

Preliminary Outcomes Report 2021-22

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Department of Treasury and Finance

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I. INTRODUCTION

The *Preliminary Outcomes Report 2021-22* provides details on the General Government's financial results for 2021-22. It presents the preliminary financial data for the General Government Sector against the forecasts contained in the 2021-22 Budget and the 2021-22 Estimated Outcome (published in the 2022-23 Budget).

The Report has been prepared in accordance with section 39 of the *Financial Management Act 2016* and 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 2021-22 Budget and reporting requirements of the Uniform Presentation Framework.

The data in this Report is unaudited and preliminary in nature. Financial information for this Report was provided by Government entities to Treasury in early July 2022. Due to the short timeframe for the preparation of the Report, estimation methods have been applied which are consistent with the requirements of AASB 134 *Interim Financial Reporting*. The final audited outcomes for 2021-22 will be presented in the *Treasurer's Annual Financial Report 2021-22* which is scheduled to be released by 31 October 2022.

The Report contains the following information:

- preliminary financial statements for the General Government Sector;
- receipts to, and expenditure from, the Public Account; and
- supplementary estimates of all expenditure from the Public Account.

All amounts in the financial statements have been rounded to the nearest \$100 000, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$50 000 are indicated by "...".

2. GENERAL GOVERNMENT SECTOR

Table 2.1 provides a summary of the key General Government Sector Fiscal Measures. The full General Government Statements for 2021-22 are presented in Tables 2.3, 2.6 and 2.7.

Table 2.1: Key Fiscal Measures Summary

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Net Operating Balance - Surplus/(Deficit)	(689.8)	(456.3)	(259.6)	(344.2)
Underlying Net Operating Balance - Surplus/(Deficit)	(867.1)	(665.6)	(482.4)	(508.7)
Fiscal Balance - Surplus/(Deficit)	(1 041.2)	(791.4)	(483.9)	(524.6)
Net Debt	1 704.4	1 522.1	1 041.4	516.2
GFS Net Debt	1 419.0	1 126.9	651.9	142.0
Net Worth	7 927.6	10 959.6	12 593.2	10 488.7
Net Financial Liabilities	12 445.7	10 618.6	9 511.2	10 253.1

Preliminary Outcome Compared to Estimated Outcome

The 2021-22 Estimated Outcome is presented in Appendix 2 of the 2022-23 Budget (published on 26 May 2022). The Estimated Outcome is compiled from information provided by agencies in March 2022. As a result, the Estimated Outcome does not take into account changes to revenues and expenses that occur in the final quarter of the financial year. In particular, Australian Government Grant revenues can be amended and additional funding provided close to 30 June. These changes are reflected in the Preliminary Outcome.

The preliminary Net Operating Deficit of \$259.6 million represents an improvement of \$196.7 million from the Estimated Outcome Deficit of \$456.3 million. The main variations from the Estimated Outcome are set out below.

Preliminary Revenue from transactions is \$7 883.6 million, which is \$8.4 million above the Estimated Outcome of \$7 875.2 million. The main movements in Revenue from transactions are:

- a decrease for Grant Revenue of \$34.2 million which is primarily due to:
 - a decrease of \$38.7 million in National Partnership Payments which primarily reflects revised expenditure profiles resulting in decreases for the following programs.
 - \$40 million for the Supercharged Business Support grant program;

- \$20.3 million in health-related NPPs;
- \$7.9 million for the HomeBuilder program;
- \$4.7 million for the Small Business Regulatory Reform program; and
- \$3.9 million for the New Bridgewater Bridge;
- \$3.1 million for the Preschool Reform Agreement; and
- \$3 million for the Tourism Icon Package - Freycinet;

These decreases are partly offset by an increase of \$51.7 million in funding under the National Partnership on COVID-19 Response;

- a decrease in Taxation of \$18.3 million which is primarily due to lower than estimated Conveyance duties (\$28.5 million) partly offset by an increase in Motor vehicle duty (\$6.2 million) and Motor tax (\$7.9 million);
- an increase in Sales of goods and services of \$16.5 million which is primarily due to higher than estimated revenue for the Department of Communities Tasmania (\$7.2 million) and the Department of Natural Resources and Environment Tasmania (\$5.6 million); and
- an increase in Other Revenue of \$49.1 million. This is primarily due to additional revenue in relation to salary, workers compensation and project reimbursements for the Department of Health (\$33.6 million) and the Department of Police, Fire and Emergency Management (\$12.3 million).

Preliminary Expenses from transactions is \$8 143.2 million, which is \$188.3 million below the Estimated Outcome of \$8 331.5 million. This decrease is mainly due to:

- a decrease in Employee expenses of \$11.5 million which reflects a decrease in the preliminary expense across a number of agencies;
- a decrease in the Superannuation expense of \$16.2 million which reflects a decrease in the expense across a number of agencies;
- a decrease in Supplies and consumables of \$16.9 million which primarily reflects a decrease in the expense for the Department of Health (\$22.3 million); and
- a decrease in Grant and subsidy expenses of \$131.3 million which is primarily due to:
 - a decrease of \$45 million for Finance-General which reflects decreases for various building assistance grants (\$16.7 million), grants to the Local Government Sector (\$14.9 million), Energy Retailer Concessions (\$5.9 million); and Ex-gratia assistance (\$4.7 million);
 - a decrease of \$29.8 million for the Department of State Growth which reflects decreases for cultural and tourism related grants (\$15.5 million), small business grant programs (\$9.4 million); and
 - a decrease of \$26.6 million for the Department of Health which is primarily due to timing issues which have impacted a number of health-related grants.

The preliminary Fiscal Deficit of \$483.9 million represents an improvement of \$307.5 million from the Estimated Outcome Deficit of \$791.4 million. The variation from the Estimated Outcome is primarily due to:

- the movement in Net Operating Balance, as outlined above; and

- the decrease in Purchases of non-financial assets, which is \$109.7 million below the Estimated Outcome. This decrease primarily reflects revised cash flows for:
 - the Department of Health of \$40.8 million, which relates to various projects such as the Royal Hobart Hospital redevelopment (\$8.2 million), the Launceston General Hospital redevelopment (\$8 million), Human Resources Information System (\$7 million), Mersey Community Hospital Upgrades (\$3.3 million) and the Hospital Equipment Fund (\$5.9 million);
 - the Department of Communities Tasmania of \$29.9 million, which primarily relates to Housing Projects;
 - the Department of State Growth of \$21.7 million, which relates to various projects such as Roads of Strategic Importance (\$16.5 million), Greater Hobart Traffic Solution (\$13.6 million) and Road Safety Projects (\$12 million). These decreases are partially offset by an increase in Infrastructure Maintenance of \$54.3 million;
 - Finance-General of \$13.4 million, which primarily relates to Government fleet vehicle purchases (\$7.3 million) and the Digital Transformation Priority Expenditure Program (\$5.3 million); and
 - the Department of Natural Resources and Environment Tasmania of \$9.1 million which primarily relates to national park infrastructure assets.

The preliminary outcome for the Government's key measure of Infrastructure Investment is \$817 million. This Infrastructure outcome is significantly above the actual result for 2020-21 of \$639.3 million, is broadly in line with the original 2021-22 Budget estimate of \$828.5 million and \$34.4 million below the Estimated Outcome of \$851.4 million. The Infrastructure outcome reflects the timing impact of cash flows relating to projects being undertaken by the Department of Health (\$25 million) and the Department of State Growth (\$10.3 million). The Purchase of non-financial assets and Infrastructure Investment differ as a result of the different classification of certain expenditures.

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.

The preliminary 2021-22 Underlying Net Operating Balance is estimated to be a deficit of \$482.4 million, an improvement of \$183.2 million from the Estimated Outcome deficit of \$665.6 million.

Table 2.2: Underlying Net Operating Balance

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Net Operating Balance	(689.8)	(456.3)	(259.6)	(344.2)
Less Impact of One-off Australian Government funding				
Bridgewater Bridge	(18.0)	(30.8)	(26.9)	(5.3)
Cascade Female Factory	....	....	....	(2.0)
COVID-19 Infrastructure Stimulus Funding	(9.9)	(11.1)	(9.1)	(18.5)
COVID-19 National and World Heritage Projects	(3.4)	(3.1)	(4.8)	(0.2)
National Water Infrastructure Development Fund	(20.0)	(3.4)	(1.4)	(0.4)
Royal Hobart Hospital redevelopment	(5.0)	(22.0)	(17.3)	....
Revitalising TAFE Campuses across Australia	(5.0)	....	....	(2.0)
Roads and Rail Funding (Nation Building)	(78.9)	(67.0)	(87.9)	(87.7)
Roads of Strategic Importance	(33.4)	(70.7)	(74.9)	(40.9)
Sustainable Rural Water Use and Infrastructure Program	....	....	....	(7.0)
Urban Congestion Fund	(3.7)	(1.3)	(0.5)	(0.5)
	(177.3)	(209.3)	(222.8)	(164.5)
Underlying Net Operating Balance	(867.1)	(665.6)	(482.4)	(508.7)

Income Statement

Table 2.3: General Government Income Statement

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions				
Grants	4 653.2	5 128.9	5 094.7	4 299.2
Taxation	1 448.3	1 549.9	1 531.6	1 383.5
Sales of goods and services	441.7	442.4	458.9	448.0
Fines and regulatory fees	107.2	110.9	109.4	98.8
Interest income	7.9	8.1	12.1	8.2
Dividend, tax and rate equivalent income	383.8	377.7	370.4	396.4
Other revenue	215.3	257.3	306.4	264.7
	7 257.5	7 875.2	7 883.6	6 898.7
Expenses from transactions				
Employee expenses	3 202.0	3 320.9	3 309.4	3 080.0
Superannuation	410.3	419.5	403.3	389.2
Depreciation	412.5	432.1	430.3	403.8
Supplies and consumables	1 723.8	1 787.0	1 770.1	1 483.1
Nominal superannuation interest expense	129.5	191.3	191.3	161.8
Borrowing costs	48.2	47.1	37.8	38.0
Grant and subsidy expenses	1 978.8	2 068.6	1 937.3	1 631.6
Other expenses	42.2	64.9	63.6	55.5
	7 947.2	8 331.5	8 143.2	7 242.9
Equals NET OPERATING BALANCE	(689.8)	(456.3)	(259.6)	(344.2)
Plus Other economic flows – included in Operating Result				
Gain/(loss) on sale of non-financial assets	13.7	21.1	12.4	6.0
Other gains/(losses)	(11.9)	19.8	12.2	120.1
	1.8	40.9	24.6	126.1
Equals Operating Result	(687.9)	(415.3)	(234.9)	(218.1)

Table 2.3: General Government Income Statement (continued)

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Plus Other economic flows – Other movements in Equity				
Revaluations of non-financial assets	280.4	284.1	817.8	498.7
Revaluation of equity investment in PNFC and PFC sectors	(181.2)	(52.2)	164.9	396.6
Movements in superannuation liability	(866.4)	654.4	1 339.1	1 237.6
Other non-owner movements in Equity	....	....	17.6	12.7
	(767.3)	886.2	2 339.4	2 145.6
Equals Comprehensive Result	(1 455.2)	470.9	2 104.5	1 927.5
KEY FISCAL AGGREGATES				
NET OPERATING BALANCE	(689.8)	(456.3)	(259.6)	(344.2)
Less Net acquisition of non-financial assets				
Purchases of non-financial assets	795.8	806.5	696.8	614.7
Less Sales of non-financial assets	31.9	39.2	42.2	30.5
Less Depreciation	412.5	432.1	430.3	403.8
	351.4	335.1	224.3	180.4
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	(1 041.2)	(791.4)	(483.9)	(524.6)

Table 2.4: General Government Grants

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
General purpose payments	2 999.7	3 159.2	3 159.2	2 604.8
Specific purpose payments	1 172.4	1 183.6	1 185.7	1 088.2
National partnership payments	421.3	725.2	686.5	537.0
Other grants and subsidies	59.8	60.9	63.3	69.1
	4 653.2	5 128.9	5 094.7	4 299.2

Table 2.5: General Government Taxation

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Payroll tax	403.9	435.0	435.4	379.1
Taxes on property				
Land tax	141.7	142.4	137.0	129.8
Fire service levies	75.8	80.9	80.2	77.3
Government guarantee fees	13.4	12.7	13.4	13.3
Conveyance duty	378.0	427.9	399.4	347.5
Taxes on the provision of goods and services				
Gambling taxes				
Annual wagering levy	1.5	1.5	1.5	1.5
Casino tax and licence fees	50.8	53.4	53.7	53.4
Lottery tax	45.3	45.3	43.1	43.0
Point of consumption wagering tax	14.1	14.5	15.3	14.7
Insurance duty	106.0	118.5	119.6	107.4
Taxes on the use of goods and services				
Vehicle registration fees	48.3	48.3	48.8	47.9
Motor vehicle fees and taxes				
Motor vehicle duty	59.5	59.5	65.7	59.3
Motor tax	100.5	100.5	108.4	100.1
Motor vehicle fire levy	9.6	9.6	9.8	9.3
	1 448.3	1 549.9	1 531.6	1 383.5

Major Revenue Variations from Original Budget

Preliminary Revenue from transactions is \$7 883.6 million in 2021-22, which is \$626.1 million higher than the 2021-22 Original Budget estimate of \$7 257.5 million. The main variations are outlined below.

Revenue Item	Variance	Reasons
Grants	\$441.5 million higher	
<ul style="list-style-type: none"> General purpose payments 	\$159.5 million higher	<p>The increase in General Purpose Payments is primarily due to changes in GST revenue resulting from:</p> <ul style="list-style-type: none"> the Australian Government increasing its 2021-22 forecast of the GST pool in its 2022-23 Budget; and a positive \$133.8 million residual adjustment to Tasmania in 2021-22 for underpaid GST revenue in 2020-21, as a result of higher than anticipated GST receipts in that year.
<ul style="list-style-type: none"> National partnership payments 	\$265.2 million higher	<p>The increase in National partnership payments revenue primarily reflects additional funding for the National Partnership on COVID-19 Response and changes in the timing of recognition of revenue from the Australian Government. The main increases in NPPs are:</p> <ul style="list-style-type: none"> \$174.9 million for the National Partnership on COVID-19 Response; \$65.2 million reflecting the advance payment of approximately 75 per cent of the 2022-23 Grant entitlement for Local Government Financial Assistance Grants from the Australian Government; \$41.6 million for Roads of Strategic Importance; \$19.3 million for the Project Marinus Link; and \$12.3 million for the Royal Hobart Hospital redevelopment. <p>This increase was partly offset by a decrease in revenue recognised in 2021-22 for the following programs:</p> <ul style="list-style-type: none"> \$24.3 million for other health-related NPPs; \$18.6 million for the National Water Infrastructure Development Fund; and \$10.4 million for the Launceston City Deal.

Major Revenue Variations (continued)

Revenue Item	Variance	Reasons
Taxation	\$83.3 million higher	<p>The increase in Taxation primarily reflects:</p> <ul style="list-style-type: none">• a \$31.5 million increase in Payroll tax driven by strong employment levels;• a \$21.4 million upwards revision in Conveyance duty, largely driven by strong growth in residential property prices;• a \$14.3 million increase in Motor vehicle fees and taxes; and• a \$13.6 million upwards revision in Insurance duties, reflecting the strong premium growth of general insurance.
Other revenue	\$91.1 million higher	<p>The increase in Other revenue primarily reflects:</p> <ul style="list-style-type: none">• a \$54.4 million increase in reimbursement and recoveries for salaries, workers compensation, project costs and other items for the Department of Health of \$36.9 million and the Department of Police, Fire and Emergency Management of \$17.5 million; and• a \$27.8 million increase for the Department of State Growth for additional Mineral royalty income.

Major Expense Variations from Original Budget

Preliminary Expenses from transactions is \$8 143.2 million in 2021-22, which is \$196.0 million higher than the 2021-22 Original Budget of \$7 947.2 million. The major variations are outlined below.

Expense Item	Variance	Reasons
Employee expenses	\$107.4 million higher	The increase in Employee expenses primarily reflects an additional \$104.4 million for the Department of Health for COVID-19 health-related employee expenses.
Nominal superannuation interest expense	\$61.8 million higher	The increase reflects the most recent actuarial assessment of the Government's superannuation liability, which includes the application of the 30 June 2021 'spot' discount rate of 2.15 per cent. A long-term discount rate of 1.5 per cent was used in the 2021-22 Budget to determine the interest expense.
Supplies and consumables	\$46.3 million higher	<p>The increase in Supplies and consumables primarily reflects increases for:</p> <ul style="list-style-type: none"> the Department of Health of \$112 million which is primarily due to additional COVID-19 health-related costs, of which approximately 50 per cent is funded from the Australian Government through the National Partnership on COVID-19 Response; the Department of Communities Tasmania of \$17.9 million which is primarily due to additional COVID-19 related costs in relation to the community support fund (\$13.6 million), and emergency accommodation support (\$6 million); and the Department of Police, Fire and Emergency Management of \$14.7 million which is primarily due to higher than budgeted costs for leases (\$8.6 million), information technology (\$3.4 million) and maintenance (\$2.9 million). <p>This is partly offset by a decrease of \$92.7 million for Finance-General which is primarily due to utilisation of the Treasurer's Reserve. This Reserve is budgeted as Supplies and consumables. Once funds are allocated to agencies, Finance-General adjusts Supplies and consumables down by the amounts allocated. Agencies recognise expenditure of the allocated funds in the relevant expense categories.</p>

Expense Item	Variance	Reasons
Grant and subsidy expenses	\$41.5 million lower	<p>The variance in Grant and subsidy expenses reflects decreases for:</p> <ul style="list-style-type: none"> the Department of Health of \$50.2 million, primarily reflecting a decrease in the Australian Government funded program for Financial Viability Payments to Private Hospitals; and the Department of State Growth of \$45.1 million primarily due to revised expenditure for the funding of key vocational education and training courses (JobTrainer), other industry skills development grants and small business assistance grants. <p>The decrease is partly offset by an increase of \$45.6 million for Finance-General which is primarily due to the advance payment of the 2022-23 Local Government Grants.</p>
Other expenses	\$21.4 million higher	<p>The increase in Other expenses primarily reflects an increase of \$23 million for Redress compensation payments under the National Redress Scheme for Institutional Child Sexual Abuse and related civil claim payments against the Crown made by the Department of Justice.</p>

Other Economic Flows – included in Operating Result

Preliminary Other economic flows – included in Operating Result is an inflow of \$24.6 million in 2021-22, which is \$22.8 million higher than the 2021-22 Original Budget estimate of a \$1.8 million inflow. The main variances are detailed below.

Line Item	Variance	Reasons
Other gains/(losses)	\$24.1 million higher	<p>The increase in Other gains/(losses) is primarily due to an increase for Finance-General of \$58.3 million, which is primarily due to a revision of the deferred tax assets resulting in an increased revaluation gain of \$64 million.</p> <p>This was partly offset by an increase in losses for the Department of Natural Resources and Environment Tasmania of \$46.1 million which is primarily due to the adoption of a new valuation policy which has resulted in a write-down of road infrastructure assets.</p>

Other Economic Flows – Other Movements in Equity

Preliminary Other economic flows – Other movements in Equity is an inflow of \$2 339.4 million in 2021-22, which is \$3 106.7 million higher than the 2021-22 Original Budget estimate of a \$767.3 million outflow. The main variances are detailed below.

Line Item	Variance	Reasons
Revaluation of Non-Financial Assets	\$537.4 million higher	<p>The movement primarily reflects an increase in the value of Non-Financial Assets held by:</p> <ul style="list-style-type: none"> the Department of Natural Resources and Environment Tasmania; the Department of Education; and the Department of Health.
Revaluation of equity investment in PNFC and PFC sectors	\$346.1 million higher	<p>The revaluation is based on the movement in net assets in the PNFC and PFC sectors after excluding the impact of equity injections.</p> <p>The difference is due to improvements in the actual net asset values for PNFC and PFC sector entities, such as:</p> <ul style="list-style-type: none"> Hydro Tasmania; Aurora Energy Pty Ltd; Tasmania Networks; and Tasmanian Ports Corporation Pty Ltd. <p>These improvements are offset by reductions in the actual net asset values for the following entities:</p> <ul style="list-style-type: none"> Motor Accident Insurance Board; and Tasmanian Irrigation.
Movements in superannuation liability	\$2 205.5 million higher	<p>The movement reflects an actuarial revaluation gain of \$1 339.1 million which is based on an increase in the discount rate from 2.15 per cent for 30 June 2021 to 3.85 per cent for 30 June 2022. However, the budgeted revaluation loss of \$866.4 million was based on a decrease in the discount rate from 2.15 per cent for 30 June 2021 to 1.5 per cent for 30 June 2022.</p>

Net Acquisition of Non-Financial Assets Variations from Original Budget

Preliminary Net acquisition of non-financial assets is \$224.3 million in 2021-22, which is \$127.1 million lower than the 2021-22 Original Budget estimate of \$351.4 million. The major variations are outlined below.

Line Item	Variance	Reasons
Purchases of non-financial assets	\$99 million lower	<p>The decrease in Purchases of non-financial assets is primarily due to decreases for:</p> <ul style="list-style-type: none"> • the Department of Health of \$53.4 million, which reflects changes in expenditure for: <ul style="list-style-type: none"> – the Royal Hobart Hospital redevelopment of \$25.8 million; – upgrades at the Mersey Community Hospital of \$7 million; – Hospital Equipment Fund of \$5.1 million; and – the Launceston General Hospital redevelopment of \$5 million; • Finance-General of \$15.2 million, which is primarily due to a decrease in Digital Transformation Priority expenditure of \$10.5 million and a decrease in purchase of Government fleet vehicles of \$3.8 million; • the Department of Natural Resources and Environment Tasmania of \$14.1 million which primarily relates to revised cash flows for national park infrastructure assets; and • the Department of Communities Tasmania of \$13.7 million, due to revised cash flows for: <ul style="list-style-type: none"> – the redevelopment of the Derwent Entertainment Centre of \$10 million; and – Integrated Client Information Program of \$3.4 million.

Balance Sheet

Table 2.6: General Government Balance Sheet as at 30 June

	2022 Original Budget	2022 Estimated Outcome	2022 Preliminary Outcome	2021 Actual
	\$m	\$m	\$m	\$m
Assets				
Financial assets				
Cash and deposits	1 144.0	624.2	977.9	1 466.3
Investments	311.0	872.2	789.2	202.9
Equity investment in PNFC and PFC sectors	4 928.6	5 210.0	5 393.5	5 088.1
Other equity investments	140.9	140.9	128.3	90.4
Receivables	345.4	409.8	400.6	418.0
Other financial assets	442.6	578.5	589.3	617.5
	7 312.6	7 835.5	8 278.9	7 883.1
Non-financial assets				
Land and buildings	7 771.9	7 953.5	8 403.3	7 638.2
Infrastructure	6 454.9	6 254.7	6 136.5	5 894.4
Plant and equipment	313.8	316.8	326.7	313.8
Heritage and cultural assets	452.2	466.4	454.0	454.1
Investment property	3.3	3.1	4.0	3.3
Intangibles	72.6	83.8	78.4	71.8
Assets held for sale	1.1	2.2	6.1	6.7
Lease - right-of-use assets	275.2	375.4	335.1	354.5
Other non-financial assets	99.8	912.3	966.8	916.9
	15 444.7	16 368.2	16 710.9	15 653.8
Total Assets	22 757.3	24 203.7	24 989.8	23 536.9
Liabilities				
Borrowings	2 874.1	2 623.3	2 419.0	1 811.2
Lease liabilities	285.4	395.1	389.6	374.2
Superannuation	9 895.0	8 412.9	7 727.8	9 064.3
Employee entitlements	831.8	853.9	855.3	840.9
Payables	199.9	181.7	143.3	172.4
Other liabilities	743.5	777.1	861.5	785.1
Total Liabilities	14 829.7	13 244.1	12 396.5	13 048.1
Net Assets	7 927.6	10 959.6	12 593.2	10 488.7

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

	2022 Original Budget	2022 Estimated Outcome	2022 Preliminary Outcome	2021 Actual
	\$m	\$m	\$m	\$m
Equity				
Accumulated funds	3 326.2	5 766.4	6 649.2	5 527.4
Asset revaluation reserve	5 581.9	5 831.2	6 365.0	5 547.2
Other reserves ¹	(980.4)	(638.0)	(420.9)	(585.8)
Total Equity	7 927.6	10 959.6	12 593.2	10 488.7
KEY FISCAL AGGREGATES				
NET WORTH²	7 927.6	10 959.6	12 593.2	10 488.7
NET FINANCIAL WORTH³	(7 517.1)	(5 408.6)	(4 117.7)	(5 165.0)
NET FINANCIAL LIABILITIES⁴	12 445.7	10 618.6	9 511.2	10 253.1
NET DEBT⁵	1 704.4	1 522.1	1 041.4	516.2
GFS NET DEBT⁶	1 419.0	1 126.9	651.9	142.0

Notes:

1. Other reserves represents the accumulated balance of revaluation increments/decrements for the Equity investment in PNFC and PFC Sectors from 1 July 2018. This value is negative due to the overall reduction in the value of these investments since that time.
2. Net Worth represents Total Assets less Total Liabilities.
3. Net Financial Worth represents Total Financial assets less Total Liabilities.
4. Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in PNFC and PFC sectors.
5. Net Debt represents Borrowings plus Lease liabilities less the sum of Cash and deposits and Investments.
6. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments.

Balance Sheet Variations from 30 June 2021 Outcome

The following commentary is based on movements between the 30 June 2021 Actual outcome and the 30 June 2022 Preliminary Outcome.

Asset Variations

Preliminary General Government Assets are \$24 989.8 million at 30 June 2022, an increase of \$1 452.9 million from the 30 June 2021 balance of \$23 536.9 million. The major variations are outlined below.

Line Item	Variance from 2021	Reasons
Cash and deposits	\$488.4 million lower	<p>The decrease in Cash and deposits is primarily due to \$600 million of funds being invested with the Tasmanian Public Finance Corporation in a longer-term investment which is recognised as an Investment asset, rather than Cash and deposits.</p> <p>This is partially offset by an increase in Cash and deposits of \$56 million relating to the reclassification of unclaimed money held under the <i>Unclaimed Money Act 2015</i>.</p>
Investments	\$586.3 million higher	<p>The increase in Investments is due to an additional \$600 million investment of funds with Tascorp in a new longer-term investment product.</p>
Equity investment in PNFC and PFC sectors	\$305.4 million higher	<p>The increase in Equity investments primarily reflects an increase in net assets held by:</p> <ul style="list-style-type: none">• Aurora Energy Pty Ltd;• Tasmanian Ports Corporation Pty Ltd; and• Tasmanian Networks Pty Ltd. <p>These increases are partially offset by a decrease in the net assets held by the Tasmanian Public Finance Corporation and Motor Accidents Insurance Board.</p>
Other equity investments	\$37.9 million higher	<p>The increase in Other equity investments primarily reflects the Government's contribution of \$40 million to the Tasmanian Water and Sewerage Corporation Pty Ltd in 2021-22.</p>

Asset Variations (continued)

Line Item	Variance from 2021	Reasons
Other financial assets	\$28.2 million lower	The decrease in Other financial assets primarily reflects a decrease of \$29.1 million in the deferred tax assets held by Finance-General to mirror tax liabilities held in the PNFC and PFC sectors.
Land and buildings	\$765.1 million higher	<p>This increase in Land and buildings reflects capital improvements and revaluations for:</p> <ul style="list-style-type: none"> the Department of Natural Resources and Environment Tasmania of \$261.5 million; the Department of Education of \$205 million; the Department of Health of \$124.9 million; the Department of State Growth of \$69 million; the Department of Justice of \$64 million; the Department of Police, Fire and Emergency Management of \$44.3 million; and TasTAFE of \$14.2 million.
Infrastructure	\$242.1 million higher	<p>The increase in Infrastructure primarily reflects increases for:</p> <ul style="list-style-type: none"> the Department of State Growth of \$124.3 million due to additions and revaluation of road infrastructure assets; the Department of Natural Resources and Environment Tasmania of \$28.1 million; and the Department of Education of \$16.6 million.
Other non-financial assets	\$49.9 million higher	<p>The increase in Other non-financial assets is primarily due to increases for:</p> <ul style="list-style-type: none"> the Department of Health of \$28.4 million which is primarily due to increased stock levels of personal protective equipment and Rapid Antigen Tests in response to COVID-19; the Department of Justice of \$7.6 million which is due to capitalisation of office fit-outs for new accommodation; and the Department of State Growth of \$4.9 million.

Liability Variations

Preliminary General Government Liabilities are \$12 396.5 million at 30 June 2022, \$651.6 million lower than the 30 June 2021 balance of \$13 048.1 million. The major variations are outlined below.

Line Item	Variance from 2021	Reasons
Borrowings	\$607.8 million higher	The increase in Borrowings primarily reflects additional borrowings undertaken by the Government to support the expenditure of the General Government Sector and to ensure Specific Purpose Accounts and Agency Trust Accounts are cash backed.
Superannuation	\$1 336.5 million lower	The Superannuation liability reflects the most recent actuarial estimate of the liability. The decrease in the value of the liability is primarily due to an increase in the discount rate to 3.85 per cent (2.15 per cent as at 30 June 2021).
Payables	\$29.1 million lower	The decrease in Payables reflects a reduction in creditors recognised by: <ul style="list-style-type: none">• the Department Health of \$15.2 million;• the Department of Education of \$7.8 million;• the Department of State Growth of \$5.3 million; and• the Department of Police, Fire and Emergency Management of \$5 million.
Other liabilities	\$76.4 million higher	The increase in Other liabilities reflects increases recognised by: <ul style="list-style-type: none">• Finance-General of \$66.6 million which is primarily due to an increase of \$53 million in the Tasmanian Risk Management Fund liability; and• the Department of State Growth of \$10.6 million which is primarily due to an increase of \$14 million in moneys held in trust.

Cash Flow Statement

Table 2.7: General Government Cash Flow Statement

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Cash flows from operating activities				
Cash received from operating activities				
Grants received	4 697.6	5 119.1	5 089.1	4 328.0
Taxation	1 448.3	1 550.4	1 583.8	1 341.5
Sales of goods and services	436.9	437.6	444.3	424.1
Fines and regulatory fees	107.2	110.8	113.3	103.5
Interest received	8.0	8.0	8.9	8.1
Dividend, tax and rate equivalents	451.7	448.7	463.6	427.8
Other receipts	447.1	494.8	661.7	545.7
	7 596.8	8 169.4	8 364.7	7 178.7
Cash payments for operating activities				
Employee entitlements	(3 181.9)	(3 298.8)	(3 309.9)	(3 016.4)
Superannuation	(577.6)	(612.0)	(592.4)	(534.0)
Supplies and consumables	(1 733.7)	(1 793.2)	(1 824.1)	(1 493.2)
Borrowing costs	(44.0)	(41.0)	(30.4)	(25.5)
Grants and subsidies paid	(1 978.7)	(2 067.5)	(1 997.1)	(1 631.5)
Other payments	(276.4)	(302.8)	(336.5)	(362.3)
	(7 792.3)	(8 115.4)	(8 090.4)	(7 062.9)
Net cash flows from operating activities	(195.5)	54.0	274.3	115.9
Cash flows from investing activities				
Net cash flows from non-financial assets				
Purchases of non-financial assets	(776.2)	(806.8)	(696.8)	(614.7)
Sales of non-financial assets	36.3	42.9	42.2	30.5
	(739.9)	(763.8)	(654.6)	(584.2)
Net cash flows from financial assets (policy purposes)				
Equity injections	(285.6)	(224.6)	(179.8)	(160.7)
Net advances paid	(129.4)	(90.6)	(8.3)	(12.6)
Equity disposals	3.6	3.6	6.6	5.2
	(411.4)	(311.6)	(181.6)	(168.1)
Net cash flows from financial assets (liquidity management purposes)				
Net (purchase)/sale of investments	21.2	(578.7)	(579.0)	20.2
	21.2	(578.7)	(579.0)	20.2
Net cash flows from investing activities	(1 130.1)	(1 654.1)	(1 415.2)	(732.1)

Table 2.7: General Government Cash Flow Statement (continued)

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Net cash flows from financing activities				
Net borrowing	1 001.5	758.0	591.3	896.7
Other financing ¹	....	....	61.2	5.4
	1 001.5	758.0	652.5	902.1
Net increase/(decrease) in cash held	(324.1)	(842.1)	(488.4)	285.8
Cash at the beginning of the year	1 468.1	1 466.3	1 466.3	1 180.5
Cash at the end of the year	1 144.0	624.2	977.9	1 466.3
KEY FISCAL AGGREGATES				
Net cash from operating activities	(195.5)	54.0	274.3	115.9
Plus Net cash flows from non-financial assets	(739.9)	(763.8)	(654.6)	(584.2)
Equals CASH SURPLUS/(DEFICIT)	(935.4)	(709.8)	(380.3)	(468.4)

Note

1. The 2021-22 Preliminary Outcome for Other financing primarily consists of the reclassification of \$56 million for cash relating to unclaimed money held under the *Unclaimed Money Act 2015*.

3. PUBLIC ACCOUNT

Tables 3.1 and 3.2 provide information on the total Receipts and Expenditure of the Public Account for 2021-22. 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.

Table 3.3 presents the summary of supplementary estimates of all expenditure from the Public Account that is authorised under section 20, 21, 22 or 30 of the FMA, together with a summary of all determinations made under section 23(1) of the FMA. This Table reflects the requirements of section 24(1) of the FMA.

These tables reflect the gross cash receipts and expenditure from the Public Account. As such, they do not include the impact of the elimination of inter-entity transactions within the Public Account or whole-of-government investment and cash management activities within the Public Account. These transactions are fully reflected in the 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 these tables will not reconcile directly with those presented in the General Government Sector Cash Flow Statement.

Table 3.1: Public Account Receipts

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
General Receipts				
Australian Government Sources	3 692.2	3 929.9	3 933.1	3 262.7
State Sources	2 126.9	2 258.1	2 309.8	2 084.2
	5 819.1	6 188.0	6 243.0	5 346.9
Specific Purpose Accounts	2 706.3	3 243.6	3 201.1	3 106.9
Statutory Authorities	287.3	292.6	269.9	271.0
Total Receipts	8 812.8	9 724.2	9 714.0	8 724.8

Table 3.2: Public Account Expenditure

	2021-22 Original Budget	2021-22 Estimated Outcome	2021-22 Preliminary Outcome	2020-21 Actual
	\$m	\$m	\$m	\$m
Annual Appropriation				
Operating Services Expenditure	6 006.4	6 146.4	6 054.5	5 150.7
Capital Services Expenditure	593.0	576.7	553.9	370.0
	6 599.4	6 723.0	6 608.5	5 520.6
Reserved by Law	475.9	491.0	484.5	473.1
Specific Purpose Accounts	2 707.6	3 476.1	2 897.2	2 857.5
Statutory Authorities	301.2	283.6	237.1	249.1
Other Provisions	(0.5)	(0.1)	....	....
Total Expenditure	10 083.6	10 973.6	10 227.3	9 100.4

Table 3.3: Supplementary Estimates Statement Summary

Authority	2021-22
	\$'000
Section 20 - Transfers	
Communities Tasmania	
Minister for Aboriginal Affairs	12
Minister for Community Services and Development	(2 492)
Minister for Disability Services	(3 185)
Minister for Education, Children and Youth	5 403
Minister for Sport and Recreation	(95)
Minister for State Development, Construction and Housing	(120)
Minister for Veterans' Affairs	4
Minister for Women	473
Total	....
Health	
Minister for Health	(1 394)
Minister for Mental Health and Wellbeing	1 394
Total	....
Justice	
Attorney-General and Minister for Justice	1 230
Minister for Planning	(330)
Minister for Workplace Safety and Consumer Affairs	(900)
Total	....
Natural Resources and Environment Tasmania	
Minister for Environment and Climate Change	230
Minister for Parks	771
Minister for Primary Industries and Water	(1 001)
Total	....
Premier and Cabinet	
Minister for Science and Technology	315
Premier	(315)
Total	....
State Growth	
Minister for Hospitality and Events	(8 007)
Minister for Infrastructure and Transport	58
Minister for Skills, Training and Workforce Growth	(100)
Minister for Small Business	(300)
Minister for State Development, Construction and Housing	2 890
Minister for the Arts	295
Minister for Tourism	5 164
Total	....

Table 3.3: Supplementary Estimates Statement Summary (continued)

Authority	2021-22
	\$'000
Transfers across agencies	
Finance-General	(7 500)
Justice	(400)
Premier and Cabinet	400
State Growth	7 500
Total	....
Section 21 - Treasurer's Reserve	
Communities Tasmania	22 743
Education	1 789
Finance-General	250
Health	51 778
Justice	10 810
Ministerial and Parliamentary Support	1 800
Natural Resources and Environment Tasmania	8 482
Office of the Governor	154
Police, Fire and Emergency Management	5 663
Premier and Cabinet	4 352
State Growth	35 731
Total	143 552
Section 22 - Appropriated Australian Government Funding	
Education	18 579
Finance-General	65 217
Total	83 796
Section 23(1) - Rollovers of unexpended Appropriation	
Brand Tasmania	(116)
Communities Tasmania	(32 249)
Education	(18 973)
Environment Protection Authority	(476)
Finance-General	(33 198)
Health	(75 806)
Integrity Commission	(170)
Justice	(4 950)
Natural Resources and Environment Tasmania	(13 460)

Table 3.3: Supplementary Estimates Statement Summary (continued)

Authority	2021-22
	\$'000
Section 23(1) - Rollovers of unexpended Appropriation (continued)	
Office of the Director of Public Prosecutions	(582)
Office of the Governor	(229)
Office of the Ombudsman	(167)
Police, Fire and Emergency Management	(6 750)
Premier and Cabinet	(2 140)
State Growth	(43 244)
Tourism Tasmania	(1 192)
Treasury and Finance	<u>(3 500)</u>
Total	(237 202)
Net Change in Appropriation Authorised by the Financial Management Act	<u>(9 854)</u>



Tasmanian
Government

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