

# Preliminary Outcomes Report 2010-11



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# 1 INTRODUCTION

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The *Preliminary Outcomes Report* provides details on the General Government's financial results for 2010-11. It presents the preliminary financial data for the General Government Sector against the forecasts contained in the 2010-11 Budget.

The *Preliminary Outcomes Report* is a requirement under section 26 of the *Financial Management and Audit Act 1990*. The financial statements have been prepared in accordance with applicable Australian Accounting Standards including *AASB 1049: Whole of Government and General Government Sector Financial Reporting*. Presentation of the financial statements is consistent with the 2010-11 Budget and reporting requirements of the Uniform Presentation Framework. This Report should be read in conjunction with the *2010-11 Budget Papers* and the *2010-11 Guide to the Budget*.

Financial information for this Report is provided by Government entities to Treasury by 15 July for publication by 15 August. Due to the short timeframe for the preparation of the Report, estimation methods are applied using *AASB 134 Interim Financial Reporting*. Therefore, data is unaudited and preliminary in nature, and may change before final compilation of the *Treasurer's Annual Financial Report*, published by 31 October 2011.

The *Preliminary Outcomes Report* contains the following information:

- Section 2 provides an update on progress against the Key Interim Fiscal Strategy Measures;
- Section 3 presents the preliminary financial statements for the General Government Sector;
- Section 4 summarises receipts to and expenditure from the Consolidated Fund; and
- Section 5 outlines key concepts.



# 2 KEY INTERIM FISCAL STRATEGY MEASURES

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A fiscal strategy is an effective planning tool for the Government, providing clear signals to financial markets, the business sector and the community as to the Government's intentions in financial management. The purpose of a fiscal strategy is to establish a benchmark for the evaluation of the Government's year-to-year and medium term fiscal performance and to increase public awareness of its fiscal policies.

As a result of the global slowdown, the Government announced an Interim Fiscal Strategy in the 2009-10 Budget to address issues arising from the Global Financial Crisis and return the Budget to a sustainable position over the medium-term. At the time of the 2010-11 Budget, the Government was on track to meet all but one of its established targets.

There has been a significant deterioration in the State's financial position since the 2010-11 Budget. This change primarily reflects the ongoing impact of the GFC on Tasmania's GST receipts and, to a lesser extent, on State own-source revenues. A new Fiscal Strategy was established in the 2011-12 Budget which reflects the State's current financial position and the Government's policy response.

While a new Fiscal Strategy has been developed and implemented, the targets apply to 2011-12 and beyond. As a consequence, Table 2.1 presents progress against a number of key Interim Fiscal Strategy measures that were in place for the 2010-11 Budget. This Table specifically presents the:

- 2010-11 Preliminary outcome;
- 2010-11 estimated outcome, as presented in the 2011-12 Budget papers;
- 2010-11 original Budget estimates; and
- Actual 2009-10 outcome.

**Table 2.1: Key Interim Fiscal Strategy Measures**

Interim Target	2009-10	2010-11	2010-11	2010-11
	Actual	Original Budget	Estimated Outcome	Preliminary Outcome
	\$m	\$m	\$m	\$m
Net Operating Surplus on average over four-year rolling period by 2014-15 <sup>1</sup>	(12)	(17)	(10)	(9)
Underlying Net Operating Surplus on average over four-year rolling period by 2014-15 <sup>2</sup>	(114)	(182)	(243)	(245)
Fiscal Surplus by 2014-15	(291)	(530)	(533)	(461)
Consolidated Fund Surplus by 2014-15	(266)	(235)	(527)	(414)
Net Unfunded Superannuation Liability to be extinguished by 2035 <sup>3</sup>	3 496	2 896	3 568	3 521
General Government Sector to remain Net Debt free	(748)	(309)	(343)	(421)
Capital Expenditure in excess of depreciation, on average, over four-year rolling period <sup>4</sup>	120	235	250	236

Notes:

1. To calculate the four-year rolling average of the Net Operating Balance as at 30 June 2011, the prior year outcomes for 2007-08, 2008-09 and 2009-10 were used, being a \$53 million surplus, a \$78 million deficit and an \$18 million surplus respectively.
2. Achievement of an Underlying Net Operating Surplus on average over a four-year rolling period by 2014-15 is measured on an underlying basis that removes the impact of one-off Australian Government funding for specific major capital programs. To calculate the four-year rolling average of the Underlying Net Operating Balance as at 30 June 2011, the prior year outcomes for 2007-08, 2008-09 and 2009-10 were used, being a \$53 million surplus, a \$106 million deficit and a \$363 million deficit respectively.
3. The Net Unfunded Superannuation Liability will continue to increase in the medium-term. While short-term issues in relation to the cash backing of the superannuation liability have been flagged in past years, the budgeted ongoing improvement in the State's financial position will see work continue toward the achievement of the 2035 target.
4. To calculate the four-year rolling average as at 30 June 2011, the prior year outcomes for 2007-08, 2008-09 and 2009-10 were used, being excesses of \$19 million, \$57 million and \$378 million respectively.

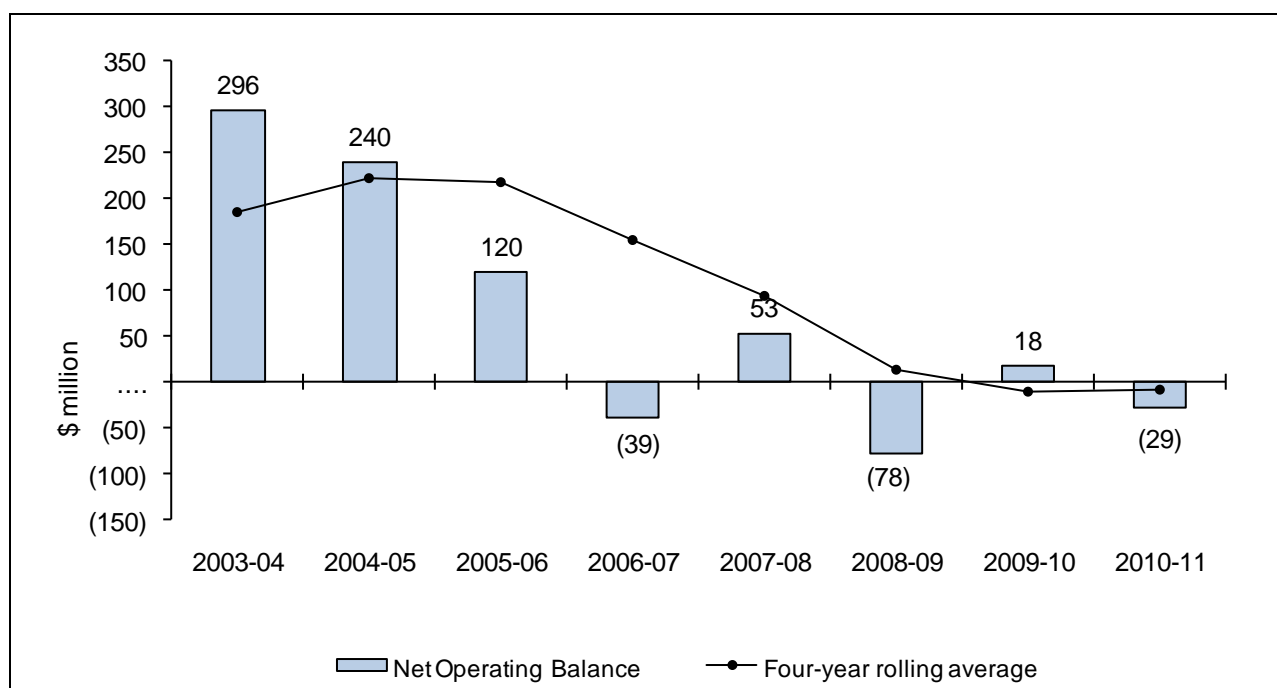


## Net Operating Balance

The preliminary 2010-11 Net Operating Balance is estimated to be a deficit of \$29 million, an improvement of \$36 million from the original Budget deficit of \$65 million. The improvement primarily reflects the impact of additional Australian Government infrastructure funding and does not necessarily represent an improvement in the underlying Budget position. The result is consistent with the estimated outcome of a \$32 million deficit presented in the 2011-12 Budget Papers.

Details of the significant variations are provided in Section 3 of this Report.

Chart 2.1: Net Operating Balance



## Underlying Net Operating Balance

The Underlying Net Operating Balance is the Net Operating Balance adjusted to remove the effects of one-off Australian Government funding for specific major capital projects linked to the *Nation Building – Economic Stimulus Plan*, Nation Building (formerly Auslink), Water for the Future and the Royal Hobart Hospital Redevelopment.

The preliminary 2010-11 Underlying Net Operating Balance is estimated to be a deficit of \$564 million, a decline of \$232 million from the original Budget deficit of \$332 million. During 2010-11, funding of \$270 million was received for the Royal Hobart Hospital Redevelopment, which has been excluded from the Underlying Net Operating Balance.

Table 2.2: Underlying Net Operating Balance

	2009-10	2010-11	2010-11	2010-11
	Actual	Original Budget	Estimated Outcome	Preliminary Outcome
	\$m	\$m	\$m	\$m
Net Operating Balance	18	(65)	(32)	(29)
Less Impact of the One-off Australian Government				
Funding for Specific Major Capital Programs	381	267	524	535
<b>Underlying Net Operating Balance</b>	<b>(363)</b>	<b>(332)</b>	<b>(556)</b>	<b>(564)</b>
Underlying Net Operating Surplus on average over four-year rolling period by 2014-15 <sup>1</sup>	(114)	(182)	(243)	(245)

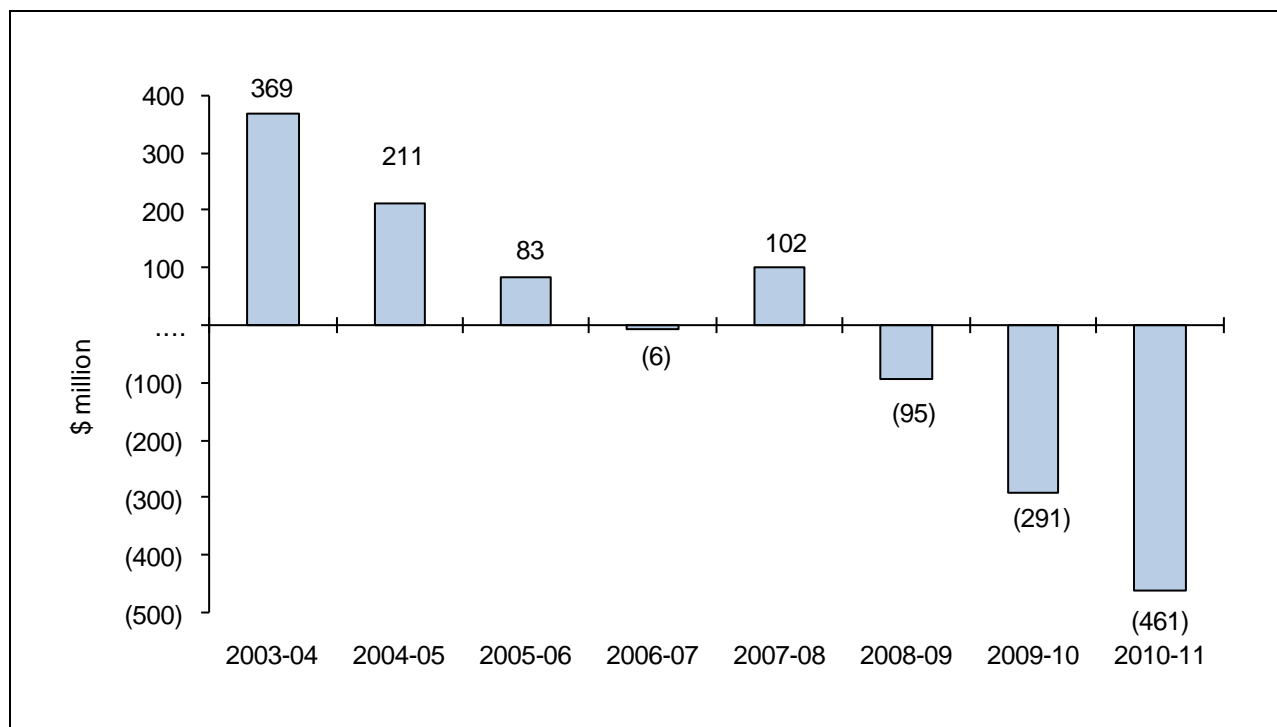
Note:

1. To calculate the four-year rolling average of the Underlying Net Operating Balance as at 30 June 2011, the prior year outcomes for 2007-08, 2008-09 and 2009-10 were used, being a \$53 million surplus, a \$106 million deficit and a \$363 million deficit respectively.

## Fiscal Balance

The preliminary 2010-11 Fiscal Balance is estimated to be a \$461 million deficit, an improvement of \$69 million from the original Budget estimate of a \$530 million deficit. Details of the significant variations are provided in Section 3.

Chart 2.2: Fiscal Balance



## Capital Expenditure

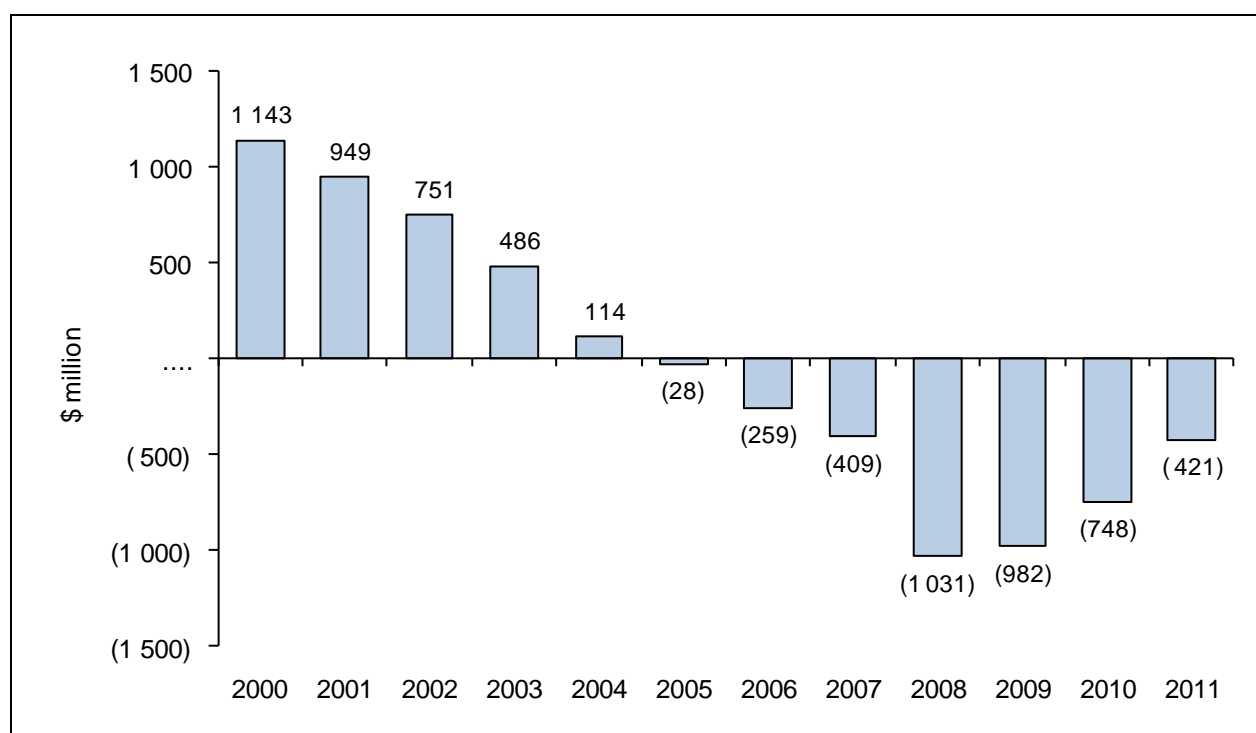
Investment in infrastructure is necessary to ensure the effective delivery of Government services to the community and to foster economic and industry development. Maintaining capital expenditure to be at least equal to depreciation levels ensures that the real value of General Government infrastructure assets is maintained.

The preliminary 2010-11 capital expenditure, in excess of depreciation, is estimated to be \$491 million, a decrease of \$32 million below the original Budget estimate of \$523 million.

## Net Debt

Net Debt is estimated to be negative \$421 million as at 30 June 2011, which is an improvement of \$112 million from the original Budget estimate of negative \$309 million. The preliminary outcome represents a decline of \$327 million from the balance of Net Debt as at 30 June 2010 of negative \$748 million.

Chart 2.3: Net Debt





# 3 GENERAL GOVERNMENT PRELIMINARY OUTCOME

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## Income Statement

The General Government Income Statement for 2010-11 is detailed in Table 3.1.

The preliminary outcomes for 2010-11 are:

- a Net Operating Deficit of \$29 million, a \$36 million improvement on the Budget deficit of \$65 million; and
- a Fiscal Deficit of \$461 million, a \$69 million improvement on the Budget deficit of \$530 million.

The improvement in the Net Operating Balance primarily reflects the impact of additional Australian Government infrastructure funding, in particular \$270 million funding received for the Royal Hobart Hospital Redevelopment, and does not represent an underlying improvement in the Budget position.

**Table 3.1: Income Statement**

	<b>2010-11 Original Budget</b>	<b>2010-11 Preliminary Outcome</b>	<b>2009-10 Actual</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Revenue from transactions</b>			
Grants	2 911	3 114	3 110
Taxation	876	850	872
Sales of goods and services	370	349	289
Fines and regulatory fees	89	88	97
Interest income	48	38	45
Dividend, tax and rate equivalent income	149	126	79
Other revenue	121	148	109
	<b>4 563</b>	<b>4 713</b>	<b>4 602</b>
<b>Expenses from transactions</b>			
Employee expenses	2 007	2 066	1 957
Superannuation	229	272	233
Depreciation	249	241	229
Supplies and consumables	992	935	973
Nominal superannuation interest expense	222	232	208
Borrowing costs	17	14	18
Grant expenses	880	952	935
Other expenses	32	29	31
	<b>4 627</b>	<b>4 742</b>	<b>4 584</b>
<b>Equals NET OPERATING BALANCE</b>	<b>(65)</b>	<b>(29)</b>	<b>18</b>
<b>Plus Other economic flows – Included in Operating Result</b>			
Gain/(loss) on sale of non-financial assets	17	(7)	(24)
Revaluation of equity investment in PNFC and PFC Sectors	239	261	1 893
Revaluation of superannuation liability	....	84	(692)
Other gains/(losses)	7	(37)	(41)
	<b>262</b>	<b>300</b>	<b>1 136</b>
<b>Equals Operating Result</b>	<b>197</b>	<b>271</b>	<b>1 153</b>

Table 3.1: Income Statement (continued)

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Plus Other economic flows – Other movements in equity</b>			
Revaluations of non-financial assets	242	(689)	387
Other movements in equity	(102)	(19)	(14)
	<b>140</b>	<b>(708)</b>	<b>373</b>
<b>Equals Comprehensive Result</b>	<b>338</b>	<b>(437)</b>	<b>1 527</b>
<b>KEY FISCAL AGGREGATES</b>			
<b>NET OPERATING BALANCE</b>	<b>(65)</b>	<b>(29)</b>	<b>18</b>
<b>Less Net acquisition of non-financial assets</b>			
Purchase of non-financial assets	772	732	607
Less Sale of non-financial assets	59	59	69
Less Depreciation	249	241	229
	<b>465</b>	<b>432</b>	<b>309</b>
<b>Equals FISCAL BALANCE – SURPLUS/(DEFICIT)</b>	<b>(530)</b>	<b>(461)</b>	<b>(291)</b>

## Revenue Variations

Revenue from transactions is estimated to be \$4 713 million in 2010-11, which is \$150 million higher than the 2010-11 Budget estimate of \$4 563 million. The main changes are:

<b>Revenue Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
<hr/>		
Grants revenue \$203 million higher		
General purpose payments	\$108 million lower	The decrease reflects a downward revision by the Australian Government in the level of the National GST pool and an adjustment made in 2010-11 for overpayment of GST by the Australian Government to States in 2009-10.
National partnership payments	\$291 million higher	The increase reflects additional Australian Government funding of \$270 million towards the redevelopment of the Royal Hobart Hospital. There was also an advance payment of 2011-12 funding in relation to Grants for Local Government amounting to \$18 million.
Specific purpose payments	\$9 million higher	The increase is due to additional funding provided for schools.  Refer to Table 3.2 for further detail on grant revenue.
<hr/>		
Taxation	\$26 million lower	The decrease in Taxation primarily reflects a decrease in Financial transaction taxes of \$27 million due to reduced volume and value of property transactions. There was also a decrease in Payroll tax of \$3 million and Land tax of \$2 million. The decreases are partly offset by increases in Betting exchange taxes and levies of \$2 million and Motor tax of \$2 million. Further detail on Taxation revenue is provided in Table 3.3.
<hr/>		
Sales of goods and services	\$21 million lower	The decrease is primarily due to the reclassification of \$23 million by the Department of Primary Industries, Parks, Water and the Environment. This was included in Sales of goods and services in the original Budget estimate, however is recognised as Fines and regulatory fees for the preliminary outcome.
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Revenue Item Variance from Budget	Reasons
Interest income \$10 million lower	The decrease in Interest income is primarily a result of lower than anticipated cash balances available for investment during 2010-11.
Dividend, tax and rate equivalent income \$23 million lower	<p>The reduction reflects a decrease of \$37 million in income tax equivalents, partially offset by an increase of \$14 million in dividend income.</p> <p>The decrease in income tax equivalents is driven by decreases from Hydro Tasmania of \$28 million, Motor Accidents Insurance Board of \$7 million and TOTE Tasmania Pty Ltd of \$7 million.</p> <p>The increase in dividends revenue is driven by increases from Hydro Tasmania of \$14 million and Motor Accidents Insurance Board of \$7 million, partially offset by a decrease from Rivers and Water Supply Commission of \$7 million.</p>
Other revenue \$27 million higher	<p>The increase in other revenue primarily reflects:</p> <ul style="list-style-type: none"> <li>• \$10 million in additional Mineral royalties as a result of sustained improvements in commodity prices resulting from continued strong demand for commodities;</li> <li>• \$10 million transferred from the TGIO Reserve account held by RBF under section 29L of the <i>Retirement Benefits Act 1993</i>; and</li> <li>• \$6 million for the Department of Police and Emergency Management which is primarily unbudgeted revenue for the Tasmanian Mobile Radio network and for the secondment of police officers to the Australian Federal Police and other jurisdictions.</li> </ul>

Table 3.2: General Government Grants

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
Australian Government Grants			
General purpose payments	1 761	1 653	1 639
Specific purpose payments	609	618	580
National partnership payments	501	792	769
Other grants and subsidies	40	51	122
	<b>2 911</b>	<b>3 114</b>	<b>3 110</b>

Table 3.3: General Government Taxation

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Payroll Tax</b>	<b>281</b>	<b>278</b>	<b>271</b>
<b>Taxes on Property</b>			
Land tax	77	75	91
Fire service levies			
Fire service contribution	31	31	30
Insurance fire levy	16	16	17
Government guarantee fees	24	24	18
Taxes on financial and capital transactions	170	143	163
	<b>318</b>	<b>288</b>	<b>319</b>
<b>Taxes on the provision of goods and services</b>			
Gambling taxes			
Casino tax and licence fees	59	59	59
Betting exchange taxes and levies	2	4	7
Lottery tax	25	25	27
Totalizator wagering levy	6	6	6
Insurance duty	49	49	47
	<b>142</b>	<b>144</b>	<b>146</b>
<b>Taxes on the use of goods and services</b>			
Vehicle registration fees	30	33	31
Motor vehicle fees and taxes			
Motor vehicle duty	39	38	39
Motor tax	60	62	59
Motor vehicle fire levy	6	6	6
	<b>135</b>	<b>139</b>	<b>135</b>
	<b>876</b>	<b>850</b>	<b>872</b>

## Expense Variations

Expenses from transactions is estimated to be \$4 742 million in 2010-11, which is \$115 million higher than the 2010-11 Budget estimate of \$4 627 million. The major expense variations by Agencies are:

<b>Expense Item Variance from Budget</b>	<b>Reasons</b>
Department of Health and Human Services \$103 million higher	The increase reflects cost pressures in response to higher demand for Acute Health and Children and Family Services. This has primarily resulted in an increase in Employee expenses of \$63 million and \$12 million in Supplies and consumables.
Department of Education \$113 million higher	<p>The increase primarily reflects the inclusion of \$70 million of operating expenses of the former <i>Tasmania Tomorrow</i> entities that transferred to the Department of Education on 1 January 2011, which had not been included in the original Budget estimate.</p> <p>The Department also incurred an additional \$26 million in Employee entitlements explained by the Post Year 10 reforms and a revision to the long service leave liability calculations. There was also an increase in grants to non-government schools of \$15 million as a result of increased funding from the Australian Government.</p>
Finance-General \$28 million lower	The decrease reflects savings of \$20 million from the Treasurer's Reserve provision and lower than anticipated claims costs through the Tasmanian Risk Management Fund of \$11 million.

## Other Economic Flows – Included in Operating Result Variations

Other economic flows – Included in Operating Result is estimated to be \$300 million in 2010-11, which is \$38 million higher than the 2010-11 Budget estimate of a \$262 million inflow. The main changes are:

Variance from Budget	Reasons
Gain/(loss) on sale of non-financial assets \$24 million lower	<p>The decrease primarily reflects:</p> <ul style="list-style-type: none"> <li>a budget variance of \$26 million relating to the Department of Primary Industries, Parks, Water and Environment. This variance is due to the original Budget including gains of \$15 million relating to proposed property sales which did not occur during 2010-11. The variance is also the result of unbudgeted losses of \$11 million relating to the transfer of Crown properties to councils at no cost; and</li> <li>this decrease was partly offset by an increase of \$4 million by Finance-General reflecting higher than anticipated return on the sales of motor vehicles from the Government's fleet.</li> </ul>
Revaluation of equity investment in PNFC and PFC Sectors \$22 million higher	The increase in the PNFC and PFC sectors primarily reflects an increase in net assets held by the electricity companies and the Tasmanian Ports Corporation Pty Ltd, partly offset by a reduction in Forestry Tasmania's net assets.
Revaluation of superannuation liability \$84 million higher	The revaluation of the Superannuation liability reflects the most recent actuarial projections.
Other gains/(losses) \$44 million lower	<p>The decrease primarily reflects:</p> <ul style="list-style-type: none"> <li>a variance of \$29 million primarily due to the revaluation of the Tasmanian Museum and Art Gallery assets by the Department of Economic Development, Tourism and the Arts; and</li> <li>an unanticipated revaluation loss of \$15 million relating to the revaluation of road infrastructure assets by the Department of Infrastructure, Energy and Resources.</li> </ul>

## *Net Acquisition of Non-Financial Assets Variations*

Net Acquisition of Non-Financial Assets is estimated to be \$432 million in 2010-11, which is \$33 million lower than the 2010-11 Budget estimate of \$465 million. The main changes are:

<b>Variance from Budget</b>	<b>Reasons</b>
Department of Education \$27 million lower	<p>Purchases of non-financial assets is \$37 million below the original Budget estimate reflecting a revision of cash flows for project delays in relation to Child and Family Centres and Building the Education Revolution. This decrease is partially offset by a \$10 million decrease in depreciation.</p>
Department of Health and Human Services \$19 million lower	<p>Purchases of non-financial assets is \$5 million below the original Budget estimate reflecting a revision of cash flows for project delays in relation to the National Health and Hospitals Network Reforms, partially offset by the bringing forward of construction for the Launceston Acute Medical and Surgical Project.</p> <p>Depreciation is also \$8 million above the original Budget estimate and Sales of non-financial assets, relating to new housing projects, is \$6 million above the original Budget estimate.</p>
Department of Infrastructure, Energy and Resources \$22 million higher	<p>Purchases of non-financial assets is \$11 million higher than the original Budget estimate primarily as a result of the bringing forward of expenditure for the Kingston Bypass and Brighton Transport Hub, partially offset by a decrease in infrastructure maintenance.</p> <p>Depreciation is also \$11 million below the original Budget estimate due to lower than anticipated asset values and a change in the Department's depreciation policy.</p>

# Balance Sheet

Table 3.4: Balance Sheet as at 30 June

	2011 Original Budget	2011 Preliminary Outcome	2010 Actual
	\$m	\$m	\$m
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	551	633	966
Investments	80	58	56
Equity investment in PNFC and PFC sectors	6 265	6 143	5 950
Other equity investments	6	4	3
Receivables	175	190	185
Other financial assets	1 197	944	942
	<b>8 273</b>	<b>7 972</b>	<b>8 102</b>
<b>Non-financial assets</b>			
Land and buildings	5 616	5 861	5 219
Infrastructure	5 041	4 094	4 837
Plant and equipment	220	240	216
Heritage and cultural assets	468	437	553
Investment property	11	12	13
Intangible assets	27	33	34
Assets held for sale	12	20	21
Other non-financial assets	39	39	37
	<b>11 434</b>	<b>10 736</b>	<b>10 930</b>
<b>Total Assets</b>	<b>19 707</b>	<b>18 708</b>	<b>19 031</b>
<b>Liabilities</b>			
Borrowings	323	270	274
Superannuation	4 356	4 968	4 860
Employee entitlements	491	484	461
Payables	91	82	104
Other liabilities	235	276	267
	<b>5 496</b>	<b>6 079</b>	<b>5 966</b>
<b>NET ASSETS</b>	<b>14 211</b>	<b>12 628</b>	<b>13 065</b>

Table 3.4: Balance Sheet as at 30 June (continued)

	2011 Original Budget	2011 Preliminary Outcome	2010 Actual
	\$m	\$m	\$m
<b>Equity</b>			
Accumulated funds	9 062	7 776	7 627
Asset revaluation reserve	4 940	3 819	4 508
Other equity	209	1 033	930
<b>Total Equity</b>	<b>14 211</b>	<b>12 628</b>	<b>13 065</b>
<b>KEY FISCAL AGGREGATES</b>			
<b>NET WORTH <sup>1</sup></b>	<b>14 211</b>	<b>12 628</b>	<b>13 065</b>
<b>NET FINANCIAL WORTH <sup>2</sup></b>	<b>2 777</b>	<b>1 893</b>	<b>2 135</b>
<b>NET FINANCIAL LIABILITIES <sup>3</sup></b>	<b>3 487</b>	<b>4 250</b>	<b>3 814</b>
<b>NET DEBT <sup>4</sup></b>	<b>(309)</b>	<b>(421)</b>	<b>(748)</b>

Notes:

1. Net Worth represents total assets minus total liabilities.
2. Net Financial Worth represents financial assets minus total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets, excluding equity investments in the PNFC and PFC Sectors.
4. Net Debt represents borrowings less cash and deposits and investments.



Budget estimates for the 2011 Balance Sheet were compiled in June 2010 prior to completion of the actual outcomes for 30 June 2010. As a result, the preliminary outcome variance from the original Budget estimate will reflect the difference between the estimated and actual opening balances for 2011. The following commentary is therefore based on movements between the 30 June 2010 actual outcome and the 30 June 2011 preliminary outcome.

## *Asset Variations*

General Government Assets are estimated to be \$18 708 million at 30 June 2011, a decrease of \$323 million from the 30 June 2010 balance of \$19 031 million.

<b>Variance from 2009-10</b>	<b>Reasons</b>
Cash and deposits \$333 million lower	This reflects a reduction in cash holdings primarily due to the preliminary Consolidated Fund deficit of \$414 million partially offset by unspent Australian Government funding that is to be carried forward to 2011-12. Details of the Consolidated Fund preliminary outcome are provided in Section 4 of this Report.
Equity investment in PNFC and PFC Sectors \$193 million higher	The increase reflects the increase in net assets held by the electricity companies and Tasmanian Ports Corporation Pty Ltd, partly offset by an estimated decrease in Forestry Tasmania's net assets.
Land and buildings \$642 million higher	The increase is due to: <ul style="list-style-type: none"> <li>• capital investment by the Department of Health and Human Services of \$212 million and Department of Education of \$190 million for housing services and for the Building the Education Revolution Program;</li> <li>• land revaluations of \$160 million by the Department of Health and Human Services for housing services; and</li> <li>• an increase of \$96 million in land and buildings held by the Tasmanian Skills Institute primarily due to revaluation of transferred assets.</li> </ul>
Infrastructure assets \$743 million lower	The decrease reflects the change by the Department of Infrastructure, Energy and Resources in its valuation methodology for Land under roads, and its revised methodology for calculating depreciation on State sealed roads.
Heritage and cultural assets \$116 million lower	The decrease is due to the write-down of assets held by the Tasmanian Museum and Art Gallery.

## *Liability Variations*

General Government Liabilities are estimated to be \$6 079 million at 30 June 2011, \$113 million greater than the 30 June 2010 balance of \$5 966 million.

The increase in liabilities is predominantly due to:

<b>Variance from 2009-10</b>	<b>Reasons</b>
Superannuation liability \$108 million higher	The increase is a result of an actuarial reassessment of the liability, taking into consideration changes in assumptions used to value the defined benefit obligation.
Employee entitlements \$23 million higher	The increase primarily reflects a \$16 million increase in long service leave entitlements.

# Cash Flow Statement

Table 3.5 details the preliminary General Government Cash Flow Statement for 2010-11.

The Cash Surplus/Deficit measure represents the Net cash flows from operating activities plus the Net cash flows from investments in non-financial assets. The 2010-11 preliminary Cash Deficit of \$262 million is \$87 million less than the original Budget estimate of a \$349 million deficit.

Net cash flows from operating activities are estimated to be \$411 million for 2010-11, \$47 million more than the original Budget estimate of \$364 million. These movements reflect variations that have occurred in the Income Statement.

Table 3.5: Cash Flow Statement

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Grants received	2 911	3 109	3 130
Taxation	876	851	867
Sales of goods and services	368	345	291
Fines and regulatory fees	83	95	86
Interest received	47	40	44
Dividend, tax and rate equivalents	149	126	106
Other receipts	288	400	291
	<b>4 721</b>	<b>4 966</b>	<b>4 817</b>
<b>Cash outflows</b>			
Employee entitlements	(1 977)	(2 046)	(1 958)
Superannuation	(290)	(305)	(304)
Supplies and consumables	(995)	(978)	(933)
Borrowing costs	(16)	(15)	(17)
Grants and subsidies paid	(880)	(935)	(929)
Other payments	(200)	(279)	(256)
	<b>(4 357)</b>	<b>(4 556)</b>	<b>(4 397)</b>
<b>Net cash flows from operating activities</b>	<b>364</b>	<b>411</b>	<b>420</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows from non-financial assets</b>			
Purchase of non-financial assets	(772)	(731)	(607)
Sale of non-financial assets	59	59	69
	<b>(713)</b>	<b>(672)</b>	<b>(538)</b>
<b>Net cash flows from financial assets (policy purposes)</b>			
Equity injections	(106)	(61)	(111)
Net advances paid	(15)	(8)	(11)
	<b>(120)</b>	<b>(70)</b>	<b>(122)</b>
<b>Net cash flows from financial assets (liquidity purposes)</b>			
Net purchase of investments	....	(3)	1
	....	<b>(3)</b>	<b>1</b>
<b>Net cash flows from investing activities</b>	<b>(834)</b>	<b>(745)</b>	<b>(659)</b>

Table 3.5: Cash Flow Statement (continued)

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Cash flows from financing activities</b>			
Net borrowing	11	(4)	(22)
Other financing	....	4	....
	<b>11</b>	<b>1</b>	<b>(22)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(459)</b>	<b>(333)</b>	<b>(261)</b>
<b>Cash at the beginning of the year</b>	<b>1 010</b>	<b>966</b>	<b>1 227</b>
<b>Cash at the end of the year</b>	<b>552</b>	<b>633</b>	<b>966</b>
<b>KEY FISCAL AGGREGATES</b>			
Net cash from operating activities	364	411	420
Plus Net cash from investments in non-financial assets	(713)	(672)	(538)
<b>Equals CASH SURPLUS/(DEFICIT)</b>	<b>(349)</b>	<b>(262)</b>	<b>(118)</b>



# 4 CONSOLIDATED FUND PRELIMINARY OUTCOME

The 2010-11 preliminary Consolidated Fund outcome is a \$414 million deficit, \$179 million more than the original 2010-11 Budget estimate deficit of \$235 million.

Table 4.1: Consolidated Fund Preliminary Outcome

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Recurrent Receipts</b>			
<b>Australian Government sources</b>			
General purpose payments	1 761	1 653	1 639
Specific purpose payments	609	792	580
National partnership payments	501	618	769
Other grants and subsidies	35	27	70
<b>Total Australian Government sources</b>	<b>2 906</b>	<b>3 091</b>	<b>3 058</b>
<b>State sources</b>			
Taxation	892	874	892
Receipts from government businesses	173	148	124
Departmental fees and recoveries	84	110	82
Sale and rent of government property	29	5	42
Resource rents and royalties	40	49	38
Recoveries of state debt charges	....	1	....
Other recurrent receipts	150	244	92
<b>Total State sources</b>	<b>1 369</b>	<b>1 431</b>	<b>1 271</b>
<b>Total Receipts</b>	<b>4 274</b>	<b>4 522</b>	<b>4 329</b>

Table 4.1: Consolidated Fund Preliminary Outcome (continued)

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>less Expenditure</b>			
<b>Recurrent services</b>			
Appropriation Act	3 815	4 248	3 867
Reserved by Law	149	137	137
<b>Total Recurrent services</b>	<b>3 964</b>	<b>4 386</b>	<b>4 004</b>
<b>Works and services</b>			
Capital Investment Program	544	549	572
Economic and Social Infrastructure Fund	1	1	9
Infrastructure Tasmania Fund	....	....	10
	<b>545</b>	<b>550</b>	<b>591</b>
<b>Total Expenditure</b>	<b>4 509</b>	<b>4 936</b>	<b>4 595</b>
<b>CONSOLIDATED FUND SURPLUS/(DEFICIT)</b>	<b>(235)</b>	<b>(414)</b>	<b>(266)</b>



Table 4.2: Consolidated Fund Expenditure

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Economic Development, Tourism and the Arts</b>			
Recurrent services	116	115	101
	<b>116</b>	<b>115</b>	<b>101</b>
<b>Education</b>			
Recurrent services	1 128	1 168	1 159
Works and services	213	195	233
	<b>1 340</b>	<b>1 363</b>	<b>1 391</b>
<b>Finance-General</b>			
Recurrent services	281	577	316
Reserved by Law	127	112	116
Works and services	1	1	18
	<b>409</b>	<b>691</b>	<b>451</b>
<b>Health and Human Services</b>			
Recurrent services	1 435	1 558	1 434
Works and services	137	129	75
	<b>1 572</b>	<b>1 686</b>	<b>1 509</b>
<b>House of Assembly</b>			
Recurrent services	2	2	2
Reserved by Law	5	5	5
	<b>7</b>	<b>7</b>	<b>7</b>
<b>Infrastructure, Energy and Resources</b>			
Recurrent services	259	222	238
Works and services	189	219	256
	<b>449</b>	<b>441</b>	<b>494</b>
<b>Integrity Commission</b>			
Recurrent services	3	3	....
	<b>3</b>	<b>3</b>	....
<b>Justice</b>			
Recurrent services	115	120	121
Reserved by Law	12	9	11
	<b>127</b>	<b>130</b>	<b>132</b>

Table 4.2: Consolidated Fund Expenditure (continued)

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Legislative Council</b>			
Recurrent services	3	3	3
Reserved by Law	3	3	3
	<b>6</b>	<b>6</b>	<b>6</b>
<b>Legislature-General</b>			
Recurrent services	5	6	5
	<b>5</b>	<b>6</b>	<b>5</b>
<b>Ministerial and Parliamentary Support</b>			
Recurrent services	19	21	19
Reserved by Law	1	1	1
	<b>20</b>	<b>21</b>	<b>20</b>
<b>Office of the Director of Public Prosecutions</b>			
Recurrent services	6	5	....
	<b>6</b>	<b>6</b>	<b>....</b>
<b>Office of the Governor</b>			
Recurrent services	3	3	3
	<b>3</b>	<b>3</b>	<b>3</b>
<b>Office of the Ombudsman</b>			
Recurrent services	2	2	2
	<b>2</b>	<b>2</b>	<b>2</b>
<b>Police and Emergency Management</b>			
Recurrent services	190	193	181
Works and services	4	4	3
	<b>195</b>	<b>198</b>	<b>184</b>
<b>Premier and Cabinet</b>			
Recurrent services	51	56	67
Reserved by Law	....	6	....
Works and services	....	....	1
	<b>51</b>	<b>62</b>	<b>67</b>

Table 4.2: Consolidated Fund Expenditure (continued)

	2010-11 Original Budget	2010-11 Preliminary Outcome	2009-10 Actual
	\$m	\$m	\$m
<b>Primary Industries, Parks, Water and Environment</b>			
Recurrent services	153	153	174
Works and services	1	1	5
	<b>154</b>	<b>154</b>	<b>179</b>
<b>Tasmanian Audit Office</b>			
Recurrent services	2	2	2
	<b>2</b>	<b>2</b>	<b>2</b>
<b>Treasury and Finance</b>			
Recurrent services	41	41	41
	<b>41</b>	<b>41</b>	<b>41</b>
<b>TOTAL CONSOLIDATED FUND EXPENDITURE</b>	<b>4 509</b>	<b>4 936</b>	<b>4 595</b>



# 5 CONCEPTS

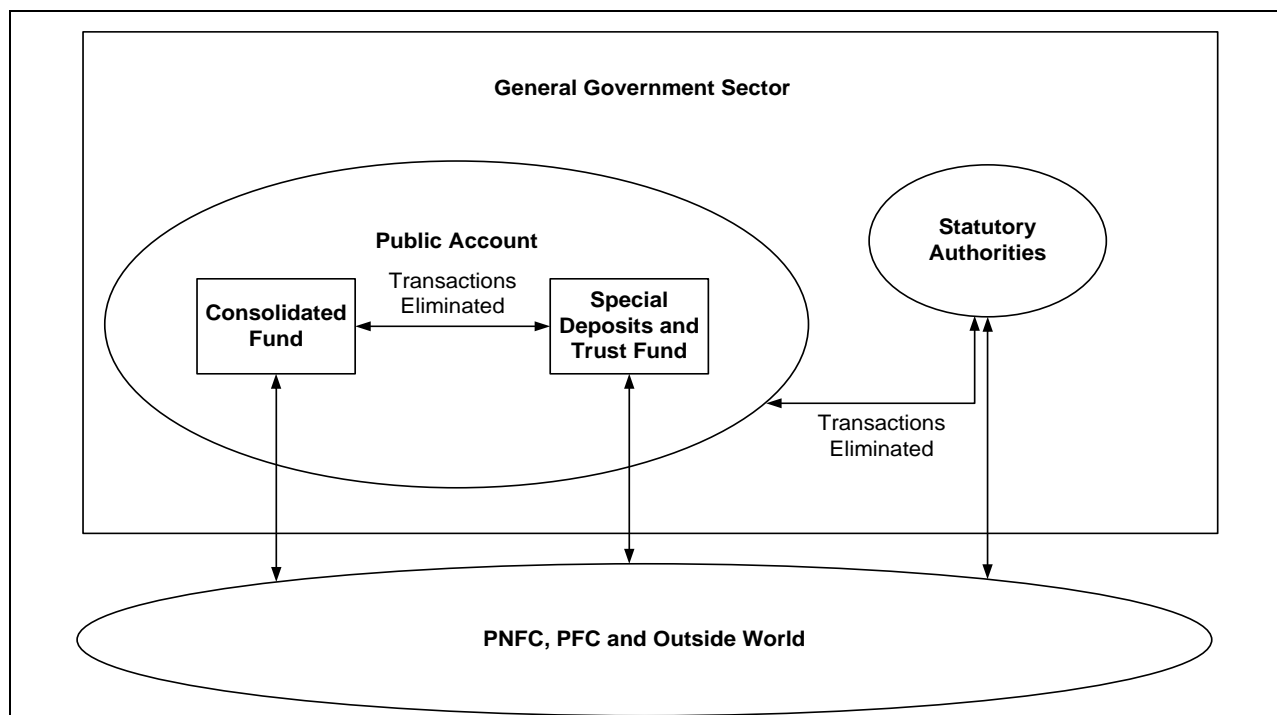
## Compliance Framework

The financial statements have been prepared in accordance with applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Where there is no conflict with these standards, statements are consistent with the Australian Bureau of Statistics' *Government Finance Statistics Concepts, Sources and Methods 2005*. The GFS facilitates comparison of financial performance across jurisdictions and is used by financial markets, credit rating agencies and other analysts. Compliance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting* means the statements are consistent with the reporting requirements of the Uniform Presentation Framework.

This Report should be read in conjunction with the *2010-11 Budget Papers* and the *2010-11 Guide to the Budget*.

Diagram 5.1 illustrates the transactions included under AASB 1049 for the General Government Sector. Transactions included are only those with entities outside the GGS, with intra-sector transactions eliminated.

Diagram 5.1: Transactions included in the General Government Sector



## Consolidated Fund

The Consolidated Fund is the source of funding for appropriations and Reserved by Law payments. Under the *Public Account Act 1986*, unless specifically excluded, all revenue of the State is to be credited to the Consolidated Fund.

The excess of Consolidated Fund receipts over the expenditure of these funds creates a Consolidated Fund Surplus. A surplus means funds are available for the retirement of debt or accumulation of financial assets. A deficit means Consolidated Fund expenditure exceeds receipts.

## Rounding

All amounts in the financial statements have been rounded to the nearest million, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$500 000 are rounded to zero and are indicated by “...”.

# General Government Sector

This Report includes all General Government agencies and statutory authorities. The primary function of these entities is to provide public services which are mainly non-market in nature and for consumption by the community. The services provided by these entities are financed mainly through taxes and other compulsory levies. As at 30 June 2011, the following entities are classified within the General Government Sector.

Department of Economic Development, Tourism and the Arts

Department of Education

Department of Health and Human Services

House of Assembly

Department of Infrastructure, Energy and Resources

Inland Fisheries Service

Integrity Commission

Department of Justice

Legislative Council

Legislature-General

Marine *and* Safety Tasmania

Office of the Director of Public Prosecutions

Office of the Governor

Office of the Ombudsman

Department of Police and Emergency Management

Department of Premier and Cabinet

Department of Primary Industries, Parks, Water and Environment

Royal Tasmanian Botanical Gardens

State Fire Commission

Tasmanian Audit Office

Tasmanian Skills Institute

Department of Treasury and Finance (including Finance-General)