial Sustainability			
5. Fiscal Balance (\$m, rolling 4-year average)			
General Government Sector	(877.4)	(1 151.7)	Balanced fiscal position over a rolling four-year average
Total State Sector	(1 446.2)	(2 005.7)	
6. Total General Government Sector Own-Source Revenue as a percentage of total expenditure (%)			
	30.4	30.2	>37
7. Impact of Government Business Enterprises and State-Owned Companies on the General Government Sector Financial Position (\$m)			
	(35.6)²	(118.3)	Positive impact
Sustainable Infrastructure Development			
8. General Government Sector Infrastructure Investment			
Annual investment in infrastructure no less than depreciation	Yes	Yes	GGs Income Statement infrastructure investment > depreciation
9. Government Business Infrastructure Investment (%)			
	n/a³	n/a³	100

Strategic Action	2023-24 Actual	2024-25 Revised Budget	2032-33 Target
<i>Public Sector Productivity and Service Delivery</i>			
10. General Government Sector FTEs per capita (including Homes Tasmania) (per 100 000 persons)⁴	5 613	5 695 ⁵	5 613 No increase compared to 30 June 2022
11. Public Sector Efficiency, Productivity and Financial Transparency will be Improved	Yes	Yes	Review to be undertaken in 2032-33 to assess the impact of action taken.

Notes:

1. These actions include the impact of debt and cost of debt for Homes Tasmania.
2. The 2023-24 comparative has been revised from the amount published in the *Treasurer's Annual Financial Report 2023-24* to reflect the final value of payments by government and non-government businesses relating to the Supercharged Renewable Energy Dividend and the Energy Bill Relief Fund.
3. Work on the development of the framework commenced in 2023-24.
4. This Action reflects the total number of FTEs employed within the General Government Sector. There may be differences between the total number of FTEs under this action and the State Service Workforce Report, which only includes FTEs employed under the *State Service Act 2000* and excludes those FTEs employed under other Acts (such as sworn Police Officers under the *Police Service Act 2003*).
5. 2024-25 Revised Budget reflects the figure as at 31 December 2024.

3. TASMANIAN ECONOMY UPDATE

The Tasmanian economy grew steadily in 2023-24, recording growth of 1.4 per cent in the year. This built upon previous years of strong growth, with Tasmania recording the highest increase of all states over the past seven years. While growth has moderated over the past two years, the Tasmanian economy remains in a strong position. This is also reflected in the unemployment rate, which was near its series low in December 2024.

Tasmania's economy is forecast to continue to grow over the Forward Estimates, though with growth remaining more modest in the short-term, reflecting the ongoing impacts from higher interest rates, along with more subdued national and global economic conditions. Economic activity is expected to start to pick up towards the end of 2025, as business confidence and consumer sentiment improve. This outlook is also expected to be reflected in the labour market, with employment forecast to pick up over 2025-26, following an expected decline in 2024-25. The unemployment rate is expected to increase slightly over the Forward Estimates, though is forecast to remain at a historically low rate.

Consistent with the 2024-25 Budget, inflation remains a risk to global and domestic economic activity. Encouragingly, since the Budget, inflation has continued to ease. However, a reversal of this trend could negatively impact economic activity. Additionally, the Tasmanian economy, along with the national and global economies, are still being impacted by the action taken to curb inflation over recent years, with the tighter monetary policy settings constraining economic activity. However, should inflation continue to ease, increasing the prospects of monetary policy loosening, it is expected that business and consumer confidence will improve.

This Section presents Treasury's revised forecasts for key Tasmanian economic indicators for 2024-25 and 2025-26, and projections for 2026-27 and 2027-28.

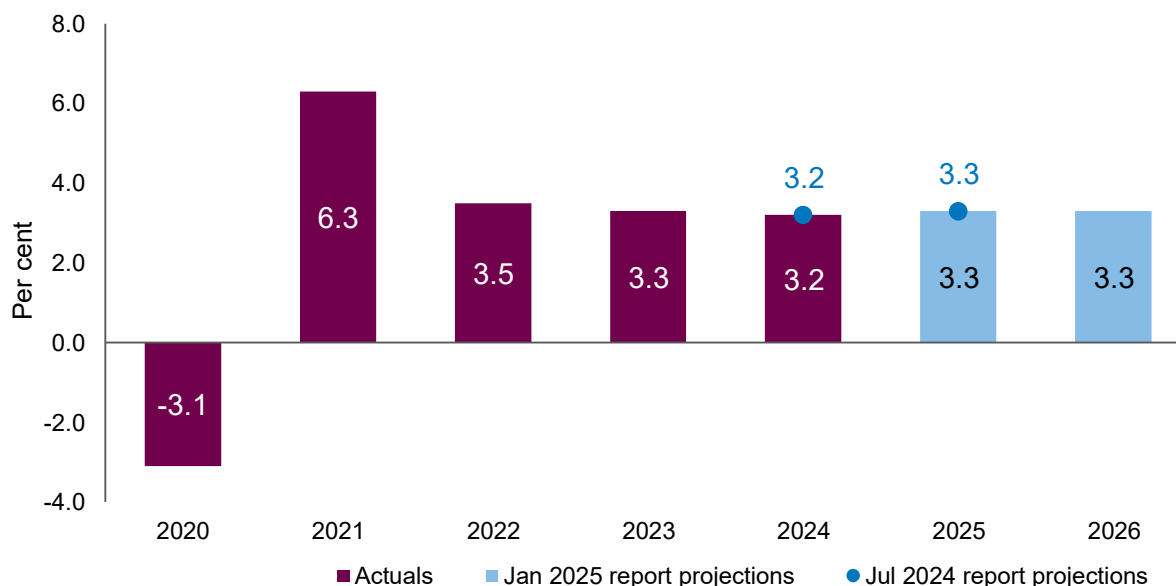
Global and National Economic Environment

The global economy remained steady throughout 2024, despite the ongoing impacts from inflationary pressures, tighter monetary policy settings, and political events, including the United States election. Additionally, the global economy has continued to feel effects from international conflicts such as the conflict in the Middle-East and the ongoing war between Russia and Ukraine, particularly with respect to the physical supply, and prices, of fuel and other commodities, which has added to underlying inflationary pressures.

The global economy performed broadly in line with what was expected during 2024, with the World Bank estimating that it grew by 2.7 per cent in its January 2025 *Global Economic Prospects* report, revised up slightly from the 2.6 per cent forecast in June 2024. In its January 2025 *World Economic Outlook* report, the International

Monetary Fund estimated that global economic growth in 2024 was consistent with its forecast at the time of the 2023-24 Budget, at 3.2 per cent. Similarly, its projection for 2025 has not been revised, remaining at 3.3 per cent. The IMF has projected global economic growth to also be 3.3 per cent in 2026.

Chart 3.1: Global Economic Growth



Source: *World Economic Outlook*, International Monetary Fund.

Over 2023-24, the Australian economy grew by 1.4 per cent. This growth was more modest than in previous years and reflected the impact of higher interest rates and cost of living pressures dampening household consumption, and the overall weaker global economic conditions. In the Australian Government's *Mid-Year Economic and Fiscal Outlook 2023-24* (MYEFO), released on 18 December 2024, the Australian Treasury revised its growth forecast for the national economy in 2024-25, to 1¾ per cent, slightly lower than the 2024-25 Australian Budget forecast of two per cent. The national economy is expected to grow by 2¼ per cent in 2025-26, with the expectation that it will start to regain some momentum over the 2025 calendar year.

Australia's labour market has remained resilient, with the latest Australian Bureau of Statistics data indicating that national employment grew by 2.8 per cent in December 2024 compared with the previous year, with the Australian Treasury expecting moderate growth over the Forward Estimates. The unemployment rate has also remained at historically low levels and, as outlined in the MYEFO, it is expected to only rise modestly in the coming years.

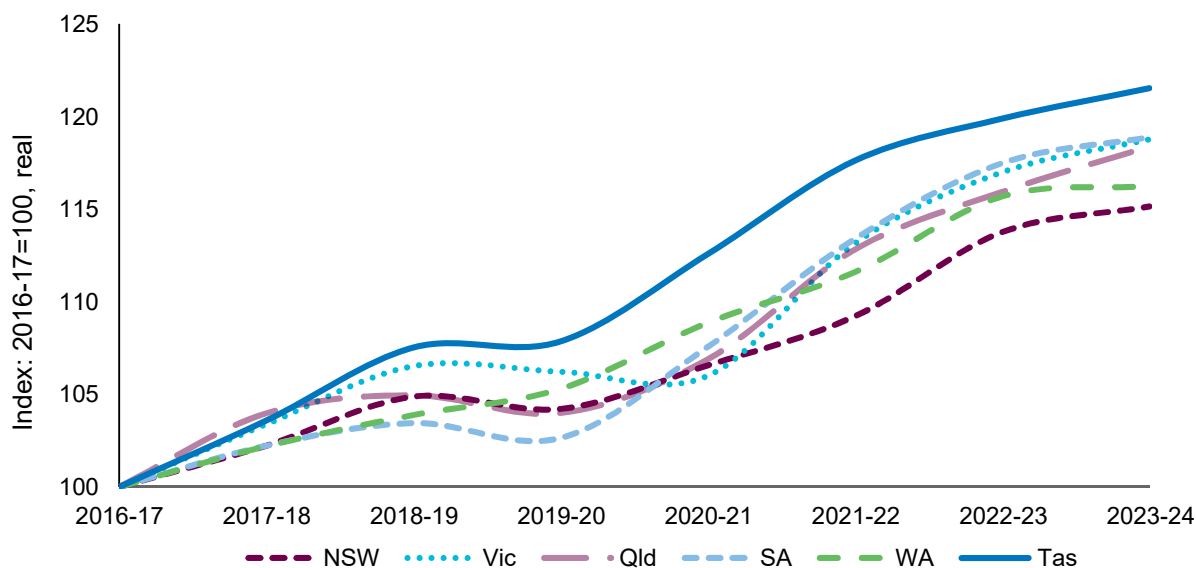
Recent Economic Performance and Outlook for the Tasmanian Economy

Similar to nationally, the Tasmanian economy grew by 1.4 per cent in 2023-24. This builds on the strong growth in recent years, though at a more moderate rate due to the impacts

of high inflation and increased interest rates on consumer confidence and business sentiment. The growth in 2023-24 was supported by positive growth in household consumption, government expenditure and international exports, but was partially offset by a small decline in private investment, and an increase in international imports.

While Tasmania’s GSP growth has moderated over the past two years, the Tasmanian economy has continued its strong performance, with the highest growth of all state economies in the country over the past seven years.

Chart 3.2: Gross State Product



Source: Australian National Accounts: State Accounts, ABS.

The following table shows the performance of various economic indicators for Tasmania for 2023-24, and forecasts and projections for these indicators over the Forward Estimates.

Table 3.1: Economic Actuals, Forecasts and Projections

	2023-24	2024-25	2024-25	2025-26	2025-26	2026-27 and 2027-28
		Budget	Revised Budget	Budget	Revised Budget	Revised Budget
	Actuals	Forecasts	Forecasts	Forecasts	Forecasts	Projections ¹
Gross state product (real, % change) ²	1.4	1¼	1¾	2	2	2½
State final demand (real, % change) ²	1.7	2½	1¼	2¼	2	2½
Employment (year-average, % change) ³	-0.5	-¼	-1¼	1	1	1¼
Labour force participation rate (year-average, %) ³	61.5	60¾	60½	61	60¾	60¾
Unemployment rate (year-average, %) ³	4.1	4¼	4¼	4½	4½	4½
Consumer Price Index (year-average, % change) ⁴	3.3	2¾	1¾	3	3½	2½
Population (year-average, % change) ⁵	0.3	0.4	0.4	0.5	0.5	0.7

Source: Actuals - Australian Bureau of Statistics; Forecasts and projections - Treasury.

Notes:

1. The projections are based on the long-term average growth rate of the indicator, except for the unemployment rate and the participation rate, which reflect the expected rate of those indicators for 2025-26.
2. State final demand actual is an ABS estimate calculated using the September quarter 2024 National Accounts data, while gross state product is calculated using the 2023-24 ABS State Accounts data.
3. Labour force actuals are ABS estimates calculated using the December 2024 data.
4. The Consumer Price Index actual is an ABS estimate calculated using the December quarter 2024 data.
5. Population actual is an ABS estimate calculated using the June quarter 2024 data.

There is always a degree of uncertainty in the outlook for the economy, with this particularly evident in recent years. Inflationary pressures have eased since their peak, but doubt remains about the future path of inflation and there continues to be uncertainty around the full impacts of the associated policy responses, both nationally and overseas, creating challenges in economic forecasting.

The forecasts included in this Section use a set of assumptions and judgements that are based on information available at the time of preparation and are inherently uncertain and subject to change. While these forecasts use the most up-to-date data available, these data are retrospective and are subject to revision. As a small jurisdiction, some of the key data for Tasmania are also more volatile and less reliable than for the larger states, including data relating to the labour force and gross state product and its components.

The Tasmanian economy has performed steadily in the first quarter of 2024-25, with the ABS estimating that Tasmanian state final demand grew by 0.4 per cent in the September quarter 2024.

Household consumption fell slightly in the September quarter 2024, largely driven by a fall in spending on electricity, due to increased social benefits to households by the Tasmanian and Australian governments. Spending on electricity by households will revert to its usual level as the subsidies are unwound. Over the remainder of 2024-25, household consumption is otherwise expected to grow at a modest rate, reflecting

positive, though subdued, spending as households continue to be affected by the recent cost of living pressures and higher interest rates. In particular, it is expected that spending on discretionary goods such as hotels, cafés and restaurants, recreation and culture, and furnishings and household equipment will remain weak. Household consumption is then forecast to pick up over 2025-26, as the impacts of inflation and higher interest rates lessen, and consumer confidence starts to improve.

Private investment experienced strong growth in the September quarter 2024, above what was anticipated at the time of the 2024-25 Budget. This growth was largely driven by rises in non-dwelling construction, alterations and additions of new dwellings, and ownership transfer costs. Over 2024-25, private investment is now expected to experience modest growth, which is an improvement on the slight decline expected at the time of the Budget. This revision reflects that dwelling investment and ownership transfer costs appear to be stabilising, and the expectation that overall private investment will start to pick up in the first half of 2025, as concerns around inflation start to dissipate.

While there has been updated information regarding the timing of the delivery of some infrastructure projects, consistent with the 2024-25 Budget, government consumption and investment are expected to grow steadily in 2024-25 and 2025-26. This is expected to be underpinned by ongoing growth in government consumption, along with strong capital investment as the Government continues to deliver its infrastructure program. However, the growth in government investment is expected to be constrained over the Forward Estimates, reflecting that the building and construction industry appears to be operating at close to full capacity.

Overall, state final demand will continue to support growth in the Tasmanian economy, though it is now expected to be lower over 2024-25 and 2025-26 than at the time of the 2024-25 Budget.

Following very strong growth in the September quarter 2024, international exports are forecast to experience solid growth over 2024-25. Goods exports are expected to remain at their current high level, and services exports are expected to experience further growth, with the flow of international tourism and international students to Tasmania stabilising over the year following the disruptions caused by the COVID-19 pandemic. International imports are also forecast to grow over the year, with goods imports similarly expected to remain around their current level, while service imports are expected to experience modest growth.

Overall, gross state product is expected to grow by 1¾ per cent in 2024-25 and two per cent in 2025-26, with this growth supported by positive state final demand, as well as the ongoing growth in exports.

As economic conditions have been more subdued, employment in Tasmania has softened following the extended period of strong growth that occurred following the initial shock of the COVID-19 pandemic. However, labour force results have been mixed, with the unemployment rate continuing to perform well and remaining at historically low rates, sitting at 4.1 per cent in trend terms in December 2024.

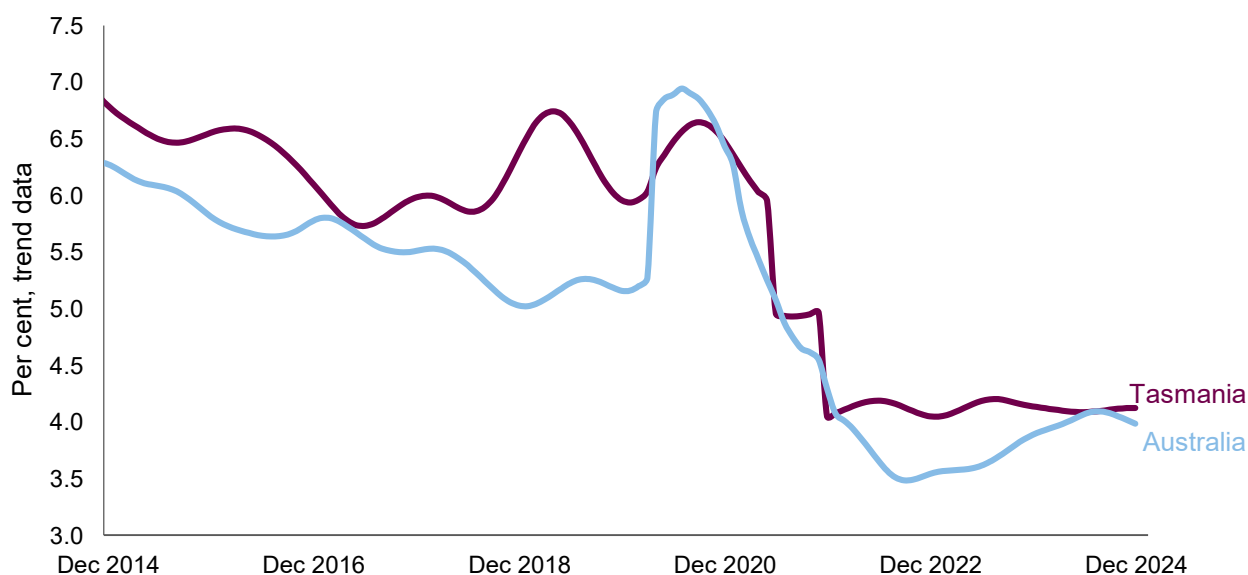
In 2024-25, employment is forecast to decline by 1¼ per cent, which is a greater decline than what was forecast at the time of the 2024-25 Budget. This forecast reflects that

employment levels have been lower in the first six months of 2024-25 than expected at the time of the Budget, along with the more subdued growth outlook for the economy in the near term. Employment is then expected to pick up in 2025-26, with growth of one per cent forecast.

Similar to employment, the Tasmanian participation rate has also been slightly lower over the first half of 2024-25 than was expected at the time of the 2024-25 Budget. Reflecting this, the forecast for the participation rate in 2024-25 has been revised down slightly, to 60½ per cent, in year-average terms. It is then expected to pick up slightly in 2025-26 to be 60¾ per cent, as economic conditions improve.

Consistent with the forecast presented in the 2024-25 Budget, Tasmania’s unemployment rate is forecast to increase slightly to be 4¼ per cent in year-average terms in 2024-25, before increasing to 4½ per cent in 2025-26. Similar to the reasoning at the time of the Budget, this reflects that the unemployment rate continues to be historically low and the expectation that it will be difficult to maintain this low rate for an extended period of time.

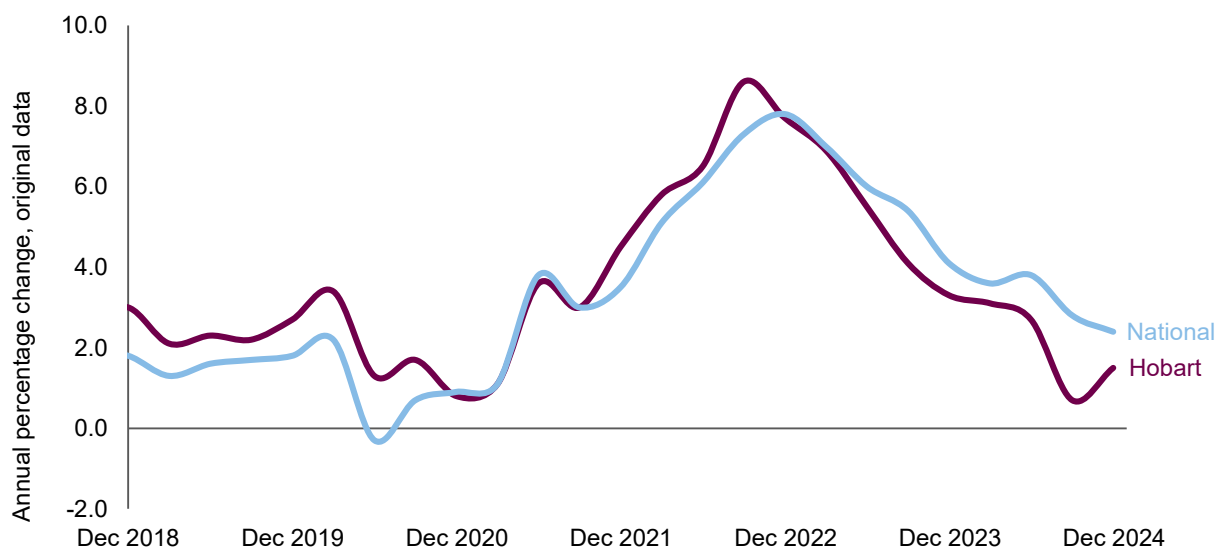
Chart 3.3: Tasmanian Unemployment Rate



Source: *Labour Force, Australia*, ABS.

The inflationary pressures that have been impacting the Tasmanian, Australian and global economies, have continued to ease in recent quarters, with Hobart inflation easing at a greater rate than nationally. In the December quarter 2024, it is estimated that the Hobart Consumer Price Index recorded annual growth of 1.5 per cent, the lowest of all states and territories. While quarterly growth in Hobart’s CPI saw an uptick in the most recent quarter, this reflected the rebound in electricity prices following the \$250 Tasmanian Government Renewable Energy Dividend (RED), which was provided to all Tasmanian households that were connected to the network. The RED was largely captured in the September quarter 2024 CPI data.

Chart 3.4: Consumer Price Index



Source: *Consumer Price Index, Australia*, ABS.

Given inflation has continued to ease broadly in line with its forecasts, the Reserve Bank of Australia has not changed the cash rate since November 2023.

Reflecting the impact of the \$250 Tasmanian Government RED, along with other measures such as the Australian Government Energy Bill Relief Fund and the Tasmanian Government half-price public transport fares, the Hobart CPI is forecast to grow by 1¾ per cent in 2024-25. This is lower than the 2024-25 Budget forecast of 2¾ per cent, which largely reflects that the timing of the \$250 RED was mainly captured by the ABS in the September quarter 2024, thereby impacting 2024-25. In comparison, at the time of the Budget it was thought that it would be included in the June quarter 2024, which would then impact 2023-24.

The Hobart CPI is then expected to grow by 3½ per cent in 2025-26, in year-average terms, with the increase in the growth rate compared with the previous year largely reflecting the scheduled end of the current energy subsidies.

Tasmania's population as at 30 June 2024 was estimated to be 575 366, which was 0.28 per cent higher than the level one year earlier. Population growth has slowed in Tasmania in the past two years with the June quarter 2024 even recording a slight decline. However, the population is considerably higher than it was a decade ago, reflecting the strong boom seen in the State in the late 2010s and early 2020s.

The ABS estimates that the Tasmanian population grew by 0.3 per cent in 2023-24, in year-average terms, slightly below the 2024-25 Budget forecast of 0.4 per cent.

The Tasmanian population is expected to continue to grow, but still at a subdued rate of 0.4 per cent, in year-average terms, in 2024-25. This is consistent with the 2024-25 Budget forecast. Similar to the Budget, this forecast reflects weaker net overseas migration, as overseas migration transitions to lower flows under Australian Government policy settings. Additionally, net interstate migration outflows are forecast to persist.

However, these outflows are expected to be lower than the previous year, as interstate migration to Tasmania starts to recover. Consistent with recent trends, only modest natural increases are expected over the year.

In 2025-26, population growth in Tasmania is forecast to pick up slightly to grow by 0.5 per cent, in year-average terms, consistent with the forecast presented in the 2024-25 Budget. This growth is expected to be driven by a continuation of more 'normal' net overseas migration flows, along with a modest natural increase. Net interstate migration is expected to stay at a neutral rate in the year.

Risks to the Outlook

The risks to the outlook remain broadly similar to those at the time of the 2024-25 Budget.

Consistent with Budget commentary, the key risk to the outlook continues to be inflation. While the outlook on inflation is improving, there remains a risk that inflation could change course from its easing trend, resulting in either a global economic downturn or a prolonged period of subdued economic activity.

In Australia, while growth in underlying inflation has eased, it remains high. This was highlighted by the RBA in its November 2024 *Statement on Monetary Policy*, where it also noted that, while inflation is expected to further gradually decline, it is not expected to reach the midpoint of the RBA's target range until the end of 2026. The RBA has continued to emphasise the need to be vigilant to upside risks to inflation and has noted that policy will need to be sufficiently restrictive until the RBA Board is confident that inflation is moving sustainably towards the target range.

There also continues to be uncertainty as to the full impacts of the action taken by the RBA to curb inflationary pressures. Changes to the cash rate have a lagged effect in the economy, so the full impact and the effectiveness of the action is difficult to assess in the short-term. There remains a risk that the monetary policy action taken has been too restrictive and will lead to a greater-than-expected or prolonged economic downturn.

Following the strong growth in Tasmania's population in the late 2010s and early 2020s, population growth has started to slow, recording one quarter of negative growth. There is a risk that Tasmania's population growth could further stagnate or decline in the short-to-medium term, possibly driven by greater-than-expected net interstate migration outflows. A stagnant or declining population could lead to reduced economic activity in the State and exacerbate challenges around workforce shortages and an ageing population.

The performance of the global economy also continues to pose a risk to the outlook. Given the strong trade links that mainland Australia and Tasmania have with China, the performance of the Chinese economy poses a risk to both outlooks. While China expects its economy to grow, if it were to experience an economic downturn or slower than expected economic growth, there would be material negative effects on the Australian and Tasmanian economies.

Consistent with the 2024-25 Budget, current and ongoing global political events and conflicts continue to pose a risk to the outlook due to the potential for them to severely impact global prices and economic activity, which could spill over to the Tasmanian

economy. More recently, the actions of the newly elected US administration have resulted in increased uncertainty. There is a risk that policy changes, particularly in relation to trade and investment, could impact the Australian and Tasmanian economies directly or indirectly through impacts on key trade partners. However, there is significant uncertainty as to what the impact, if any, on the Australian and Tasmanian economies would be, given the changing US policy environment.

4. GENERAL GOVERNMENT SECTOR OUTCOME

Income Statement

The General Government Income Statement for 2024-25 is detailed in Table 4.1.

The revised 2024-25 Budget forecasts:

- a Net Operating deficit of \$1 296.1 million, a \$503.4 million increase from the Budget estimate of a \$792.8 million deficit; and
- a Fiscal Deficit of \$1 622.1 million, a \$328.8 million increase from the Budget estimate of a \$1 293.3 million deficit.

Table 4.1: General Government Income Statement

	2023-24	2024-25	2024-25	2024-25
	Dec YTD		Revised	Dec YTD
	Actual	Budget	Budget	Actual
	\$m	\$m	\$m	\$m
Revenue from transactions				
Grants	2 761.2	5 832.8	5 891.7	2 867.8
Taxation	990.4	1 821.9	1 811.2	997.9
Sales of goods and services	174.7	455.8	449.9	151.4
Fines and regulatory fees	71.8	156.4	157.9	85.2
Interest income	31.8	78.3	85.3	40.5
Dividend, tax and rate equivalent income	242.4	387.0	377.3	272.9
Other revenue	111.5	219.7	228.2	142.8
	4 383.7	8 951.8	9 001.5	4 558.5
Less Expenses from transactions				
Employee expenses	1 870.8	3 978.3	4 243.9	2 108.5
Superannuation	212.4	476.3	493.5	243.2
Depreciation	226.0	486.5	511.9	244.9
Supplies and consumables	851.7	1 845.7	1 945.5	977.3
Nominal superannuation interest expense	144.9	306.3	315.8	153.5
Borrowing costs	50.9	223.3	237.2	95.1
Grant and subsidy expenses	1 199.7	2 400.2	2 492.1	1 229.9
Other expenses	27.4	28.0	57.8	18.3
	4 583.7	9 744.6	10 297.7	5 070.6
Equals NET OPERATING BALANCE	(200.0)	(792.8)	(1 296.1)	(512.1)
Plus Other economic flows - included in Operating Result				
Gain/(loss) on sale of non-financial assets	6.1	15.7	13.1	4.1
Other gains/(losses)	(4.6)	(57.6)	(156.4)	(10.4)
	1.6	(41.9)	(143.3)	(6.3)
Equals Operating Result	(198.4)	(834.7)	(1 439.5)	(518.4)

Table 4.1: General Government Income Statement (continued)

	2023-24 Dec YTD Actual \$m	2024-25 Budget \$m	2024-25 Revised Budget \$m	2024-25 Dec YTD Actual \$m
Plus Other economic flows - other movements in Equity				
Revaluations of non-financial assets	137.1	277.9	277.9	138.9
Revaluation of equity investment in PNFC and PFC sectors	....	(102.1)	(150.0)	....
Movements in superannuation liability	....	(114.6)	(49.4)	....
Other non-owner movements in Equity	(4.5)	....	....	0.1
	132.7	61.2	78.4	139.0
Equals Comprehensive Result	(65.8)	(773.5)	(1 361.1)	(379.4)
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	(200.0)	(792.8)	(1 296.1)	(512.1)
Less Net acquisition of non-financial assets				
Purchases of non-financial assets ¹	337.1	1 027.2	875.4	361.5
Less Sales of non-financial assets	16.6	40.2	37.6	20.4
Less Depreciation	226.0	486.5	511.9	244.9
	94.5	500.6	325.9	96.2
Equals FISCAL BALANCE	(294.5)	(1 293.3)	(1 622.1)	(608.3)

Note:

1. The December year-to-date actual has been impacted by timing factors on projects relating to road, health, housing and school infrastructure with expenditure expected to increase in the second half of 2024-25.

Underlying Net Operating Balance

The Underlying Net Operating Balance is a measure which removes the impact of one-off Australian Government funding for specific capital projects.

Table 4.2: Underlying Net Operating Balance, 2024-25 to 2027-28¹

	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m
Net Operating Balance	(1 296.1)	(331.8)	(362.8)	(39.9)
Less One-off Australian Government funding				
Battery of the Nation - Tarraleah	30.4	11.8	....	....
Bell Bay Line	....	3.2	11.2	9.6
Construction of the Launceston Hospice	1.7	9.1	9.1	....
COVID-19 Infrastructure Stimulus Funding	2.7	....	....	....
Cradle Mountain Experience	....	....	6.1	6.1
Macquarie Point Urban Renewal	....	80.0	100.0	60.0
Macquarie Wharf 6 (Port of Hobart)	....	47.0	47.0	47.0
Melba Line Bulk Minerals Rail Hub	....	14.4	....	....
National Water Infrastructure Development Fund	41.9	108.9	58.5	47.0
New Bridgewater Bridge	160.0	75.3	27.0	....
Northern Heart Centre in Launceston	2.0	8.0	40.0	60.0
Redevelopment of the Royal Hobart Hospital	2.6	....	....	....
Roads and Rail Funding (Nation Building)	38.6	101.2	75.6	62.1
Road Corridors	18.0	26.3	46.2	62.2
Safer Local Roads Program	9.6	10.9	9.3	6.3
Roads of Strategic Importance	36.7	74.2	82.6	56.5
Tasman Bridge Upgrade	2.0	....	16.0	17.6
Urban Congestion Fund	4.5	10.6	18.5	40.6
UTAS Stadium Redevelopment	13.0	15.6	36.4	....
	363.7	596.6	583.4	474.8
Underlying Net Operating Balance	(1 659.8)	(928.4)	(946.2)	(514.8)

Note:

- Underlying Net Operating Balance is not a standard fiscal measure applied by other state governments and its utility is subject to interpretation.

Major Revenue Variations

Revenue from transactions is estimated to be \$9 001.5 million in 2024-25, which is \$49.7 million higher than the 2024-25 Budget estimate of \$8 951.8 million. The main changes in the 2024-25 estimates are summarised below and in the Policy and Parameter Statement.

Description	2024-25 Variance	Reasons
Grants	\$58.9 million higher	
<ul style="list-style-type: none">• General Purpose Payments	\$57.5 million higher	The increase in GST revenue primarily reflects the Australian Government's increased estimate of the GST pool, which is partially offset by a \$27.4 million residual adjustment for overpaid GST revenue to the State in 2023-24.
<ul style="list-style-type: none">• National Agreements	\$15.6 million higher	The increase in National Agreements funding primarily reflects: <ul style="list-style-type: none">• an increase of \$9.1 million for the National Skills Agreement; and• an increase of \$6.5 million for the Better and Fairer Schools Agreement from the Australian Government.

Description	2024-25 Variance	Reasons
<ul style="list-style-type: none"> National Partnership Payments 	\$14.2 million lower	<p>The net decrease in National Partnership Payments primarily reflects revised expenditure for the following programs:</p> <ul style="list-style-type: none"> a decrease of \$63 million for the National Water Infrastructure Development Fund; an increase of \$12 million for the Launceston City Deal - Tamar Estuary - Urban Water Infrastructure Upgrades; an increase of \$6.8 million for Public Dental Services for Adults; an increase of \$6.5 million for the Schools Upgrade Fund - Round 2; an increase of \$4.9 million for the Social Housing Energy Performance Initiative; an increase of \$3.6 million for Medicare Urgent Care Clinics - Tasmania; and an increase of \$3.5 million for the Preschool Reform Agreement.

Description	2024-25 Variance	Reasons
Taxation	\$10.7 million lower	<p>The net decrease in Taxation primarily reflects a decrease of \$18.6 million in Duties which includes a decrease of \$15.7 million in Conveyance duty primarily driven by lower sale values and a decrease of \$2.9 million in Motor vehicle duty due to an easing in vehicle sales.</p> <p>This decrease is offset by increases of:</p> <ul style="list-style-type: none"> • \$5.5 million in Land tax reflecting an increase in properties classified as General Land; and • \$5.6 million in Payroll tax reflecting strong wage growth.
Interest income	\$7.1 million higher	The increase in Interest income primarily reflects an estimated \$192 million increase in the underlying cash balances invested with the Tasmanian Public Finance Corporation and Westpac.
Dividend, tax and rate equivalent income	\$9.7 million lower	The net decrease in Dividend, tax and rate equivalent income primarily reflects a \$14.6 million decrease in tax equivalent payments, driven by lower forecast profitability in 2024-25 for Hydro Tasmania and Tasmanian Networks Pty Ltd. The decrease in tax equivalents is partially offset by a \$4.7 million increase in dividends, mainly due to Hydro Tasmania's higher than forecast dividend payment in respect of 2023-24.

Table 4.3: General Government Grants

	2023-24 Dec YTD Actual \$m	2024-25 Budget \$m	2024-25 Revised Budget \$m	2024-25 Dec YTD Actual \$m
Untied Funding (General Purpose Payments)				
GST Revenue	1 748.0	3 519.4	3 576.9	1 806.3
Tied Funding (Payments for Specific Purposes)				
National Agreements	678.9	1 461.4	1 477.1	737.8
National Partnership Payments	308.4	797.2	783.0	293.3
Total Tied Funding	987.2	2 258.6	2 260.0	1 031.1
Other Grants and Subsidies	26.0	54.8	54.8	30.4
Total Grants	2 761.2	5 832.8	5 891.7	2 867.8

Table 4.4: General Government Taxation

	2023-24 Dec YTD Actual \$m	2024-25 Budget \$m	2024-25 Revised Budget \$m	2024-25 Dec YTD Actual \$m
Payroll tax	275.0	578.8	584.5	284.6
Taxes on property				
Land tax ¹	189.7	194.0	199.4	202.5
Fire service levies	48.5	105.1	105.1	54.2
Government guarantee fees	0.3	39.9	35.2	....
Conveyance duty	208.2	338.0	322.4	174.2
	446.7	677.0	662.2	430.9
Taxes on provision of goods and services				
Gambling taxes				
Annual Wagering Levy	1.6	1.7	1.7	1.7
General Casino Tax and licence fees	3.7	10.5	10.5	5.8
Venue tax and licence fees	24.3	41.2	41.2	21.2
Keno Operator and licence fees	4.4	8.0	8.0	4.3
Lottery tax	16.9	54.6	54.6	23.5
Point of Consumption Wagering Tax	15.2	15.2	15.2	7.4
Insurance duty	72.5	153.7	153.7	79.4
	138.6	285.0	285.0	143.4
Taxes on the use of goods and services				
Vehicle registration fees	26.7	56.6	58.0	30.3
Motor vehicle fees and taxes				
Motor vehicle duty ²	31.0	77.4	74.5	37.1
Motor tax ²	66.8	135.2	135.2	65.6
Motor vehicle fire levy	5.5	11.8	11.8	6.0
	130.1	281.1	279.5	139.0
TOTAL STATE TAXATION	990.4	1 821.9	1 811.2	997.9

Notes:

1. The December year-to-date actual exceeds the Revised Budget due to the timing of collection of Land tax, the majority of which is recognised in the September 2025 quarter.
2. The comparative figures have been adjusted to amend the classification of Motor vehicle duty and Motor tax revenue.

Major Expense Variations

Total Expenses from transactions is estimated to be \$10 297.7 million in 2024-25, which is \$553.1 million higher than the 2024-25 Budget estimate of \$9 744.6 million. The main expense category changes in 2024-25 estimates are summarised below, and in the Policy and Parameter Statement.

Description	2024-25 Variance	Reasons
Employee expenses	\$265.6 million higher	<p>The increase in Employee expenses primarily reflects:</p> <ul style="list-style-type: none"> • an increase in the Department for Education, Children and Young People of \$8.5 million which includes: <ul style="list-style-type: none"> – an increase of \$5.5 million for Government Schools under the Better and Fairer Schools Agreement; and – an increase of \$3 million for revised Australian Government funded National Partnership Payment expenditure for the Preschool Reform Agreement; • an increase in the Department of Health of \$238 million which includes: <ul style="list-style-type: none"> – an increase of \$225.6 million for additional costs to meet health demand and service requirements; and – an increase of \$12 million for revised Australian Government funded National Partnership Payment expenditure including \$5.5 million for Public Dental Services for Adults and \$2.5 million for the Community Health and Hospitals Program; and • an increase in the Department of Justice of \$18.8 million which includes an increase of \$18 million for additional costs of staffing the Tasmania Prison Service.

Description	2024-25 Variance	Reasons
Supplies and consumables	\$99.8 million higher	<p>The increase in Supplies and consumables primarily reflects:</p> <ul style="list-style-type: none"> • an increase in the Department for Education, Children and Young People of \$8.9 million which includes: <ul style="list-style-type: none"> – an increase of \$7.3 million for revised Australian Government funded National Partnership Payment expenditure including \$6.5 million for the Schools Upgrade Fund - Round 2; and – an increase of \$2.3 million from the reinvestment of asset sales proceeds into the Tasmanian Archive Office and Huonville High School; • an increase in the Department of Health of \$94.6 million which includes: <ul style="list-style-type: none"> – an increase of \$90.3 million for additional costs of meeting increased health demand and service requirements; and – an increase of \$4.8 million for revised Australian Government funded National Partnership Payment expenditure including \$1.7 million for the Community Health and Hospitals Program and \$1.1 million for the Health Innovation Fund; and

Description	2024-25 Variance	Reasons
Supplies and consumables (continued)		<ul style="list-style-type: none"> • an increase in the Department of Natural Resources and Environment Tasmania of \$9.5 million which includes: <ul style="list-style-type: none"> – an increase of \$8 million for Parks Operational Support; and – an increase of \$1.3 million for the increased State contribution under the cost sharing agreement to Commonwealth, State and Industry Organisations due to the avian influenza outbreak and varroa mite response. <p>These increases are partially offset by a net decrease in the Department of State Growth of \$10.9 million including:</p> <ul style="list-style-type: none"> • a decrease of \$7.2 million reflecting the revised expenditure profile for the implementation of the Common Ticketing System from 2024-25 to 2025-26; • a decrease of \$4.3 million for the West Coast Wilderness Railway due to track closures and subsequent reduction in patronage; and • an increase of \$2 million for revised Australian Government funded National Partnership Payment expenditure for Infrastructure Maintenance.
Nominal superannuation interest expense	\$9.6 million higher	The increase in the Nominal superannuation interest expense reflects the most recent actuarial assessment of the Government's superannuation liability, which includes the application of the 30 June 2024 'spot' discount rate of 4.55 per cent. A discount rate of 4.5 per cent was used in the 2024-25 Budget to determine the interest expense with respect to the liability.

Description	2024-25 Variance	Reasons
Borrowing costs	\$13.9 million higher	The increase in Borrowing costs primarily reflects forecast increases in the estimated General Government Sector cash deficit together with forecast higher borrowing rates.
Grant and subsidy expenses	\$91.8 million higher	<p>The increase in Grant and subsidy expenses primarily reflects:</p> <ul style="list-style-type: none"> • an increase in the Department of Health of \$15.2 million which includes: <ul style="list-style-type: none"> – an increase of \$7.7 million for additional costs of meeting health demand and service requirements; and – an increase of \$7.5 million for revised Australian Government funded National Partnership Payment expenditure including \$3.6 million for Medicare Urgent Care Clinics, \$1.7 million for the Community Health and Hospitals Program and \$1.6 million for the John Flynn Prevocational Doctor Program; • a net increase in the Department of Natural Resources and Environment Tasmania of \$6.5 million which includes an increase of \$7.8 million for Waste and Resource Recovery Board grants, offset by a reduction of \$1.2 million in rescheduled grants expenditure for Natural Resource Management regional bodies and the Supporting Recreational Sea Fishing in Local Communities initiative;

Description	2024-25 Variance	Reasons
Grant and subsidy expenses (continued)		<ul style="list-style-type: none"> • a net increase in the Department of Premier and Cabinet of \$8.4 million which includes: <ul style="list-style-type: none"> – an increase of \$10.3 million for the Government’s response to severe weather events that impacted the North and North-East Tasmania in August and September 2024; and – a decrease of \$1.9 million under Australian Government funded National Partnership Payments for Family, Domestic and Sexual Violence Responses; • an increase in the Department of Police, Fire and Emergency Management of \$7.1 million for revised Australian Government funded National Partnership Payment expenditure which includes: <ul style="list-style-type: none"> – an increase of \$1.3 million for the Latrobe Council - Latrobe Flood Levees Project; – an increase of \$1.2 million for the National Firearms Register; and – an increase of \$1 million for the Waratah - Wynyard Council - Port Creek Mitigation Project; and

Description	2024-25 Variance	Reasons
Grant and subsidy expenses (continued)		<ul style="list-style-type: none"> • an increase in the Department of State Growth of \$49.5 million which includes: <ul style="list-style-type: none"> – an increase of \$29.4 million for revised Australian Government funded National Partnership Payment expenditure including \$12 million for Launceston City - Tamar Estuary - Urban Water Infrastructure Upgrades, \$9.1 million for the National Skills Agreement, and \$4.9 million for the Social Housing Energy Performance Initiative; – an increase of \$10.5 million for the Dolphin Tungsten Mine Project (Group 6 Metals Pty Ltd); – an increase of \$8.4 million for the delivery of the Tourism and hospitality support package; and – an increase of \$8 million for the contribution to Tasmanian Railway Pty Ltd for below rail infrastructure.

Description	2024-25 Variance	Reasons
Other expenses	\$29.8 million higher	<p data-bbox="794 248 1390 331">The increase in Other expenses primarily reflects:</p> <ul data-bbox="794 353 1390 1050" style="list-style-type: none"> <li data-bbox="794 353 1390 555">• an increase in the Department of Health of \$14 million which includes an increase of \$13.4 million for additional costs to meet health demand and service requirements; <li data-bbox="794 577 1390 813">• an increase in the Department of Natural Resources and Environment Tasmania of \$4.2 million for the transfer to councils of council certificate revenue collected on their behalf; and <li data-bbox="794 835 1390 1050">• an increase in the Department of Police, Fire and Emergency Management of \$10.5 million to meet an increase in workers' compensation premiums to support injured Workers.

Other economic flows included in Operating Result

Other economic flows included in Operating Result is estimated to be an outflow of \$143.3 million in 2024-25, which is a \$101.4 million increase from the 2024-25 Budget estimate of an \$41.9 million outflow. The major changes are detailed below.

Description	2024-25 Variance	Reasons
Other gains/(losses)	\$98.8 million lower	The variance primarily reflects the revision in Future Income Tax Benefits from a range of government businesses and State-owned companies.

Other economic flows - other movements in Equity

Other economic flows - other movements in Equity is estimated to be an inflow of \$78.4 million in 2024-25, which is a \$17.2 million increase from the 2024-25 Budget estimate of an \$61.2 million inflow. The major changes are detailed below.

Description	2024-25 Variance	Reasons
Revaluation of equity investments in PNFC and PFC sectors	\$47.9 million lower	The decrease reflects the net change in asset values across a range of government businesses.
Movements in superannuation liability	\$65.1 million higher	The increase in Movements in superannuation liability reflects the most recent actuarial assessment of the Government's superannuation liability and includes a movement in discount rate from 4.5 per cent to 4.55 per cent to value the liability at 30 June 2025.

Net Acquisition of Non-Financial Assets

Net Acquisition of Non-Financial Assets for 2024-25 is estimated to be \$325.9 million, \$174.6 million lower than the Budget estimate of \$500.6 million. The major changes are detailed below.

Description	2024-25 Variance	Reasons
Purchases of non-financial assets	\$151.8 million lower	<p>The decrease in Purchases of non-financial assets primarily reflects:</p> <ul style="list-style-type: none">• a net decrease in the Department for Education, Children and Young People of \$22.6 million which includes:<ul style="list-style-type: none">– a decrease of \$23.8 million reflecting revised expenditure for a number of projects from 2024-25 to 2025-26 including \$9.4 million for the New Brighton High School project, \$6.3 million for the Montello Primary School redevelopment and \$3 million for the Support School Package including North West School; and– an increase of \$1.2 million reflecting revised expenditure for the delivery of the Integrated Client Information Program;

Description	2024-25 Variance	Reasons
Purchases of non-financial assets (continued)		<ul style="list-style-type: none"> • a decrease in the Department of Health of \$39.5 million which includes: <ul style="list-style-type: none"> – a decrease of \$36 million reflecting revised expenditure for a number of projects from 2024-25 to 2025-26 and 2027-28 including \$16.5 million for the Launceston Health Hub Joint Venture, \$9 million for the Royal Hobart Hospital Redevelopment - Expanded Stage 2 project, \$5 million for Royal Hobart Hospital Diagnostic Breast Imaging and \$4 million for 27 New Mental Health Beds in Southern Tasmania; and – a net decrease of \$3.5 million for revised Australian Government funded National Partnership Payment expenditure including a decrease of \$9 million for revised expenditure from 2024-25 to 2025-26 and 2026-27 for the Community Health and Hospitals Program and the Construction of the Launceston Hospice, and an increase of \$2.4 million for the Medical Research Centre for Launceston; • a decrease in the Department of Justice of \$11.8 million which includes: <ul style="list-style-type: none"> – a decrease of \$8.5 million reflecting the change in expenditure for the Burnie Court Complex from 2024-25 to 2027-28; and – a decrease of \$2.8 million reflecting the change in expenditure for the New Southern Remand Centre from 2024-25 to 2025-26;

Description	2024-25 Variance	Reasons
Purchases of non-financial assets (continued)		<ul style="list-style-type: none"> • a decrease in the Department of Natural Resources and Environment Tasmania of \$12.6 million reflecting revised expenditure for a number of projects from 2024-25 to 2025-26 and 2026-27 including \$3.7 million for the Freycinet Peninsula Wastewater project, \$3.2 million for the Hastings Thermal Pool Revitalisation, \$2.8 million for the Maria Island Re-discovered Project and \$2.7 million for the Arthur Pieman Conservation Area Project; and • a net decrease in the Department of State Growth of \$65.8 million which includes: <ul style="list-style-type: none"> – a decrease of \$21.6 million reflecting revised expenditure timing for the Roads Program (State-funded) from 2024-25 to 2025-26 and across the Forward Estimates; – a decrease of \$18.2 million reflecting revised Australian Government funded National Partnership Payment expenditure for the Roads Program; and – a decrease of \$19 million reflecting a change in expenditure for the Tasmanian AFL Package - High Performance Centre from 2024-25 to 2026-27.

December Year-to-Date Actual Variations

The statements include December 2024 year-to-date actuals which have been prepared based on interim financial information provided by agencies. The half-yearly results are consistent with the Revised Budget. However, seasonal and timing factors can influence these results and care should be taken in trying to extrapolate the December 2024 year-to-date actuals.

Balance Sheet

Table 4.5: General Government Balance Sheet

	30 Jun 2024	30 Jun 2025	30 Jun 2025	31 Dec 2024
	Actual	Budget	Revised Budget	Actual
	\$m	\$m	\$m	\$m
Assets				
Financial assets				
Cash and deposits ¹	1 429.9	1 300.3	1 002.2	1 497.5
Investments	742.4	775.3	776.4	730.7
Equity investments in PNFC and PFC sectors	10 326.8	10 516.3	10 528.7	10 474.4
Other equity investments	219.3	233.7	219.3	219.3
Receivables	425.3	429.0	424.2	520.7
Contract assets	4.4	2.8	4.4	0.8
Other financial assets	940.6	854.6	816.2	919.1
	14 088.7	14 112.1	13 771.5	14 362.6
Non-financial assets				
Land and buildings	8 174.4	8 361.0	8 321.5	8 246.5
Infrastructure	7 830.3	8 409.3	8 338.0	8 012.3
Plant and equipment	377.7	406.2	394.3	368.1
Heritage and cultural assets	529.8	541.3	542.1	529.1
Investment property	4.8	4.7	4.7	4.8
Intangibles	58.3	100.3	102.3	58.0
Assets held for sale	9.4	12.9	10.8	9.4
Lease - right-of-use assets ²	575.8	553.7	700.1	575.6
Service concession assets ³	458.5	571.8	405.8	458.5
Other non-financial assets	59.0	69.1	57.4	59.1
	18 077.9	19 030.4	18 876.9	18 321.4
Total Assets	32 166.6	33 142.5	32 648.4	32 683.9
Liabilities				
Borrowings	4 381.1	6 254.5	6 267.9	5 364.1
Lease liabilities ²	647.1	615.7	780.7	648.3
Service concession liabilities ³	480.4	640.1	451.5	480.4
Superannuation	7 142.5	7 257.1	7 188.9	7 148.9
Employee entitlements	1 046.9	1 072.6	1 071.3	1 091.3
Payables	345.3	313.3	350.5	287.4
Contract liabilities	577.1	496.1	446.0	502.4
Other liabilities	1 411.5	1 362.3	1 318.0	1 405.6
Total Liabilities	16 031.8	18 011.5	17 874.7	16 928.6
Net Assets	16 134.8	15 131.0	14 773.7	15 755.4

Table 4.5: General Government Balance Sheet (continued)

	30 Jun 2024	30 Jun 2025	30 Jun 2025 Revised	31 Dec 2024
	Actual	Budget	Budget	Actual
	\$m	\$m	\$m	\$m
Equity				
Accumulated funds	7 406.6	6 217.7	5 917.7	6 888.3
Asset revaluation reserve	8 086.7	8 424.7	8 364.6	8 225.6
Other revaluation reserves	641.4	488.5	491.4	641.4
Total Equity	16 134.8	15 131.0	14 773.7	15 755.4

KEY FISCAL AGGREGATES

NET WORTH⁴	16 134.8	15 131.0	14 773.7	15 755.4
NET FINANCIAL WORTH⁵	(1 943.1)	(3 899.4)	(4 103.2)	(2 566.0)
NET FINANCIAL LIABILITIES⁶	12 269.9	14 415.8	14 631.9	13 040.4
NET DEBT⁷	3 336.3	5 434.6	5 721.5	4 264.6
GFS NET DEBT⁸	2 208.8	4 178.9	4 489.3	3 136.0

Notes:

1. The decrease in Cash and deposits in 2025 reflects a decrease in cash being held as a result of additional cash payments for operating activities to support expenditure of the General Government Sector.
2. The increase in Lease - right-of-use assets and Lease liabilities from the 2024-25 Budget primarily reflects revised estimates based on 30 June 2024 actuals.
3. The decrease in Service concession assets and Service concession liabilities from the 2024-25 Budget primarily reflects revised estimates based on 30 June 2024 actuals.
4. Net Worth represents Total Assets less Total Liabilities.
5. Net Financial Worth represents Financial assets less Total Liabilities.
6. Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in PNFC and PFC sectors.
7. Net Debt represents Borrowings plus Lease liabilities and Service concession liabilities, less the sum of Cash and deposits and Investments.
8. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments.

Cash Flow Statement

Table 4.6: General Government Cash Flow Statement

	2023-24 Dec YTD Actual \$m	2024-25 Budget \$m	2024-25 Revised Budget \$m	2024-25 Dec YTD Actual \$m
Cash flows from operating activities				
Cash received from operating activities				
Grants received	2 777.1	5 751.4	5 760.5	2 812.2
Taxation	863.2	1 805.3	1 797.1	867.5
Sales of goods and services	192.5	453.3	447.4	195.5
Fines and regulatory fees	63.3	156.3	157.8	72.4
Interest received	35.9	77.8	85.2	44.0
Dividend, tax and rate equivalents	242.4	397.6	395.9	272.9
Other receipts	392.9	478.2	489.7	378.2
	4 567.1	9 120.2	9 133.7	4 642.7
Cash payments for operating activities				
Employee entitlements	(1 852.1)	(3 955.1)	(4 220.7)	(2 087.5)
Superannuation	(356.1)	(780.6)	(810.7)	(386.6)
Supplies and consumables	(901.6)	(1 854.6)	(1 954.4)	(1 006.4)
Borrowing costs	(43.6)	(221.2)	(216.5)	(86.3)
Grants and subsidies paid	(1 209.6)	(2 400.1)	(2 492.0)	(1 221.8)
Other payments	(315.9)	(391.5)	(442.2)	(290.9)
	(4 678.9)	(9 603.1)	(10 136.3)	(5 079.6)
Net cash flows from operating activities	(111.8)	(482.9)	(1 002.6)	(436.9)
Cash flows from investing activities				
Net cash flows from non-financial assets				
Purchases of non-financial assets	(337.1)	(1 068.8)	(917.0)	(361.5)
Sales of non-financial assets	16.6	36.4	33.8	20.4
	(320.5)	(1 032.4)	(883.2)	(341.1)
Net cash flows from financial assets (policy purposes)				
Equity injections	(89.4)	(409.2)	(352.0)	(147.6)
Net advances paid	10.2	(40.3)	(34.1)	10.9
	(79.2)	(449.5)	(386.1)	(136.8)

Table 4.6: General Government Cash Flow Statement (continued)

	2023-24 Dec YTD Actual \$m	2024-25 Budget \$m	2024-25 Revised Budget \$m	2024-25 Dec YTD Actual \$m
Net cash flows from financial assets (liquidity management purposes)				
Net (purchase)/sale of investments	0.3	5.5	5.5	2.3
	0.3	5.5	5.5	2.3
Net cash flows from investing activities	(399.4)	(1 476.5)	(1 263.9)	(475.5)
Cash flows from financing activities				
Net borrowing	794.8	1 826.4	1 838.8	980.0
Net cash flows from financing activities	794.8	1 826.4	1 838.8	980.0
Net increase/(decrease) in cash held	283.6	(133.1)	(427.7)	67.5
Cash at the beginning of the year	979.2	1 433.3	1 429.9	1 429.9
Cash at the end of the year	1 262.8	1 300.3	1 002.2	1 497.5
KEY FISCAL AGGREGATES				
Net cash flows from operating activities	(111.8)	(482.9)	(1 002.6)	(436.9)
Plus Net cash flows from non-financial assets	(320.5)	(1 032.4)	(883.2)	(341.1)
Equals CASH SURPLUS/(DEFICIT)	(432.2)	(1 515.4)	(1 885.8)	(778.0)

Policy and Parameter Statement

The Policy and Parameter Statement is a reconciliation of the major movements 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 within generally accepted accounting principles, and then further categorised as a policy or parameter change.

Policy Variation

A policy variation reflects a specific decision by the Government that has an impact on the Budget and Forward Estimates and primarily reflects a new policy or a change in the Government's existing policy position since the previous Budget. Generally, 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 to 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 4.7 provides a summary of the policy and parameter changes detailed in Table 4.8 that have impacted on the formulation of the revised 2024-25 Budget and Forward Estimates.

Table 4.7: Summary Policy and Parameter Statement, 2024-25 to 2027-28

	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m
Forward Estimates (Net Operating Balance) as per the 2024-25 Budget (A)	(792.8)	(386.7)	(436.7)	(63.2)
Forward Estimates (Fiscal Balance) as per the 2024-25 Budget (B)	(1 293.3)	(849.3)	(757.8)	(287.9)
REVENUE				
Parameter Adjustments	49.7	219.7	235.6	218.6
TOTAL REVENUE ADJUSTMENTS (C)	49.7	219.7	235.6	218.6
EXPENSES				
Policy Decisions	428.5	54.6	39.1	61.2
Parameter Adjustments	124.6	110.2	122.6	134.1
TOTAL EXPENSE ADJUSTMENTS (D)	553.1	164.8	161.7	195.3
NET OPERATING BALANCE (A+C-D)	(1 296.1)	(331.8)	(362.8)	(39.9)
Less NET ACQUISITION OF NON-FINANCIAL ASSETS				
Purchases of non-financial assets				
Policy Decisions	3.1	44.3	35.0	....
Parameter Adjustments	(154.9)	161.6	76.6	70.0
	(151.8)	206.0	111.6	70.0
Less Sale of non-financial assets				
Policy Decisions	....	....	....	....
Parameter Adjustments	(2.6)	0.7	(0.4)	(1.2)
	(2.6)	0.7	(0.4)	(1.2)
Less Depreciation - Total Parameter Adjustments	25.4	22.4	23.7	26.8
TOTAL NET ACQUISITION OF NON-FINANCIAL ASSETS ADJUSTMENTS (E)	(174.6)	182.9	88.2	44.4
FISCAL BALANCE (B+C-D-E)	(1 622.1)	(977.3)	(772.2)	(309.0)

Table 4.8: Policy and Parameter Statement, 2024-25 to 2027-28

	2024-25	2025-26	2026-27	2027-28
	Revised	Forward	Forward	Forward
	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m
Forward Estimates (Net Operating Balance) as per the				
2024-25 Budget (A)	(792.8)	(386.7)	(436.7)	(63.2)
Forward Estimates (Fiscal Balance) as per the				
2024-25 Budget (B)	(1 293.3)	(849.3)	(757.8)	(287.9)
Revenue from transactions				
Parameter Adjustments				
Taxation				
Duties ¹	(18.6)	(16.8)	(14.7)	(15.3)
Guarantee Fees	(4.6)	4.4	0.9	(1.5)
Land Tax ²	5.5	6.1	6.9	7.7
Payroll Tax ³	5.6	6.3	7.1	7.9
Vehicle Registration Fees	1.4	1.5	1.5	1.6
Total Taxation	(10.7)	1.5	1.7	0.4
Dividend, tax and rate equivalent income				
Dividend income				
Aurora Energy Pty Ltd	(0.5)	....	....	....
Hydro Tasmania ⁴	7.3	(24.8)	(5.1)	(1.4)
Motor Accidents Insurance Board	(1.9)	(2.1)	....	0.4
Sustainable Timber Tasmania	0.3	....	....	....
Tasmanian Networks Pty Ltd ⁵	....	(14.4)	(0.8)	1.3
Tasmanian Ports Corporation Pty Ltd ⁶	(4.8)	....	....	....
Tasmanian Public Finance Corporation	4.3	0.2	....	....
TT-Line Company Pty Ltd ⁷	....	....	(12.1)	(12.8)
	4.7	(41.1)	(18.0)	(12.5)
Income tax equivalents				
Hydro Tasmania ⁴	(11.8)	(2.4)	(0.7)	0.7
Motor Accidents Insurance Board ⁸	5.7	(2.8)	(2.3)	(2.1)
Tasmanian Networks Pty Ltd ⁵	(8.5)	(0.6)	(0.5)	0.1
Tasmanian Public Finance Corporation	0.1	....	....	....
TT-Line Company Pty Ltd ⁷	....	(0.7)	(7.4)	(8.8)
	(14.6)	(6.5)	(10.9)	(10.2)
Rates equivalent payments				
Hydro Tasmania	0.2	....	....	....
	0.2	....	....	....
Total Dividend, tax and rate equivalent income	(9.7)	(47.6)	(28.9)	(22.6)
Interest income	7.1	1.8	1.7	3.8

Table 4.8: Policy and Parameter Statement, 2024-25 to 2027-28
(continued)

	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m
Australian Government Grants				
General Purpose Payments				
GST Revenue ⁹	57.5	68.0	46.5	41.1
	57.5	68.0	46.5	41.1
National Agreements				
National Skills Agreement	9.1	6.3	5.4	5.1
Better and Fairer Schools Agreement ¹⁰	6.5	24.0	34.3	37.0
	15.6	30.3	39.7	42.0
National Partnership Payments				
Community Services (including Disability) ¹¹	(0.6)	1.7	2.7	....
Education ¹²	11.5	0.5	0.2	0.2
Environment ¹³	4.0	48.6	48.1	46.9
Health ¹⁴	25.6	22.1	43.1	60.0
Housing ¹⁵	5.3	3.4	....	....
Infrastructure ¹⁶	(67.3)	81.1	77.5	44.1
Natural Disaster Relief and Recovery Arrangements	(1.6)	....	6.1	....
Other Services	5.4	1.5	1.2	0.9
Skills and Workforce Development ¹⁷	3.5	1.1	0.2	6.2
	(14.2)	160.0	179.1	158.3
Other Australian Government Grants	....	....	....	(0.5)
Total Australian Government Grants	58.9	258.3	265.3	241.0
Agency Revenue				
Finance-General	1.3	0.3	0.4	0.4
Natural Resources and Environment Tasmania ¹⁸	5.7	....	....	....
Office of the Governor	(0.1)	(0.1)	(0.1)	(0.1)
Office of the Ombudsman	0.4	....	....	....
State Growth ¹⁹	(3.2)	5.5	(4.6)	(4.6)
Tasmanian Audit Office	....	....	....	0.3
Total Agency Revenue	4.1	5.7	(4.2)	(3.9)
Total Parameter Adjustments	49.7	219.7	235.6	218.6
TOTAL REVENUE FROM TRANSACTIONS ADJUSTMENTS				
(C)	49.7	219.7	235.6	218.6

Table 4.8: Policy and Parameter Statement, 2024-25 to 2027-28
(continued)

	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m
Expenses from transactions				
Policy Decisions				
Agency Expenditure				
Education, Children and Young People				
Better and Fairer Schools Agreement - State				
Contribution	....	....	....	19.5
	....	....	....	19.5
Finance-General				
Cessation of Treasury Building Refurbishment	(1.7)	....	....	....
Tasmanian Home Builder Grant	0.2	....	....	....
Tasracing Pty Ltd	0.3	0.7	1.0	1.2
Treasury Building Repurposing Project	1.0	1.0	....	....
	(0.2)	1.7	1.0	1.2
Health				
Health Demand and Service Requirements	345.0	....	....	....
	345.0	....	....	....
Justice				
Tasmania Prison Service - Cost Pressures	20.0	20.0	20.0	20.0
Witness Intermediary Scheme	1.1	....	....	....
	21.1	20.0	20.0	20.0
Natural Resources and Environment Tasmania				
Aboriginal Heritage Tasmania - additional funding	0.4	0.4	0.4	0.4
Parks Operational Support	8.0	8.0	8.0	8.0
	8.4	8.4	8.4	8.4
Police, Fire and Emergency Management				
Support for Injured Workers	10.5	10.5	10.5	10.5
	10.5	10.5	10.5	10.5
Premier and Cabinet				
Eat Well Tasmania	0.4	0.4	....	....
eCabinet - Licensing maintenance and support	0.2	0.3	0.3	0.3
Motion for Respect Report into Workplace Culture in the				
Tasmanian Ministerial and Parliamentary Services -				
additional staffing	0.3	....	....	....
Severe Weather Event	10.3	....	....	....
	11.2	0.7	0.3	0.3

Table 4.8: Policy and Parameter Statement, 2024-25 to 2027-28
(continued)

	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m
State Growth				
Former Bethlehem House - More housing support for women facing homelessness	1.2	1.2	1.2	....
Dolphin Tungsten Mine Project (Group 6 Metals)	10.5	....	....	....
Inbound Tourism Support	0.6	....	....	....
Payment in accordance with Section 5 of the <i>Roads and Jetties Act 1935</i>	1.3	1.3	1.3	1.3
Production of Bay of Fires Season 2	1.0	....	....	....
Strategic Regional Partnerships	0.6	2.2	1.5	0.5
Tasmanian Railway Pty Ltd	8.0	....	....	....
Tourism and hospitality support package	8.4	8.4	(5.5)	(0.5)
Wine Tasmania	0.5	0.5	0.5	....
	32.0	13.6	(1.1)	1.3
Tourism Tasmania				
Tourism and hospitality support package	0.5	(0.3)	....	....
	0.5	(0.3)	....	....
Total Policy Decisions	428.5	54.6	39.1	61.2

Table 4.8: Policy and Parameter Statement, 2024-25 to 2027-28
(continued)

	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m
Parameter Adjustments				
Borrowing costs	13.9	22.2	41.8	60.0
Depreciation	25.4	22.4	23.7	26.8
Nominal superannuation interest expense	9.6	(3.7)	(3.8)	(4.3)
Agency Expenditure				
Brand Tasmania ²⁰	....	....	....	....
Education, Children and Young People ²¹	20.8	28.9	41.3	45.5
Environment Protection Authority ²²	....	....	....	....
Finance-General	(1.4)	0.7	(0.3)	(1.0)
Health ²³	26.8	6.4	1.2	....
Justice ²⁴	4.9	0.5	1.0	(1.3)
Natural Resources and Environment Tasmania ²⁵	12.1	0.7	1.1	0.5
Office of the Director of Public Prosecutions	0.2	0.2	0.1	0.2
Office of the Governor	0.1	(0.1)	....	....
Office of the Ombudsman	0.2	....	....	....
Police, Fire and Emergency Management ²⁶	7.8	3.4	1.1	1.2
Premier and Cabinet ²⁷	(2.9)	1.2	3.8	2.3
State Growth ²⁸	5.6	24.8	8.8	1.3
Tasmanian Audit Office	0.5	0.2	0.4	0.5
Other	1.2	2.4	2.4	2.5
Total Agency Expenditure	75.8	69.3	60.9	51.6
Total Parameter Adjustments	124.6	110.2	122.6	134.1
TOTAL EXPENSES FROM TRANSACTIONS				
ADJUSTMENTS (D)	553.1	164.8	161.7	195.3
NET OPERATING BALANCE (A+C-D)	(1 296.1)	(331.8)	(362.8)	(39.9)
Less NET ACQUISITION OF NON-FINANCIAL ASSETS				
Purchases of non-financial assets from transactions				
Policy Decisions				
Finance-General				
Expansion of the House of Assembly to 35 Members - Office Accommodation Capital Upgrades	(1.7)	4.3	....	....
	(1.7)	4.3	....	....

Table 4.8: Policy and Parameter Statement, 2024-25 to 2027-28
(continued)

	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m
State Growth				
Tasmanian AFL Package - High Performance Centre	....	35.0	35.0	....
Bruny Island Landside Infrastructure	3.0	....	....	....
Huntingfield Roundabout	1.8	....	....	....
Jack Jumpers High Performance Centre	....	5.0	....	....
	4.8	40.0	35.0	....
Total Policy Decisions	3.1	44.3	35.0	....
Parameter Adjustments				
Education, Children and Young People ²⁹	(22.6)	26.0	(0.6)	(1.6)
Finance-General	2.3	(5.2)	0.2	(1.2)
Health ³⁰	(39.5)	76.7	41.0	56.4
Justice ³¹	(11.8)	2.8	0.5	8.5
Natural Resources and Environment Tasmania ³²	(12.6)	10.7	2.7	....
State Growth ³³	(70.6)	50.6	32.8	8.0
Total Parameter Adjustments	(154.9)	161.6	76.6	70.0
Total Purchases of non-financial assets from transactions (E)	(151.8)	206.0	111.6	70.0
Gain/ (loss) on Sale of non-financial assets				
Policy Decisions				
Total Policy Decisions	....	....	....	....
Parameter Adjustments	(2.6)	0.7	(0.4)	(1.2)
Less Total Sale of non-financial assets from transactions (F)	(2.6)	0.7	(0.4)	(1.2)
Depreciation - Total Parameter Adjustments (G)	25.4	22.4	23.7	26.8
TOTAL NET ACQUISITION OF NON-FINANCIAL ASSETS FROM TRANSACTIONS ADJUSTMENTS (H) (E - F - G)	(174.6)	182.9	88.2	44.4
FISCAL BALANCE (B + C - D - H)	(1622.1)	(977.3)	(772.2)	(309.0)

Notes:

- The decrease in Duties over the Budget and Forward Estimates reflects a decrease in Conveyance duty primarily driven by lower sale values and a decrease in Motor vehicle duty due to an easing in vehicle sales, partially offset by an increase in the value of vehicle sales subject to duty.

2. The increase in Land tax over the Budget and Forward Estimates primarily reflects an increase in properties classified as general land.
3. The increase in Payroll tax over the Budget and Forward Estimates primarily reflects strong wage growth.
4. The decrease in Hydro Tasmania's taxation equivalent payment in 2024-25 and dividend payment in 2025-26 reflects lower profitability in 2024-25 due to lower forecast generation in the year, in part due to lower opening storage levels.
5. The decrease in TasNetworks' taxation equivalent payment in 2024-25 and dividend payment in 2025-26 reflects lower profitability in 2024-25 due in part to the impact of the severe storm event in August 2024, as well as higher employee costs, reflecting the outcomes of the company's new Enterprise Agreement.
6. The decrease in TasPorts' dividend payment in 2024-25 reflects the final dividend determination in respect of TasPorts' 2023-24 profit result.
7. The decrease in TT-Line's dividend and taxation equivalent payments over the Forward Estimates reflects the revised timeframes for the operation of TT-Line's new vessels.
8. The movement in MAIB's taxation equivalent payments across the Budget and Forward Estimates reflects changes in its forecast investment portfolio return as well as changes to the economic assumptions which underlie its claims liability.
9. The increase in GST revenue over the Budget and Forward Estimates primarily reflects the Australian Government's increased estimate of the GST pool. GST revenue in 2024-25 also reflects a negative \$27.4 million residual adjustment for overpaid GST revenue to the State in 2023-24.
10. The increase in Better and Fairer Schools Agreement primarily reflects additional Australian Government funding as a result of the new Agreement, effective 1 January 2025.
11. The increase in the Community Services (including Disability) NPP from 2025-26 primarily reflects the revised expenditure profile for Family, Domestic and Sexual Violence Responses.
12. The increase in the Education NPP in 2024-25 primarily reflects the expenditure profile for the Schools Upgrade Fund and Preschool Reform Agreement.
13. The increase in the Environment NPP from 2025-26 primarily reflects the recognition of expenditure for the Macquarie Wharf No 6 (Port of Hobart).
14. The increase in the Health NPP in 2024-25 and over the Forward Estimates primarily reflects revised expenditure for the Community Health and Hospitals Program, Improving Health Services program, Public Dental Services for Adults, Primary Care Pilots, and the commencement of the Northern Heart Centre in Launceston.
15. The increase in the Housing NPP for 2024-25 and 2025-26 reflects the commencement of the Social Housing Energy Performance Initiative.
16. The decrease in the Infrastructure NPP in 2024-25 primarily reflects revised expenditure for Tranche 3 irrigation projects. The increase from 2025-26 primarily reflects the recognition of expenditure for the Greater South East Irrigation Scheme, revised cashflow profile for Tranche 3 irrigation projects and revised expenditure for road infrastructure projects.
17. The increase in the Skills and Workforce Development NPP primarily reflects revised expenditure for the National Skills Agreement.
18. The increase in Agency revenue for the Department of Natural Resources and Environment Tasmania in 2024-25 primarily reflects the collection of council certificate revenue from the LIST on behalf of councils.
19. The change in Agency revenue for the Department of State Growth in 2024-25 and over the Forward Estimates primarily reflects revised Mineral Royalty forecasts based on current market trends.
20. An amount of \$2 000 in 2025-26 and \$1 000 in 2027-28 reflects updated indexation estimates for Brand Tasmania.
21. The increase in Agency expenditure for the Department for Education, Children and Young People in 2024-25 and over the Forward Estimates primarily reflects revised estimates of payments from the Australian Government under the Better and Fairer Schools Agreement. In addition, the 2024-25 increase includes additional expenditure relating to Australian Government funded National Partnership Payments including the Schools Upgrade Fund - Round 2 and Preschool Reform Agreement.
22. An amount of \$1 000 in 2025-26, \$4 000 in 2026-27 and \$2 000 in 2027-28 reflects updated indexation estimates for the Environment Protection Authority.
23. The increase in Agency expenditure for the Department of Health in 2024-25 primarily reflects a revised expenditure profile for Australian Government funded National Partnership Payments including expenditure for Public Dental Services for Adults and the Community Health and Hospitals Program.
24. The increase in Agency expenditure for the Department of Justice in 2024-25 primarily reflects a revised expenditure profile for Australian Government funded National Partnership Payments, including the 2024 Bilateral Agreement for the National Legal Assistance Partnership.
25. The increase in Agency expenditure for the Department of Natural Resources and Environment Tasmania in 2024-25 primarily reflects revised expenditure for the Waste and Resource Recovery Board.
26. The increase in Agency expenditure for the Department of Police, Fire and Emergency Management in 2024-25 primarily reflects a revised expenditure profile for Australian Government funded National Partnership Payments including the Latrobe Council - Latrobe Flood Levees Project, the National Firearms Register and the Waratah - Wynyard Council - Port Creek Mitigation Project.
27. The change in Agency expenditure for the Department of Premier and Cabinet in 2024-25 and over the Forward Estimates primarily reflects a revised expenditure profile for Australian Government funded National Partnership Payments including expenditure for Family, Domestic and Sexual Violence Responses and the Disaster Ready Fund.

28. The increase in Agency expenditure for the Department of State Growth in 2024-25 and over the Forward Estimates primarily reflects a revised expenditure profile for Australian Government funded National Partnership Payments including expenditure for the Launceston City Deal - Tamar Estuary - Urban Water Infrastructure Upgrades, the National Skills Agreement and the Social Housing Energy Performance Initiative.
29. The change in Purchases of non-financial assets for the Department for Education, Children and Young People in 2024-25 and across the Forward Estimates reflects revised expenditure for a number of projects including Montello Primary School, Exeter High School, the New Brighton High School, Support School Package including North West School, and Hobart City High School (Ogilvie and New Town Campuses).
30. The change in Purchases of non-financial assets for the Department of Health primarily reflects revised expenditure for a number of projects including the Launceston Health Hub Joint Venture, the Royal Hobart Hospital Redevelopment - Expanded Stage 2 project, the Royal Hobart Hospital - Diagnostic Breast Imaging project and the 27 New Mental Health Beds in Southern Tasmania project together with revised Australian Government funded National Partnership Payment expenditure including expenditure for the Community Health and Hospitals Program, the Construction of the Launceston Hospice, the Northern Heart Centre - Launceston and the Medical Research Centre for Launceston.
31. The change in Purchases of non-financial assets for the Department of Justice primarily reflects revisions to expenditure estimates for a number of projects from 2024-25 to 2025-26 and across the Forward Estimates including the Burnie Court Complex and the New Southern Remand Centre.
32. The change in Purchases of non-financial assets for the Department of Natural Resources and Environment Tasmania primarily reflects revisions to expenditure estimates for a number of projects from 2024-25 to 2025-26 and 2026-27 including the Freycinet Peninsula Wastewater project, the Hastings Thermal Pool Revitalisation, the Maria Island Re-discovered Project and the Arthur Pieman Conservation Area project.
33. The change in Purchases of non-financial assets for the Department of State Growth primarily reflects revisions to expenditure estimates for a number of projects from 2024-25 to 2025-26 and across the Forward Estimates including State-funding for the Targeting Congestion Package, the Silverdome, New Southern Tasmanian Sporting Facilities and the Tasmanian AFL Package - High Performance Centre and revised Australian Government funded National Partnership Payment expenditure for the Roads Program.

5. RISKS AND SENSITIVITIES

This section outlines a number of known risks and sensitivities that are not reflected in the financial projections included in this Report. These are summarised in the following sections:

- risks to revenue;
- risks to expenditure; and
- risks to the General Government Sector from the ownership of government businesses.

These risks arise from a range of factors including fluctuations in economic activity, changes in demand for government services or changes in Australian Government funding and policies and may be both positive and negative.

Where possible the magnitude of the materiality of the risk is stated or estimated. In many cases, the value of any potential variation is likely to increase across the Forward Estimates.

Risks to the economic outlook and the economic estimates, forecasts and projections are separately discussed in the Tasmanian Economy Update chapter of this Report.

Revenue Risks

Goods and Services Tax Revenue

Goods and Services Tax (GST) revenue is Tasmania's largest source of revenue. Tasmania's allocation of GST revenue depends on three variable factors:

- the amount of GST collected by the Australian Government (the national GST pool);
- Tasmania's GST relativity, as determined by the Commonwealth Grants Commission (CGC); and
- Tasmania's share of the national population.

GST revenue collections are highly sensitive to changes in national consumer spending. The Australian Government increased its forecast of the GST pool over the Budget and Forward Estimates in its 2024-25 Mid-Year Economic and Fiscal Outlook. There remains an ongoing risk should prevailing economic conditions, including monetary policy settings, result in further variability in demand for goods and services and hence GST collections.

The CGC's regular five-yearly review of the methodology it uses to calculate relativities will conclude in February 2025. Changes to the CGC's methodology from 2025 are likely to result in a variation in Tasmania's relativity. Past methodology reviews have resulted in significant redistributions of GST amongst states and territories.

Tasmania's GST distribution is affected by the State's share of the national population. Although Tasmania's population is forecast to grow, if this growth is less than national population growth it could have a corresponding impact on Tasmania's GST revenue.

Australian Government's revised GST Distribution Arrangements

National Cabinet's December 2023 decision to extend the no-worse-off guarantee to 2029-30 provides states with a temporary level of comfort. However, the finite nature of the extension represents a continued financial risk for the State beyond 2029-30. Tasmania and most other states and territories are currently forecast to be worse off under the revised arrangements in each year of the Budget and Forward Estimates.

Before the end of 2026, the Productivity Commission is legislatively required to review whether the revised GST distribution arrangements are operating efficiently, effectively, and as intended. Noting the risks the revised arrangements impose on the State, the outcomes of this review may have significant implications for Tasmania's GST revenue.

Other Australian Government Funding and Agreements

Australian Government payments for specific purposes are Tasmania's second largest source of revenue after the GST distribution. These payments are given effect through funding agreements with the Australian Government.

Negotiations are ongoing in relation to a suite of health and disability reforms which National Cabinet agreed to progress in December 2023. These include agreeing revised

arrangements for health funding and new arrangements for foundational supports. These reforms will have significant funding and service delivery implications for all states and reflect the Australian Government's approach to shifting costs and fiscal risk to states as it addresses its own budgetary pressures. While there remains insufficient detail to quantify the increased costs associated with these reforms, they are expected to result in significant funding and service delivery implications for Tasmania.

More broadly, there is a continuing trend towards highly prescriptive funding arrangements, which reduce the State's flexibility to fund its own expenditure priorities or respond to specific fiscal circumstances.

State Taxation

State taxation revenue estimates are sensitive to changes in a range of economic parameters, such as employment, wage growth and inflation. The uncertainty around monetary policy settings and the impact that tightening will have on households and businesses remains a risk to State Taxation over the Budget and Forward Estimates. Conveyance duty is particularly sensitive to a range of factors including interest rates, population growth and housing supply, which can result in volatility from year-to-year.

Although there is a risk that conveyance duty revenue may continue to fall, it is expected that as inflation returns to target levels and interest rates ease conveyance duty revenue will start to recover. While Land tax and Payroll tax are less volatile than conveyance duty there remains a risk that a downturn in economic conditions will impact these revenue lines.

In addition, reductions to taxation rates and constraints on the revenue base for particular taxation lines, in the absence of new sources of revenue, will impact on Tasmania's capacity to grow own-source revenue in the future.

Returns from Government Businesses

Government businesses are subject to a wide range of influences that can 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.

Expenditure Risks

Health Demand and Expenditure

The delivery of health services continues to present a significant budget challenge to the Tasmanian community as it does across all Australian jurisdictions.

This Report reflects that the Department of Health is forecasting additional above budget expenditure for 2024-25 of \$345 million in response to continued high levels of demand for hospital services. Continuing health demand at this level presents a substantial ongoing risk to the Budget. This level of expenditure is not factored into health

expenditure over the Forward Estimates due the difficulty in quantifying the level of demand risk. Further analysis of the issue is being undertaken to inform the 2025-26 Budget estimates.

Further, 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.

The Australian Government's funding contribution to health services is funded under the National Health Reform Agreement, which limits growth in Australian Government funding to the states and territories to 6.5 per cent per year. Any additional activity funded above the 6.5 per cent cap is required to be funded entirely by the Tasmanian Government.

In 2022-23, growth in activity-based funding in Tasmania was 10.8 per cent and Tasmania received funding on its full NHRA growth in that year as a result of the national cap provisions under the NHRA.

The 2023-24 annual reconciliation of the NHRA was recently finalised. This showed Tasmania's growth in activity prior to the application of the funding cap is 11.5 per cent. Other jurisdictions also breached the funding cap, leaving no room for a funding cap redistribution. Based on this outcome, Tasmania's NHRA funding growth in 2023-24 will be 6.5 per cent, with \$30 million lost to the funding cap. There is a risk that Tasmania will breach the funding cap in 2024-25, although this is subject to finalisation following the annual reconciliation.

Deliverability of Efficiency Measures

The 2023-24 Budget included a \$300 million Budget Efficiency Dividend, commencing with \$50 million in 2024-25. The 2024-25 Budget includes an additional BED of \$150 million per annum, commencing in 2027-28.

Achievement of savings measures is an important part of the Government's Fiscal Strategy and will require committed action to identify and implement. If the Government does not achieve the savings measures there will be a corresponding risk to the key fiscal measures, including Net Debt.

Macquarie Point Urban Renewal Project

The 2024-25 Budget and Forward Estimates include funding of \$610 million to deliver a new multi-purpose arts, entertainment and sporting precinct as part of the Macquarie Point Urban Renewal project. This funding includes:

- \$355 million of the State's total commitment of \$375 million;
- the Australian Government's total commitment of \$240 million; and
- the \$15 million commitment from the AFL, which is expected to be received in 2027-28.

Additional expenditure outside of the Forward Estimates is anticipated to be met through short-term borrowings by the Macquarie Point Development Corporation.

On 16 October 2023, the proposal for a multipurpose stadium at Macquarie Point was declared a Project of State Significance and is to be assessed by the Tasmanian Planning Commission. The Commission outlined the assessment process on 16 February 2024. In line with this process, the Macquarie Point Development Corporation (MPDC) submitted a Project of State Significance Summary Report on 17 September 2024. The Commission has written to MPDC seeking further information.

As the design process continues there will be further opportunities to streamline delivery and refine costings¹. As with any large infrastructure project, the project is subject to the same ongoing supply and cost risks that other major projects have experienced, and therefore needs to be carefully managed.

In support of this, the Government has commenced an initial market sounding process to seek industry feedback on the level of private sector interest in the Macquarie Point Urban Renewal project, and the potential for investment and innovation under different procurement and delivery options. The market sounding process will seek input from a wide range of industry sectors, including construction, debt and equity providers, facilities management providers, precinct developers and others. The feedback received from the market sounding process will inform the Government's decisions around the most appropriate procurement approach and the contracting model that will deliver the best value for money outcome for the State.

Claims Against the State by Survivors of Institutional Child Sexual Abuse

During 2023-24, the Department of Justice engaged an independent actuary to prepare an estimation of the State's abuse related liability that includes both current and future redress and civil claims. The actuary has assessed the liability at \$646.9 million as at 30 June 2024, and a provision for claims against the State by survivors of institutional child sexual abuse has been recognised in the 2024-25 Budget. The RER reflects revised estimates of the timing of claims with the provision estimated to have a balance of \$286.2 million at 30 June 2028 which is a reduction of \$360.7 million over the period. This decrease reflects the estimated payment of claims over the period.

There is a high level of uncertainty regarding the measurement of this liability. The actuary is required to make a number of judgments and assumptions including the number of future claims, the costs of settling civil claims and future claims cost inflation. As a result of the high level of uncertainty for the liability valuation, there is a risk that the ultimate liability may be materially higher or lower than the estimated liability. The estimated value of the liability will change over time, potentially materially, as more information and claims experience become available. The Department of Justice will obtain further actuarial reports in the future to ensure it has the most up to date liability estimates.

¹ It is noted that the Project of State Significance Summary Report submitted by the Macquarie Point Development Corporation has estimated the cost of the stadium has increased to \$775 million.

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

The Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability delivered its final report to the Australian Government on 29 September 2023.

The majority of recommendations require further scoping to develop appropriate actions for implementation in Tasmania, the financial implications of which are not yet quantified. Implementation of the Tasmanian Government's response to the Royal Commission's recommendations will require a significant and ongoing financial commitment by the Government, which is not yet reflected in the Budget and Forward Estimates.

Youth Justice Facilities

The 2024-25 Budget included \$50 million to progress the delivery of new, fit-for-purpose youth justice facilities, including a new Tasmanian Youth Justice Facility. After the completion of public consultation in 2023 and feasibility studies in 2024, a site in Pontville has been chosen for the new Youth Justice Facility.

The design of the Facility is yet to be finalised and as such, the construction costs remain uncertain and operational costs are yet to be determined. The general pressures impacting infrastructure projects, as detailed above, as well as the time that has elapsed since the initial cost estimates were determined, suggest that the final project costs are likely to materially exceed the current budget allocation. Further detailed work is required before a reasonable estimate can be determined.

Out of Home Care

The Government has provided significant additional funding to support vulnerable children with complex needs in Out of Home Care, including additional funding provided in the 2024-25 Budget to respond to recommendations of the Commission of Inquiry. The Department for Education, Children and Young People is forecasting ongoing cost pressures relating to the number of children in care, the level of care required, and implementation of reforms arising from the Commission of Inquiry recommendations. There is a risk that current Budget allocations will be insufficient to meet ongoing demand and cost pressures, resulting in additional future funding requirements.

Tasmanian AFL Package - High Performance Centre

The 2024-25 Budget includes a State Government contribution of \$60 million and \$10 million from the AFL for the construction of the AFL high performance training and administration centre to accommodate and support the new Tasmanian AFL and AFLW teams.

On 19 November 2024, the Government announced that the high performance centre would be located at the Kingston Twin Ovals.

Further work is required to appropriately scope the costs associated with delivering this project at the chosen site and there remains a significant risk that further government funding will be required in order to deliver the project to the satisfaction of all stakeholders, including the team, the AFL and current tenants of the Kingborough sporting precinct.

Stadiums Tasmania

Stadiums Tasmania is working to centralise the ownership, management and future capital development of Tasmania's major public stadiums, including UTAS Stadium, MyState Bank Arena, the Silverdome, Ninja Stadium (formerly Blundstone Arena) and the new stadium at Macquarie Point.

Future operational and capital funding requirements for Stadiums Tasmania will need to be considered in future Budget development processes, as the entity's plans for venue acquisition are further developed and implemented.

Macquarie Wharf 6 (Port of Hobart)

Under Tasmania's *Macquarie Point Urban Redevelopment Agreement* with the Australian Government, Tasmania is required to deliver a fit for purpose wharf in Hobart to provide a berth for Australia's Antarctic Icebreaker, *RSV Nuyina*. The Australian Government will provide a total financial contribution to Tasmania of \$188 million to redevelop Macquarie Wharf 6 for this purpose. The State is responsible for redeveloping the wharf, providing shore power for RSV Nuyina at the wharf and delivering a refuelling solution for RSV Nuyina. The State costs associated with this agreement are yet to be quantified and are not factored into the revised estimates.

West Coast Wilderness Railway

The Abt Railway Ministerial Corporation operates the West Coast Wilderness Railway which extends between Queenstown and Strahan. The sustainability of the ARMC has been impacted in recent years by track damage and critical infrastructure works which has limited the duration of journeys and resulted in reduced revenue.

The ARMC is likely to require significant additional Government support to meet the operating and capital costs of the railway, including costs associated with a capital renewal program.

Variability of Infrastructure Expenditure

Actual infrastructure expenditure can vary 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.

Infrastructure expenditure has been reduced by \$157.8 million in the 2024-25 Revised Budget, which aligns with historical underspends for infrastructure in the Budget year. Realisation of reduced infrastructure expenditure in 2024-25 will:

- improve key fiscal measures for the Budget year; and
- result in worsening of key fiscal measures for the remainder of the Forward Estimates as the unspent infrastructure commitments are reprofiled.

This risk is currently exacerbated by ongoing labour market capacity constraints, low unemployment and the ongoing high level of activity in the construction sector, which are placing pressure on construction prices and project timelines.

Interest Rates

Over the 2024-25 Revised Budget and Forward Estimates, Net Debt is forecast to increase by \$6.3 billion to \$9.6 billion. Debt servicing costs are increasing due to rising forecast borrowings and continued high interest rates. If interest rates vary from current forecasts, debt servicing costs will also vary from current forecasts.

General Agency Cost Pressures

Agencies have been experiencing persistent cost pressures post COVID-19 pandemic. While all agencies are required to use all due diligence to manage the delivery of services within the Budget and Forward Estimates allocations, there continues to be a range of significant Budget pressures that require ongoing management and review, including staffing levels, general increases in the cost of inputs, increasing employee costs arising from current and future wage agreement outcomes, and increasing demand for services.

Funding Requirements beyond the Forward Estimates

Expenditure estimates presented in the 2024-25 Budget 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 considered in the ongoing development and management of the Budget.

Commitments made subsequent to finalisation of the 2024-25 Revised Estimates Report and conditional commitments

Commitments made after the finalisation of the 2024-25 Revised Estimates Report have not been incorporated into the estimates contained in this Report. In addition, commitments subject to certain conditions being satisfied or without a reliable quantified cost or Budget impact have not been included in this Report. As is established practice, such impacts are taken into account in the ongoing development and management of the Budget.

Risks from the Ownership of Government Businesses

Government Business Support and Ownership Risk

As the owner of government businesses, the Government is ultimately responsible for the financial position of those businesses. Where the Tasmanian Public Finance Corporation undertakes borrowings to facilitate the provision of funding to businesses by way of debt, these borrowings are guaranteed by the Government. The borrowings by government businesses from the Tasmanian Public Finance Corporation are also guaranteed by the Government, up to a maximum guaranteed borrowing amount, determined by the Treasurer.

The Government provides significant support to government businesses to facilitate the provision of services to the Tasmanian community or investment in infrastructure. The level of this support can vary considerably over time and, in the case of infrastructure support, can be materially impacted by risks associated with changes in cost estimates,

project scope and project timing. Collectively, over the term of the 2024-25 Budget and Forward Estimates, government businesses are forecasting significant infrastructure investment, and if this is realised it is expected that the Treasurer will be requested to consider increasing the maximum guaranteed borrowing amounts for some businesses to support this investment. Any equity contributions provided by Government to government businesses for infrastructure investment or other purposes do not impact the General Government Sector Net Operating Balance nor the Fiscal Balance (due to their accounting treatment). However, equity contributions do impact Gross Borrowings, Net Debt and Borrowing costs.

Significant Energy Projects

The Government continues to support development work in relation to a number of significant energy projects including Marinus Link, Battery of the Nation and the North West Transmission Developments. In the context of current Total State Sector Net Assets, the level of investment required to support these projects, through the Government and government businesses, has a high level of materiality. There is also a high level of uncertainty in relation to the level of investment required and the financial risks associated with that investment (including the impact of project cost increases).

Regarding Marinus Link, under the new ownership arrangements for the project implemented in March 2024, Tasmania currently holds a 17.7 per cent equity share in Marinus Link Pty Ltd, with the remaining equity in the company held by the Australian and Victorian Governments. Project risk is, therefore, shared proportionally across the three governments.

Substantial costs are expected to continue to be incurred by the Government and government businesses to progress these significant energy projects over the term of the 2024-25 Budget and Forward Estimates. In addition, important decisions that have the potential to have a significant impact on the General Government and Total State Sector financial positions will be required to be made during this time, including the provision of equity for these projects from the General Government Sector.

The Government is working to manage the risks of these significant energy projects on an ongoing basis. In this regard it is noted that, since the 2024-25 Budget:

- these projects have continued to progress through the development and approvals phase towards their respective Final Investment Decisions. This includes procurement arrangements for early contractor involvement and the submission of initial regulatory proposals for the first stage of both Marinus Link and the North West Transmission Developments to the Australian Energy Regulator (AER);
- Marinus Link's revenue proposal submission to the AER in November 2024 detailed updated project cost information, indicating an increase in the current estimated cost of Marinus Link Stage 1. A consequence is that Tasmania is expected to be required to contribute additional equity should a positive Final Investment Decision on the project be taken. This additional equity amount and the timing of the payment have not yet been finalised;

- discussions with the Clean Energy Finance Corporation have continued in order to formalise the Australian Government's commitment to provide concessional finance support. Financing government business capital expenditure through a non-Tasmanian Public Finance Corporation lender may introduce unforeseen complexities and risks for Tasmanian government businesses; and
- the Whole-of-State Business Case for Project Marinus has continued to be developed, analysing the financial, economic, social and energy market impacts of the proposed cable and associated energy developments to inform the Government's position on the Final Investment Decision for Project Marinus. The Business Case, which will also be subject to independent peer review, is expected to be publicly released.

There are also options for developing the Burnie to Hampshire Hills transmission line to facilitate further investment in the area, which remain under consideration. The Government has committed to underwriting the transmission line under certain conditions. To the extent those conditions are satisfied, the Government may be required to contribute up to \$50 million to support this development.

The Government is also continuing to progress the development of a green hydrogen industry in Tasmania. Bell Bay has been identified as the preferred site for Tasmania's initial Green Hydrogen Hub. Developing hydrogen export capacity at Bell Bay is expected to require new infrastructure investment, particularly port, water and transmission network upgrades. This infrastructure may be delivered by government businesses, although most capital costs are anticipated to be recovered through commercial arrangements with end users. At the present time, significant uncertainty exists in relation to: the nature of this project; the timing of its implementation; the costs to be borne by the Government, including government businesses; and the impact on the Total State Sector financial position.

Macquarie Point Wastewater Treatment Plant Relocation

The Government has committed a total of \$224 million to support the relocation of the Macquarie Point Wastewater Treatment Plant and agreed to share potential shortfall costs with TasWater, in direct proportion to the initial contribution by the two parties. This commitment is reflected in the 2024-25 Budget and Forward Estimates, noting that \$43.5 million has been provided to TasWater to date. While the total commitment is based on the budget for the Project, given the inflationary impacts on infrastructure projects, it is possible that final project costs will exceed this budget. Under the terms of the established agreement, a proportional increased contribution may be required to be made by the Government to meet any project cost overruns. This is required to be paid following completion of the Project which is currently expected in 2026-27.

Tasmanian Irrigation

The Government continues to support the delivery of the Tranche 3 irrigation scheme program. The Don Irrigation Scheme is complete, and construction is underway for the Northern Midlands Irrigation Scheme. Business cases have been approved, and Australian Government funding has been committed for both the Sassafras Wesley Vale Irrigation Scheme Augmentation and the Greater South East Irrigation Scheme. The

Tamar Irrigation Scheme remains a priority for the Government. Tranche 3 funding arrangements are the subject of ongoing discussions with the Australian Government with material additional Australian and State Government funding required to support its implementation.

6. UNIFORM GOVERNMENT REPORTING

In accordance with the Uniform Presentation Framework, agreed by the Council on Federal Financial Relations in February 2019, this Report presents revised fiscal estimates that take into account fiscal developments since the commencement of the Budget year.

Tables 6.1 to 6.15 present 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

Table 6.1: General Government Income Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	5 832.8	5 891.7	6 153.9	6 141.7	6 263.6
Taxation	1 821.9	1 811.2	1 913.7	2 053.0	2 158.4
Sales of goods and services	455.8	449.9	457.8	472.0	481.3
Fines and regulatory fees	156.4	157.9	157.7	154.7	148.6
Interest income	78.3	85.3	77.7	75.0	75.6
Dividend, tax and rate equivalent income	387.0	377.3	338.4	321.2	320.2
Other revenue	219.7	228.2	214.1	206.8	219.9
	8 951.8	9 001.5	9 313.3	9 424.3	9 667.5
Less Expenses from transactions					
Employee expenses	3 978.3	4 243.9	4 052.7	4 154.7	4 269.2
Superannuation	476.3	493.5	508.9	521.9	535.7
Depreciation	486.5	511.9	532.9	553.6	574.3
Supplies and consumables	1 845.7	1 945.5	1 752.1	1 729.7	1 729.2
Nominal superannuation interest expense	306.3	315.8	302.3	301.2	298.9
Borrowing costs	223.3	237.2	330.5	425.1	501.0
Grant and subsidy expenses	2 400.2	2 492.1	2 121.7	2 058.5	1 908.8
Other expenses	28.0	57.8	44.1	42.5	(109.6)
	9 744.6	10 297.7	9 645.1	9 787.2	9 707.4
Equals NET OPERATING BALANCE	(792.8)	(1 296.1)	(331.8)	(362.8)	(39.9)
Plus Other economic flows - included in Operating Result					
Gain/(loss) on sale of non-financial assets	15.7	13.1	3.7	10.6	9.9
Other gains/(losses)	(57.6)	(156.4)	(60.2)	(43.4)	(35.9)
	(41.9)	(143.3)	(56.5)	(32.8)	(26.0)
Equals Operating Result	(834.7)	(1 439.5)	(388.3)	(395.7)	(65.9)

Table 6.1: General Government Income Statement (continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows - other movements in Equity					
Revaluations of non-financial assets	277.9	277.9	278.0	278.2	278.4
Revaluation of equity investment in PNFC and PFC sectors	(102.1)	(150.0)	1.1	204.1	287.1
Movements in superannuation liability	(114.6)	(49.4)	....	....	....
	61.2	78.4	279.2	482.3	565.5
Equals Comprehensive Result	(773.5)	(1 361.1)	(109.1)	86.7	499.6
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(792.8)	(1 296.1)	(331.8)	(362.8)	(39.9)
Less Net acquisition of non-financial assets					
Purchases of non-financial assets	1 027.2	875.4	1 206.4	997.8	877.6
Less Sales of non-financial assets	40.2	37.6	28.0	34.8	34.1
Less Depreciation	486.5	511.9	532.9	553.6	574.3
	500.6	325.9	645.5	409.4	269.1
Equals FISCAL BALANCE	(1 293.3)	(1 622.1)	(977.3)	(772.2)	(309.0)

Table 6.2: General Government Balance Sheet as at 30 June

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets					
Cash and deposits	1 300.3	1 002.2	967.8	901.0	900.6
Investments	775.3	776.4	801.7	791.5	774.0
Equity investments in PNFC and PFC sectors	10 516.3	10 528.7	10 995.3	11 646.9	12 289.4
Other equity investments	233.7	219.3	219.3	219.3	219.3
Receivables	429.0	424.2	421.5	420.4	418.6
Contract assets	2.8	4.4	4.3	4.4	4.4
Other financial assets	854.6	816.2	810.8	809.9	822.5
	14 112.1	13 771.5	14 220.8	14 793.4	15 428.9
Non-financial assets					
Land and buildings	8 361.0	8 321.5	8 674.0	8 922.3	9 159.5
Infrastructure	8 409.3	8 338.0	8 959.1	9 482.6	9 838.6
Plant and equipment	406.2	394.3	398.1	393.4	382.0
Heritage and cultural assets	541.3	542.1	554.4	566.7	579.0
Investment property	4.7	4.7	4.7	4.7	4.7
Intangibles	100.3	102.3	150.9	176.3	201.8
Assets held for sale	12.9	10.8	9.2	8.7	8.3
Lease - right-of-use assets	553.7	700.1	652.8	608.0	564.3
Service concession assets	571.8	405.8	353.0	300.2	247.4
Other non-financial assets	69.1	57.4	58.8	60.1	60.9
	19 030.4	18 876.9	19 815.0	20 523.0	21 046.5
Total Assets	33 142.5	32 648.4	34 035.8	35 316.4	36 475.4
Liabilities					
Borrowings	6 254.5	6 267.9	7 887.3	9 409.3	10 297.5
Lease liabilities	615.7	780.7	740.7	700.9	661.4
Service concession liabilities	640.1	451.5	421.3	388.7	353.5
Superannuation	7 257.1	7 188.9	7 171.7	7 135.8	7 077.8
Employee entitlements	1 072.6	1 071.3	1 091.9	1 035.6	1 055.9
Payables	313.3	350.5	350.2	351.5	348.5
Contract liabilities	496.1	446.0	443.8	335.2	281.1
Other liabilities	1 362.3	1 318.0	1 264.3	1 208.0	1 148.7
Total Liabilities	18 011.5	17 874.7	19 371.1	20 565.1	21 224.5
Net Assets	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9

Table 6.2: General Government Balance Sheet as at 30 June
(continued)

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Equity					
Accumulated funds	6 217.7	5 917.7	5 529.5	5 133.8	5 067.9
Asset revaluation reserve	8 424.7	8 364.6	8 642.6	8 920.9	9 199.3
Other revaluation reserves	488.5	491.4	492.5	696.7	983.8
Total Equity	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9
KEY FISCAL AGGREGATES					
NET WORTH¹	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9
NET FINANCIAL WORTH²	(3 899.4)	(4 103.2)	(5 150.4)	(5 771.7)	(5 795.6)
NET FINANCIAL LIABILITIES³	14 415.8	14 631.9	16 145.7	17 418.6	18 085.1
NET DEBT⁴	5 434.6	5 721.5	7 279.9	8 806.4	9 637.8
GFS NET DEBT⁵	4 178.9	4 489.3	6 117.9	7 716.8	8 622.9

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 and Service concession 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.

Table 6.3: General Government Cash Flow Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received from operating activities					
Grants received	5 751.4	5 760.5	6 152.7	6 033.1	6 209.4
Taxation	1 805.3	1 797.1	1 906.9	2 052.2	2 156.2
Sales of goods and services	453.3	447.4	455.4	469.6	478.9
Fines and regulatory fees	156.3	157.8	157.7	154.7	148.6
Interest received	77.8	85.2	77.4	74.7	75.5
Dividend, tax and rate equivalents	397.6	395.9	349.6	333.9	326.2
Other receipts	478.2	489.7	477.1	472.0	474.7
	9 120.2	9 133.7	9 576.8	9 590.2	9 869.4
Cash payments for operating activities					
Employee entitlements	(3 955.1)	(4 220.7)	(4 032.3)	(4 201.6)	(4 248.3)
Superannuation	(780.6)	(810.7)	(826.7)	(866.3)	(890.8)
Supplies and consumables	(1 854.6)	(1 954.4)	(1 764.0)	(1 741.4)	(1 744.3)
Borrowing costs	(221.2)	(216.5)	(331.7)	(425.2)	(505.7)
Grants and subsidies paid	(2 400.1)	(2 492.0)	(2 121.6)	(2 058.5)	(1 908.7)
Other payments	(391.5)	(442.2)	(393.0)	(393.7)	(230.7)
	(9 603.1)	(10 136.3)	(9 469.3)	(9 686.8)	(9 528.5)
Net cash flows from operating activities	(482.9)	(1 002.6)	107.5	(96.6)	340.9
Cash flows from investing activities					
Net cash flows from non-financial assets					
Purchases of non-financial assets	(1 068.8)	(917.0)	(1 249.8)	(1 042.1)	(878.4)
Sales of non-financial assets	36.4	33.8	24.2	31.0	30.3
	(1 032.4)	(883.2)	(1 225.6)	(1 011.1)	(848.1)
Net cash flows from financial assets (policy purposes)					
Equity injections	(409.2)	(352.0)	(465.5)	(447.5)	(355.4)
Net advances paid	(40.3)	(34.1)	(25.3)	10.1	17.4
	(449.5)	(386.1)	(490.7)	(437.4)	(338.0)

Table 6.3: General Government Cash Flow Statement (continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Net cash flows from financial assets (liquidity management purposes)					
Net (purchase)/sale of investments	5.5	5.5	1.5	0.3	....
	5.5	5.5	1.5	0.3	....
Net cash flows from investing activities	(1 476.5)	(1 263.9)	(1 714.9)	(1 448.2)	(1 186.1)
Cash flows from financing activities					
Net borrowing	1 826.4	1 838.8	1 572.9	1 478.0	844.8
Net cash flows from financing activities	1 826.4	1 838.8	1 572.9	1 478.0	844.8
Net increase/(decrease) in cash held	(133.1)	(427.7)	(34.5)	(66.8)	(0.4)
Cash at the beginning of the year	1 433.3	1 429.9	1 002.2	967.8	901.0
Cash at the end of the year	1 300.3	1 002.2	967.8	901.0	900.6
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	(482.9)	(1 002.6)	107.5	(96.6)	340.9
Plus Net cash flows from non-financial assets	(1 032.4)	(883.2)	(1 225.6)	(1 011.1)	(848.1)
Equals CASH SURPLUS/(DEFICIT)	(1 515.4)	(1 885.8)	(1 118.1)	(1 107.7)	(507.2)

Public Non-Financial Corporations Sector

Table 6.4: Public Non-Financial Corporations Sector Income Statement

	2024-25 Budget	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	361.8	373.3	374.6	356.4	340.2
Sales of goods and services	3 424.9	3 366.0	3 711.8	3 972.7	4 114.0
Interest income	9.9	11.3	8.9	8.7	8.8
Other revenue	111.5	108.6	110.7	112.4	114.5
	3 908.1	3 859.2	4 206.0	4 450.2	4 577.6
Less Expenses from transactions					
Employee expenses	562.3	586.6	597.0	609.3	622.9
Superannuation	73.1	72.5	78.7	80.2	82.5
Depreciation	498.2	484.6	529.5	552.5	554.9
Supplies and consumables	2 179.3	2 223.3	2 378.8	2 526.1	2 597.8
Nominal superannuation interest expense	21.8	25.4	21.4	21.3	21.1
Borrowing costs	237.1	227.1	283.0	316.6	351.4
Dividend, tax and rate equivalent expenses	225.6	222.6	168.7	249.7	272.6
Grant and subsidy expenses	211.5	211.5	128.4	105.5	107.4
Other expenses	47.8	42.7	43.3	44.0	45.0
	4 056.7	4 096.3	4 228.7	4 505.1	4 655.5
Equals NET OPERATING BALANCE	(148.7)	(237.1)	(22.7)	(54.9)	(77.9)
Plus Other economic flows – included in Operating Result					
Gain/(loss) on sale of non-financial assets	24.6	24.6	49.9	55.5	48.4
Other gains/(losses)	(127.8)	(98.1)	(120.9)	(48.5)	(2.5)
	(103.3)	(73.5)	(71.0)	7.0	45.9
Equals Operating Result	(251.9)	(310.6)	(93.7)	(47.9)	(32.0)

Table 6.4: Public Non-Financial Corporations Sector Income Statement (continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows – other movements in Equity					
Revaluations of non-financial assets	215.8	126.4	243.1	274.1	311.0
Movements in superannuation liability	....	41.2	....	....	....
Other non-owner movements in Equity	44.2	103.8	(46.6)	(9.1)	3.9
	260.0	271.4	196.5	265.0	314.9
Equals Comprehensive Result	8.1	(39.2)	102.7	217.1	282.9
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(148.7)	(237.1)	(22.7)	(54.9)	(77.9)
Less Net acquisition of non-financial assets					
Purchases of non-financial assets	1 757.2	1 528.6	1 867.5	2 058.7	1 866.7
Less Sales of non-financial assets	23.6	26.8	51.4	192.9	50.0
Less Depreciation	498.2	484.6	529.5	552.5	554.9
	1 235.5	1 017.3	1 286.6	1 313.3	1 261.8
Equals FISCAL BALANCE	(1 384.1)	(1 254.4)	(1 309.2)	(1 368.3)	(1 339.7)

Table 6.5: Public Non-Financial Corporations Sector Balance Sheet as at 30 June

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets					
Cash and deposits	176.0	189.5	183.5	224.3	231.0
Investments	31.2	31.2	32.6	32.2	31.9
Other equity investments	217.6	234.3	272.3	307.9	344.0
Receivables	586.4	792.6	756.5	762.4	771.2
Other financial assets	607.8	634.7	596.4	597.4	595.2
	1 619.0	1 882.2	1 841.3	1 924.2	1 973.3
Non-financial assets					
Land and buildings	3 603.9	3 067.4	3 485.3	4 383.4	4 848.1
Infrastructure	9 826.6	10 133.7	11 045.9	11 689.8	12 827.9
Plant and equipment	416.1	407.8	502.2	572.7	627.0
Biological assets	212.3	212.3	213.6	215.5	217.4
Intangibles	167.4	132.0	138.0	144.3	150.9
Assets held for sale	17.5	14.0	14.3	14.6	14.9
Lease - right-of-use assets	317.5	319.7	304.2	289.8	276.8
Service concession assets	2 145.9	2 145.9	2 170.0	2 171.2	2 172.6
Other non-financial assets	140.2	147.3	149.7	152.5	154.7
	16 847.3	16 580.0	18 023.2	19 633.8	21 290.2
Total Assets	18 466.3	18 462.2	19 864.5	21 557.9	23 263.5
Liabilities					
Borrowings	5 083.6	4 984.0	5 835.0	6 889.4	7 948.5
Lease liabilities	358.9	371.9	359.0	348.8	340.7
Superannuation	508.4	500.0	498.3	495.2	490.5
Employee entitlements	134.9	136.2	138.6	141.0	143.8
Payables	565.2	742.9	735.1	734.8	739.3
Contract liabilities	104.6	89.0	90.0	94.2	99.0
Other liabilities	2 041.8	1 953.0	1 955.2	1 936.7	1 945.5
Total Liabilities	8 797.3	8 777.2	9 611.2	10 640.1	11 707.3
Net Assets	9 668.9	9 685.0	10 253.2	10 917.8	11 556.2

Table 6.5: Public Non-Financial Corporations Sector Balance Sheet as at 30 June (continued)

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Equity					
Accumulated funds	3 841.5	3 803.8	3 653.5	3 595.3	3 603.2
Asset revaluation reserve	2 284.3	2 342.0	2 585.1	2 859.2	3 170.2
Other revaluation reserves	(90.7)	(37.3)	(37.5)	(35.5)	(34.2)
Other equity	3 633.8	3 576.6	4 052.2	4 498.8	4 817.0
Total Equity	9 668.9	9 685.0	10 253.2	10 917.8	11 556.2

KEY FISCAL AGGREGATES

NET WORTH¹	9 668.9	9 685.0	10 253.2	10 917.8	11 556.2
NET FINANCIAL WORTH²	(7 178.4)	(6 895.0)	(7 769.9)	(8 715.9)	(9 734.0)
NET FINANCIAL LIABILITIES³	7 178.4	6 895.0	7 769.9	8 715.9	9 734.0
NET DEBT⁴	5 235.3	5 135.3	5 977.9	6 981.7	8 026.3
GFS NET DEBT⁵	4 876.4	4 763.4	5 618.8	6 632.9	7 685.6

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.
5. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments.

Table 6.6: Public Non-Financial Corporations Sector Cash Flow Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received from operating activities					
Grants received	363.7	303.7	316.5	279.1	269.4
Sales of goods and services	3 441.5	3 252.7	3 661.0	3 899.2	4 038.7
Interest received	9.6	72.1	73.2	75.1	76.6
Other receipts	234.8	230.8	270.1	237.9	243.2
	4 049.7	3 859.4	4 320.8	4 491.3	4 627.8
Cash payments for operating activities					
Employee entitlements	(577.6)	(629.3)	(654.0)	(660.7)	(676.2)
Superannuation	(66.3)	(71.1)	(74.8)	(75.4)	(77.9)
Supplies and consumables	(2 220.0)	(2 121.8)	(2 281.0)	(2 458.8)	(2 526.6)
Borrowing costs	(174.6)	(208.9)	(261.0)	(299.3)	(329.0)
Grants and subsidies paid	(207.5)	(207.5)	(124.4)	(101.8)	(104.2)
Other payments	(162.3)	(152.5)	(157.3)	(152.4)	(154.6)
	(3 408.3)	(3 391.1)	(3 552.5)	(3 748.5)	(3 868.5)
Net cash flows from operating activities	641.4	468.3	768.2	742.8	759.3
Cash flows from investing activities					
Net cash flows from non-financial assets					
Purchases of non-financial assets	(1 757.2)	(1 528.6)	(1 867.5)	(2 058.7)	(1 866.7)
Sales of non-financial assets	23.6	26.8	51.4	192.9	50.0
	(1 733.6)	(1 501.8)	(1 816.0)	(1 865.9)	(1 816.7)
Net cash flows from financial assets (policy purposes)					
Equity injections	409.2	352.0	465.5	447.5	355.4
	409.2	352.0	465.5	447.5	355.4
Net cash flows from financial assets (liquidity management purposes)					
Net (purchase)/sale of investments	(52.8)	(57.8)	(37.2)	(33.9)	(33.7)
	(52.8)	(57.8)	(37.2)	(33.9)	(33.7)
Net cash flows from investing activities	(1 377.2)	(1 207.6)	(1 387.8)	(1 452.3)	(1 495.0)

Table 6.6: Public Non-Financial Corporations Sector Cash Flow Statement (continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from financing activities					
Net borrowing	895.6	821.7	807.5	1 012.7	1 019.1
Dividends and tax equivalents paid	(226.0)	(218.3)	(193.8)	(262.5)	(276.6)
Net cash flows from financing activities	669.5	603.4	613.7	750.2	742.5
Net increase/(decrease) in cash held	(66.4)	(135.9)	(5.9)	40.8	6.7
Cash at the beginning of the year	242.4	325.4	189.5	183.5	224.3
Cash at the end of the year	176.0	189.5	183.5	224.3	231.0
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	641.4	468.3	768.2	742.8	759.3
Plus Net cash flows from non-financial assets	(1 733.6)	(1 501.8)	(1 816.0)	(1 865.9)	(1 816.7)
Plus Dividends, tax and rate equivalents paid	(226.0)	(218.3)	(193.8)	(262.5)	(276.6)
Equals CASH SURPLUS/(DEFICIT)	(1 318.3)	(1 251.8)	(1 241.6)	(1 385.5)	(1 334.1)

Total Non-Financial Public Sector

Table 6.7: Total Non-Financial Public Sector Income Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	5 832.8	5 891.7	6 153.9	6 141.7	6 263.6
Taxation	1 746.8	1 736.9	1 822.8	1 951.9	2 042.9
Sales of goods and services	3 846.3	3 755.7	4 105.5	4 378.2	4 527.7
Fines and regulatory fees	156.4	157.9	157.7	154.7	148.6
Interest income	88.1	96.6	86.6	83.6	84.4
Dividend, tax and rate equivalent income	161.4	154.7	169.7	71.5	47.6
Other revenue	331.2	336.8	324.8	319.2	334.4
	12 163.0	12 130.3	12 821.0	13 100.9	13 449.2
Less Expenses from transactions					
Employee expenses	4 540.6	4 830.4	4 649.6	4 764.0	4 892.1
Superannuation	549.4	566.0	587.6	602.1	618.1
Depreciation	984.7	996.5	1 062.3	1 106.1	1 129.3
Supplies and consumables	3 990.8	4 108.7	4 066.8	4 189.2	4 259.4
Nominal superannuation interest expense	328.0	341.2	323.7	322.5	320.0
Borrowing costs	420.6	429.1	562.0	680.9	778.2
Grant and subsidy expenses	2 249.9	2 330.2	1 875.5	1 807.6	1 675.9
Other expenses	40.5	61.4	47.8	46.2	(105.9)
	13 104.4	13 663.6	13 175.4	13 518.7	13 567.0
Equals NET OPERATING BALANCE	(941.4)	(1 533.3)	(354.5)	(417.8)	(117.9)
Plus Other economic flows – included in Operating Result					
Gain/(loss) on sale of non-financial assets	40.3	37.7	53.6	66.0	58.2
Other gains/(losses)	(185.5)	(254.6)	(181.1)	(91.9)	(38.4)
	(145.2)	(216.9)	(127.5)	(25.8)	19.9
Equals Operating Result	(1 086.6)	(1 750.1)	(482.0)	(443.6)	(98.0)

Table 6.7: Total Non-Financial Public Sector Income Statement
(continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows – other movements in Equity					
Revaluations of non-financial assets	493.7	404.3	521.1	552.4	589.4
Movement in equity investment in PFC sector	(110.2)	(110.8)	(101.6)	(13.0)	4.2
Movements in superannuation liability	(114.6)	(8.2)	....	....	....
Other non-owner movements in Equity	44.1	103.8	(46.6)	(9.1)	3.9
	313.1	389.0	372.9	530.3	597.5
Equals Comprehensive Result	(773.5)	(1 361.1)	(109.1)	86.7	499.6
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(941.4)	(1 533.3)	(354.5)	(417.8)	(117.9)
Less Net acquisition of non-financial assets					
Purchases of non-financial assets	2 784.5	2 404.0	3 073.8	3 056.5	2 744.3
Less Sales of non-financial assets	63.8	64.4	79.5	227.7	84.1
Less Depreciation	984.7	996.5	1 062.3	1 106.1	1 129.3
	1 736.0	1 343.2	1 932.1	1 722.7	1 530.9
Equals FISCAL BALANCE	(2 677.4)	(2 876.4)	(2 286.5)	(2 140.5)	(1 648.8)

Table 6.8: Total Non-Financial Public Sector Balance Sheet as at 30 June

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets					
Cash and deposits	1 476.3	1 191.7	1 151.3	1 125.3	1 131.6
Investments	806.5	807.6	834.3	823.7	805.9
Equity investment in PFC sector	847.4	843.7	742.1	729.1	733.3
Other equity investments	451.4	453.6	491.6	527.3	563.4
Receivables	1 015.4	1 216.7	1 178.0	1 182.8	1 189.7
Contract assets	2.8	4.4	4.3	4.4	4.4
Other financial assets	596.4	614.4	579.3	582.6	587.0
	5 196.2	5 132.2	4 980.9	4 975.1	5 015.3
Non-financial assets					
Land and buildings	11 964.9	11 388.9	12 159.3	13 305.7	14 007.7
Infrastructure	18 235.9	18 471.8	20 005.1	21 172.4	22 666.4
Plant and equipment	822.2	802.0	900.3	966.1	1 009.0
Heritage and cultural assets	541.3	542.1	554.4	566.7	579.0
Biological assets	212.3	212.3	213.6	215.5	217.4
Investment property	4.7	4.7	4.7	4.7	4.7
Intangibles	267.7	234.3	288.8	320.6	352.6
Assets held for sale	30.4	24.9	23.5	23.3	23.2
Lease - right-of-use assets	864.8	1 013.8	951.1	891.9	835.2
Service concession assets	2 717.7	2 551.7	2 523.0	2 471.4	2 420.0
Other non-financial assets	209.3	204.6	208.5	212.6	215.6
	35 871.2	35 451.0	37 832.3	40 150.8	42 330.8
Total Assets	41 067.4	40 583.2	42 813.2	45 125.9	47 346.1
Liabilities					
Borrowings	11 338.0	11 251.9	13 722.3	16 298.7	18 246.0
Lease liabilities	968.1	1 146.7	1 093.8	1 043.8	996.3
Service concession liabilities	640.1	451.5	421.3	388.7	353.5
Superannuation	7 765.5	7 688.9	7 670.0	7 631.0	7 568.3
Employee entitlements	1 207.4	1 207.5	1 230.4	1 176.5	1 199.7
Payables	878.5	1 093.5	1 085.2	1 086.3	1 087.8
Contract liabilities	600.6	535.0	533.8	429.5	380.1
Other liabilities	2 538.1	2 434.5	2 391.6	2 320.1	2 263.5
Total Liabilities	25 936.4	25 809.5	28 148.5	30 374.6	32 095.3
Net Assets	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9

Table 6.8: Total Non-Financial Public Sector Balance Sheet as at 30 June (continued)

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Equity					
Accumulated funds	4 512.7	4 104.5	3 474.5	3 006.7	2 915.6
Asset revaluation reserve	10 709.0	10 706.6	11 227.7	11 780.1	12 369.5
Other revaluation reserves	(90.7)	(37.3)	(37.5)	(35.5)	(34.2)
Total Equity	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9
KEY FISCAL AGGREGATES					
NET WORTH¹	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9
NET FINANCIAL WORTH²	(20 740.2)	(20 677.3)	(23 167.6)	(25 399.5)	(27 079.9)
NET FINANCIAL LIABILITIES³	21 587.6	21 521.0	23 909.7	26 128.6	27 813.2
NET DEBT⁴	10 663.4	10 850.9	13 251.8	15 782.2	17 658.2
GFS NET DEBT⁵	9 055.2	9 252.7	11 736.7	14 349.7	16 308.4

Notes:

1. Net Worth represents Total Assets less Total Liabilities.
2. Net Financial Worth represents Financial assets less Total Liabilities.
3. Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in the PFC Sector.
4. Net Debt represents Borrowings plus Lease liabilities and Service concession 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.

Table 6.9: Total Non-Financial Public Sector Cash Flow Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received from operating activities					
Grants received	5 753.3	5 690.9	6 094.5	5 955.8	6 138.5
Taxation	1 730.2	1 722.8	1 816.0	1 951.2	2 040.8
Sales of goods and services	3 860.5	3 640.0	4 052.3	4 302.3	4 449.9
Fines and regulatory fees	156.3	157.8	157.7	154.7	148.6
Interest received	87.4	157.3	150.7	149.8	152.0
Dividend, tax and rate equivalents	171.6	177.6	155.8	71.4	49.6
Other receipts	713.1	720.6	747.2	709.9	717.8
	12 472.5	12 267.1	13 174.1	13 295.1	13 697.3
Cash payments for operating activities					
Employee entitlements	(4 532.7)	(4 850.0)	(4 686.3)	(4 862.3)	(4 924.4)
Superannuation	(846.8)	(881.8)	(901.5)	(941.7)	(968.7)
Supplies and consumables	(4 040.3)	(4 016.0)	(3 980.9)	(4 133.7)	(4 203.3)
Borrowing costs	(356.0)	(390.1)	(541.3)	(663.8)	(760.5)
Grants and subsidies paid	(2 245.8)	(2 326.2)	(1 871.4)	(1 803.9)	(1 672.7)
Other payments	(518.5)	(555.6)	(510.8)	(505.9)	(344.1)
	(12 540.1)	(13 019.7)	(12 492.2)	(12 911.3)	(12 873.8)
Net cash flows from operating activities	(67.6)	(752.6)	681.9	383.8	823.5
Cash flows from investing activities					
Net cash flows from non-financial assets					
Purchases of non-financial assets	(2 826.1)	(2 445.6)	(3 117.3)	(3 100.9)	(2 745.2)
Sales of non-financial assets	60.0	60.6	75.7	223.9	80.3
	(2 766.1)	(2 385.1)	(3 041.6)	(2 877.0)	(2 664.8)
Net cash flows from financial assets (policy purposes)					
Net advances paid	(40.3)	(34.1)	(25.3)	10.1	17.4
	(40.3)	(34.1)	(25.3)	10.1	17.4
Net cash flows from financial assets (liquidity management purposes)					
Net (purchase)/sale of investments	(47.3)	(52.4)	(35.8)	(33.6)	(33.7)
	(47.3)	(52.4)	(35.8)	(33.6)	(33.7)
Net cash flows from investing activities	(2 853.7)	(2 471.5)	(3 102.7)	(2 900.5)	(2 681.1)

Table 6.9: Total Non-Financial Public Sector Cash Flow Statement
(continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from financing activities					
Net borrowing	2 721.9	2 660.5	2 380.4	2 490.7	1 863.9
Net cash flows from financing activities	2 721.9	2 660.5	2 380.4	2 490.7	1 863.9
Net increase/(decrease) in cash held	(199.4)	(563.6)	(40.4)	(26.0)	6.3
Cash at the beginning of the year	1 675.7	1 755.3	1 191.7	1 151.3	1 125.3
Cash at the end of the year	1 476.3	1 191.7	1 151.3	1 125.3	1 131.6
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	(67.6)	(752.6)	681.9	383.8	823.5
Plus Net cash flows from non-financial assets	(2 766.1)	(2 385.1)	(3 041.6)	(2 877.0)	(2 664.8)
Equals CASH SURPLUS/(DEFICIT)	(2 833.7)	(3 137.6)	(2 359.7)	(2 493.2)	(1 841.3)

Public Financial Corporations Sector

Table 6.10: Public Financial Corporations Sector Income Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Sales of goods and services	157.7	155.5	163.2	170.9	178.6
Interest income	550.7	551.7	706.7	839.8	969.4
Dividend, tax and rate equivalent income	58.6	61.0	63.3	65.2	67.2
Other revenue	5.8	8.2	8.0	8.4	8.8
	772.8	776.5	941.3	1 084.3	1 224.0
Less Expenses from transactions					
Employee expenses	9.3	9.1	9.3	9.6	9.9
Superannuation	1.5	1.5	1.6	1.7	1.8
Depreciation	0.4	0.4	0.4	0.4	0.4
Supplies and consumables	217.7	239.5	218.2	228.5	241.8
Borrowing costs	520.4	520.4	675.6	811.0	938.8
Dividend and income tax equivalent expenses	161.4	158.2	160.9	70.5	52.1
Grant and subsidy expenses	5.8	5.9	6.3	6.5	6.9
Other expenses	0.4	0.4	0.4	0.5	0.5
	916.8	935.2	1 072.8	1 128.6	1 252.1
Equals NET OPERATING BALANCE	(144.1)	(158.8)	(131.5)	(44.3)	(28.1)
Plus Other economic flows – included in Operating Result					
Other gains/(losses)	24.7	54.8	18.7	20.3	21.4
	24.7	54.8	18.7	20.3	21.4
Equals Operating Result	(119.3)	(104.0)	(112.9)	(24.0)	(6.7)
Plus Other economic flows – other movements in Equity					
Other non-owner movements in Equity	9.1	(6.8)	11.3	11.0	10.9
	9.1	(6.8)	11.3	11.0	10.9
Equals Comprehensive Result	(110.2)	(110.8)	(101.6)	(13.0)	4.2

Table 6.10: Public Financial Corporations Sector Income Statement
(continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(144.1)	(158.8)	(131.5)	(44.3)	(28.1)
Less Net acquisition of non-financial assets					
Purchases of non-financial assets	16.5	16.2	18.0	18.0	18.0
Less Depreciation	0.4	0.4	0.4	0.4	0.4
	16.1	15.9	17.7	17.6	17.6
Equals FISCAL BALANCE	(160.2)	(174.6)	(149.2)	(61.9)	(45.7)

Table 6.11: Public Financial Corporations Sector Balance Sheet as at 30 June

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets					
Cash and deposits	4.4	4.6	4.6	4.7	4.7
Investments	18 013.0	18 000.3	20 339.6	22 694.9	24 722.6
Receivables	26.7	28.2	29.1	30.0	31.0
Other financial assets	13.6	21.5	15.4	13.7	10.7
	18 057.7	18 054.5	20 388.8	22 743.3	24 769.1
Non-financial assets					
Land and buildings	35.4	35.3	50.0	64.7	79.4
Plant and equipment	1.0	1.1	1.2	1.4	1.5
Intangibles	1.7	1.4	3.7	5.9	8.2
Lease - right-of-use assets	1.1	1.1	0.9	0.8	0.6
	39.2	38.8	55.8	72.8	89.7
Total Assets	18 096.9	18 093.4	20 444.6	22 816.0	24 858.8
Liabilities					
Borrowings	15 669.7	15 617.8	17 993.4	20 300.1	22 256.9
Lease liabilities	1.1	1.1	0.9	0.8	0.6
Superannuation	7.4	7.6	8.2	8.8	9.5
Employee entitlements	1.9	1.8	2.0	2.1	2.3
Payables	3.2	3.3	3.3	3.3	3.3
Other liabilities	1 566.3	1 618.1	1 694.7	1 771.9	1 852.9
Total Liabilities	17 249.5	17 249.7	19 702.5	22 086.9	24 125.5
Net Assets	847.4	843.7	742.1	729.1	733.3
Equity					
Accumulated funds	703.8	700.2	696.6	710.6	714.8
Asset revaluation reserve	8.6	8.5	8.5	8.5	8.5
Other revaluation reserves	10.0	10.0	10.0	10.0	10.0
Other equity	125.0	125.0	27.0	....	....
Total Equity	847.4	843.7	742.1	729.1	733.3

Table 6.11: Public Financial Corporations Sector Balance Sheet as at 30 June (continued)

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET WORTH¹	847.4	843.7	742.1	729.1	733.3
NET FINANCIAL WORTH²	808.2	804.9	686.3	656.3	643.6
NET FINANCIAL LIABILITIES³	(808.2)	(804.9)	(686.3)	(656.3)	(643.6)
NET DEBT⁴	(2 346.6)	(2 386.1)	(2 350.0)	(2 398.7)	(2 469.8)
GFS NET DEBT⁵	(2 347.7)	(2 387.1)	(2 350.9)	(2 399.5)	(2 470.4)

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.

Table 6.12: Public Financial Corporations Sector Cash Flow Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received from operating activities					
Sales of goods and services	178.7	175.6	184.4	192.8	201.5
Interest received	551.0	552.0	706.9	840.0	969.6
Dividend, tax and rate equivalents	58.6	61.0	63.3	65.2	67.2
Other receipts	3.2	5.5	5.7	6.0	6.2
	791.5	794.0	960.3	1 104.0	1 244.6
Cash payments for operating activities					
Employee entitlements	(9.0)	(8.7)	(9.1)	(9.3)	(9.6)
Superannuation	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)
Supplies and consumables	(155.8)	(149.0)	(157.6)	(167.0)	(178.0)
Borrowing costs	(520.4)	(520.4)	(675.6)	(811.0)	(938.8)
Grants and subsidies paid	(6.4)	(6.5)	(6.9)	(7.2)	(7.6)
Other payments	(5.4)	(5.5)	(5.6)	(5.8)	(5.9)
	(697.9)	(691.1)	(855.8)	(1 001.3)	(1 141.0)
Net cash flows from operating activities	93.6	102.9	104.5	102.7	103.6
Cash flows from investing activities					
Net cash flows from non-financial assets					
Purchases of non-financial assets	(16.5)	(16.2)	(18.0)	(18.0)	(18.0)
	(16.5)	(16.2)	(18.0)	(18.0)	(18.0)
Net cash flows from financial assets (liquidity management purposes)					
Net (purchase)/sale of investments	(3 216.2)	(3 617.5)	(2 264.1)	(2 740.4)	(2 466.5)
	(3 216.2)	(3 617.5)	(2 264.1)	(2 740.4)	(2 466.5)
Net cash flows from investing activities	(3 232.6)	(3 633.8)	(2 282.1)	(2 758.4)	(2 484.5)
Cash flows from financing activities					
Net borrowing	3 310.7	3 524.6	2 333.5	2 727.2	2 430.5
Dividends and tax equivalents paid	(171.6)	(177.6)	(155.8)	(71.4)	(49.6)
Net cash flows from financing activities	3 139.1	3 347.0	2 177.7	2 655.8	2 380.9
Net increase/(decrease) in cash held	....	(183.9)	....	0.1	0.1
Cash at the beginning of the year	4.4	188.4	4.6	4.6	4.7
Cash at the end of the year	4.4	4.6	4.6	4.7	4.7

Table 6.12: Public Financial Corporations Sector Cash Flow Statement (continued)

	2024-25 Budget	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	93.6	102.9	104.5	102.7	103.6
Plus Net cash from non-financial assets	(16.5)	(16.2)	(18.0)	(18.0)	(18.0)
Plus Dividends and tax equivalents paid	(171.6)	(177.6)	(155.8)	(71.4)	(49.6)
Equals CASH SURPLUS/(DEFICIT)	(94.5)	(90.9)	(69.4)	13.3	36.0

Total State Sector

Table 6.13: Total State Sector Income Statement

	2024-25 Budget	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from transactions					
Grants	5 832.8	5 891.7	6 153.9	6 141.7	6 263.6
Taxation	1 746.3	1 736.5	1 822.3	1 951.4	2 042.5
Sales of goods and services	4 004.0	3 911.2	4 268.8	4 549.1	4 706.3
Fines and regulatory fees	156.4	157.9	157.7	154.7	148.6
Interest income	155.2	147.6	169.6	183.9	216.2
Dividend, tax and rate equivalent income	58.6	57.6	72.1	66.2	62.7
Other revenue	337.0	345.0	332.9	327.6	343.2
	12 290.2	12 247.5	12 977.3	13 374.7	13 783.0
Less Expenses from transactions					
Employee expenses	4 549.9	4 839.5	4 659.0	4 773.6	4 901.9
Superannuation	550.9	567.5	589.2	603.8	619.9
Depreciation	985.0	996.8	1 062.7	1 106.5	1 129.6
Supplies and consumables	4 208.4	4 348.1	4 285.0	4 417.7	4 501.1
Nominal superannuation interest expense	328.0	341.2	323.7	322.5	320.0
Borrowing costs	457.2	448.7	614.1	752.4	879.4
Grant and subsidy expenses	2 255.7	2 336.2	1 881.8	1 814.2	1 682.8
Other expenses	40.5	61.4	47.8	46.2	(105.9)
	13 375.7	13 939.5	13 463.3	13 836.8	13 928.9
Equals NET OPERATING BALANCE	(1 085.5)	(1 692.0)	(486.0)	(462.1)	(145.9)
Plus Other economic flows – included in Operating Result					
Gain/(loss) on sale of non-financial assets	40.3	37.7	53.6	66.0	58.2
Other gains/(losses)	(150.1)	(199.8)	(162.5)	(71.6)	(17.0)
	(109.8)	(162.1)	(108.9)	(5.5)	41.2
Equals Operating Result	(1 195.3)	(1 854.1)	(594.8)	(467.6)	(104.7)
Plus Other economic flows – other movements in Equity					
Revaluations of non-financial assets	493.7	404.3	521.1	552.4	589.4
Movements in superannuation liability	(114.6)	(8.2)	....	....	....
Other non-owner movements in Equity	42.7	97.0	(35.4)	1.9	14.8
	421.8	493.0	485.8	554.3	604.3
Equals Comprehensive Result	(773.5)	(1 361.1)	(109.1)	86.7	499.6

Table 6.13: Total State Sector Income Statement (continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
KEY FISCAL AGGREGATES					
NET OPERATING BALANCE	(1 085.5)	(1 692.0)	(486.0)	(462.1)	(145.9)
Less Net acquisition of non-financial assets					
Purchases of non-financial assets	2 801.0	2 420.3	3 091.9	3 074.6	2 762.3
Less Sales of non-financial assets	63.8	64.4	79.5	227.8	84.2
Less Depreciation	985.0	996.8	1 062.7	1 106.5	1 129.6
	1 752.2	1 359.1	1 949.7	1 740.3	1 548.5
Equals FISCAL BALANCE	(2 837.6)	(3 051.1)	(2 435.7)	(2 202.4)	(1 694.4)

Table 6.14: Total State Sector Balance Sheet as at 30 June

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Assets					
Financial assets					
Cash and deposits	1 480.7	1 196.3	1 155.9	1 130.0	1 136.4
Investments	6 924.5	6 964.8	7 151.6	7 341.7	7 394.8
Other equity investments	451.4	453.6	491.6	527.3	563.4
Receivables	1 042.1	1 244.9	1 207.1	1 212.8	1 220.8
Contract assets	2.8	4.4	4.3	4.4	4.4
Other financial assets	581.9	597.1	553.3	553.0	551.9
	10 483.4	10 461.2	10 563.8	10 769.1	10 871.6
Non-financial assets					
Land and buildings	12 000.3	11 424.2	12 209.3	13 370.5	14 087.1
Infrastructure	18 235.9	18 471.8	20 005.1	21 172.4	22 666.4
Plant and equipment	823.2	803.1	901.5	967.4	1 010.5
Heritage and cultural assets	541.3	542.1	554.4	566.7	579.0
Biological assets	212.3	212.3	213.6	215.5	217.4
Investment property	4.7	4.7	4.7	4.7	4.7
Intangibles	269.5	235.7	292.5	326.5	360.8
Assets held for sale	30.4	24.9	23.5	23.3	23.2
Lease - right-of-use assets	865.8	1 014.8	952.0	892.6	835.8
Service concession assets	2 717.7	2 551.7	2 523.0	2 471.4	2 420.0
Other non-financial assets	209.3	204.6	208.5	212.6	215.6
	35 910.4	35 489.9	37 888.1	40 223.6	42 420.5
Total Assets	46 393.8	45 951.1	48 451.9	50 992.8	53 292.1
Liabilities					
Borrowings	15 112.7	15 026.6	17 693.3	20 421.9	22 369.2
Lease liabilities	969.2	1 147.7	1 094.7	1 044.5	996.9
Service concession liabilities	640.1	451.5	421.3	388.7	353.5
Superannuation	7 772.9	7 696.5	7 678.2	7 639.9	7 577.8
Employee entitlements	1 209.3	1 209.4	1 232.4	1 178.7	1 202.0
Payables	881.7	1 096.7	1 088.5	1 089.6	1 091.1
Contract liabilities	600.6	535.0	533.8	429.5	380.1
Other liabilities	4 076.3	4 013.8	4 044.9	4 048.7	4 070.6
Total Liabilities	31 262.8	31 177.3	33 787.3	36 241.4	38 041.2
Net Assets	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9

Table 6.14: Total State Sector Balance Sheet as at 30 June
(continued)

	2025	2025	2026	2027	2028
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Equity					
Accumulated funds	4 494.0	4 086.0	3 456.0	2 988.2	2 897.1
Asset revaluation reserve	10 717.7	10 715.1	11 236.2	11 788.6	12 378.0
Other revaluation reserves	(80.7)	(27.3)	(27.5)	(25.5)	(24.2)
Total Equity	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9

KEY FISCAL AGGREGATES

NET WORTH¹	15 131.0	14 773.7	14 664.6	14 751.3	15 250.9
NET FINANCIAL WORTH²	(20 779.4)	(20 716.1)	(23 223.4)	(25 472.3)	(27 169.6)
NET FINANCIAL LIABILITIES³	20 779.4	20 716.1	23 223.4	25 472.3	27 169.6
NET DEBT⁴	8 316.8	8 464.8	10 901.9	13 383.5	15 188.4
GFS NET DEBT⁵	6 707.6	6 865.5	9 385.9	11 950.2	13 838.0

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 and Service concession 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.

Table 6.15: Total State Sector Cash Flow Statement

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities					
Cash received from operating activities					
Grants received	5 753.3	5 690.9	6 094.5	5 955.8	6 138.5
Taxation	1 729.8	1 722.4	1 815.5	1 950.7	2 040.3
Sales of goods and services	4 035.5	3 811.8	4 232.9	4 491.2	4 647.5
Fines and regulatory fees	156.3	157.8	157.7	154.7	148.6
Interest received	154.7	208.5	234.0	250.3	284.1
Dividend, tax and rate equivalents	58.6	61.0	63.3	65.2	67.2
Other receipts	716.3	726.1	752.9	715.9	724.1
	12 604.5	12 378.6	13 350.7	13 583.8	14 050.3
Cash payments for operating activities					
Employee entitlements	(4 541.7)	(4 858.7)	(4 695.3)	(4 871.6)	(4 934.0)
Superannuation	(847.8)	(882.7)	(902.5)	(942.8)	(969.8)
Supplies and consumables	(4 192.4)	(4 161.3)	(4 134.7)	(4 296.9)	(4 377.4)
Borrowing costs	(392.7)	(409.7)	(593.3)	(735.2)	(861.7)
Grants and subsidies paid	(2 252.2)	(2 332.7)	(1 878.3)	(1 811.1)	(1 680.3)
Other payments	(523.4)	(560.7)	(515.9)	(511.2)	(349.6)
	(12 750.2)	(13 205.9)	(12 720.2)	(13 168.7)	(13 172.8)
Net cash flows from operating activities	(145.6)	(827.3)	630.6	415.1	877.5
Cash flows from investing activities					
Net cash flows from non-financial assets					
Purchases of non-financial assets	(2 842.6)	(2 461.9)	(3 135.3)	(3 118.9)	(2 763.2)
Sales of non-financial assets	60.0	60.6	75.7	223.9	80.4
	(2 782.6)	(2 401.3)	(3 059.7)	(2 895.0)	(2 682.8)
Net cash flows from financial assets (policy purposes)					
Net advances paid	(40.3)	(34.1)	(25.3)	10.1	17.4
	(40.3)	(34.1)	(25.3)	10.1	17.4
Net cash flows from financial assets (liquidity management purposes)					
Net (purchase)/sale of investments	(644.3)	(778.1)	(252.7)	(284.7)	(153.0)
	(644.3)	(778.1)	(252.7)	(284.7)	(153.0)
Net cash flows from investing activities	(3 467.2)	(3 213.5)	(3 337.6)	(3 169.6)	(2 818.4)

Table 6.15: Total State Sector Cash Flow Statement (continued)

	2024-25	2024-25	2025-26	2026-27	2027-28
	Budget	Revised Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash flows from financing activities					
Net borrowing	3 413.5	3 325.0	2 666.7	2 728.6	1 947.3
Net cash flows from financing activities	3 413.5	3 325.0	2 666.7	2 728.6	1 947.3
Net increase/(decrease) in cash held	(199.4)	(715.9)	(40.4)	(25.9)	6.4
Cash at the beginning of the year	1 680.1	1 912.1	1 196.3	1 155.9	1 130.0
Cash at the end of the year	1 480.7	1 196.3	1 155.9	1 130.0	1 136.4
KEY FISCAL AGGREGATES					
Net cash flows from operating activities	(145.6)	(827.3)	630.6	415.1	877.5
Plus Net cash flows from non-financial assets	(2 782.6)	(2 401.3)	(3 059.7)	(2 895.0)	(2 682.8)
Equals CASH SURPLUS/(DEFICIT)	(2 928.2)	(3 228.6)	(2 429.1)	(2 479.9)	(1 805.3)

7. PUBLIC ACCOUNT

Public Account Receipts and Expenditure

Tables 7.1 and 7.2 provide information on the Receipts and Expenditure of the Public Account for the six months ending 31 December 2024 and 2024-25 Budget and Forward Estimates period. Receipts are categorised based on the source and nature of each receipt. 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 36(6)(a) and 36(6)(b) and 37(4) of the FMA.

These tables reflect the gross cash receipts to, and expenditure from, the Public Account. As such, they do not include the important 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 7.1: Public Account Receipts

	2024-25 Budget	2024-25 Dec YTD Actual	2024-25 Revised Budget	2025-26 Forward Estimate	2026-27 Forward Estimate	2027-28 Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
General Receipts						
Australian Government Sources	4 355.9	2 203.0	4 356.0	4 588.6	4 624.9	4 831.8
State Sources	2 455.6	1 289.1	2 463.6	2 465.7	2 592.1	2 679.7
	6 811.5	3 492.1	6 819.5	7 054.3	7 216.9	7 511.6
Specific Purpose Accounts	3 545.0	2 027.3	3 671.1	3 677.6	3 399.1	3 261.1
Statutory Authorities	319.8	143.9	319.8	303.9	315.1	324.6
Total Receipts	10 676.3	5 663.3	10 810.5	11 035.8	10 931.1	11 097.3

Table 7.2: Public Account Expenditure

	2024-25	2024-25	2024-25	2025-26	2026-27	2027-28
		Dec YTD	Revised	Forward	Forward	Forward
	Budget	Actual	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Annual Appropriation						
Operating Services Expenditure	7 430.8	3 888.4	7 806.2	7 324.5	7 560.3	7 350.8
Capital Services Expenditure	679.9	225.8	557.9	919.5	713.9	561.8
	8 110.7	4 114.3	8 364.0	8 244.0	8 274.2	7 912.7
Reserved by Law	586.0	256.5	599.0	460.3	464.5	487.4
Specific Purpose Accounts	3 597.4	2 025.9	3 778.4	3 637.8	3 457.4	3 256.0
Statutory Authorities	363.7	180.9	363.7	327.6	323.6	330.1
Other Provisions	(2.2)	....	....	....	....	....
Total Expenditure	12 655.5	6 577.6	13 105.1	12 669.6	12 519.7	11 986.1

Specific Purpose Accounts Estimated Receipts and Expenditure

Table 7.3 provides estimated receipts and expenditure and associated balances for each Specific Purpose Account for 2024-25, by agency.

This table provides information on the gross cash receipts to and payments from Specific Purpose Accounts and 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.

Table 7.3: Specific Purpose Accounts Estimated Receipts and Expenditure for 2024-25

	Opening Balance 1 July 2024	2024-25 Revised Budget		Estimated Balance 30 June 2025	Actual Balance 31 Dec 2024
	\$m	\$m	\$m	\$m	\$m
Brand Tasmania					
Agency Financial Management Account	0.9	0.3	0.3	0.9	0.8
Education, Children and Young People					
Agency Financial Management Account	37.2	96.5	100.5	33.3	32.1
Department of Education School Banking Account	65.1	126.7	124.6	67.2	35.9
	102.4	223.2	225.1	100.5	68.1
Environment Protection Authority					
Agency Financial Management Account	16.5	5.1	5.1	16.4	16.3
Finance-General					
Agency Financial Management Account	10.7	70.2	69.9	11.0	37.0
Australian Government Funding Management Account	556.5	691.8	823.0	425.3	508.0
Government Car Fleet Account	3.5	54.7	56.4	1.8	5.2
Home Warranty Insurance Scheme Account	....	1.0	1.0	....	....
Rosetta Landslip Account	0.9	0.1	....	0.9	0.9
Tasmanian Risk Management Fund	509.1	208.2	157.4	559.9	605.8
Unclaimed Moneys Account	60.7	3.6	0.5	63.8	62.5
	1 141.3	1 029.6	1 108.2	1 062.6	1 219.4
Health					
Agency Financial Management Account	5.4	1 166.4	1 166.4	5.4	8.6
Private Patient Account	7.7	36.8	36.4	8.1	4.6
	13.2	1 203.2	1 202.9	13.5	13.2
House of Assembly					
Agency Financial Management Account	....	0.1	0.1	....	....
Integrity Commission					
Agency Financial Management Account	0.1	....	....	0.1	0.1

Table 7.3: Specific Purpose Accounts Estimated Receipts and Expenditure for 2024-25 (continued)

	Opening Balance 1 July 2024	2024-25 Revised Budget		Estimated Balance 30 June 2025	Actual Balance 31 Dec 2024
	\$m	Receipts \$m	Expenditure \$m	\$m	\$m
Justice					
Agency Financial Management Account	51.5	91.0	93.2	49.3	39.8
Asbestos Compensation Fund	38.0	10.3	7.8	40.5	40.6
Local Government and Other Elections Account	0.3	0.4	0.4	0.3	0.2
Workers Rehabilitation and Compensation Fund	5.7	13.2	13.1	5.8	3.9
	95.5	114.9	114.5	95.8	84.6
Legislative Council					
Agency Financial Management Account	....	0.1	0.1	....	....
Legislature-General					
Agency Financial Management Account	0.1	0.6	0.6	0.1	0.1
Ministerial and Parliamentary Support					
Agency Financial Management Account	0.4	1.7	1.7	0.5	0.5
Natural Resources and Environment Tasmania					
Agency Financial Management Account	51.9	120.1	123.7	48.3	42.3
Crown Lands Administration Fund	68.4	6.9	10.2	65.1	73.0
Waste and Resource Recovery Account	6.9	16.6	22.8	0.7	9.6
	127.2	143.6	156.7	114.1	124.9
Office of the Director of Public Prosecutions					
Agency Financial Management Account	3.9	0.9	1.0	3.7	3.5
Office of the Governor					
Agency Financial Management Account	0.2	0.3	0.4	0.2	0.2
Office of the Ombudsman					
Agency Financial Management Account	0.1	0.9	0.8	0.3	0.3
Police, Fire and Emergency Management					
Agency Financial Management Account	28.2	214.8	213.0	30.0	6.6
Premier and Cabinet					
Agency Financial Management Account	10.6	76.6	78.0	9.2	0.2
State Growth					
Agency Financial Management Account	23.8	629.0	643.4	9.4	21.9
Tasmanian Forests Agreement Account	3.6	1.2	1.5	3.3	3.5
	27.4	630.2	644.8	12.7	25.4
Tasmanian Audit Office					
Agency Financial Management Account	1.5	7.8	8.1	1.1	1.4
Tourism Tasmania					
Agency Financial Management Account	(0.1)	0.7	0.7	(0.1)	(0.2)

Table 7.3: Specific Purpose Accounts Estimated Receipts and Expenditure for 2024-25 (continued)

	Opening Balance 1 July 2024	2024-25 Budget Revised Receipts Expenditure	Estimated Balance 30 June 2025	Actual Balance 31 Dec 2024
	\$m	\$m	\$m	\$m
Treasury and Finance				
Agency Financial Management Account	14.9	16.5	15.0	18.6
Total Specific Purpose Accounts	1 584.1	3 671.1	1 476.8	1 583.9