

# September Quarterly Report 2017-18





**September Quarterly Report 2017-18**  
© Government of Tasmania

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

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 December 2017  
Printed by Ricoh Business Centre  
ISSN 2201-3059 (Print)  
ISSN 2201-3652 (Online)

# CONTENTS

---

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>General Government Sector Outcome</b>	<b>3</b>
	Income Statement	3
	Balance Sheet	7
	Cash Flow Statement	10
<b>3</b>	<b>Consolidated Fund Outcome</b>	<b>13</b>
	Consolidated Fund Outcome	13
	Consolidated Fund Expenditure	14



# 1 INTRODUCTION

---

The *September Quarterly Report 2017-18* is prepared in accordance with Section 26 of the *Financial Management and Audit Act 1990*. It presents financial results for the three months ending 30 September 2017 for the General Government Sector and the Consolidated Fund.

Seasonal and timing factors impact the State's finances, especially the timing of Grants revenue and Grant expenses. Therefore, care should be taken using the quarterly information to extrapolate the likely outcome for 2017-18. Further updates will be provided in the *Revised Estimates Report 2017-18 (including December Quarterly Report)* due for release by 15 February 2018.

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*. Estimation methods have been used in the preparation of this Report which are based on the principles of *AASB 134 Interim Financial Reporting*.

Presentation of the financial statements is consistent with the 2017-18 Budget and reporting requirements of the Uniform Presentation Framework.

The Report contains the following information:

- Section 2 presents the financial results for the General Government Sector for the three months ending 30 September 2017; and
- Section 3 summarises receipts to, and expenditure from, the Consolidated Fund.

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 OUTCOME

---

## Income Statement

The General Government Sector Net Operating Balance for the three months ending 30 September 2017 is a deficit of \$39.6 million which compares with a deficit of \$3.1 million recorded in the first quarter of 2016-17 and remains consistent with achieving a full year surplus of \$54.3 million for 2017-18. Quarterly results are impacted by timing and cyclical factors and, as such, care should be taken in trying to extrapolate the likely outcome for 2017-18.

Where relevant, the quarterly results have been compared to a pro-rata percentage (25 per cent) of the Original Budget estimate. It should be noted that this comparison point has not been adjusted to reflect seasonal and timing impacts for receipts and payments.

### *Revenue from transactions*

Revenue from transactions for the three months ending 30 September 2017 is \$1 437.5 million, which is \$31 million below the pro-rata Original Budget estimate of \$1 468.5 million. The main variations for the three months ending 30 September 2017 are:

- Grants revenue is \$32.5 million below the pro-rata Original Budget estimate. This primarily relates to the timing of National Partnership payments which will be received later in 2017-18;
- Taxation revenue is \$78.8 million above the pro-rata Original Budget estimate. Land tax revenue is \$82.8 million above the pro-rata Original Budget estimate due to the timing of tax collections. The majority of Land tax revenue for 2017-18 is recognised in the September 2017 quarter. This is consistent with expectations and the usual timing of these taxation receipts; and
- Dividend, tax and rate equivalent income is \$73.7 million below the pro-rata Original Budget estimate. This is due to the timing of the payment of dividend instalments by State-owned Companies and Government Business Enterprises. These payments are generally received in the December quarter.

### *Expenses from transactions*

Expenses from transactions for the three months ending 30 September 2017 is \$1 477.1 million, which is \$22.1 million above the pro-rata Original Budget estimate of \$1 455 million. This result is consistent with the original Budget estimates and previous year expenditure patterns. The major expense variations for the three months ending 30 September 2017 are:

- Supplies and consumables is \$38.3 million below the pro-rata Original Budget estimate. The variation is primarily a result of timing and cyclical factors which have resulted in decreases in expenditure for:
  - the Tasmanian Health Service of \$25.5 million primarily due to the timing of payments relating to Admitted services; and
  - the Department of State Growth of \$12 million primarily due to the timing of infrastructure maintenance.
- Grant expenses are \$68.5 million above the pro-rata Original Budget estimate. The variation is primarily a result of increases for:
  - the Department of Education of \$35.5 million which reflects the timing of payments for Non-Government School Grants; and
  - the Department of Primary Industries, Parks, Water and Environment of \$28.3 million primarily due to the full year payment of some grants in the September 2017 quarter, resulting in increases above the pro-rata Budget estimate for Tasracing Pty Ltd (\$22.5 million), Port Arthur Historic Site Management Authority (\$2.7 million) and the Institute of Marine and Antarctic Studies (\$2 million).

### *Net acquisition of non-financial assets*

Net acquisition of non-financial assets for the three months ending 30 September 2017 is negative \$14.9 million, which is \$91.9 million lower than the pro-rata Original Budget estimate of \$77 million. The major variations are outlined below:

- Purchases of non-financial assets for the three months ending 30 September 2017 is \$59.5 million, which is \$93 million below the pro-rata Original Budget estimate. This below pro-rata expenditure is primarily due to:
  - the Department of State Growth is \$38.4 million below the pro-rata Original Budget Estimate. This is primarily due to the timing of cash flows on projects such as the Midland Highway (\$21 million), Road Safety and Traffic Management (\$2.4 million), Freight Access Bridges (\$1.2 million), Colebrook Main Road (\$1.1 million); and Huon Highway/Summerleas Road (\$1 million);
  - the Department of Health and Human Services is \$36.1 million below the pro-rata Original Budget Estimate. This primarily reflects the timing of cash flows for the Royal Hobart Hospital Redevelopment (\$30.1 million); and
  - the Department of Education is \$7.8 million below the pro-rata Original Budget Estimate. This is primarily due to the timing of school infrastructure projects.



Table 2.1: General Government Income Statement

	2016-17 Sept YTD Actual \$m	2017-18 Original Budget \$m	2017-18 Sept YTD Actual \$m
<b>Revenue from transactions</b>			
Grants	885.4	3 682.9	888.2
Taxation	344.8	1 128.5	360.9
Sales of goods and services	96.5	408.0	100.2
Fines and regulatory fees	22.9	98.9	24.3
Interest income	4.1	19.6	4.0
Dividend, tax and rate equivalent income	20.8	358.4	15.9
Other revenue	37.5	177.7	43.9
	<b>1 411.9</b>	<b>5 874.0</b>	<b>1 437.5</b>
<b>Less Expenses from transactions</b>			
Employee expenses	557.9	2 400.4	591.9
Superannuation	67.4	273.5	69.7
Depreciation	66.2	268.6	67.1
Supplies and consumables	252.3	1 227.8	268.7
Nominal superannuation interest expense	72.0	285.6	71.4
Borrowing costs	2.6	9.8	2.6
Grant expenses	389.5	1 314.3	397.1
Other expenses	7.1	39.7	8.7
	<b>1 415.0</b>	<b>5 819.8</b>	<b>1 477.1</b>
<b>Equals NET OPERATING BALANCE</b>	<b>(3.1)</b>	<b>54.3</b>	<b>(39.6)</b>
<b>Plus Other economic flows – Included in Operating Result</b>			
Gain/(loss) on sale of non-financial assets	(1.6)	15.3	0.7
Revaluation of equity investment in PNFC and PFC sectors	....	(104.2)	....
Other gains/(losses)	1.8	9.8	(1.7)
	<b>0.1</b>	<b>(79.0)</b>	<b>(1.0)</b>
<b>Equals Operating Result</b>	<b>(3.0)</b>	<b>(24.8)</b>	<b>(40.6)</b>

Table 2.1: General Government Income Statement (continued)

	2016-17 Sept YTD Actual \$m	2017-18 Original Budget \$m	2017-18 Sept YTD Actual \$m
<b>Plus Other economic flows – Other non-owner movements in equity</b>			
Revaluations of non-financial assets	63.1	250.8	62.7
Other movements in equity	1.7	3.8	0.3
	<b>64.8</b>	<b>254.6</b>	<b>63.0</b>
<b>Equals Comprehensive Result</b>	<b>61.8</b>	<b>229.8</b>	<b>22.4</b>
<b>KEY FISCAL AGGREGATES</b>			
<b>NET OPERATING BALANCE</b>	<b>(3.1)</b>	<b>54.3</b>	<b>(39.6)</b>
<b>Less Net acquisition of non-financial assets</b>			
Purchase of non-financial assets	61.2	609.9	59.5
Less Sale of non-financial assets	9.8	33.2	7.3
Less Depreciation	66.2	268.6	67.1
	<b>(14.8)</b>	<b>308.2</b>	<b>(14.9)</b>
<b>Equals FISCAL BALANCE</b>	<b>11.7</b>	<b>(253.9)</b>	<b>(24.8)</b>

# Balance Sheet

## *Assets Variations*

General Government Assets are \$19 262 million at 30 September 2017, a decrease of \$2 million from the 30 June 2017 balance of \$19 264 million. The main variations are:

- Cash and deposits is \$159.7 million lower. This primarily reflects:
  - the use of cash to finance the Consolidated Fund deficit of \$80.4 million for the September 2017 quarter. Further information regarding the Consolidated Fund can be found in Section 3 of this Report; and
  - a decrease of \$78.8 million in the balance of accounts held in the Special Deposits and Trust Fund.
- Receivables is \$89 million higher. This is primarily due to an increase in State tax accruals for Finance-General, in particular for Land tax receivable. The increase in Land tax receivable of \$105 million is primarily a result of the 2017-18 invoices for Land tax being recognised in the September 2017 quarter;
- Land and Buildings is \$39.9 million higher. This increase primarily reflects capital expenditure of \$32.9 million for the three months ending 30 September 2017. This primarily consists of:
  - \$21.9 million by the Department of Health and Human Services relating to capital projects such as the Royal Hobart Hospital Redevelopment; and
  - \$5.5 million by the Department of Education relating to school infrastructure.
- Infrastructure assets is \$14.2 million higher. This is primarily due to capital expenditure of \$13.1 million by the Department of State Growth in relation to its Roads Program.

## *Liability Variations*

General Government Liabilities are \$9 567.2 million at 30 September 2017, a decrease of \$19.2 million from the 30 June 2017 balance of \$9 586.4 million. The main variations are:

- an increase in the Superannuation liability of \$31.1 million. The increase in the liability is primarily due to the cash cost of superannuation payments made in the September 2017 quarter being lower than the accrual based service cost expense; and
- a decrease in Payables of \$55.8 million. Generally, the level of payables at 30 September will be lower than at 30 June, when all payables and accrued expenses are compiled by agencies to complete their audited financial statements.

Table 2.2: General Government Balance Sheet

	30 June 2017	30 June 2018	30 Sept 2017
	Actual	Original Budget	Actual
	\$m	\$m	\$m
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	1 253.4	1 117.2	1 093.7
Investments	87.3	46.4	92.0
Equity investment in PNFC and PFC sectors	5 259.2	5 654.0	5 259.2
Other equity investments	19.8	27.2	20.2
Receivables	325.0	315.4	414.0
Other financial assets	792.2	815.4	796.5
	<b>7 737.0</b>	<b>7 975.7</b>	<b>7 675.6</b>
<b>Non-financial assets</b>			
Land and buildings	6 025.9	6 265.3	6 065.8
Infrastructure	4 686.8	4 816.5	4 701.0
Plant and equipment	240.8	229.0	242.1
Heritage and cultural assets	461.8	484.0	461.3
Investment property	3.4	3.5	2.8
Intangible assets	55.9	47.7	56.5
Assets held for sale	11.1	4.8	7.9
Other non-financial assets	41.4	37.4	48.9
	<b>11 527.0</b>	<b>11 888.1</b>	<b>11 586.4</b>
<b>Total Assets</b>	<b>19 264.0</b>	<b>19 863.8</b>	<b>19 262.0</b>
<b>Liabilities</b>			
Borrowings	549.6	711.8	554.8
Superannuation <sup>1</sup>	7 873.2	6 266.3	7 904.3
Employee entitlements	632.5	618.8	640.7
Payables	135.6	133.7	79.8
Other liabilities	395.5	409.7	387.7
<b>Total Liabilities</b>	<b>9 586.4</b>	<b>8 140.3</b>	<b>9 567.2</b>
<b>NET ASSETS</b>	<b>9 677.5</b>	<b>11 723.5</b>	<b>9 694.7</b>

Table 2.2: General Government Balance Sheet (continued)

	30 June 2017	30 June 2018	30 Sept 2017
	Actual	Original Budget	Actual
	\$m	\$m	\$m
<b>Equity</b>			
Accumulated funds	4 704.0	6 761.4	4 658.5
Asset revaluation reserve	4 973.5	4 962.1	5 036.2
<b>Total Equity</b>	<b>9 677.5</b>	<b>11 723.5</b>	<b>9 694.7</b>
<b>KEY FISCAL AGGREGATES</b>			
<b>NET WORTH<sup>2</sup></b>	<b>9 677.5</b>	<b>11 723.5</b>	<b>9 694.7</b>
<b>NET FINANCIAL WORTH<sup>3</sup></b>	<b>(1 849.5)</b>	<b>(164.6)</b>	<b>(1 891.7)</b>
<b>NET FINANCIAL LIABILITIES<sup>4</sup></b>	<b>7 108.7</b>	<b>5 818.6</b>	<b>7 150.9</b>
<b>NET DEBT<sup>5</sup></b>	<b>(791.1)</b>	<b>(451.8)</b>	<b>(630.9)</b>

Notes:

1. There is a difference of \$1 638 million between the Original Budget and the September year to date valuation of the Superannuation liability. This reflects the difference between the discount rate of 3.3 per cent applied, in accordance with Australian Accounting Standard *AASB 119 Employee Benefits*, for financial reporting purposes and the long-term bond rate of 4.75 per cent which was used for Budget purposes.
2. Net Worth represents total assets less total liabilities.
3. Net Financial Worth represents financial assets less total liabilities.
4. Net Financial Liabilities represents total liabilities less financial assets, excluding equity investment in the PNFC and PFC sectors.
5. Net Debt represents borrowings less cash and deposits and investments.

# Cash Flow Statement

Table 2.3: General Government Cash Flow Statement

	2016-17 Sept YTD Actual \$m	2017-18 Original Budget \$m	2017-18 Sept YTD Actual \$m
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Grants received	885.6	3 682.9	887.6
Taxation	255.0	1 127.3	270.0
Sales of goods and services	98.2	408.0	93.9
Fines and regulatory fees	21.8	98.9	23.5
Interest received	4.4	19.6	4.3
Dividend, tax and rate equivalents	23.1	372.4	24.4
Other receipts	80.7	365.3	109.9
	<b>1 368.9</b>	<b>6 074.3</b>	<b>1 413.5</b>
<b>Cash outflows</b>			
Employee entitlements	(575.9)	(2 393.0)	(623.2)
Superannuation	(100.6)	(468.1)	(110.9)
Supplies and consumables	(300.8)	(1 239.9)	(313.6)
Borrowing costs	(0.7)	(9.8)	(2.7)
Grants and subsidies paid	(394.5)	(1 314.2)	(399.0)
Other payments	(64.1)	(229.1)	(67.4)
	<b>(1 436.6)</b>	<b>(5 654.1)</b>	<b>(1 516.7)</b>
<b>Net cash flows from operating activities</b>	<b>(67.7)</b>	<b>420.3</b>	<b>(103.3)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows from non-financial assets</b>			
Purchases of non-financial assets	(62.6)	(603.1)	(59.0)
Sales of non-financial assets	9.8	33.0	7.2
	<b>(52.7)</b>	<b>(570.1)</b>	<b>(51.8)</b>
<b>Net cash flows from financial assets (policy purposes)</b>			
Equity injections	(4.2)	(58.8)	(5.2)
Net advances paid	(2.1)	(2.1)	(6.5)
Equity disposals	0.6	0.7	0.4
	<b>(5.7)</b>	<b>(60.3)</b>	<b>(11.2)</b>
<b>Net cash flows from financial assets (liquidity purposes)</b>			
Net (purchase)/sale of investments	....	....	(0.3)
	....	....	<b>(0.3)</b>
<b>Net cash flows from investing activities</b>	<b>(58.4)</b>	<b>(630.3)</b>	<b>(63.3)</b>

Table 2.3: General Government Cash Flow Statement (continued)

	2016-17 Sept YTD Actual \$m	2017-18 Original Budget \$m	2017-18 Sept YTD Actual \$m
<b>Cash flows from financing activities</b>			
Net borrowing	(1.1)	147.8	6.9
<b>Net cash flows from financing activities</b>	<b>(1.1)</b>	<b>147.8</b>	<b>6.9</b>
<b>Net increase/(decrease) in cash held</b>	<b>(127.2)</b>	<b>(62.3)</b>	<b>(159.7)</b>
<b>Cash at the beginning of the year</b>	<b>1 326.9</b>	<b>1 179.6</b>	<b>1 253.4</b>
<b>Cash at the end of the period</b>	<b>1 199.7</b>	<b>1 117.2</b>	<b>1 093.7</b>
<b>KEY FISCAL AGGREGATES</b>			
Net cash flows from operating activities	(67.7)	420.3	(103.3)
Plus Net cash from investments in non-financial assets	(52.7)	(570.1)	(51.8)
<b>Equals CASH SURPLUS/(DEFICIT)</b>	<b>(120.4)</b>	<b>(149.8)</b>	<b>(155.1)</b>





# 3 CONSOLIDATED FUND OUTCOME

Table 3.1 Consolidated Fund Outcome

	2016-17 Sept YTD Actual \$m	2017-18 Original Budget \$m	2017-18 Sept YTD Actual \$m
<b>Recurrent Receipts</b>			
<b>Australian Government sources</b>			
General purpose payments	576.7	2 387.4	596.8
Specific purpose payments	124.9	532.3	132.5
National partnership payments	17.9	73.0	9.2
Other grants and subsidies	....	0.1	....
	<b>719.5</b>	<b>2 992.7</b>	<b>738.6</b>
<b>State sources</b>			
Taxation	226.3	1 004.3	234.9
Receipts from government businesses	24.8	350.4	33.6
Departmental fees and recoveries	22.7	99.9	24.5
Recoveries of state debt charges	....	0.1	....
Resource rents and royalties	9.5	45.8	10.0
Sale and rent of government property	....	5.0	....
Other recurrent receipts	33.0	159.8	36.1
	<b>316.3</b>	<b>1 665.2</b>	<b>339.2</b>
<b>Capital Receipts</b>			
State sources	0.7	3.5	0.7
	<b>0.7</b>	<b>3.5</b>	<b>0.7</b>
<b>Total Receipts</b>	<b>1 036.5</b>	<b>4 661.4</b>	<b>1 078.4</b>
<b>less Expenditure</b>			
<b>Recurrent services</b>			
Appropriation Act	995.4	4 083.4	1 040.6
Reserved by Law	79.2	344.1	86.6
	<b>1 074.6</b>	<b>4 427.4</b>	<b>1 127.1</b>
<b>Works and services</b>			
Capital Investment Program	33.8	395.5	31.6
	<b>33.8</b>	<b>395.5</b>	<b>31.6</b>
<b>Total Expenses</b>	<b>1 108.4</b>	<b>4 822.9</b>	<b>1 158.8</b>
<b>Equals CONSOLIDATED FUND SURPLUS/(DEFICIT)</b>	<b>(71.8)</b>	<b>(161.5)</b>	<b>(80.4)</b>

**Table 3.2 Consolidated Fund Expenditure**

	2016-17 Sept YTD Actual \$m	2017-18 Original Budget \$m	2017-18 Sept YTD Actual \$m
<b>Education</b>			
Recurrent services	307.5	1 261.9	334.2
Works and services	10.6	47.8	5.5
	<b>318.1</b>	<b>1 309.7</b>	<b>339.7</b>
<b>Finance-General</b>			
Recurrent services	50.5	289.0	33.3
Reserved by Law	72.8	310.4	79.4
Works and services	....	27.7	....
	<b>123.3</b>	<b>627.1</b>	<b>112.6</b>
<b>Health and Human Services</b>			
Recurrent services	345.2	1 401.0	369.8
Works and services	3.8	152.5	5.9
	<b>348.9</b>	<b>1 553.5</b>	<b>375.8</b>
<b>House of Assembly</b>			
Recurrent services	0.5	3.3	0.6
Reserved by Law	1.2	5.0	1.5
	<b>1.8</b>	<b>8.3</b>	<b>2.1</b>
<b>Integrity Commission</b>			
Recurrent services	0.5	2.5	0.5
	<b>0.5</b>	<b>2.5</b>	<b>0.5</b>
<b>Justice</b>			
Recurrent services	38.2	142.7	41.5
Reserved by Law	2.2	16.5	3.0
Works and services	0.1	2.1	0.5
	<b>40.4</b>	<b>161.3</b>	<b>45.0</b>
<b>Legislative Council</b>			
Recurrent services	0.8	3.9	0.9
Reserved by Law	0.8	3.0	0.8
Works and services	....	0.7	0.1
	<b>1.6</b>	<b>7.6</b>	<b>1.7</b>
<b>Legislature-General</b>			
Recurrent services	1.8	6.6	1.8
	<b>1.8</b>	<b>6.6</b>	<b>1.8</b>
<b>Ministerial and Parliamentary Support</b>			
Recurrent services	5.6	19.1	4.1
Reserved by Law	0.2	1.1	0.1
	<b>5.8</b>	<b>20.2</b>	<b>4.1</b>

Table 3.2: Consolidated Fund Expenditure (continued)

	2016-17 Sept YTD Actual	2017-18 Original Budget	2017-18 Sept YTD Actual
	\$m	\$m	\$m
<b>Office of the Director of Public Prosecutions</b>			
Recurrent services	1.9	7.1	2.1
Reserved by Law	0.1	0.5	0.1
	<b>2.0</b>	<b>7.6</b>	<b>2.2</b>
<b>Office of the Governor</b>			
Recurrent services	0.7	3.5	0.9
Reserved by Law	0.1	0.6	0.1
	<b>0.8</b>	<b>4.1</b>	<b>1.0</b>
<b>Office of the Ombudsman</b>			
Recurrent services	0.4	2.3	0.6
	<b>0.4</b>	<b>2.3</b>	<b>0.6</b>
<b>Police, Fire and Emergency Management</b>			
Recurrent services	46.7	221.0	48.7
Works and services	3.0	8.0	3.6
	<b>49.7</b>	<b>229.0</b>	<b>52.3</b>
<b>Premier and Cabinet</b>			
Recurrent services	13.8	70.4	12.4
Reserved by Law	1.6	6.4	1.6
Works and services	....	2.1	0.1
	<b>15.4</b>	<b>78.9</b>	<b>14.1</b>
<b>Primary Industries, Parks, Water and Environment</b>			
Recurrent services	74.4	174.4	72.0
Works and services	1.1	23.5	2.5
	<b>75.4</b>	<b>197.9</b>	<b>74.5</b>
<b>State Growth</b>			
Recurrent services	95.3	384.8	102.1
Reserved by Law	....	0.1	....
Works and services	14.8	128.0	13.2
	<b>110.1</b>	<b>512.9</b>	<b>115.3</b>
<b>Tasmanian Audit Office</b>			
Recurrent services	0.4	2.0	0.5
Reserved by Law	0.1	0.5	0.1
	<b>0.5</b>	<b>2.5</b>	<b>0.6</b>
<b>Tourism Tasmania</b>			
Recurrent services	4.8	29.3	2.8
	<b>4.8</b>	<b>29.3</b>	<b>2.8</b>

Table 3.2: Consolidated Fund Expenditure (continued)

	2016-17 Sept YTD Actual	2017-18 Original Budget	2017-18 Sept YTD Actual
	\$m	\$m	\$m
<b>Treasury and Finance</b>			
Recurrent services	6.6	58.7	11.8
Works and services	0.5	2.9	0.3
	<b>7.1</b>	<b>61.6</b>	<b>12.2</b>
<b>TOTAL CONSOLIDATED FUND EXPENDITURE</b>	<b>1 108.4</b>	<b>4 822.9</b>	<b>1 158.8</b>