Treasurer's Annual Financial Report 2025-26

October 2026

Department of Treasury and Finance

Tasmanian Government

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CONTENTS

1. Introduction **1**

2. Executive Summary **2**

3. The Fiscal Strategy **17**

4. Treasurer's Annual Financial Statements **20**

Certification of Treasurer's Annual Financial Statements 21

Opinion of the Auditor-General 22

Statement of Comprehensive Income for the year ended 30 June 2026 26

Statement of Financial Position as at 30 June 2026 28

Statement of Cash Flows for the year ended 30 June 2026 30

Statement of Changes in Equity for the year ended 30 June 2026 32

Notes to the Treasurer's Annual Financial Statements 33

5. Public Account Statements **151**

Certification of Public Account Statements 152

Opinion of the Auditor-General 153

Accounting Policies 156

Statement 1 - Public Account Receipts 157

Statement 2 - Public Account Expenditure 157

Statement 3 - Specific Purpose Accounts 158

Statement 4 - Agency Trust Accounts 161

Statement 5 - Supplementary Estimates Statement Summary 162

1. INTRODUCTION

The *Treasurer's Annual Financial Report 2025-26 presents* the audited financial statements for the General Government Sector, Total State Sector and Public Account for the year ended 30 June 2026.

The Report contains the following information:

- Section 2 provides an Executive Summary of the key financial outcomes for 2025-26, including the results and financial position of the General Government Sector and Total State Sector, together with information on the Public Account;
- Section 3 provides an update on progress against the Government's Fiscal Strategy;
- Section 4 presents the General Government Sector and Total State Sector financial statements for 2025-26. These financial statements have been prepared in accordance with section 40 of the *Financial Management Act 2016* and applicable Australian Accounting Standards, including AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The financial statements also comply with the requirements of the Uniform Presentation Framework; and
- Section 5 presents the Public Account Statements, including information on Public Account receipts and expenditure, Specific Purpose Accounts, Agency Trust Accounts and supplementary estimates.

2. EXECUTIVE SUMMARY

The 2025-26 General Government Sector and Total State Sector Financial Statements are presented in Section 4 of this Report. The financial statements are prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Table 2.1 presents the key financial outcomes for the GGS, Total State Sector and Public Account.

Table 2.1 Key Financial Indicators

	2025-26 Original Budget	2025-26 Actual	2024-25 Actual
	$m	$m	$m
General Government Sector			
Net Operating Balance - Surplus/(Deficit)	(1 008.0)	(1 071.7)	(1 268.1)
Underlying Net Operating Balance - Surplus/(Deficit)	(1 425.1)	(1 361.4)	(1 614.6)
Fiscal Balance - Surplus/(Deficit)	(1 352.1)	(1 111.5)	(1 375.9)
Infrastructure Expenditure	893.7	686.5	769.2
Net Debt	7 081.1	6 511.4	5 048.3
GFS Net Debt	6 030.7	5 439.0	3 958.7
Net Worth	15 045.8	15 546.6	15 764.3
Net Financial Liabilities	15 779.9	14 772.2	13 646.2
Total State Sector			
Net Operating Balance - Surplus/(Deficit)	(1 321.0)	(1 220.9)	(1 478.0)
Fiscal Balance - Surplus/(Deficit)	(3 014.7)	(2 039.6)	(2 383.9)
Net Debt	10 357.5	9 242.8	7 276.0
GFS Net Debt	8 938.2	7 786.9	5 810.7
Net Worth	15 045.8	15 579.7	15 764.3
Net Financial Liabilities	22 755.5	21 458.1	19 841.2
Public Account			
Receipts	14 365.6	13 842.9	12 913.5
Expenditure	14 279.3	13 585.7	13 010.6
SPA Balance 30 June	1 960.7	1 819.6	1 606.4

General Government Sector Outcome

Statement of Comprehensive Income

Table 2.2 provides a summary of the key GGS operating line items and budget variances.

Table 2.2 General Government Sector Summary Operating Result

	2025-26 Original Budget	2025-26 Actual	Variation	Variation
	$m	$m	$m	%
Revenue from transactions	9 498.2	9 711.8	213.6	2.2
Expenses from transactions	10 506.2	10 783.5	277.3	2.6
Net Operating Balance – Surplus/(Deficit)	**(1 008.0)**	**(1 071.7)**	**(63.7)**	**6.3**
Less Net acquisition of non-financial assets	344.1	39.8	(304.3)	(88.4)
Equals Fiscal Balance – Surplus/(Deficit)	**(1 352.1)**	**(1 111.5)**	**240.6**	**(17.8)**

Net Operating Balance

The GGS Net Operating Balance is a deficit of $1 071.7 million in 2025-26, a deterioration of $63.7 million from the Original Budget deficit of $1 008 million. The main variations from the Original Budget are set out below.

Revenue from transactions is $9 711.8 million in 2025-26, which is $213.6 million higher than the Original Budget estimate of $9 498.2 million. The main variations are:

- Grants revenue $50.4 million higher, primarily due to increases of $82.8 million for GST revenue and $63.1 million for Other grants and subsidies. These increases are partly offset by decreases of $40.7 million for National Agreements and $54.7 million for National Partnership payments;
- Taxation revenue $72.9 million higher, primarily due to increases in conveyance duty and land tax; and
- Other revenue $59.8 million higher, primarily due to additional mineral royalties and higher salary, workers' compensation and other recoveries across several agencies.

Expenses from transactions are $10 783.5 million in 2025-26, which is $277.3 million higher than the Original Budget estimate of $10 506.2 million. The main variations are:

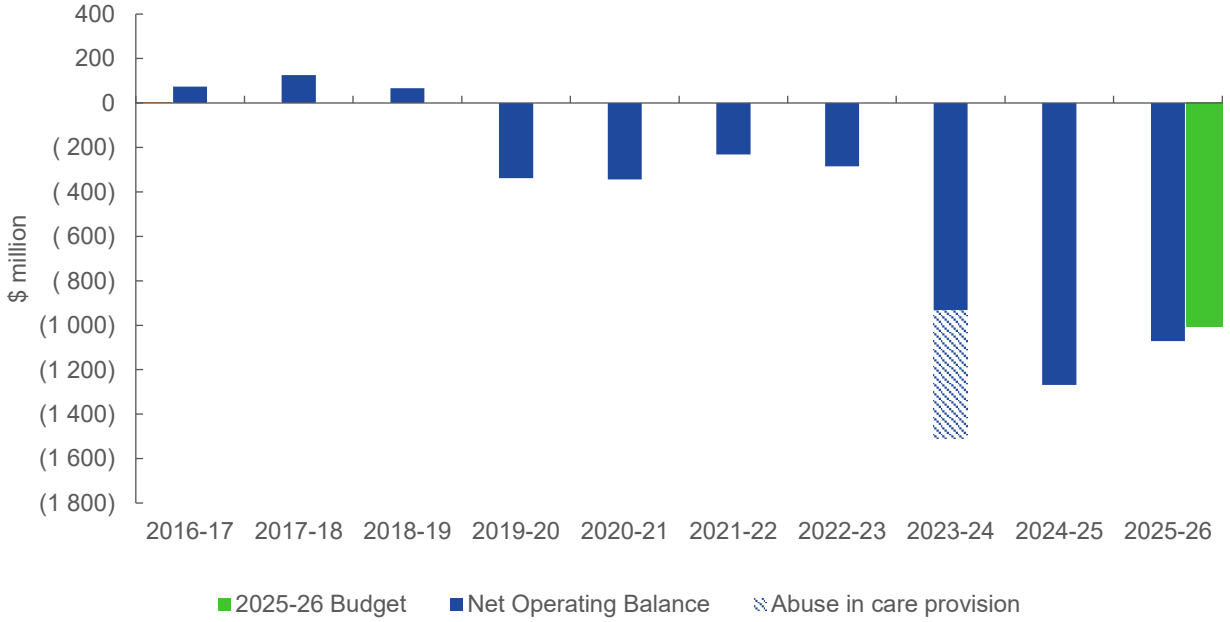
- Employee expenses $157.6 million higher, primarily reflecting higher annual leave and long service leave expenses, together with the impact of government wage agreements and associated back payments to State Service employees;
- Supplies and consumables expenses $298.9 million higher, primarily reflecting higher expenditure for the Department for Education, Children and Young People and the Department of Health together with increased expenditure associated with the Tasmanian Risk Management Fund;

- Grant and subsidy expenses $225.9 million lower, primarily reflecting revised expenditure and cashflows for a number of grant programs, together with the reclassification of Out of Home Care expenditure to Supplies and consumables; and
- Other expenses $43.1 million higher, primarily reflecting higher workers compensation costs and the reclassification of workers compensation expenses from Supplies and consumables.

Further information on material variations between the Original Budget and actual outcomes is provided in Note 12.1 of the financial statements.

Chart 2.1 highlights the trend in the Net Operating Balance since 2016-17.

Chart 2.1 General Government Sector Net Operating Balance[1,2]



Notes:
1. The Net Operating Balance for 2016-17 is presented excluding the one-off Australian Government payment of $730 million related to the Mersey Community Hospital. The Net Operating Balance including this payment was a surplus of $804 million.
2. The Net Operating Balance for 2023-24 shows the impact of the accounting recognition of a $571.2 million increase to the Provision for claims by survivors of institutional child sexual abuse against the State.

Underlying Net Operating Balance

The Net Operating Balance improves when the State receives funding from the Australian Government for capital projects, particularly one-off major initiatives. The Underlying Net Operating Balance adjusts the Net Operating Balance to remove the impact of Australian Government revenue received for specific capital projects. While this funding is recognised as revenue in the Net Operating Balance in the year the relevant performance obligations are met, the associated capital expenditure is reflected in net acquisition of non-financial assets. Removing the impact of this capital-related revenue provides a clearer view of the sustainability of the State's recurrent operating position by addressing this mismatch between operating revenue and expenses.

The Underlying Net Operating Balance is a deficit of $1 361.4 million in 2025-26. This is an improvement of $63.7 million from the Original Budget deficit of $1 425.1 million.

Table 2.3 General Government Sector Underlying Net Operating Balance

	2025-26 Original Budget	2025-26 Actual	2024-25 Actual
	$m	$m	$m
Net Operating Balance	**(1 008.0)**	**(1 071.7)**	**(1 268.1)**
Less one-off Australian Government funding:			
Bell Bay Line - Reconnection to the Bell Bay Wharf	3.2	....	....
Construction of the Launceston Hospice	13.0	0.6	0.8
COVID-19 Stimulus	0.5	0.2	2.2
Macquarie Point Urban Redevelopment	18.6	....	....
Macquarie Wharf 6 (Port of Hobart)	47.1	47.0	....
Melba Line Bulk Minerals Rail Hub	14.4	....	....
National Water Grid Fund	76.7	48.3	50.6
New Bridgewater Bridge	57.8	50.4	174.6
Northern Heart Centre in Launceston	8.0	3.5	1.8
Redevelopment of the Royal Hobart Hospital	2.5	0.4	....
Roads and Rail Funding (Nation Building)	53.3	29.9	52.6
Road Corridors	11.0	24.0	28.0
Roads of Strategic Importance	27.6	18.9	23.8
Safer Local Roads Program	8.6	8.1	5.2
Tarraleah Hydro Power Scheme Redevelopment	42.2	30.4	....
Tasman Bridge Upgrade	1.3	2.7	1.0
University of Tasmania Stadium Redevelopment Project	28.6	23.1	....
Urban Congestion Fund	2.8	2.3	5.9
	417.1	**289.7**	**346.5**
Underlying Net Operating Balance	**(1 425.1)**	**(1 361.4)**	**(1 614.6)**

Statement of Financial Position

Table 2.4 summarises the GGS Statement of Financial Position and movements from 30 June 2025. Further information on movements is provided in Notes 5, 6, 7 and 12.2 of the financial statements.

Table 2.4 General Government Sector Summary Statement of Financial Position

	2026 Actual	2025 Actual	Movement	Movement
	$m	$m	$m	%
Financial assets	15 084.5	14 727.6	356.9	2.4
Non-financial assets	19 582.0	18 622.4	959.6	5.2
Total Assets	**34 666.5**	**33 350.0**	**1 316.5**	**3.9**
Liabilities	19 119.9	17 585.7	1 534.2	8.7
Net Assets	**15 546.6**	**15 764.3**	**(217.7)**	**(1.4)**

Asset Movements

GGS financial assets are $15 084.5 million at 30 June 2026, an increase of $356.9 million from the 30 June 2025 balance of $14 727.6 million. The main movements are:

- Cash and deposits $259 million higher, primarily due to an increase in the Public Account balance and cash retained from borrowings undertaken during 2025-26 to support GGS expenditure;
- Equity investment in the Public Non-Financial Corporations and Public Financial Corporations sectors $51.3 million lower. This reflects the movement in net assets for the PNFC and PFC Sector entities;
- Receivables $65.3 million higher, primarily due to increases for Finance-General, the Department of Health and the Department of Natural Resources and Environment Tasmania; and
- Other financial assets $52.9 million higher, primarily due to an increase of $62.8 million for Finance-General which reflects an increase in Deferred tax assets held to mirror the tax liabilities held in the PNFC and PFC sectors.

GGS non-financial assets are $19 582 million at 30 June 2026, an increase of $959.6 million from the 30 June 2025 balance of $18 622.4 million. The main movements are:

- Land and buildings $306.3 million higher, primarily due to capital works and asset revaluations which have contributed to increases across a number of agencies; and
- Infrastructure $651.3 million higher, primarily due to capital works and the revaluation of road, bridge and other infrastructure assets which have resulted in increases for the Department of State Growth and the Department for Education, Children and Young People.

Liability Movements

GGS liabilities are $19 119.9 million at 30 June 2026, an increase of $1 534.2 million from the 30 June 2025 balance of $17 585.7 million. The main movements are:

- Borrowings $1 752.1 million higher, primarily due to additional borrowings undertaken during 2025-26 to support GGS expenditure;
- Superannuation $523.2 million lower, reflecting the latest actuarial valuation of the Government's defined benefit superannuation liability;
- Employee entitlements $76.4 million higher, primarily due to higher accrued salaries, annual leave and long service leave liabilities for a number of agencies including the Department of Health and the Department for Education, Children and Young People;
- Payables $73.3 million higher, primarily due to increases for the Department of Health and Finance-General; and
- Other provisions $119.9 million higher, primarily due to an increase of $139.8 million for the Tasmanian Risk Management Fund outstanding claims liability held by Finance-General. This is partially offset by a decrease for the Provision for claims related to child sexual abuse in State care held by the Department of Justice. The movement in this Provision is due to the payment of compensation claims during the year and the impact of the actuarial valuation of the remaining liability as at 30 June 2026.

Further information on significant movements in the GGS financial position is provided in Note 12.2 of the financial statements.

Superannuation Liability

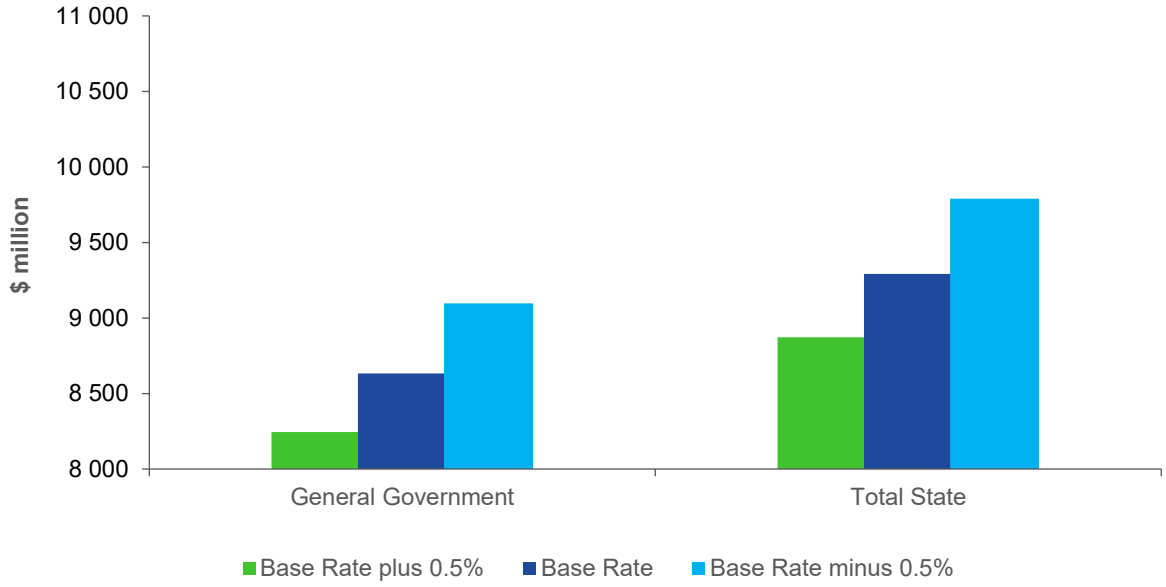
The GGS superannuation liability as at 30 June 2026 is $6 450.1 million, a decrease of $523.2 million from 30 June 2025. The liability comprises the present value of the liability of $8 633.4 million, less the fair value of plan assets of $2 197.3 million, together with the effect of the asset ceiling of $13.9 million.

The decrease in the liability primarily reflects the latest actuarial assessment of the liability, including changes in the financial and demographic assumptions used to measure the defined benefit obligation. A discount rate of 4.95 per cent was used to measure the Retirement Benefits Fund Scheme liability at 30 June 2026, compared with 4.55 per cent at 30 June 2025.

Government businesses in the PNFC and PFC sectors are for-profit entities and, in accordance with AASB 119 *Employee Benefits*, can value the superannuation liability using high quality corporate bond rates. However, the GGS and Total State Sector are not-for-profit entities and, in accordance with AASB 119, are required to use the Australian Government bond rate at the measurement date to value the superannuation liability.

There is a strong inverse relationship between the discount rate and the valuation of the superannuation liability. Chart 2.2 shows the impact of an increase or decrease of 0.5 per cent in the discount rate used to value the superannuation liability. The base-rate column represents the gross superannuation liability as at 30 June 2026, valued by the actuary using a base rate of 4.95 per cent. The sensitivity analysis is provided in Note 7.7(l) of the financial statements.

Chart 2.2 Sensitivity Analysis of the Superannuation Liability



Undiscounted Defined Benefit Obligations

Table 2.5 presents the nominal cash flows required to meet the emerging cost of superannuation benefits payable to members. This represents the total cost of benefits payable and includes the GGS and Total State Sector shares, together with the share of benefits that are funded from Scheme assets. A further breakdown by year can be found in Note 7.7(k) of the financial statements.

Table 2.5 Undiscounted Defined Benefit Obligations as at 30 June 2026

	General Government	Total State
	$m	$m
Estimated total benefit payments to be made in the period:		
No later than 1 year	546.0	584.2
Later than 1 year and no later than 10 years	5 438.9	5 820.1
Later than 10 years and no later than 25 years	7 762.5	8 310.6
Later than 25 years and no later than 50 years	3 789.4	4 059.5
Undiscounted defined benefit obligation	**17 536.8**	**18 774.4**
After 50 years there is expected to be a reducing level of cash payments for a further 17 years totalling approximately	21.3	22.8

Net Debt and GFS Net Debt

Net Debt comprises borrowings, lease liabilities and service concession liabilities, less cash and deposits and investments. Net Debt represents the level of borrowing required to fund Government activity at the end of each financial year, after accounting for cash and other financial assets. It shows the cumulative impact of Budget outcomes and infrastructure investment on the State's financial position. A reference to 'negative' Net Debt means that Cash and deposits and Investment exceed the combined value of Borrowings, Lease liabilities and Service concession liabilities.

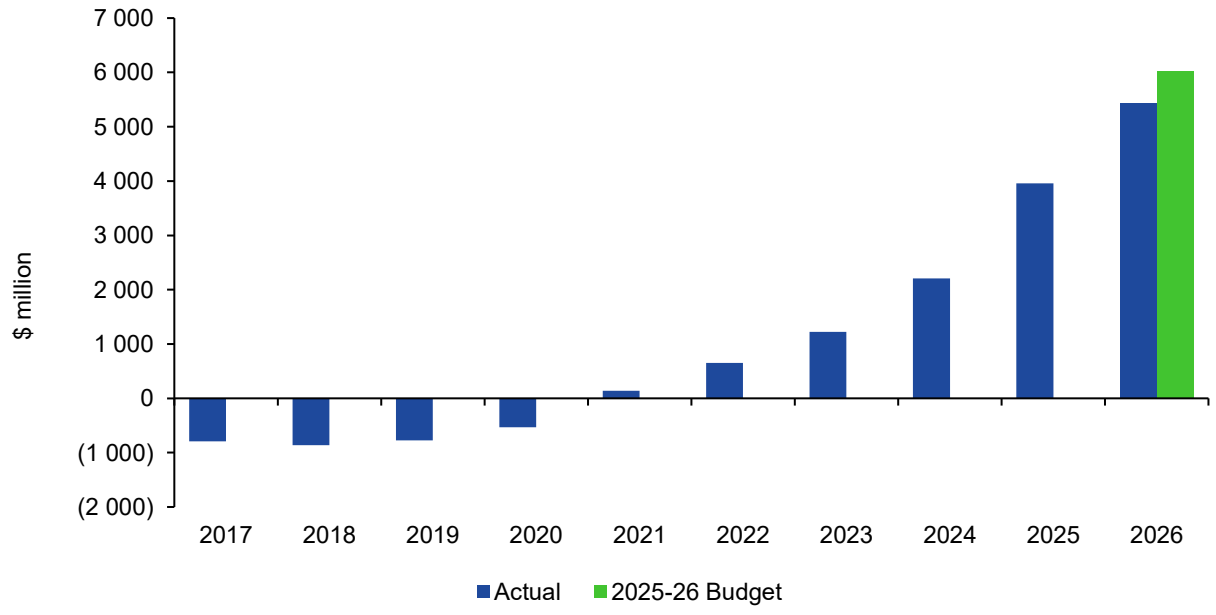
GFS Net Debt is a measure based on the Australian Bureau of Statistics Government Finance Statistics framework and excludes lease liabilities and service concession liabilities and therefore provides a more consistent and comparable time series.

GGS Net Debt is $6 511.4 million at 30 June 2026, an increase of $1 463.1 million from 30 June 2025 and a decrease of $569.7 million from the Original Budget estimate.

GGS GFS Net Debt is $5 439 million at 30 June 2026, an increase of $1 480.3 million from 30 June 2025. However, this is an improvement of $591.7 million from the Original Budget estimate.

Chart 2.3 highlights the trend in GFS Net Debt since 30 June 2017.

Chart 2.3 General Government Sector GFS Net Debt as at 30 June

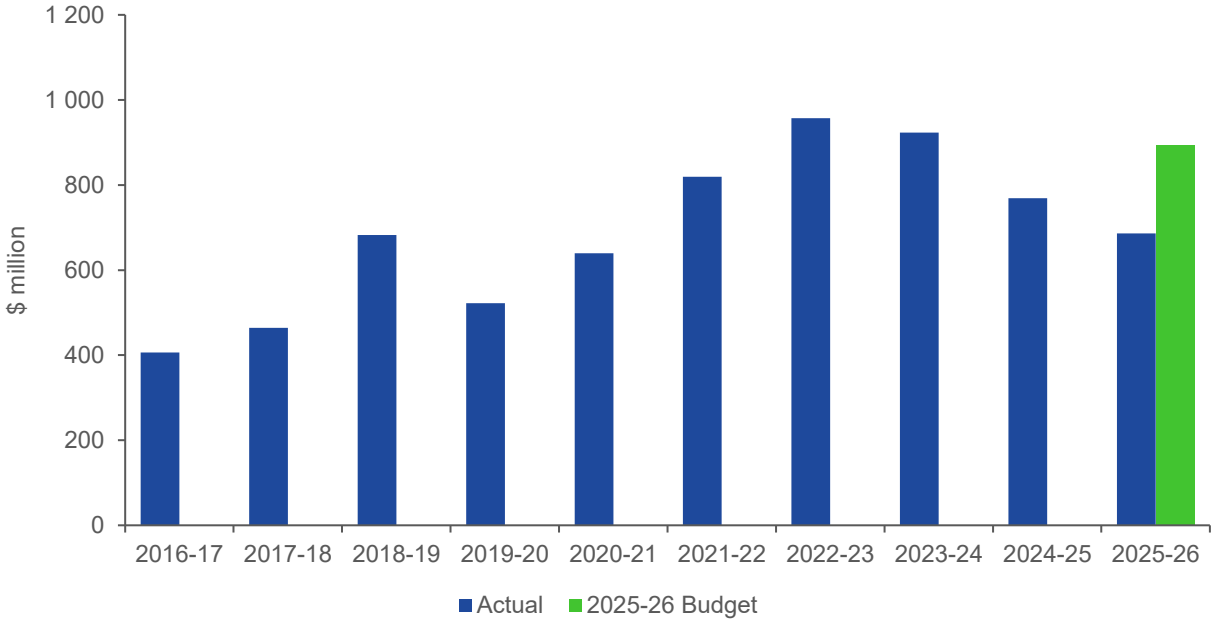


Infrastructure Expenditure

GGS Infrastructure expenditure is $686.5 million in 2025-26 which is $207.2 million less than the Original Budget estimate of $893.7 million.

Chart 2.4 highlights the trend in Infrastructure investment since 2016-17.

Chart 2.4 General Government Sector Infrastructure Expenditure



Infrastructure investment outside the GGS is primarily supported through equity contributions administered by Finance-General. During 2025-26, equity contributions of $338.8 million ($227 million for 2024-25) were provided to support capital works undertaken by entities in the PNFC Sector.

These equity contributions are not included in the GGS Infrastructure expenditure of $686.5 million. However, when these two are combined, total Infrastructure expenditure funded by the GGS is $1 025.3 million for 2025-26.

Total State Sector Outcome

The Total State Sector comprises the GGS and the PNFC and PFC Sectors.

The PNFC and PFC Sectors include a wide range of entities which are outlined in Note 14 of the financial statements. Generally, these entities are commercially focused and aim for revenue from the sales of goods and services to cover their expenses.

Transactions and balances between sectors are eliminated when preparing the consolidated Total State Sector financial statements. Consequently, Total State Sector variances do not necessarily equal the sum of the individual sectors.

Statement of Comprehensive Income

Table 2.6 provides a summary of the key Total State Sector operating results and budget variances. Original Budget information for the Total State Sector is provided in the 2025-26 Budget Papers.

Table 2.6 Total State Sector Summary Operating Result

	2025-26 Original Budget	2025-26 Actual	Variation	Variation
	$m	$m	$m	%
Revenue from transactions	13 237.3	13 454.2	216.9	1.6
Expenses from transactions	14 558.3	14 675.2	116.9	0.8
Net Operating Balance – Surplus/(Deficit)	**(1 321.0)**	**(1 220.9)**	**100.1**	**(7.6)**
Less Net acquisition of non-financial assets	1 693.7	818.6	(875.1)	(51.7)
Equals Fiscal Balance – Surplus/(Deficit)	**(3 014.7)**	**(2 039.6)**	**975.1**	**(32.3)**

Net Operating Balance

The Total State Sector recorded a Net Operating Balance deficit of $1 220.9 million in 2025-26. This was an improvement of $100.1 million from the Original Budget deficit of $1 321 million. This variation reflects improvements of:

- $91.4 million for the PNFC Sector; and
- $60.2 million for the PFC Sector.

These improvements are partly offset by a $63.7 million deterioration for the GGS.

Total State Sector revenue from transactions is $13 454.2 million in 2025-26, which is $216.9 million higher than the Original Budget estimate of $13 237.3 million. A breakdown of revenue and expenses by sector is provided in Note 1 of the financial statements. The main variations are:

- Grants revenue $45.9 million higher, primarily reflecting an increase of $50.4 million for the GGS;
- Taxation revenue $68.9 million higher, reflecting increased revenue recognised by the GGS;

- Sales of goods and services revenue $84 million lower, primarily reflecting a decrease of $122.3 million for the PNFC Sector. This was partly offset by increases of $18.6 million for the GGS and $4.4 million for the PFC Sector;
- Interest income $98.2 million higher, primarily reflecting higher interest income for the PFC Sector after allowing for the elimination of interest transactions between sectors; and
- Dividend, tax and rate equivalent income $51.8 million higher, primarily reflecting the increase of $51.6 million recognised by the PFC Sector.

Total State Sector expenses from transactions are $14 675.2 million in 2025-26, which is $116.9 million higher than the Original Budget estimate of $14 558.3 million. The main variations are:

- Employee expenses $118.8 million higher, primarily reflecting expenses being $157.6 million higher for the GGS. This was partly offset by employee expenses being $39.3 million lower for the PNFC Sector;
- Depreciation expenses $75.7 million lower, primarily reflecting depreciation being $83 million lower for the PNFC Sector, partly offset by increases for the GGS and PFC Sector;
- Supplies and consumables expenses $189.5 million higher, primarily reflecting expenditure being $298.9 million higher for the GGS. This was partly offset by expenses being $104.6 million lower for the PNFC Sector and $7.4 million lower for the PFC Sector;
- Borrowing costs $71.4 million higher primarily reflecting higher external borrowing costs in the PFC Sector. The consolidated result also reflects the elimination of borrowing costs associated with transactions between sectors;
- Grant and subsidy expenses $276.3 million lower, primarily reflecting a decrease of $226 million for the GGS and $34.1 million for the PNFC Sector; and
- Other expenses $75.1 million higher, primarily reflecting increases of $43.1 million for the GGS and $35.1 million for the PNFC Sector.

Statement of Financial Position

Table 2.7 summarises the Total State Sector Statement of Financial Position together with movements from the prior year.

Table 2.7 Total State Sector Summary Statement of Financial Position

	2026 Actual	2025 Actual	Movement	Movement
	$m	$m	$m	%
Financial assets	11 469.2	11 493.3	(24.1)	(0.2)
Non-financial assets	37 037.8	35 605.5	1 432.3	4.0
Total Assets	**48 507.0**	**47 098.8**	**1 408.2**	**3.0**
Liabilities	32 927.3	31 334.5	1 592.8	5.1
Net Assets	**15 579.7**	**15 764.3**	**(184.6)**	**(1.2)**

Asset Movements

Total State Sector financial assets are $11 469.2 million at 30 June 2026, a decrease of $24.1 million from the 30 June 2025 balance of $11 493.3 million. The main movements are:

- Cash and deposits $280.4 million higher, primarily due to increases of $259 million for the GGS and $61.7 million for the PFC Sector, partly offset by a $22.4 million decrease for the PNFC Sector;
- Investments $171.6 million lower, primarily due to the decrease in external investments held by the Tasmanian Public Finance Corporation; and
- Receivables decreased by $189.3 million, primarily reflecting a decrease of $255.9 million for the PNFC Sector, partly offset by increases of $65.3 million for the GGS and $5.5 million for the PFC Sector.

Total State Sector non-financial assets are $37 037.8 million at 30 June 2026, an increase of $1 432.3 million from the 30 June 2025 balance of $35 605.5 million. The main movements are:

- Land and buildings increased by $627.5 million, primarily due to increases of $306.3 million for the GGS and $318.1 million for the PNFC Sector arising from capital expenditure and asset revaluations;
- Infrastructure $657.7 million higher, primarily due to an increase of $651.3 million for the GGS; and
- Assets held for sale $94.7 million higher, primarily due to an increase of $85.6 million for the PNFC Sector reflecting the classification of $87.5 million for the *Spirit of Tasmania I and II* assets as held for sale by TT-Line Company Pty Ltd.

Liability Movements

Total State Sector liabilities are $32 927.3 million at 30 June 2026, an increase of $1 592.8 million from the 30 June 2025 balance of $31 334.5 million. The main movements are:

- Borrowings $2 085 million higher. Borrowings for State entities are primarily held with Tascorp and are eliminated at the Total State level. As a result, the variation is primarily due to the increase of $2 088.3 million in borrowings held by Tascorp in the PFC Sector;
- Superannuation $571.2 million lower, primarily due to decreases of $523.2 million for the GGS and $48.4 million for the PNFC Sector as a result of the latest actuarial assessments of the State's defined benefit obligations;
- Payables $234.1 million lower, primarily due to decreases of $278.3 million for the PNFC Sector and $21.6 million for the PFC Sector, partly offset by a $73.3 million increase for the GGS;
- Employee entitlements $88 million higher, primarily due to increases of $76.5 million for the GGS and $11.4 million for the PNFC Sector; and
- Other provisions $221.2 million higher, primarily due to increases of $119.9 million for the GGS, $22.4 million for the PNFC Sector and $78.9 million for the PFC Sector.

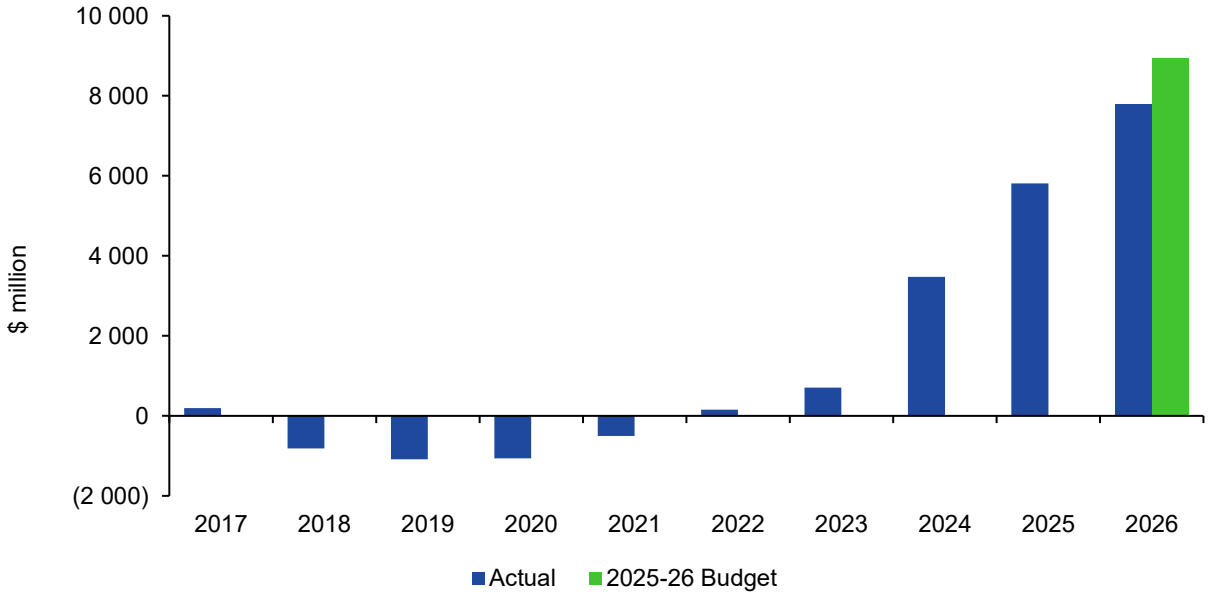
Net Debt and GFS Net Debt

Total State Sector Net Debt is $9 242.8 million at 30 June 2026, an increase of $1 966.8 million from $7 276 million at 30 June 2025. However, this is an improvement of $1 114.6 million from the 2025-26 Original Budget estimate of $10 357.5 million.

Total State Sector GFS Net Debt is $7 786.9 million at 30 June 2026, an increase of $1 976.1 million from $5 810.7 million at 30 June 2025. However, GFS Net Debt is $1 151.3 million lower than the 2025-26 Original Budget estimate of $8 938.2 million.

Chart 2.5 highlights the trend in Total State Sector GFS Net Debt since 30 June 2017.

Chart 2.5 Total State Sector GFS Net Debt as at 30 June



Public Account

Public Account Statements are presented in Section 5 of this Report. The statements are prepared on a cash basis and provide information on the receipts, expenditure and balances of the Public Account.

Table 2.8 Public Account Results

	2025-26 Original Budget	2025-26 Actual	Variation	Variation
	$m	$m	$m	%
Public Account				
Receipts	14 365.6	13 842.9	(522.7)	(3.6)
Expenditure	14 279.3	13 585.7	(693.6)	(4.9)
Specific Purpose Accounts				
Opening Balance	1 604.5	1 606.4	1.9	0.1
Receipts	4 443.2	4 050.8	(392.4)	(8.8)
Payments	4 087.0	3 837.6	(249.4)	(6.1)
Closing Balance	**1 960.7**	**1 819.6**	**(141.1)**	**(7.2)**

Public Account Receipts

Public Account receipts are $13 842.9 million for 2025-26, which is $522.7 million lower than the Original Budget estimate of $14 365.6 million. This is primarily due to decreases of:

- $406.8 million for Borrowing Receipts;
- $392.4 million for receipts to Specific Purpose Accounts; and
- $53.6 million for Statutory Authority receipts.

These decreases are partly offset by increases of $180.3 million for receipts from Australian Government Sources and $149.8 million for State-sourced general receipts.

Public Account Expenditure

Public Account Expenditure is $13 585.7 million for 2025-26, which is $693.6 million below the Original Budget estimate of $14 279.3 million. This is primarily due to decreases of:

- $269.2 million for Operating Services expenditure;
- $249.4 million for expenditure from Specific Purpose Accounts;
- $170.3 million for Capital Services expenditure; and
- $60.4 million for Statutory Authority expenditure.

These decreases are partly offset by an increase of $52.5 million for Reserved by Law expenditure.

Specific Purpose Accounts

The balance of Specific Purpose Accounts is $1 819.6 million at 30 June 2026, which was $141.1 million lower than the Original Budget estimate of $1 960.7 million.

While there is a strong relationship between Specific Purpose Account balances and GGS cash assets, the two measures are not equivalent. Table 2.9 reconciles the Specific Purpose Account balance to the GGS cash and deposits reported in the Statement of Financial Position.

Table 2.9 Reconciliation of Public Account Cash as at 30 June

	2026 Actual	2025 Actual
	$m	$m
Specific Purpose Accounts Balance		
Australian Government Funding Management Account	490.7	482.4
Other SPAs	1 329.0	1 124.0
	1 819.6	**1 606.4**
Plus Cash and deposits held outside the Public Account[1]	372.2	326.4
Less Funds invested with Tascorp recognised as an Investment	600.0	600.0
Equals General Government Sector Cash per the Balance Sheet	**1 591.8**	**1 332.8**

Note:
1. Primarily consists of cash held by statutory authorities that do not operate within the Public Account together with cash held by agencies outside the Public Account.

3. THE FISCAL STRATEGY

Current Fiscal Strategy

The 2026-27 Budget introduced a new Fiscal Strategy designed to closely align with the *Charter of Budget Responsibility Act 2007*. The Strategy reflects the Government's commitment to long-term fiscal sustainability and the need to ensure that the Strategy remains fit for purpose.

The new Fiscal Strategy establishes:

- five enduring fiscal Objectives that will guide Budget decision-making;
- a comprehensive set of key fiscal measures to assess achievement against the Objectives; and
- a Targets framework that sets out the Government's specific aims and delivery pathway over the Budget and Forward Estimates.

This section reports the 2025-26 outcomes against the relevant Fiscal Strategy measures and targets introduced in the 2026-27 Budget, providing a baseline assessment of performance against the new Fiscal Strategy.

The current Fiscal Strategy is outlined in more detail in the 2026-27 Budget Papers. Further information about progress against the Strategy will be provided in the *2026-27 Revised Estimates Report*, due to be published in December 2026.

Progress against Fiscal Strategy Measures

The Fiscal Strategy includes seven measures with targets for achievement by 2032-33. Table 3.1 compares the 2025-26 Estimated Outcome and Actual outcome against these targets.

At 30 June 2026 achievement of the seven measures was mixed, with further improvement required to meet the 2032-33 targets.

The Fiscal Strategy also includes three measures that are assessed annually. Two of these three measures were achieved in 2025-26:

- Operating expense growth: Achieved. Annual growth in GGS operating expenses was 5.3 per cent which is below the 10-year compound annual growth rate for GGS revenue of 6.0 per cent, consistent with the annual target.
- Infrastructure investment: Achieved. GGS Purchases of non-financial assets of $593.6 million exceed the depreciation expense of $530.8 million, consistent with the annual target.
- Government business impact: Not achieved. Government businesses had a negative impact of $352.2 million on the GGS. Accordingly, the annual target for government businesses to have a positive impact on the GGS financial position was not met.

Table 3.1 Summary of Fiscal Strategy Measures to Achieve by 2032-33

Fiscal Strategy Measures to Achieve by 2032-33	2025-26 Estimated Outcome	2025-26 Actual	2032-33 Target
State's Credit Rating			
Moody's Ratings	Aa3 (Stable)	Aa3 (Stable)	Aa2 (Stable)
S&P Global Ratings	AA (Stable)	AA (Stable)	AA+ (Stable)
Cost of Debt (including defined benefit superannuation) to Cash Receipts (General Government Sector) (%)	7.5	7.6	<7
Net Debt to Gross State Product (%)			
General Government Sector	15.6	14.9	<8
Total Non-Financial Public Sector	26.3	24.8	<12
Total General Government Sector Own-source Revenue as a percentage of Total Expenditure (%)	30.9	30.6	>37
Total General Government Sector Employee Expenses as a percentage of Total Revenue (%)	45.7	46.4	<44
General Government Sector Fiscal Balance plus Equity Injections ($m, four-year rolling average)	(1 521.4)	(1 497.9)	0

Table 3.2: Measures to Achieve Annually

Fiscal Strategy Measures to Achieve Annually	2025-26 Estimated Outcome	2025-26 Actual	Annual Target
Annual growth in Operating Expenses is lower than the average annual growth in Revenue	Yes	Yes	Yes
Annual Investment in Infrastructure is no less than Depreciation	Yes	Yes	Yes
Government businesses will have a Positive Impact on the General Government Sector's Financial Position	No	No	Yes

Progress against Budget Improvement Agenda Targets

As part of its Budget Improvement Agenda, the Government has set three Targets in its Fiscal Strategy, planned for achievement by 2028-29. The Targets are to:

- reach GGS peak Net Debt, by having a zero Net Borrowing requirement;
- reduce PNFC Net Debt by $500 million based on the 2025-26 Budget; and
- cap Total Infrastructure Investment Funding and any Other Equity Injections at $1 billion.

These Targets are deliberately challenging and intended to support improvement in the State's fiscal position over the medium-term. Table 3.3 presents the 2025-26 outcomes for the three Fiscal Strategy Targets.

Table 3.3: Status of Targets

Target	Status
Reach GGS peak Net Debt, by having a zero Net Borrowing requirement	On Track
Reduce PNFC Net Debt by $500 million based on the 2025-26 Budget	Complete
Cap Total Infrastructure Investment Funding and any Other Equity Injections at $1 billion	Commenced

GGS Net Debt is $6 511.4 million at 30 June 2026 which is $310.6 million below the Estimated Outcome of $6 822 million. This 2025-26 outcome remains consistent with the current expectation that GGS Net Debt will peak by 2028-29.

The Target to reduce PNFC Sector Net Debt by $500 million was achieved through the removal, from the 2026-27 Budget, of debt funding for Hydro Tasmania's Cethana project from 2027-28 onwards.

In 2025-26, GGS Infrastructure investment is $686.5 million, Equity contributions for Infrastructure investment outside the GGS are $338.8 million and Other Equity Injections are $74.5 million. Together, these total $1 099.8 million which exceeds the $1 billion Target by $99.8 million. The 2026-27 Budget and Forward Estimates demonstrate a reduction in Infrastructure investments and equity contributions which is consistent with the Target.

4. TREASURER'S ANNUAL FINANCIAL STATEMENTS

CERTIFICATION OF TREASURER'S ANNUAL FINANCIAL STATEMENTS

General Government Sector

The General Government Sector Financial Statements for the year ended 30 June 2026 have been prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The Statements incorporate the reporting requirements of the Australian Accounting Standards Board and the Uniform Presentation Framework (which is based on the reporting standards of the Australian Bureau of Statistics Government Finance Statistics framework) and are compiled from information provided by agencies within the GGS.

The Financial Statements present fairly the transactions of the GGS for the year ended 30 June 2026 and the financial position as at 30 June 2026.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the GGS Financial Statements misleading or inaccurate.

Total State Sector

The Total State Sector Financial Statements for the year ended 30 June 2026 have been prepared in accordance with AASB 1049. The Statements incorporate the reporting requirements of the Australian Accounting Standards Board and the Uniform Presentation Framework and are compiled from information provided by entities within the Total State Sector.

The Financial Statements present fairly the transactions of the Total State Sector for the year ended 30 June 2026 and the financial position as at 30 June 2026.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the Total State Sector Financial Statements misleading or inaccurate.

Hon Eric Abetz MP
Treasurer

22 October 2026

Gary Swain
Secretary
Department of Treasury and Finance

OPINION OF THE AUDITOR-GENERAL

Audit Tasmania

Independent Auditor's Report

To the Members of Parliament

Report on the Audit of the Treasurer's Annual Financial Statements

Opinion

I have audited the Treasurer's Annual Financial Statements (financial statements), which comprises the statement of financial position as at 30 June 2026 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification signed by the Treasurer of the Department of Treasury and Finance.

In my opinion, the accompanying financial report:

(a) present fairly, in all material respects, the General Government Sector and Total State Sector financial position as at 30 June 2026 and its financial performance and its cash flows for the year then ended

(b) are in accordance with the *Financial Management Act 2016* and Australian Accounting Standard 1049 *Whole of Government and General Sector Financial Reporting.*

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

OPINION OF THE AUDITOR-GENERAL (CONTINUED)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 6 to the financial statements, which describes the valuation of non-financial assets held by public corporations included in the Total State Sector. As disclosed in Note 6, certain public corporations use income-based valuation techniques that may not fully align with the not-for-profit valuation basis adopted for Total State Sector reporting. Where suitable alternative valuation information was not available, asset values reported by the relevant entities have been retained on consolidation. My opinion is not modified in respect of this matter.

Other Information

The Treasurer is responsible for the other information. The other information comprises the information included in the Treasurer's Annual Financial Report for the year ended 30 June 2026, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Treasurer for the Financial Statements

The Treasurer is responsible for the preparation and fair presentation of the:

- General Government Sector financial statements in accordance with section 40 of the *Financial Management Act 2016* and Australian Accounting Standard 1049 *Whole of Government and General Sector Financial Reporting*.
- Total State Sector financial statements in accordance with Australian Accounting Standard 1049 *Whole of Government and General Sector Financial Reporting*.

This responsibility includes such internal control as determined necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the State and the General Government Sector's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State and the General Government Sector's is to be dissolved by an Act of Parliament, or the Treasurer intends to cease operations, or has no realistic alternative but to do so.

OPINION OF THE AUDITOR-GENERAL (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Treasurer.
- Conclude on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on State and the General Government Sector's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause State and the General Government Sector's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

OPINION OF THE AUDITOR-GENERAL (CONTINUED)

I communicate with the Treasurer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Stephen Morrison
Chief Financial and Sustainability Auditor
Delegate of the Auditor-General

26 October 2026
Hobart

4

Statement of Comprehensive Income for the year ended 30 June 2026

		General Government			Total State	
	Notes	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
		$m	$m	$m	$m	$m
Revenue from transactions						
Grants	2.1	6 359.8	6 410.2	5 820.9	6 405.7	5 817.2
Taxation	2.2	1 933.1	2 006.0	1 840.2	1 919.8	1 763.1
Sales of goods and services	2.3	459.7	478.3	466.3	4 084.7	4 062.8
Fines and regulatory fees	2.4	158.2	174.5	168.6	167.0	161.6
Interest income		93.1	98.8	94.9	392.2	364.1
Dividend, tax and rate equivalent income	2.5	254.1	244.1	310.1	95.1	71.0
Other revenue	2.6	240.2	300.0	268.0	389.8	370.6
		9 498.2	**9 711.8**	**8 968.9**	**13 454.2**	**12 610.5**
Less Expenses from transactions						
Employee expenses	3.1	4 345.0	4 502.6	4 325.6	5 113.5	4 904.5
Superannuation	7.7(i)	550.0	556.5	503.8	648.6	584.1
Depreciation	3.2	526.8	530.8	514.3	1 003.8	955.1
Supplies and consumables	3.3	1 851.0	2 149.9	1 983.0	4 632.9	4 534.6
Nominal superannuation interest expense	7.7(i)	309.6	307.6	316.0	332.6	341.5
Borrowing costs	3.4	352.9	347.9	247.8	813.3	641.9
Grant and subsidy expenses	3.5	2 541.7	2 315.8	2 268.4	2 022.1	2 025.8
Other expenses	3.6	29.2	72.3	78.0	108.4	101.1
		10 506.2	**10 783.5**	**10 237.0**	**14 675.2**	**14 088.5**
Equals NET OPERATING BALANCE		**(1 008.0)**	**(1 071.7)**	**(1 268.1)**	**(1 220.9)**	**(1 478.0)**
Plus Other economic flows – Included in Operating Result						
Gain/(loss) on sale of non-financial assets	4.1	10.7	8.0	3.5	7.4	0.1
Other gains/(losses)	4.2	121.7	12.0	123.2	(891.5)	231.0
		132.4	**20.0**	**126.8**	**(884.0)**	**231.1**
Equals Operating Result		**(875.7)**	**(1 051.7)**	**(1 141.3)**	**(2 105.0)**	**(1 247.0)**

Statement of Comprehensive Income for the year ended 30 June 2026 (continued)

		General Government			Total State	
	Notes	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
		$m	$m	$m	$m	$m
Plus Other economic flows – Other movements in equity						
Revaluations of non-financial assets		285.7	915.1	523.4	1 253.3	794.9
Revaluation of equity investment in PNFC and PFC sectors	5.2	402.4	(464.6)	184.8	....	....
Revaluation of superannuation liability	7.7(i)	(128.7)	458.3	143.4	502.4	148.3
Other non-owner movements in equity		....	(74.8)	(80.8)	164.7	(66.7)
		559.5	**834.0**	**770.8**	**1 920.4**	**876.5**
Equals Comprehensive Result		**(316.2)**	**(217.8)**	**(370.5)**	**(184.6)**	**(370.5)**
KEY FISCAL AGGREGATES	18.11					
NET OPERATING BALANCE		**(1 008.0)**	**(1 071.7)**	**(1 268.1)**	**(1 220.9)**	**(1 478.0)**
Less Net acquisition of non-financial assets						
Purchases of non-financial assets		905.8	599.5	660.9	1 879.8	1 915.0
Less Sales of non-financial assets		35.0	28.9	38.8	57.3	54.0
Less Depreciation		526.8	530.8	514.3	1 003.8	955.1
		344.1	**39.8**	**107.8**	**818.6**	**905.9**
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)		**(1 352.1)**	**(1 111.5)**	**(1 375.9)**	**(2 039.6)**	**(2 383.9)**

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Statement of Financial Position as at 30 June 2026

		General Government			Total State	
	Notes	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
		$m	$m	$m	$m	$m
Assets						
Financial assets						
Cash and deposits	10.2	1 416.7	1 591.8	1 332.8	2 312.8	2 032.4
Investments	5.1	753.4	767.6	754.8	7 173.7	7 345.3
Equity investment in PNFC and PFC sectors	5.2	11 503.6	10 736.7	10 788.0	....	....
Other equity investments	5.3	274.8	301.2	279.9	383.2	359.3
Receivables	5.4	452.5	527.8	462.5	1 114.5	1 303.8
Contract assets	5.5	22.4	21.0	24.0	21.1	25.1
Other financial assets	5.6	1 124.1	1 138.4	1 085.5	463.9	427.4
		15 547.5	**15 084.5**	**14 727.6**	**11 469.2**	**11 493.3**
Non-financial assets						
Land and buildings	6.1	8 519.7	8 559.6	8 253.3	11 985.9	11 358.4
Infrastructure	6.2	8 714.2	9 004.9	8 353.6	19 538.0	18 880.3
Plant and equipment	6.3	384.5	366.0	359.3	735.8	715.0
Heritage and cultural assets	6.4	568.7	582.1	557.1	602.8	577.5
Biological assets	6.5	....	....	....	222.5	219.8
Investment property	6.7	4.8	5.0	4.8	5.0	4.8
Intangible assets	6.8	125.4	70.0	58.7	253.6	228.7
Assets held for sale	6.9	8.0	17.0	7.9	116.5	21.8
Lease - right-of-use assets	6.10	543.0	550.4	556.4	834.5	896.2
Service concession assets	6.11	376.7	379.8	415.4	2 595.0	2 548.0
Inventories	6.12	77.3	47.2	56.1	148.2	155.0
		19 322.2	**19 582.0**	**18 622.4**	**37 037.8**	**35 605.5**
Total Assets		**34 869.7**	**34 666.5**	**33 350.0**	**48 507.0**	**47 098.8**
Liabilities						
Borrowings	7.1	8 200.8	7 798.4	6 046.3	17 273.4	15 188.4
Lease liabilities	7.2	651.3	670.5	651.8	1 054.1	1 027.5
Service concession liabilities	6.11	399.1	401.9	437.8	401.9	437.8
Superannuation	7.7(b)	7 082.1	6 450.1	6 973.3	6 965.9	7 537.1
Employee entitlements	7.3	1 135.4	1 199.1	1 122.7	1 368.1	1 280.1
Payables	7.4	348.4	427.6	354.3	960.8	1 194.9
Contract liabilities	5.5	643.1	536.1	521.8	707.2	714.1
Other provisions	7.5	1 250.2	1 441.6	1 321.7	3 270.6	3 049.4
Other liabilities	7.6	113.5	194.6	156.0	925.4	905.3
Total Liabilities		**19 823.9**	**19 119.9**	**17 585.7**	**32 927.3**	**31 334.5**
Net Assets		**15 045.8**	**15 546.6**	**15 764.3**	**15 579.7**	**15 764.3**

Statement of Financial Position as at 30 June 2026 (continued)

		General Government			Total State	
	Notes	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
		$m	$m	$m	$m	$m
Equity						
Accumulated funds		5 277.6	5 662.5	6 319.6	3 276.7	4 851.5
Asset revaluation reserve	11.1	8 894.7	9 525.2	8 610.1	12 358.9	11 105.7
Other reserves	11.2	873.6	358.9	834.6	(55.9)	(192.8)
Total Equity		**15 045.8**	**15 546.6**	**15 764.3**	**15 579.7**	**15 764.3**
KEY FISCAL AGGREGATES	18.11					
NET WORTH		**15 045.8**	**15 546.6**	**15 764.3**	**15 579.7**	**15 764.3**
NET FINANCIAL WORTH		**(4 276.4)**	**(4 035.4)**	**(2 858.1)**	**(21 458.1)**	**(19 841.2)**
NET FINANCIAL LIABILITIES		**15 779.9**	**14 772.2**	**13 646.2**	**21 458.1**	**19 841.2**
NET DEBT		**7 081.1**	**6 511.4**	**5 048.3**	**9 242.8**	**7 276.0**
GFS NET DEBT		**6 030.7**	**5 439.0**	**3 958.7**	**7 786.9**	**5 810.7**

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Statement of Cash Flows for the year ended 30 June 2026

		General Government			Total State	
	Notes	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
		$m	$m	$m	$m	$m
Cash flows from operating activities						
Cash received from operating activities						
Grants received		6 504.6	6 408.3	5 756.2	6 412.4	5 749.4
Taxation		1 929.9	1 978.9	1 813.4	1 922.9	1 769.3
Sales of goods and services		455.7	470.5	465.6	4 385.5	4 351.2
Fines and regulatory fees		158.2	172.0	160.2	164.5	151.3
Interest received		92.9	98.5	96.8	336.3	301.0
Dividend, tax and rate equivalents		235.1	261.7	395.8	86.0	67.5
Other receipts		525.5	692.6	672.8	887.7	869.7
		9 902.0	**10 082.6**	**9 360.9**	**14 195.4**	**13 259.4**
Cash payments for operating activities						
Employee entitlements		(4 322.5)	(4 407.1)	(4 277.0)	(4 734.6)	(4 593.8)
Superannuation		(877.7)	(933.6)	(827.8)	(1 011.9)	(901.5)
Supplies and consumables		(1 864.8)	(1 968.1)	(2 012.4)	(5 120.9)	(5 140.8)
Borrowing costs		(333.8)	(310.7)	(218.1)	(677.3)	(535.3)
Grants and subsidies paid		(2 542.1)	(2 337.6)	(2 215.8)	(1 999.3)	(1 931.1)
Other payments		(398.7)	(542.5)	(615.4)	(698.4)	(765.4)
		(10 339.7)	**(10 499.6)**	**(10 166.4)**	**(14 242.5)**	**(13 867.8)**
Net cash flows from operating activities	10.1	**(437.7)**	**(417.1)**	**(805.6)**	**(47.1)**	**(608.4)**
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchases of non-financial assets		(906.8)	(599.5)	(660.9)	(1 879.8)	(1 915.0)
Sales of non-financial assets		30.6	28.9	38.8	57.3	54.0
		(876.2)	**(570.6)**	**(622.1)**	**(1 822.5)**	**(1 861.0)**
Net cash flows from financial assets (policy purposes)						
Equity injections		(717.7)	(403.3)	(227.0)	(1.8)	0.1
Net advances paid		1.3	(12.1)	(30.8)	(207.4)	(244.9)
		(716.4)	**(415.4)**	**(257.8)**	**(209.2)**	**(244.8)**
Net cash flows from financial assets (liquidity management purposes)						
Net (purchase)/sale of investments		2.5	(0.9)	2.3	232.9	(515.9)
		2.5	**(0.9)**	**2.3**	**232.9**	**(515.9)**
Net cash flows from investing activities		**(1 590.1)**	**(987.0)**	**(877.5)**	**(1 798.8)**	**(2 621.7)**

Statement of Cash Flows for the year ended 30 June 2026 (continued)

		General Government			Total State	
	Notes	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
		$m	$m	$m	$m	$m
Cash flows from financing activities						
Net borrowing		2 113.1	1 669.5	1 583.6	2 132.8	3 347.3
Other financing		....	(6.5)	2.4	(6.5)	3.0
Net cash flows from financing activities		**2 113.1**	**1 663.0**	**1 586.0**	**2 126.3**	**3 350.3**
Net increase/(decrease) in cash held		**85.4**	**259.0**	**(97.1)**	**280.4**	**120.2**
Cash at the beginning of the year		**1 331.4**	**1 332.8**	**1 429.9**	**2 032.4**	**1 912.1**
Cash at the end of the year	10.2	**1 416.7**	**1 591.8**	**1 332.8**	**2 312.8**	**2 032.4**
KEY FISCAL AGGREGATES	18.11					
Net cash from operating activities		(437.7)	(417.1)	(805.6)	(47.1)	(608.4)
Plus Net cash flows from non-financial assets		(876.2)	(570.6)	(622.1)	(1 822.5)	(1 861.0)
Equals CASH SURPLUS/(DEFICIT)		**(1 313.9)**	**(987.7)**	**(1 427.6)**	**(1 869.6)**	**(2 469.4)**

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Statement of Changes in Equity for the year ended 30 June 2026

	Accumulated Funds	Asset Revaluation Reserve	Other Reserves	Total
	$m	$m	$m	$m
General Government				
Balance as at 30 June 2024	**7 406.6**	**8 086.7**	**641.4**	**16 134.8**
Comprehensive Result 2024-25	(1 087.0)	523.4	193.2	**(370.5)**
Balance as at 30 June 2025	**6 319.6**	**8 610.1**	**834.6**	**15 764.3**
Comprehensive Result 2025-26	(657.1)	915.1	(475.7)	**(217.8)**
Balance as at 30 June 2026	**5 662.5**	**9 525.2**	**358.9**	**15 546.6**
Total State				
Balance as at 30 June 2024	**5 951.0**	**10 310.8**	**(127.0)**	**16 134.8**
Comprehensive Result 2024-25	(1 099.6)	794.9	(65.8)	**(370.5)**
Balance as at 30 June 2025	**4 851.5**	**11 105.7**	**(192.8)**	**15 764.3**
Comprehensive Result 2025-26	(1 574.8)	1 253.3	136.9	**(184.6)**
Balance as at 30 June 2026	**3 276.7**	**12 358.9**	**(55.9)**	**15 579.7**

NOTES TO THE TREASURER'S ANNUAL FINANCIAL STATEMENTS

Note 1	Disaggregated information	35
Note 2	Revenue from transactions	42
2.1	Grants	42
2.2	Taxation	43
2.3	Sales of goods and services	44
2.4	Fines and regulatory fees	47
2.5	Dividend, tax and rate equivalent income	48
2.6	Other revenue	49
Note 3	Expenses from transactions	50
3.1	Employee expenses	50
3.2	Depreciation	51
3.3	Supplies and consumables	52
3.4	Borrowing costs	52
3.5	Grant and subsidy expenses	53
3.6	Other expenses	54
Note 4	Other economic flows – Included in Operating Result	55
4.1	Gain/(loss) on sale of non-financial assets	55
4.2	Other gains/(losses)	56
Note 5	Financial assets	57
5.1	Investments	58
5.2	Equity investment in PNFC and PFC sectors	59
5.3	Other equity investments	61
5.4	Receivables	62
5.5	Contract assets and liabilities	63
5.6	Other financial assets	64
Note 6	Non-financial assets	65
6.1	Land and buildings	69
6.2	Infrastructure	69
6.3	Plant and equipment	69
6.4	Heritage and cultural assets	70
6.5	Biological assets	70
6.6	Reconciliation of non-current assets	71
6.7	Investment property	78
6.8	Intangible assets	78
6.9	Assets held for sale	79
6.10	Lease - right-of-use assets	80
6.11	Service concession assets and liabilities	81
6.12	Inventories	82
Note 7	Liabilities	83
7.1	Borrowings	83
7.2	Lease liabilities	84
7.3	Employee entitlements	86
7.4	Payables	86
7.5	Other provisions	87

7.6	Other liabilities	89
7.7	Superannuation	90
Note 8	Commitments and contingencies	103
8.1	Schedule of commitments	103
8.2	Contingent assets and liabilities	106
Note 9	Financial instruments	110
9.1	Risk exposures	110
9.2	Comparison between carrying amount and net fair value of financial assets and liabilities	116
Note 10	Cash flow reconciliation	120
10.1	Reconciliation of Net cash flows from operating activities to Operating Result	120
10.2	Cash and cash equivalents	120
10.3	Reconciliation of borrowings and lease liabilities arising from financial activities	121
Note 11	Reserves	122
11.1	Asset revaluation reserve	122
11.2	Other reserves	123
Note 12	Explanations of major variances between General Government Budget and actual outcomes	124
12.1	Statement of Comprehensive Income – General Government Sector	124
12.2	Statement of Financial Position – General Government Sector	128
12.3	Statement of Cash Flows – General Government Sector	130
Note 13	Reconciliation between Government Finance Statistics and Australian Accounting Standards	132
Note 14	Details of controlled entities	135
Note 15	Related party disclosures	137
15.1	Key management personnel remuneration	137
15.2	Related party transactions	137
Note 16	Events occurring after balance date	138
Note 17	Functional information	140
17.1	Expenses from transactions	140
17.2	Assets by function as at 30 June	142
Note 18	Material accounting policies and judgements	143
18.1	Compliance framework	143
18.2	Basis of consolidation	144
18.3	Changes in accounting policies	144
18.4	Disaggregated information	145
18.5	Reporting period	145
18.6	Foreign currency balances/transactions	145
18.7	Budget information	145
18.8	Rounding	145
18.9	Accounting judgments, estimates and assumptions	145
18.10	Goods and Services Tax	148
18.11	Key Fiscal Aggregates	148

Note 1 Disaggregated information

The following tables present the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows for the GGS, PNFC and PFC sectors. Refer to Note 14 for detail on entities that are classified within each sector.

The Total Non-Financial Public Sector represents the consolidated total of the GGS and PNFC sectors. The Total State Sector represents the consolidation of the GGS, PNFC and PFC sectors.

Total State Inter-Sector Eliminations are presented to allow reconciliation between the individual sectors and the Total State Sector financial statements.

Note 1 Disaggregated Information – Statement of Comprehensive Income by Sector

	General Government Sector		Public Non-Financial Corporations Sector		Public Financial Corporations Sector		Inter-sector Eliminations		Total Non-Financial Public Sector		Total State Sector	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Revenue from transactions												
Grants	6 410.2	5 820.9	408.8	353.2	....	....	(413.2)	(356.9)	6 410.4	5 821.7	6 405.7	5 817.2
Taxation	2 006.0	1 840.2	....	....	....	....	(86.2)	(77.1)	1 919.7	1 763.1	1 919.8	1 763.1
Sales of goods and services	478.3	466.3	3 484.1	3 480.7	169.3	161.4	(46.9)	(45.5)	3 919.2	3 904.8	4 084.7	4 062.8
Fines and regulatory fees	174.5	168.6	....	....	....	....	(7.5)	(6.9)	167.1	161.7	167.0	161.6
Interest income	98.8	94.9	16.0	14.5	749.9	606.9	(472.5)	(352.3)	114.8	109.5	392.2	364.1
Dividend, tax and rate equivalent income	244.1	310.1	0.2	0.2	94.9	70.8	(244.1)	(310.1)	190.7	166.5	95.1	71.0
Other revenue	300.0	268.0	95.6	109.0	....	....	(5.9)	(6.4)	390.0	370.8	389.8	370.6
	9 711.8	**8 968.9**	**4 004.6**	**3 957.6**	**1 014.1**	**839.1**	**(1 276.4)**	**(1 155.2)**	**13 111.8**	**12 297.9**	**13 454.2**	**12 610.5**
Expenses from transactions												
Employee expenses	4 502.6	4 325.6	600.8	569.0	10.1	10.0	....	....	5 103.4	4 894.5	5 113.5	4 904.5
Superannuation	556.5	503.8	91.2	79.5	0.9	0.7	....	....	647.7	583.3	648.6	584.1
Depreciation	530.8	514.3	469.3	440.0	3.7	0.9	....	....	1 000.1	954.2	1 003.8	955.1
Supplies and consumables	2 149.9	1 983.0	2 331.6	2 411.8	211.2	198.0	(59.8)	(58.2)	4 425.7	4 339.6	4 632.9	4 534.6
Nominal superannuation interest expense	307.6	316.0	24.5	25.0	0.5	0.4	....	....	332.1	341.1	332.6	341.5
Borrowing costs	347.9	247.8	255.6	199.8	712.2	569.9	(502.4)	(375.7)	573.7	424.2	813.3	641.9
Grant and subsidy expenses	2 315.8	2 268.4	137.4	114.6	6.1	5.7	(437.2)	(362.9)	2 020.7	2 024.6	2 022.1	2 025.8
Dividend, tax and rate equivalent expense	....	....	53.6	143.9	190.5	166.2	(244.1)	(310.1)	....	....	....	....
Other expenses	72.3	78.0	80.6	64.4	0.5	0.4	(45.0)	(41.7)	108.0	101.3	108.4	101.1
	10 783.5	**10 237.0**	**4 044.6**	**4 048.0**	**1 135.6**	**952.2**	**(1 288.5)**	**(1 148.7)**	**14 211.3**	**13 662.9**	**14 675.2**	**14 088.5**
Equals NET OPERATING BALANCE	**(1 071.7)**	**(1 268.1)**	**(39.9)**	**(90.4)**	**(121.5)**	**(113.1)**	**12.2**	**(6.5)**	**(1 099.5)**	**(1 364.9)**	**(1 220.9)**	**(1 478.0)**

Note 1 Disaggregated Information (continued) – Statement of Comprehensive Income by Sector

	General Government Sector		Public Non-Financial Corporations Sector		Public Financial Corporations Sector		Inter-sector Eliminations		Total Non-Financial Public Sector		Total State Sector	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Plus Other economic flows – Included in Operating Result												
Gain/(loss) on sale of non-financial assets	8.0	3.5	(0.6)	(3.5)	....	....	....	....	7.4	0.1	7.4	0.1
Other gains/(losses)	12.0	123.2	(905.7)	82.4	48.2	74.6	(45.9)	(49.3)	(939.7)	156.4	(891.5)	231.0
	20.0	**126.8**	**(906.3)**	**79.0**	**48.2**	**74.7**	**(45.9)**	**(49.3)**	**(932.3)**	**156.5**	**(884.0)**	**231.1**
Equals Operating Result	**(1 051.7)**	**(1 141.3)**	**(946.3)**	**(11.4)**	**(73.2)**	**(38.4)**	**(33.8)**	**(55.8)**	**(2 031.8)**	**(1 208.5)**	**(2 105.0)**	**(1 247.0)**
Plus Other economic flows – Other movements in equity												
Revaluations of non-financial assets	915.1	523.4	338.2	271.2	....	0.3	....	….	1 253.3	794.6	1 253.3	794.9
Revaluation of equity investment in PNFC and PFC sectors	(464.6)	184.8	....	....	....	....	464.6	(184.8)	....	....	....	....
Revaluation of superannuation liability	458.3	143.4	43.9	6.2	0.3	(1.3)	....	....	502.2	149.6	502.4	148.3
Other non-owner movements in equity	(74.8)	(80.8)	184.4	6.6	(0.1)	1.1	55.2	6.4	91.7	(106.3)	164.7	(66.7)
	834.0	**770.8**	**566.5**	**284.0**	**0.2**	**....**	**519.8**	**(178.4)**	**1 847.2**	**838.0**	**1 920.4**	**876.5**
Equals Comprehensive Result	**(217.8)**	**(370.5)**	**(379.8)**	**272.6**	**(73.0)**	**(38.4)**	**486.0**	**(234.2)**	**(184.6)**	**(370.5)**	**(184.6)**	**(370.5)**
KEY FISCAL AGGREGATES												
NET OPERATING BALANCE	**(1 071.7)**	**(1 268.1)**	**(39.9)**	**(90.4)**	**(121.5)**	**(113.1)**	**12.2**	**(6.5)**	**(1 099.5)**	**(1 364.9)**	**(1 220.9)**	**(1 478.0)**
Less Net acquisition of non-financial assets												
Purchases of non-financial assets	599.5	660.9	1 273.1	1 246.5	7.2	1.6	....	6.0	1 872.6	1 913.4	1 879.8	1 915.0
Less Sales of non-financial assets	28.9	38.8	28.4	15.3	....	0.2	....	(0.3)	57.3	53.8	57.3	54.0
Less Depreciation	530.8	514.3	469.3	440.0	3.7	0.9	....	....	1 000.1	954.2	1 003.8	955.1
	39.8	**107.8**	**775.4**	**791.3**	**3.5**	**0.5**	**....**	**6.3**	**815.2**	**905.4**	**818.6**	**905.9**
Equals FISCAL BALANCE – SURPLUS/(DEFICIT)	**(1 111.5)**	**(1 375.9)**	**(815.3)**	**(881.7)**	**(124.9)**	**(113.6)**	**12.2**	**(12.8)**	**(1 914.7)**	**(2 270.3)**	**(2 039.6)**	**(2 383.9)**

Note 1 Disaggregated Information (continued) – Statement of Financial Position as at 30 June by Sector

	General Government Sector		Public Non-Financial Corporations Sector		Public Financial Corporations Sector		Inter-sector Eliminations		Total Non-Financial Public Sector		Total State Sector	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Assets												
Financial Assets												
Cash and deposits	1 591.8	1 332.8	302.1	324.5	460.1	398.4	(41.3)	(23.4)	1 893.9	1 657.4	2 312.8	2 032.4
Investments	767.6	754.8	258.2	229.3	20 029.1	17 999.6	(13 881.2)	(11 638.4)	1 025.8	984.1	7 173.7	7 345.3
Equity investment in PNFC and PFC sectors	10 736.7	10 788.0	....	....	....	....	(10 736.7)	(10 788.0)	843.0	916.1	....	....
Other equity investments	301.2	279.9	81.9	79.3	....	....	....	....	383.2	359.3	383.2	359.3
Receivables	527.8	462.5	578.2	834.0	34.9	29.5	(26.4)	(22.2)	1 082.1	1 276.7	1 114.5	1 303.8
Contract assets	21.0	24.0	0.1	1.1	....	....	....	....	21.1	25.1	21.1	25.1
Other financial assets	1 138.4	1 085.5	393.2	366.7	73.2	88.8	(1 140.9)	(1 113.5)	447.4	382.4	463.9	427.4
	15 084.5	**14 727.6**	**1 613.8**	**1 835.0**	**20 597.4**	**18 516.3**	**(25 826.5)**	**(23 585.6)**	**5 696.6**	**5 601.1**	**11 469.2**	**11 493.3**
Non-financial assets												
Land and buildings	8 559.6	8 253.3	3 400.7	3 082.6	25.6	22.5	....	....	11 960.3	11 335.9	11 985.9	11 358.4
Infrastructure	9 004.9	8 353.6	10 533.1	10 526.8	....	....	....	....	19 538.0	18 880.3	19 538.0	18 880.3
Plant and equipment	366.0	359.3	368.7	354.7	1.1	1.0	....	....	734.7	714.0	735.8	715.0
Heritage and cultural assets	582.1	557.1	20.8	20.4	....	....	....	....	602.8	577.5	602.8	577.5
Biological assets	....	....	222.5	219.8	....	....	....	....	222.5	219.8	222.5	219.8
Investment property	5.0	4.8	....	....	....	....	....	....	5.0	4.8	5.0	4.8
Intangible assets	70.0	58.7	183.3	169.8	0.2	0.3	....	....	253.4	228.4	253.6	228.7
Assets held for sale	17.0	7.9	99.6	14.0	....	....	....	....	116.5	21.8	116.5	21.8
Lease - right-of-use assets	550.4	556.4	283.2	338.8	0.9	1.0	....	....	833.6	895.2	834.5	896.2
Service concession assets	379.8	415.4	2 215.3	2 132.6	....	....	....	....	2 595.0	2 548.0	2 595.0	2 548.0
Inventories	47.2	56.1	101.0	98.9	....	....	....	....	148.2	155.0	148.2	155.0
	19 582.0	**18 622.4**	**17 428.0**	**16 958.4**	**27.8**	**24.7**	**....**	**....**	**37 010.0**	**35 580.8**	**37 037.8**	**35 605.5**
Total Assets	**34 666.5**	**33 350.0**	**19 041.8**	**18 793.4**	**20 625.2**	**18 541.0**	**(25 826.5)**	**(23 585.6)**	**42 706.6**	**41 181.9**	**48 507.0**	**47 098.8**

Note 1 Disaggregated Information (continued) – Statement of Financial Position as at 30 June by Sector

	General Government Sector		Public Non-Financial Corporations Sector		Public Financial Corporations Sector		Inter-sector Eliminations		Total Non-Financial Public Sector		Total State Sector	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Liabilities												
Borrowings	7 798.4	6 046.3	5 377.8	4 875.8	17 909.8	15 821.5	(13 812.6)	(11 555.3)	13 176.3	10 922.1	17 273.4	15 188.4
Lease liabilities	670.5	651.8	382.3	374.1	1.3	1.5	....	....	1 052.8	1 026.0	1 054.1	1 027.5
Service concession liabilities	401.9	437.8	....	....	....	....	....	....	401.9	437.8	401.9	437.8
Superannuation	6 450.1	6 973.3	505.5	553.8	10.4	10.0	....	....	6 955.5	7 527.1	6 965.9	7 537.1
Employee entitlements	1 199.1	1 122.7	166.7	155.3	2.2	2.1	....	....	1 365.8	1 278.0	1 368.1	1 280.1
Payables	427.6	354.3	610.7	889.0	58.7	80.4	(136.2)	(128.8)	1 014.5	1 223.5	960.8	1 194.9
Contract liabilities	536.1	521.8	204.2	192.3	....	....	(33.1)	....	707.2	714.1	707.2	714.1
Other provisions	1 441.6	1 321.7	267.2	244.7	1 561.9	1 482.9	....	....	1 708.8	1 566.4	3 270.6	3 049.4
Other liabilities	194.6	156.0	1 633.8	1 636.3	237.9	226.5	(1 140.9)	(1 113.5)	744.2	722.6	925.4	905.3
Total Liabilities	**19 119.9**	**17 585.7**	**9 148.1**	**8 921.4**	**19 782.2**	**17 624.9**	**(15 122.9)**	**(12 797.5)**	**27 126.9**	**25 417.6**	**32 927.3**	**31 334.5**
Net Assets	**15 546.6**	**15 764.3**	**9 893.7**	**9 872.0**	**843.0**	**916.1**	**(10 703.6)**	**(10 788.0)**	**15 579.7**	**15 764.3**	**15 579.7**	**15 764.3**
Equity												
Accumulated funds	5 662.5	6 319.6	(278.3)	607.3	795.8	770.3	(2 903.3)	(2 845.7)	3 786.4	4 950.2	3 276.7	4 851.5
Asset revaluation reserve	9 525.2	8 610.1	2 825.0	2 486.8	8.8	8.8	....	....	12 350.2	11 096.9	12 358.9	11 105.7
Equity transfers	....	....	7 397.1	6 976.1	28.5	127.0	(7 425.6)	(7 103.1)	....	....	....	....
Other reserves	358.9	834.6	(50.1)	(198.2)	10.0	10.0	(374.6)	(839.3)	(556.9)	(282.7)	(55.9)	(192.8)
Total Equity	**15 546.6**	**15 764.3**	**9 893.7**	**9 872.0**	**843.0**	**916.1**	**(10 703.6)**	**(10 788.0)**	**15 579.7**	**15 764.3**	**15 579.7**	**15 764.3**
KEY FISCAL AGGREGATES												
NET WORTH	**15 546.6**	**15 764.3**	**9 893.7**	**9 872.0**	**843.0**	**916.1**	**(10 703.6)**	**(10 788.0)**	**15 579.7**	**15 764.3**	**15 579.7**	**15 764.3**
NET FINANCIAL WORTH	**(4 035.4)**	**(2 858.1)**	**(7 534.4)**	**(7 086.4)**	**815.3**	**891.4**	**(10 703.6)**	**(10 788.0)**	**(21 430.3)**	**(19 816.5)**	**(21 458.1)**	**(19 841.2)**
NET FINANCIAL LIABILITIES	**14 772.2**	**13 646.2**	**7 534.4**	**7 086.4**	**(815.3)**	**(891.4)**	**(33.1)**	**....**	**22 273.4**	**20 732.6**	**21 458.1**	**19 841.2**
NET DEBT	**6 511.4**	**5 048.3**	**5 199.8**	**4 696.1**	**(2 578.2)**	**(2 575.0)**	**109.8**	**106.6**	**11 711.2**	**9 744.5**	**9 242.8**	**7 276.0**
GFS NET DEBT	**5 439.0**	**3 958.7**	**4 817.5**	**4 322.0**	**(2 579.5)**	**(2 576.5)**	**109.8**	**106.6**	**10 256.5**	**8 280.7**	**7 786.9**	**5 810.7**

Note 1 Disaggregated Information (continued) – Statement of Cash Flows by Sector

	General Government Sector		Public Non-Financial Corporations Sector		Public Financial Corporations Sector		Inter-sector Eliminations		Total Non-Financial Public Sector		Total State Sector	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Cash flows from operating activities												
Cash received from operating activities												
Grants received	6 408.3	5 756.2	432.8	343.4	....	....	(428.7)	(350.2)	6 419.0	5 755.6	6 412.4	5 749.4
Taxation	1 978.9	1 813.4	....	....	....	....	(56.0)	(44.1)	1 922.9	1 769.3	1 922.9	1 769.3
Sales of goods and services	470.5	465.6	3 767.5	3 748.6	185.6	176.6	(38.0)	(39.7)	4 203.4	4 178.2	4 385.5	4 351.2
Fines and regulatory fees	172.0	160.2	....	....	....	....	(7.5)	(8.9)	164.6	151.4	164.5	151.3
Interest received	98.5	96.8	18.8	18.2	674.8	530.0	(455.9)	(344.0)	117.4	115.0	336.3	301.0
Dividend, tax and rate equivalent income	261.7	395.8	0.5	0.6	85.5	66.9	(261.7)	(395.8)	199.0	181.5	86.0	67.5
Other receipts	692.6	672.8	198.9	200.9	3.0	3.5	(6.7)	(7.5)	885.0	866.4	887.7	869.7
	10 082.6	**9 360.9**	**4 418.6**	**4 311.6**	**949.0**	**777.0**	**(1 254.7)**	**(1 190.1)**	**13 911.3**	**13 017.4**	**14 195.4**	**13 259.4**
Cash payments for operating activities												
Employee entitlements	(4 407.1)	(4 277.0)	(321.6)	(311.6)	(5.9)	(5.3)	....	....	(4 728.7)	(4 588.5)	(4 734.6)	(4 593.8)
Superannuation	(933.6)	(827.8)	(77.6)	(72.9)	(0.7)	(0.8)	....	....	(1 011.2)	(900.7)	(1 011.9)	(901.5)
Supplies and consumables	(1 968.1)	(2 012.4)	(3 036.9)	(3 047.3)	(167.1)	(152.4)	51.2	71.3	(4 956.9)	(4 990.8)	(5 120.9)	(5 140.8)
Borrowing costs	(310.7)	(218.1)	(288.2)	(228.3)	(574.1)	(460.4)	495.6	371.6	(559.2)	(418.9)	(677.3)	(535.3)
Grants and subsidies paid	(2 337.6)	(2 215.8)	(83.8)	(65.3)	(6.6)	(6.2)	428.7	356.2	(1 999.3)	(1 931.1)	(1 999.3)	(1 931.1)
Other payments	(542.5)	(615.4)	(167.4)	(159.9)	(6.0)	(6.6)	17.4	16.5	(693.2)	(760.1)	(698.4)	(765.4)
	(10 499.6)	**(10 166.4)**	**(3 975.4)**	**(3 885.2)**	**(760.4)**	**(631.7)**	**992.9**	**815.5**	**(13 948.5)**	**(13 590.2)**	**(14 242.5)**	**(13 867.8)**
Net cash flows from operating activities	**(417.1)**	**(805.6)**	**443.2**	**426.4**	**188.6**	**145.3**	**(261.7)**	**(374.6)**	**(37.2)**	**(572.8)**	**(47.1)**	**(608.4)**
Cash flows from investing activities												
Net cash flows from non-financial assets												
Purchases of non-financial assets	(599.5)	(660.9)	(1 273.1)	(1 246.5)	(7.2)	(1.6)	....	(6.0)	(1 872.6)	(1 913.4)	(1 879.8)	(1 915.0)
Sales of non-financial assets	28.9	38.8	28.4	15.3	....	0.2	....	(0.3)	57.3	53.8	57.3	54.0
	(570.6)	**(622.1)**	**(1 244.7)**	**(1 231.3)**	**(7.2)**	**(1.4)**	**....**	**(6.3)**	**(1 815.3)**	**(1 859.6)**	**(1 822.5)**	**(1 861.0)**

Note 1 Disaggregated Information (continued) – Statement of Cash Flows by Sector

	General Government Sector		Public Non-Financial Corporations Sector		Public Financial Corporations Sector		Inter-sector Eliminations		Total Non-Financial Public Sector		Total State Sector	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Net cash flows from financial assets (policy)												
Equity injections	(403.3)	(227.0)	401.5	227.1	....	....	....	....	(1.8)	0.1	(1.8)	0.1
Net advances paid	(12.1)	(30.8)	20.1	(8.5)	(2 437.0)	(2 633.7)	2 221.6	2 428.1	8.0	(39.3)	(207.4)	(244.9)
	(415.4)	**(257.8)**	**421.7**	**218.6**	**(2 437.0)**	**(2 633.7)**	**2 221.6**	**2 428.1**	**6.2**	**(39.2)**	**(209.2)**	**(244.8)**
Net cash flows from financial assets (liquidity)												
Net (purchase)/sale of investments	(0.9)	2.3	(75.0)	26.7	312.7	(515.7)	(3.9)	(29.2)	(75.9)	29.1	232.9	(515.9)
	(0.9)	**2.3**	**(75.0)**	**26.7**	**312.7**	**(515.7)**	**(3.9)**	**(29.2)**	**(75.9)**	**29.1**	**232.9**	**(515.9)**
Net cash flows from investing activities	**(987.0)**	**(877.5)**	**(898.0)**	**(985.9)**	**(2 131.5)**	**(3 150.8)**	**2 217.6**	**2 392.7**	**(1 885.0)**	**(1 869.8)**	**(1 798.8)**	**(2 621.7)**
Cash flows from financing activities												
Net borrowing	1 669.5	1 583.6	495.7	758.0	2 203.1	3 396.4	(2 235.5)	(2 390.7)	2 165.2	2 341.6	2 132.8	3 347.3
Dividend, tax and rate equivalent payments	....	....	(63.3)	(199.9)	(198.5)	(180.9)	261.7	380.8	....	....	....	....
Other financing	(6.5)	2.4	....	0.6	....	....	....	....	(6.5)	3.0	(6.5)	3.0
Net cash flows from financing activities	**1 663.0**	**1 586.0**	**432.5**	**558.7**	**2 004.6**	**3 215.5**	**(1 973.8)**	**(2 009.9)**	**2 158.7**	**2 344.7**	**2 126.3**	**3 350.3**
Net increase/(decrease) in cash held	**259.0**	**(97.1)**	**(22.4)**	**(0.9)**	**61.7**	**210.0**	**(17.9)**	**8.2**	**236.6**	**(97.9)**	**280.4**	**120.2**
Cash and cash equivalents at start of the year	**1 332.8**	**1 429.9**	**324.5**	**325.4**	**398.4**	**188.4**	**(23.3)**	**(31.5)**	**1 657.3**	**1 755.3**	**2 032.4**	**1 912.1**
Cash and cash equivalents at end of the year	**1 591.8**	**1 332.8**	**302.1**	**324.5**	**460.1**	**398.4**	**(41.2)**	**(23.3)**	**1 893.9**	**1 657.3**	**2 312.8**	**2 032.4**
KEY FISCAL AGGREGATES												
Net cash from operating activities	(417.1)	(805.6)	443.2	426.4	188.6	145.3	(261.7)	(374.6)	(37.2)	(572.8)	(47.1)	(608.4)
plus Dividend, tax and rate equivalent payments	....	....	(63.3)	(199.9)	(198.5)	(180.9)	261.7	380.8	....	....	....	....
plus Net cash flows from non-financial assets	(570.6)	(622.1)	(1 244.7)	(1 231.3)	(7.2)	(1.4)	....	(6.3)	(1 815.3)	(1 859.6)	(1 822.5)	(1 861.0)
Equals CASH SURPLUS/(DEFICIT)	**(987.7)**	**(1 427.6)**	**(864.8)**	**(1 004.8)**	**(17.1)**	**(37.0)**	**....**	**....**	**(1 852.5)**	**(2 432.4)**	**(1 869.6)**	**(2 469.4)**

Note 2 Revenue from transactions

Revenue is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease in a liability has arisen that can be measured reliably.

2.1 Grants

Grants revenue, where there is a sufficiently specific performance obligation attached, is recognised when the performance obligation is satisfied and the promised goods or services are transferred. The revenue is recognised over time as and when agencies are reimbursed. Grants revenue, without a sufficiently specific performance obligation, is recognised when control of the asset (typically Cash) is gained.

For National Partnership Payments, the performance obligation is generally satisfied as expenditure is incurred by the agency.

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
General purpose payments					
GST Revenue	3 813.8	3 896.6	3 562.3	3 896.6	3 562.3
Payments for specific purposes					
National Agreements	1 663.6	1 622.9	1 489.7	1 622.9	1 489.7
National Partnership Payments	828.4	773.7	676.6	773.7	676.6
Other grants and subsidies	53.9	117.0	92.3	112.5	88.6
	6 359.8	**6 410.2**	**5 820.9**	**6 405.7**	**5 817.2**

The breakdown of Grants revenue with and without performance obligations is outlined below.

	General Government		Total State	
	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m
Grants with sufficient performance obligations				
National partnership payments	631.5	655.3	631.5	655.3
National Agreements	566.7	524.6	566.7	524.6
Other grants and subsidies	40.4	43.5	40.4	43.5
	1 238.6	**1 223.4**	**1 238.6**	**1 223.4**
Grants without sufficient performance obligations				
GST Revenue	3 896.6	3 562.3	3 896.6	3 562.3
National Agreements	1 056.2	916.6	1 056.2	916.6
National partnership payments	142.2	69.8	142.2	69.8
Other grants and subsidies	76.6	48.8	72.1	45.1
	5 171.6	**4 597.5**	**5 167.1**	**4 593.8**
	6 410.2	**5 820.9**	**6 405.7**	**5 817.2**

2.2 Taxation

Revenue from State taxation is recognised upon the first occurrence of either:

- receipt by the State of a taxpayer's self-assessed taxes and fees; or
- the time the obligation to pay arises, pursuant to the issue of an assessment.

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Payroll tax	608.8	613.7	572.9	569.2	531.8
Taxes on property					
Land tax	195.1	202.7	198.2	202.7	198.2
Fire service levies	110.5	105.9	105.7	105.9	105.7
Government guarantee fees	42.6	41.7	36.0	....	....
Conveyance duty	390.1	452.4	363.5	452.4	363.5
Taxes on the provision of goods and services					
Gambling taxes					
Annual wagering levy	1.8	1.8	1.7	1.8	1.7
General Casino Tax and licence fees	10.6	12.0	11.3	12.0	11.3
Venue tax and licence fees	41.4	45.7	42.5	45.7	42.5
Keno Operator and licence fees	8.1	8.5	8.8	8.5	8.8
Lottery tax	56.7	54.9	47.6	54.9	47.6
Point of consumption wagering tax	15.4	14.9	14.9	14.9	14.9
Insurance duty	161.1	157.3	154.2	157.3	154.2
Taxes on the use of goods and services					
Vehicle registration fees	62.2	62.2	59.6	62.2	59.6
Motor vehicle fees and taxes					
Motor vehicle duty	73.9	75.4	72.4	75.4	72.4
Motor tax	142.2	143.8	138.4	143.8	138.4
Motor vehicle fire levy	12.7	13.1	12.3	13.1	12.3
	1 933.1	**2 006.0**	**1 840.2**	**1 919.8**	**1 763.1**

2.3 Sales of goods and services

Revenue from Sales of goods and services is recognised when the State satisfies a performance obligation by transferring the goods and services to the customer.

Revenue recognition policies for larger entities are shown below. A more comprehensive presentation of the policy can be found in the financial statements for each entity.

Sales of Goods

Goods by Entity	Nature of timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies
Health		
Pharmaceutical, prosthesis and other health/medical related goods	The performance obligation is satisfied when the goods have been delivered to the satisfaction of the customer. Payment terms are generally 30 days.	Revenue is recognised as the performance obligation is satisfied, typically using an input method on a straight-line basis.
Education, Children and Young People		
School Supplies	The performance obligation is satisfied when the goods have been transferred to the customer.	Revenue is recognised when the performance obligation is satisfied by transferring the goods to the customer.
Natural Resources and Environment Tasmania		
Goods in Parks enterprise shops	The performance obligation is satisfied evenly over the period the obligation is predicted to be consumed by the client.	Revenue from the provision of goods is recognised when the performance obligation is satisfied by transferring the promised good. The performance obligation is typically satisfied at either point in time or evenly over the period the obligation is predicted to be consumed by the client.
Aurora Energy Pty Ltd		
Electricity	Sales of electricity are recognised at a point in time when they pass through a meter and this is regarded as the satisfaction of performance obligation.	Revenue from the sale of goods is recognised at the time of the provision of the goods to the customer.
Hydro Tasmania		
Electricity	The performance obligation is satisfied when the goods have been transferred to the customer.	Revenue from the sale of electricity is recognised at the time of the provision of the goods to the customer.
TT-Line Company Pty Ltd		
Goods on-board (including food and beverages)	The performance obligation is satisfied when the goods have been transferred to the customer.	Revenue from the sale of goods is recognised on a point of sale basis at the time of the provision of the goods to the customer.

2.3 Sales of goods and services (continued)

Sales of Services

Services by Entity	Nature of timing of satisfaction of performance obligation, including significant payment terms	Revenue recognition policies
Health		
Licensing, ambulance services, hospital and aged care services	The performance obligation is satisfied when the services have been delivered to the satisfaction of the customer. Payment terms are generally 30 days.	Revenue associated with a performance obligation is recognised upon receipt, which is typically using the input method on a straight line basis.
Education, Children and Young People		
School fees and levies, rental properties and other services	The performance obligation is satisfied when the services have been provided to the customer.	Revenue associated with a performance obligation is recognised upon effective provision of the supplies. Rendering of services is recognised at a point in time upon the services being provided.
Natural Resources and Environment Tasmania		
Parks entry, park services and other services	The performance obligation is typically satisfied evenly over the period the obligation is predicted to be consumed by the client.	Revenue from the provision of services is recognised when the performance obligation is satisfied by providing the promised service. The performance obligation is satisfied either at a point in time or evenly over the period in which the service is provided to the customer. Generally, there are annual agreements for the delivery of ongoing services.
Aurora Energy Pty Ltd		
Connection and other services	The performance obligation is satisfied when the services have been provided to the customer.	Revenue from the provision of services is recognised at the time of the provision of the services to the customer.
Hydro Tasmania		
Consulting services	The performance obligation is satisfied over time when the services have been provided to the customer.	Revenue from the provision of services is recognised over time based on the completion of performance obligations identified within the contractual agreements that exist with the client.
TT-Line Company Pty Ltd		
Passenger, freight and hotel services	The performance obligation is satisfied when the services have been provided to the customer.	Revenue from the provision of services is recognised at the date of the transaction at the point of sale.

2.3 Sales of goods and services (continued)

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Sales of goods and services by entity[1]					
Education, Children and Young People	48.8	43.7	43.2	43.7	43.2
Health	268.3	274.8	274.4	273.2	273.9
Natural Resources and Environment Tasmania	64.0	81.5	72.5	80.7	71.7
State Growth	14.1	17.4	18.6	15.3	15.9
TasTAFE	27.8	25.2	26.4	25.2	26.4
Aurora Energy Pty Ltd	....	....	....	901.4	917.4
Homes Tasmania	....	....	....	52.5	51.1
Hydro Tasmania	....	....	....	1 670.1	1 633.7
Motor Accidents Insurance Board	....	....	....	168.0	160.2
Sustainable Timber Tasmania	....	....	....	150.3	126.6
Tasmanian Networks Pty Ltd	....	....	....	104.6	155.0
Tasmanian Ports Corporation Pty Ltd	....	....	....	159.9	149.3
Tasmanian Railway Pty Ltd	....	....	....	45.9	47.3
TT-Line Company Pty Ltd	....	....	....	298.2	302.7
Other	36.7	35.6	31.2	95.6	88.2
	459.7	**478.3**	**466.3**	**4 084.7**	**4 062.8**

Note:
1. Information in this note may differ from the disclosure in individual entity financial statements due to elimination and classification differences.

2.4 Fines and regulatory fees

Revenue from fines and regulatory fees is recognised when an obligation to pay arises, pursuant to the issue of an assessment.

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Fines	27.2	31.9	31.8	31.9	31.8
Regulatory fees					
Abalone licences	3.3	1.6	2.3	1.6	2.3
Environment fees	5.0	6.6	6.1	6.6	6.1
Drivers licences	8.3	8.4	7.7	8.4	7.7
Photo licence fees	2.0	2.0	1.9	2.0	1.9
Road safety levy	18.2	20.8	20.0	20.8	20.0
Quarantine fees	1.6	7.4	6.3	7.3	6.2
Other regulatory fees	92.8	95.9	92.5	88.5	85.7
	158.2	**174.5**	**168.6**	**167.0**	**161.6**

2.5 Dividend, tax and rate equivalent income

The GGS receives returns from the State's PNFC and PFC sectors in the form of dividends, tax equivalent payments and rate equivalent payments. Income tax equivalent payments are received in accordance with the National Taxation Equivalence Regime. Revenue is recognised in the period it is earned. This revenue is eliminated at the Total State Sector level.

Deferred income tax equivalent liabilities of Government Business Enterprises and State-owned Companies are recognised as a liability in the Statement of Financial Position for the PNFC and PFC sectors. A corresponding asset is recognised in the GGS Statement of Financial Position. The liability and the corresponding asset are eliminated at the Total State Sector level.

The GGS also receives a return from the State's PNFC sector in the form of guarantee fees. Guarantee fees are recognised as Taxation revenue, consistent with the Australian Bureau of Statistics classification guidelines.

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Returns from the PNFC and PFC sectors:					
Dividends	88.9	90.9	189.7	....	....
Mersey Community Hospital dividend	102.9	102.9	99.4	....	....
Income tax equivalents	55.9	44.0	14.9	....	....
Rates equivalents	6.4	6.3	6.1	....	....
Other dividends	....	....	....	95.1	71.0
	254.1	**244.1**	**310.1**	**95.1**	**71.0**

2.6 Other revenue

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Royalty income					
Mineral royalties	65.3	93.2	70.5	93.2	70.5
Water royalties	2.8	5.0	4.6	2.1	1.8
Other revenue by entity[1]					
Education, Children and Young People	23.6	29.1	27.8	29.1	27.8
Finance-General	3.9	4.7	2.9	3.1	0.6
Health	67.2	76.6	67.1	76.5	67.0
Justice	32.8	37.9	32.0	37.5	31.9
Natural Resources and Environment Tasmania	9.4	9.1	11.4	9.0	11.3
Police, Fire and Emergency Management	15.9	30.0	30.2	30.0	29.4
State Fire Commission	4.0	4.0	4.3	4.0	4.3
State Growth	8.6	5.6	13.7	5.7	14.4
Homes Tasmania	....	....	....	28.8	31.7
Hydro Tasmania	....	....	....	17.7	16.0
Tasmanian Irrigation Pty Ltd	....	....	....	3.1	16.0
Tasracing Pty Ltd	....	....	....	25.6	26.5
Other entities	6.5	4.8	3.7	24.6	21.6
	240.2	**300.0**	**268.0**	**389.8**	**370.6**

Note:
1. Information in this note may differ from the disclosure in individual entity financial statements due to elimination and classification differences.

Note 3 Expenses from transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen from a mutually agreed interaction between two parties and can be measured reliably.

3.1 Employee expenses

Employee expenses include entitlements to wages and salaries, annual leave, sick leave, long service leave and other post-employment benefits.

	General Government			Total State	
	2025-26 Original Budget	**2025-26 Actual**	**2024-25 Actual**	**2025-26 Actual**	**2024-25 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Salaries and wages	3 962.4	4 101.5	3 944.7	4 659.4	4 471.2
Annual leave	241.2	263.8	240.1	301.5	275.4
Long service leave	84.0	87.4	83.7	100.4	98.4
Fringe benefits tax	7.3	7.2	7.2	9.4	9.4
Other	50.1	42.7	49.9	42.9	50.1
	4 345.0	**4 502.6**	**4 325.6**	**5 113.5**	**4 904.5**

3.2 Depreciation

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land is an asset with an unlimited useful life and is not depreciated. Depreciation is not recognised in respect of heritage assets and collections as their service potential has not, in any material sense, been consumed during the reporting period.

Depreciation of buildings, plant and equipment, and infrastructure assets is generally calculated on a straight line basis. Leasehold improvements are depreciated over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter.

The following are typical estimated useful lives for the different asset classes in 2025-26:

Asset Class	**Useful Life (years)**
Buildings	15 - 80
Computer equipment	3 - 7
Generation assets	3 - 150
Harbour improvements	34 - 63
Infrastructure assets	20 - 250
Motor vehicles	3 - 30
Office equipment	2 - 15
Plant and equipment	2 - 20
Roads	12 - 80
Service Concession Asset - Buildings	29 -105
Service Concession Asset - TasGRN	12 - 15
Wharves	5 - 25

	General Government			**Total State**	
	2025-26 Original Budget	**2025-26 Actual**	**2024-25 Actual**	**2025-26 Actual**	**2024-25 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Depreciation in respect of:					
Buildings	196.5	205.6	200.5	286.6	273.3
Plant and equipment	72.5	60.6	60.2	114.0	115.4
Infrastructure	199.9	195.2	190.1	501.5	456.1
Lease right-of-use assets - land and buildings	46.2	56.5	53.6	73.6	81.7
Lease right-of-use assets - plant and equipment	4.1	4.8	4.9	18.3	16.7
Other	7.6	8.2	5.0	9.9	11.9
	526.8	**530.8**	**514.3**	**1 003.8**	**955.1**

3.3 Supplies and consumables

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Advertising and promotion	30.0	34.6	38.4	50.7	57.8
Communications	75.5	39.4	37.4	55.0	53.4
Consultants	28.9	39.5	54.1	75.9	91.3
Cost of sales	....	0.5	0.7	1 891.4	1 949.5
Information technology	159.5	198.1	179.3	249.4	226.0
Maintenance	197.6	188.8	176.4	310.9	296.8
Medical, surgical and pharmacy supplies	482.6	504.9	497.2	504.9	497.2
Lease expenses	27.8	22.0	21.4	24.5	23.9
Property services	157.8	202.5	176.2	189.0	164.3
Tasmanian Risk Management Fund	191.9	270.9	241.8	270.9	241.8
Travel and transport	45.2	58.4	57.9	73.7	74.1
Other supplies and consumables	454.2	590.3	502.4	936.6	858.5
	1 851.0	**2 149.9**	**1 983.0**	**4 632.9**	**4 534.6**

3.4 Borrowing costs

Borrowing costs are expensed as incurred using the effective interest method.

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Interest on borrowings	325.3	303.0	200.0	746.1	571.3
Interest on lease liabilities	27.7	32.6	29.9	53.7	51.6
Interest on service concession liabilities	....	12.3	17.9	12.3	17.9
Other borrowing costs	....	....	....	1.2	1.1
	352.9	**347.9**	**247.8**	**813.3**	**641.9**

3.5 Grant and subsidy expenses

Grant and subsidy expenses are recognised to the extent that the services required to be performed by the grantee have been performed or the grant eligibility criteria have been satisfied.

	General Government			Total State	
	2025-26 Original Budget	**2025-26 Actual**	**2024-25 Actual**	**2025-26 Actual**	**2024-25 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Payments to school bus operators	**43.0**	**40.4**	**37.9**	**40.4**	**37.9**
Grants to non-government schools:					
Australian Government funded	494.4	502.6	484.8	502.6	484.8
State Government funded	111.4	112.7	108.6	112.7	108.6
Capital assistance	1.6	1.6	1.9	1.6	1.9
	607.4	**616.9**	**595.2**	**616.9**	**595.2**
Grants to Local Government Sector:					
Tasmanian Water and Sewerage Corporation Pty Ltd	10.5	10.6	10.0	10.6	10.0
Other grants	123.7	206.0	132.8	206.0	132.8
	134.1	**216.6**	**142.8**	**216.6**	**142.8**
Grants to PNFC Sector:					
Aurora Energy Pty Ltd	50.6	51.1	50.0	....	....
Homes Tasmania	189.5	172.9	129.7	....	....
Metro Tasmania Pty Ltd	66.9	68.5	63.6	....	....
Port Arthur Historic Site Management Authority	17.6	17.3	7.4	....	....
Sustainable Timber Tasmania	12.3	12.0	12.0	....	....
Tasmanian Railway Pty Ltd	22.2	22.2	21.9	....	....
Tasracing Pty Ltd	44.8	49.2	44.5	....	....
Tasmanian Networks Pty Ltd	....	3.3	2.8	....	....
Other grants	17.2	35.9	34.5	....	....
	421.2	**432.5**	**366.3**	**....**	**....**
Department of Health grants:					
Home and community care	14.0	13.8	10.0	13.8	10.0
Mental health	37.3	35.8	32.7	35.8	32.7
Public health	11.5	10.8	13.0	10.8	13.0
Strategic planning	16.4	17.7	11.0	17.7	11.0
Other grants	56.1	32.4	30.1	32.4	30.1
	135.3	**110.5**	**96.8**	**110.5**	**96.8**

3.5 Grant and subsidy expenses (continued)

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Other grants by entity:					
Education, Children and Young People	70.9	12.6	68.1	12.6	68.1
Finance-General	102.7	50.1	156.9	50.1	156.9
Premier and Cabinet	381.2	351.1	358.7	351.1	358.7
State Growth	502.7	375.5	331.2	375.5	331.2
Aurora Energy Pty Ltd	....	....	....	51.1	50.0
Homes Tasmania	....	....	....	86.2	64.4
Other entities	143.3	109.6	114.3	111.1	123.6
	1 200.8	**899.0**	**1 029.3**	**1 037.7**	**1 153.0**
	2 541.7	**2 315.8**	**2 268.4**	**2 022.1**	**2 025.8**

3.6 Other expenses

Other expenses are recognised when the associated service and supply has been provided.

Compensation costs are classified within Other expenses and this includes compensation to victims of crime, redress payments under the National Redress Scheme for Institutional Child Sexual Abuse and related civil claims against the Crown and the recognition of claims related to Child Abuse in State Care.

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Compensation costs	2.4	15.5	14.9	15.5	14.9
Other expenses	26.8	56.9	63.1	92.9	86.2
	29.2	**72.3**	**78.0**	**108.4**	**101.1**

Note 4 Other economic flows – Included in Operating Result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other economic flows are classified according to those flows that are included in the Operating Result or Other movements in equity.

4.1 Gain/(loss) on sale of non-financial assets

Gains or losses as a result of the sale of non-financial assets are recognised when control of the asset has passed to the buyer.

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Proceeds on disposal	35.0	28.9	38.8	57.3	54.0
Written down value of assets sold	(24.3)	(20.9)	(35.3)	(49.9)	(53.9)
	10.7	**8.0**	**3.5**	**7.4**	**0.1**

4.2 Other gains/(losses)

Impairment – financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that any financial assets are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An expected credit loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

Impairment – non-financial assets

All non-financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of fair value less costs to sell and its value in use. GGS assets are not used for the purpose of generating cash flows, therefore an asset's value in use is based on depreciated current replacement cost where the asset would be replaced if deprived of it. For Non-GGS assets, value in use is primarily based on the estimated discounted value of future cash flows.

Write down of assets

A revaluation is recognised as an expense in the Operating Result except to the extent that it reverses a revaluation increment previously credited to, and still included in the balance of, an asset revaluation reserve in respect of the same class of asset. In this case, it is debited to that revaluation reserve and recognised within Other economic flows – Other movements in equity.

Where an increment reverses a revaluation decrement previously recognised in the Operating Result, in respect of that same class of non-current assets, the revaluation increment is recognised in the Operating Result.

Asbestos Compensation Scheme

The Department of Justice is responsible for the administration of the Asbestos Compensation Scheme. The impact on the Balance Sheet is:

- An asset for future asbestos compensation levies receivable, refer Note 5.4, which is recognised at fair value through profit and loss. The Scheme is funded through a levy on the premiums of licensed insurers and the notional premiums of self-insurers.
- A provision for asbestos compensation payable, refer Note 7.5, which is measured as the present value of the expected future payments to persons who have an accepted claim for compensation or who are estimated by the actuaries to be entitled to compensation.

For further information on the Asbestos Compensation Scheme, refer to the Annual Report of the Department of Justice.

4.2 Other gains/(losses) (continued)

Provision for Claims related to Child Sexual abuse in State Care

The Department of Justice is responsible for the administration of the Provision for Claims related to Child Sexual abuse in State Care as detailed in Note 7.5. The liability is measured as the value of the expected future payments to persons who have a claim for settlement against the State of Tasmania in relation to compensation for child sexual abuse in institutional settings accepted by the State. Actuarial revaluation movements in the Provision are recognised within Other gains/(losses).

	General Government			Total State	
	2025-26 Original Budget	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m	$m
Amortisation - service concession assets	....	(39.6)	(37.3)	(39.6)	(37.3)
Amortisation - other assets	(7.3)	(10.9)	(10.9)	(78.1)	(76.1)
Assets acquired below fair value	....	52.4	68.9	53.1	76.6
Impairment of statutory receivable	....	(0.8)	(1.5)	(9.6)	(4.0)
Fair value of assets provided to other entities	....	(10.6)	(24.7)	(10.6)	(24.7)
Fair value of volunteer services provided - Revenue	....	12.1	10.7	12.1	10.7
Fair value of volunteer services provided - Expense	....	(11.8)	(10.4)	(11.8)	(10.4)
Net (increase)/decrease in asbestos compensation provisions	....	(4.1)	(3.6)	(4.1)	(3.6)
Net (increase)/decrease in Provision for claims related to child sexual abuse in state care	....	(37.5)	(60.8)	(37.5)	(60.8)
Movement in deferred tax assets	140.7	80.4	220.4	....	....
Revaluation, impairment and write-off of Non-financial assets[1]	(11.7)	(1.4)	4.2	(836.9)	383.5
Revaluation of Financial assets and Liabilities	....	(15.5)	(34.6)	23.0	(26.8)
Other gains/(losses)	....	(0.7)	2.9	48.5	3.9
	121.7	**12.0**	**123.2**	**(891.5)**	**231.0**

Note:
1. The Total State Sector loss in 2025-26 primarily reflects asset write-downs of $637.8 million recognised by TT-Line Company Pty Ltd in relation to its vessels and terminal assets.

Note 5 Financial assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the State and the asset has a cost or other value that can be measured reliably.

5.1 Investments

Investments are initially recorded at fair value.

General Government Investments are generally held to maturity and are measured at amortised cost using the effective interest method less any impairment losses subsequent to initial recognition. General Government investments in respect of cash held in the Public Account are primarily undertaken through Tascorp. Short-term investments with Tascorp (deposits for more than five days but less than one year) are carried at their face value and are not adjusted for fluctuations in market interest rates.

Total State Sector Investments primarily includes investments held by Tascorp which includes a combination of financial assets measured at amortised cost and financial assets measured at fair value through profit or loss. For further information on the valuation of these Investments, refer to the Annual Report of Tascorp.

	General Government			Total State	
	2026 Original Budget	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Loan advances	143.4	156.2	144.7	1 235.7	1 205.0
Government and institutional securities	610.0	611.4	610.1	5 938.0	6 140.3
	753.4	**767.6**	**754.8**	**7 173.7**	**7 345.3**
Settled within 12 months	79.0	66.2	79.3	2 220.7	2 908.1
Settled in more than 12 months	674.4	701.5	675.5	4 953.0	4 437.2
	753.4	**767.6**	**754.8**	**7 173.7**	**7 345.3**

5.2 Equity investment in PNFC and PFC sectors

The Equity investment in PNFC and PFC sectors has been designated at fair value through other comprehensive income. This classification is based on the equity investment being held as part of long-term strategic investments that are not expected to be sold in the short to medium term. These investments are carried at fair value with changes in fair value recognised in Other economic flows - Other movements in equity.

The value of the Equity investment in PNFC and PFC sectors is based on the net assets of State-owned Companies, Government Business Enterprises and some statutory authorities. These entities are all 100 per cent owned by the government and the value is based on 100 per cent of the carrying amount of net assets. A consolidation adjustment of $64.4 million ($112.7 million for 2024-25) is applied to the net assets held by the PNFC and PFC entities. The adjustment is primarily:

- to value the PNFC and PFC superannuation liabilities at the Government bond rate, as required for the State as a not-for-profit entity, rather than the corporate bond rate available to for-profit entities; and
- due to a difference in derivative values held between Hydro Tasmania and Aurora Energy Pty Ltd which are eliminated at the Total State Sector level.

During 2025-26, the Government provided $413.3 million in equity contributions ($227 million for 2024-25) to the following Government entities:

- Hydro Tasmania $42.2 million;
- Macquarie Point Development Corporation $65.6 million;
- Metro Tasmania Pty Ltd $0.5 million;
- Tasmanian Irrigation Pty Ltd $79.6 million;
- Tasmanian Railway Pty Ltd $68.4 million;
- Tasmanian Networks Pty Ltd $30.6 million;
- Tasracing Pty Ltd $0.3 million;
- TT-Line Company Pty Ltd $74.5 million; and
- Stadiums Tasmania $51.6 million.

The following table provides a reconciliation of the movement in the Equity investment in PNFC and PFC sectors:

	2026 Actual	2025 Actual
	$m	$m
Balance as at 1 July	**10 788.0**	**10 326.8**
Equity contributions	413.3	227.0
Transfer of assets	….	49.5
Revaluation increments/(decrements)	(464.6)	184.8
Balance as at 30 June	**10 736.7**	**10 788.0**

5.2 Equity investment in PNFC and PFC sectors (continued)

The Equity investment in PNFC and PFC sectors is comprised of the following values as at 30 June 2026 and 30 June 2025:

	2026 Actual	2025 Actual
	$m	$m
Public Non-Financial Corporations Sector		
State-owned Companies		
Aurora Energy Pty Ltd	48.4	85.9
Metro Tasmania Pty Ltd	65.5	69.4
Tasmanian Ports Corporation Pty Ltd	377.6	341.1
Tasmanian Railway Pty Ltd	140.6	111.7
Tasmanian Irrigation Pty Ltd	20.1	31.0
Tasracing Pty Ltd	52.8	53.8
Tasmanian Networks Pty Ltd	1 660.9	1 496.1
TT-Line Company Pty Ltd[1]	(215.8)	427.0
Government Business Enterprises		
Sustainable Timber Tasmania	225.2	224.7
Hydro Tasmania	2 695.0	2 586.1
Port Arthur Historic Site Management Authority	71.3	71.6
Public Trustee	13.1	11.4
Statutory Authority		
Homes Tasmania	4 495.5	4 295.5
Macquarie Point Development Corporation	146.3	125.6
Private Forests Tasmania	1.6	1.3
Stadiums Tasmania	158.6	51.2
Public Financial Corporations Sector		
Government Business Enterprises		
Motor Accidents Insurance Board	741.3	717.3
Tasmanian Public Finance Corporation	103.1	200.1
General Government Consolidation Adjustment	**(64.4)**	**(112.7)**
	10 736.7	**10 788.0**

Note:
1. At 30 June 2026, net assets for TT-Line Company Pty Ltd are in a negative position, primarily reflecting asset write-downs of $637.8 million in relation to its vessels and terminal assets.

5.3 Other equity investments

Other equity investments designated at fair value primarily consist of the investment held by Finance-General in the Tasmanian Water and Sewerage Corporation Pty Ltd to support its accelerated infrastructure program. As the investment is long-term and strategic in nature and is not expected to be sold in the short to medium term, it has been designated at fair value through other comprehensive income.

The investments are initially recorded at cost in the Statement of Financial Position. Subsequent measurement is at fair value and revaluations are recognised as Other economic flows - Other movements in equity.

Investments accounted for using the equity method consist of investments the State Government holds in associates and joint ventures. Associates are entities over which the State holds significant influence over the operations of the investee. Joint ventures are joint arrangements whereby the State and one or more other external parties have joint control over the net assets of the arrangements. The State holds investments in the following associates and joint ventures:

- Finance-General recognises the Tasmanian Government's ownership interest in Marinus Link Pty Ltd. At 30 June 2026, the State held a 12.7 per cent interest in MLPL and joint control is shared with the Australian Government (49 per cent) and the Victorian Government (38.3 per cent);
- Hydro Tasmania holds equity investments in Woolnorth Wind Farm Holdings Pty Ltd - a 25 per cent share is held with the remaining 75 per cent held by Shenhua Clean Energy Holding Pty Ltd; and
- Tasmanian Networks Pty Ltd through its wholly owned and controlled subsidiary, FortyTwo24 holds 50 per cent investment in the joint venture Virtual Twins TAS Pty Ltd with the remaining 50 per cent held by Enzen Australia.

For further information on these investments, refer to the Annual Report of each entity.

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Equity investments designated at fair value					
Finance-General - TasWater	192.5	199.1	192.8	199.1	192.8
Natural Resources and Environment Tasmania	2.7	3.0	2.8	3.0	2.8
State Growth - Group 6 Metals Limited	10.5	10.5	10.5	10.5	10.5
Other	....	....	....	7.1	8.9
	205.7	**212.6**	**206.1**	**219.7**	**215.0**
Investments accounted for using the equity method					
Finance-General - Marinus Link Pty Ltd	69.1	88.6	73.8	88.6	73.8
Hydro Tasmania	....	....	....	71.1	66.8
Tasmanian Networks Pty Ltd	....	....	....	3.7	3.7
	69.1	**88.6**	**73.8**	**163.4**	**144.3**
	274.8	**301.2**	**279.9**	**383.2**	**359.3**

5.4 Receivables

Receivables are recognised at amortised cost, less any expected credit losses. Due to the short settlement period, receivables are not discounted back to their present value.

	General Government			Total State	
	2026 Original Budget	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Trade receivables	333.8	418.8	339.4	940.1	1 075.4
Future asbestos compensation levies receivable	18.0	17.6	22.6	17.6	22.6
Expected credit loss	(27.7)	(40.7)	(30.9)	(79.9)	(72.1)
Provision for fine remissions	(14.7)	(10.1)	(8.8)	(10.1)	(8.8)
	309.4	**385.6**	**322.3**	**867.7**	**1 017.0**
Accrued revenue	111.4	111.7	107.8	209.0	249.8
GST receivable	31.7	30.5	32.4	37.8	37.0
	143.1	**142.2**	**140.1**	**246.8**	**286.8**
	452.5	**527.8**	**462.5**	**1 114.5**	**1 303.8**
Settled within 12 months	447.5	499.0	403.2	1 052.8	1 217.4
Settled in more than 12 months	5.0	28.8	59.2	61.7	86.4
	452.5	**527.8**	**462.5**	**1 114.5**	**1 303.8**

5.5 Contract assets and liabilities

A Contract asset is the State's right to consideration in exchange for goods or services that the State has transferred to the customer, but not billed as at the reporting date as all conditions have not been fulfilled. Contract assets become receivable when the rights to receive payment become unconditional on satisfactory completion of performance obligations.

A Contract liability relates to the obligation to transfer goods or services to a customer for which the State has received consideration in advance.

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Contract assets by entity					
Tasmanian Audit Office	0.8	0.6	0.6	0.6	0.6
Finance-General	18.0	19.7	19.9	19.7	19.9
Health	2.7	....	2.5	....	2.5
TasTAFE	0.9	0.7	1.1	0.7	1.1
Tasmanian Irrigation Pty Ltd	....	....	....	....	1.0
Public Trustee	....	....	....	0.1	....
	22.4	**21.0**	**24.0**	**21.1**	**25.1**
Settled within 12 months	22.4	21.0	24.0	21.0	25.0
Settled in more than 12 months	....	....	....	0.1	0.1
	22.4	**21.0**	**24.0**	**21.1**	**25.1**
Contract liabilities by entity					
Education, Children and Young People	....	4.6	4.3	4.6	4.3
Finance-General	630.1	506.5	498.5	506.5	498.5
Natural Resources and Environment Tasmania	8.7	14.3	10.2	14.3	10.2
TasTAFE	3.9	6.2	4.1	6.2	4.1
Aurora Energy Pty Ltd	....	....	....	38.3	55.5
Tasmanian Irrigation	....	....	....	19.2	16.7
TT-Line Company Pty Ltd	....	....	....	35.5	40.5
Tasmanian Networks Pty Ltd	....	....	....	69.2	63.5
Other	0.4	4.4	4.6	13.3	20.7
	643.1	**536.1**	**521.8**	**707.2**	**714.1**
Settled within 12 months	643.1	535.7	521.5	650.9	658.2
Settled in more than 12 months	....	0.4	0.3	56.3	55.9
	643.1	**536.1**	**521.8**	**707.2**	**714.1**

5.6 Other financial assets

Other financial assets are initially recorded at fair value. Other financial assets consist primarily of derivative transactions that were entered into as designated hedges of underlying physical positions, or as designated hedges of portfolio interest rate risk. Derivative financial instruments are recorded in the Statement of Financial Position as payables where the gross amount payable is in excess of the gross amount receivable, and there is an intention by both parties to settle the transaction on a net basis. Derivative financial instrument receivables are the opposite of this.

Other financial assets also include Prepayments. AASB 132 *Financial Instruments: Presentation* classifies prepaid expenses as a non-financial asset. However, consistent with Paragraph 44(a)(i) of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, this item has been classified as a financial asset in order to harmonise with the Australian Bureau of Statistics Government Finance Statistics reporting requirements.

	General Government			Total State	
	2026 Original Budget	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Deferred tax assets to mirror PNFC/PFC sectors	1 074.8	1 089.7	1 026.9	....	....
Derivative financial instruments receivable	....	....	....	298.3	271.1
Prepayments	49.3	48.4	58.3	100.0	99.4
Other	....	0.2	0.3	65.6	57.0
	1 124.1	**1 138.4**	**1 085.5**	**463.9**	**427.4**
Settled within 12 months	49.3	48.7	58.6	286.6	282.1
Settled in more than 12 months	1 074.8	1 089.7	1 026.9	177.2	145.3
	1 124.1	**1 138.4**	**1 085.5**	**463.9**	**427.4**

Note 6 Non-financial assets

Valuation basis

Buildings, infrastructure, and long-life plant and equipment are recorded at fair value less accumulated depreciation. Land and Heritage and cultural assets are recorded at fair value but are not depreciated. All other non-current physical assets including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses. All assets within a class of assets are measured on the same basis.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant, equipment and infrastructure have different useful lives, they are accounted for as separate items (major components) of property, plant, equipment and infrastructure.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or building occupied.

Infrastructure assets include such items as road, bridge, rail and water infrastructure assets:

- Road infrastructure valuation is based on current replacement cost, calculated on a base unit construction cost rate per square metre of given road carriageway area. The rate is then adjusted to reflect the additional factors that contribute significantly to the replacement cost.
- As a result of a review of road infrastructure valuation methodology during 2017-18, road infrastructure is divided into four components or strata, primarily for depreciation purposes. Each of the four components is valued separately based on current unit rates per square metre to replace the asset, depreciated according to the age of the existing asset component. Full valuation occurs every five years, with the last valuation incorporating new methodology and useful lives conducted as at 30 June 2023. Values are indexed annually between revaluations using indices received from an external provider (Jacobs) for both Roads and Bridges. For further information regarding the valuation of these assets, please refer to the Annual Report of the Department of State Growth.
- The value of Land under roads and within road reserves is determined by the Valuer-General every five years from the most recent valuations of land titles adjoining and within a 200 metre corridor of the State road network. The Valuer-General provides average values per hectare or square metre for the urban and non-urban sectors in each municipality. The last full valuation was completed as at 30 June 2025.
- Bridge infrastructure valuation is based on current replacement cost, calculated from base unit rates for construction of different bridge types. Full valuation occurs every five years, with the most recent valuation completed by GHD on 30 June 2023. Values are indexed annually using indices received from an external provider (Jacobs) for both Roads and Bridges.

Note 6 Non-financial assets (continued)

- Hydro electricity generation assets are recorded at fair value using a discounted cash flow model. The fair value calculation incorporates long-term electricity price forecasts from an in-house market model and references observable Victorian forward contract prices in the first three years. Gas-fired generation assets are carried at fair value based on an independent valuation every three years. For further information regarding the valuation of these assets, refer to the Annual Report of Hydro Tasmania.
- Electricity network assets are categorised as transmission assets and distribution assets. Network assets are valued using an income based approach which is based on a discounted cash flow methodology which reflects the present value of an investment's future cash flows. The regulated revenue that the assets are allowed to earn under the National Electricity Rules represents their fair value and income earning capacity. For further information on the valuation of these assets, refer to the Annual Report of Tasmanian Networks Pty Ltd.
- Port infrastructure assets held by the Tasmanian Ports Corporation Pty Ltd are reported at fair value less accumulated depreciation and impairment. From 1 July 2025, for Total State Sector reporting purposes, the fair value of these assets has been determined using a depreciated replacement cost methodology. This reflects the State's status as a not-for-profit reporting entity and differs from the valuation methodology applied by Tasmanian Ports Corporation Pty Ltd in preparing its own financial statements under the for-profit requirements of Australian Accounting Standards. For further information on the valuation of these assets, refer to the Annual Report of Tasmanian Ports Corporation Pty Ltd.

The Department for Education, Children and Young People holds specialised buildings and infrastructure assets, such as school buildings. The value of the specialised buildings and infrastructure is estimated by the depreciated replacement cost method. With specialised school buildings, a utility factor has been applied which reflects the service capacity of the asset. These buildings were last revalued as at 31 December 2019 by independent valuers. The Department’s land and buildings were valued at 30 June 2026.

Heritage assets and collections are defined as those non-current physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes. This category primarily consists of the Tasmanian Museum and Art Gallery collections and the State Library’s Tasmanian heritage collection.

The Tasmanian Museum and Art Gallery collections are recognised at fair value. An internal review and assessment process incorporates an impairment assessment, utilises the judgement of internal experts and takes into consideration AASB 13 *Fair Value Measurement*. Artwork assets were independently valued with an effective date of 30 June 2023 by specialist valuer Rosanna Cameron from Rosanna M Cameron Art Valuations & Consultations. The valuation of these assets was on a fair value basis in accordance with relevant accounting standards.

The State Library’s Tasmanian heritage collection is recognised at fair value. These items are not depreciated as they do not have a limited useful life, as appropriate curatorial practices are in place. The State Library’s Tasmanian heritage collection was revalued by independent valuers effective 30 June 2022.

Note 6 Non-financial assets (continued)

Biological assets comprise Sustainable Timber Tasmania's standing timber on Permanent Timber Production Zone Land and freehold land acquired between 1997 and 2004. The standing timber value is measured at fair value less costs to sell. An independent market valuation is performed which is based on a net present value calculation. The valuation takes into account expected volumes of saleable timber that will be realised from existing stands having considered management strategies and estimated recovery rates. The freehold land value is measured at historical cost. For further information refer to Note 18.9 and the Annual Report of Sustainable Timber Tasmania.

The Department of Natural Resources and Environment Tasmania holds national parks, reserves and conservation areas which have been recognised at fair value for their existing use with no consideration of a higher, better or more economic use of the land than the current use. The market approach is used for valuation, although it is adjusted for the Community Service Obligation to reflect the specialised nature of the land being valued. Land, buildings and land under buildings were revalued to fair value as at 30 June 2024. All assets above the valuation threshold were valued by the Valuer-General. Land, buildings and land under buildings were indexed to fair value as at 30 June 2026, based on indices provided by the Valuer-General of 3 per cent for land and 2.91 per cent for buildings (2024-25: nil per cent for land and 3 per cent for buildings).

Service concession assets are recognised in accordance with AASB 1059 *Service Concession Arrangements: Grantors*. Service concession arrangements are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

Valuation of non-financial assets held by public corporations

The Total State Sector includes public corporations that prepare their financial statements under the for-profit requirements of Australian Accounting Standards. Some public corporations measure non-financial assets using income-based valuation techniques that reflect the assets' capacity to generate future cash flows.

The State is a not-for-profit reporting entity. Accordingly, for Total State Sector reporting purposes, assets that are held primarily for their service potential rather than their ability to generate net cash inflows may require an alternative valuation approach under AASB 13 *Fair Value Measurement*, such as a market-based or current replacement cost approach.

The Department of Treasury and Finance has reviewed the valuation policies applied by public corporations included in the Total State Sector and identified that the valuation methodologies applied to certain assets may not provide values that are fully aligned with the State's not-for-profit reporting framework.

For the year ended 30 June 2026, alternative valuation information has been incorporated into the consolidated financial statements where sufficiently reliable information was available. Where suitable alternative information was not available, the asset values reported by the relevant controlled entities have been retained on consolidation.

The Department of Treasury and Finance is working with the affected public corporations to implement valuation approaches that are appropriate for the State's not-for-profit reporting framework. The outcomes of this work will be reflected in the Total State Sector financial statements where appropriate. The implementation of revised valuation approaches may result in adjustments to the carrying amounts of affected assets in future reporting periods.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits will arise and if its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised as expenses in the Statement of Comprehensive Income as incurred.

Asset recognition threshold

The asset capitalisation threshold adopted by the GGS and Total State Sector is between $5 000 and $10 000. Assets valued at less than $5 000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

Revaluations

Non-current assets are revalued with sufficient regularity to ensure they reflect fair value at balance date. In accordance with AASB 116 *Property, Plant and Equipment*, in years between valuations, indices are supplied by qualified valuers to index valuations to fair value.

Assets are grouped on the basis of having a similar nature or function.

6.1 Land and buildings

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Land					
Land at fair value	2 891.6	2 709.3	2 652.8	3 991.8	3 848.8
Land at cost	....	....	....	0.7	0.7
	2 891.6	**2 709.3**	**2 652.8**	**3 992.4**	**3 849.5**
Buildings					
Buildings at fair value	9 985.1	10 563.7	9 936.2	12 500.7	11 708.1
Buildings at cost	413.4	406.9	411.4	852.0	791.1
Accumulated depreciation	(4 770.4)	(5 120.4)	(4 747.1)	(5 359.1)	(4 990.3)
	5 628.1	**5 850.3**	**5 600.5**	**7 993.5**	**7 508.9**
	8 519.7	**8 559.6**	**8 253.3**	**11 985.9**	**11 358.4**

6.2 Infrastructure

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Infrastructure at fair value	12 837.7	13 872.7	12 306.5	27 922.7	25 288.0
Infrastructure at cost	933.3	305.6	894.7	3 087.5	4 158.7
Accumulated depreciation	(5 056.8)	(5 173.5)	(4 847.6)	(11 472.2)	(10 566.4)
	8 714.2	**9 004.9**	**8 353.6**	**19 538.0**	**18 880.3**

6.3 Plant and equipment

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Plant and equipment at fair value	32.4	32.2	30.3	202.6	183.9
Plant and equipment at cost	798.3	781.9	746.0	1 419.0	1 318.7
Accumulated depreciation	(446.2)	(448.2)	(417.0)	(885.8)	(787.6)
	384.5	**366.0**	**359.3**	**735.8**	**715.0**

6.4 Heritage and cultural assets

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
At fair value:					
Tasmanian Museum and Art Gallery	447.8	477.3	452.7	477.3	452.7
Other heritage and cultural assets	120.9	104.8	104.3	125.6	124.7
	568.7	**582.1**	**557.1**	**602.8**	**577.5**

6.5 Biological assets

Biological assets are not held in the GGS and therefore this note only presents information for the Total State Sector.

	Total State	
	2026 Actual	2025 Actual
	$m	$m
At fair value:		
Standing timber	222.5	219.8
	222.5	**219.8**

6.5 (a) Reconciliation of Biological Assets

All Biological assets in the Total State Sector are valued at fair value Level 3.

	Total State	
	2026 Actual	2025 Actual
	$m	$m
Carrying amount at 1 July	**219.8**	**210.4**
Additions	11.5	1.9
Disposals	(14.6)	(10.2)
Transfers	(0.4)	(0.9)
Revaluations	6.2	18.6
Carrying amount at 30 June	**222.5**	**219.8**

6.6 Reconciliation of non-current assets

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. It is based on the principle of an exit price and refers to the price an entity expects to receive when it sells an asset, or the price an entity expects to pay when it transfers a liability.

Valuation techniques used to measure fair value shall maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Agencies make an assessment as to which level on the fair value hierarchy assets should be valued at, based on inputs to valuation techniques used to measure fair value.

Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: Unobservable inputs for the asset or liability. The majority of the Government's land, buildings and infrastructure are specialised assets with no active markets against which to be valued. As such, the majority of assets are valued as Level 3 inputs.

Note that where an asset has been assigned a value in the fair value hierarchy, these amounts may not necessarily sum to the line item amount. This is because some assets are valued at cost and not assigned a level in the fair value hierarchy.

6.6(a) Assets where the current use is not the highest and best use

Unless there is an explicit Government policy to the contrary, in most instances the highest and best use of an asset is the purpose for which that asset is currently used/occupied.

6.6(b) Reconciliation of non-current assets

The following tables present a reconciliation of movements in the carrying value non-current assets and their classification within the fair value hierarchy. Some assets are valued at cost and not assigned a level in the fair value hierarchy. As a result, the sum of fair value line items will not equal the total carrying value.

General Government Sector

	Land and buildings			Infrastructure		Plant and equipment		Heritage and cultural assets			Total
	Carrying Value	Level 2	Level 3	Carrying Value	Level 3	Carrying Value	Level 3	Carrying Value	Level 2	Level 3	Carrying Value
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Carrying amount at 30 June 2024	**8 174.4**	**1 094.9**	**6 691.5**	**7 830.3**	**7 342.8**	**377.7**	**28.1**	**529.8**	**73.7**	**454.8**	**16 912.1**
Additions	232.5	4.8	15.9	351.8	13.8	77.6	3.2	6.1	....	6.0	**668.0**
Disposals	(77.0)	(6.8)	(67.5)	(13.5)	(13.5)	(21.1)	(0.3)	(0.1)	....	(0.1)	**(111.7)**
Revaluation increments/(decrements)	129.8	24.0	105.8	377.0	377.0	....	....	21.3	(0.3)	21.6	**528.1**
Transfers in/(out)	0.4	(57.7)	288.3	(2.7)	(18.4)	(13.6)	(1.9)	....	....	0.3	**(15.9)**
Depreciation	(206.8)	(19.9)	(174.8)	(189.3)	(189.2)	(61.3)	(1.1)	....	....	....	**(457.4)**
Carrying amount at 30 June 2025	**8 253.3**	**1 039.4**	**6 859.2**	**8 353.6**	**7 512.6**	**359.3**	**28.0**	**557.1**	**73.4**	**482.5**	**17 523.3**
Additions	212.8	2.6	42.2	245.6	156.2	85.1	2.5	11.2	0.1	10.7	**554.7**
Disposals	(4.2)	(1.8)	(1.4)	(5.3)	(5.3)	(17.6)	(0.4)	....	....	....	**(27.2)**
Revaluation increments/(decrements)	298.2	32.5	265.7	603.2	603.2	(0.1)	....	13.8	....	13.9	**915.1**
Transfers in/(out)	13.0	15.8	172.4	(1.7)	672.4	1.0	0.1	....	....	0.2	**12.3**
Depreciation	(213.5)	(20.4)	(179.3)	(190.4)	(190.4)	(61.6)	(1.3)	....	....	....	**(465.6)**
Carrying amount at 30 June 2026	**8 559.6**	**1 068.2**	**7 158.7**	**9 004.9**	**8 748.6**	**366.0**	**28.9**	**582.1**	**73.5**	**507.2**	**18 512.6**

6.6(b) Reconciliation of non-current assets (continued)

Total State Sector

	Land and buildings			Infrastructure			Plant and equipment			Heritage and cultural assets			Total
	Carrying Value	Level 2	Level 3	Carrying Value	Level 2	Level 3	Carrying Value	Level 2	Level 3	Carrying Value	Level 2	Level 3	Carrying Value
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Carrying amount at 1 July 2024	**11 190.4**	**3 627.8**	**6 936.3**	**17 108.2**	**10.9**	**14 867.8**	**711.1**	**98.2**	**81.9**	**550.2**	**77.3**	**471.9**	**29 559.8**
Opening balance adjustment	....	2.3	(2.3)	0.3	....	19.5	0.1	....	....	....	....	....	**0.4**
Additions	362.8	28.7	28.4	1 107.3	0.8	23.5	148.9	7.8	3.2	6.1	....	6.0	**1 627.0**
Disposals	(79.8)	(9.4)	(67.5)	(14.4)	....	(13.9)	(23.7)	....	(0.3)	(0.1)	....	(0.1)	**(118.0)**
Revaluation increments/(decrements)	132.7	22.7	110.0	1 041.6	....	1 041.6	(11.4)	(13.5)	1.2	21.3	(0.3)	21.6	**1 184.2**
Transfers in/(out)	12.6	56.7	269.2	205.1	....	356.6	26.2	....	(6.9)	....	....	0.3	**244.0**
Depreciation	(259.8)	(50.2)	(183.7)	(567.9)	(0.4)	(455.2)	(135.9)	(7.3)	(7.5)	....	....	....	**(936.5)**
Carrying amount at 30 June 2025	**11 358.4**	**3 678.4**	**7 090.0**	**18 880.3**	**11.4**	**15 840.0**	**715.1**	**85.2**	**71.7**	**577.5**	**77.4**	**498.8**	**31 531.2**
Additions	333.2	11.6	47.8	1 018.4	....	166.6	151.7	1.4	2.5	11.2	0.1	10.7	**1 514.4**
Disposals	(7.1)	(4.1)	(1.4)	(5.8)	....	(5.7)	(23.3)	....	(0.5)	....	....	....	**(36.2)**
Revaluation increments/(decrements)	470.9	209.5	267.1	131.2	3.6	348.9	(38.2)	....	....	14.2	0.3	13.9	**578.1**
Transfers in/(out)	105.0	72.4	209.0	18.1	(4.7)	782.2	37.9	....	0.1	....	....	0.2	**161.0**
Depreciation	(274.4)	(55.6)	(190.3)	(504.3)	(0.4)	(488.1)	(107.4)	(5.7)	(7.5)	....	....	....	**(886.1)**
Carrying amount at 30 June 2026	**11 985.9**	**3 912.1**	**7 422.2**	**19 538.0**	**10.0**	**16 643.8**	**735.8**	**80.9**	**66.3**	**602.8**	**77.9**	**523.6**	**32 862.4**

6.6(c) Level 3 significant valuation inputs and relationship to fair value

Below are some of the larger Level 3 amounts. A more comprehensive presentation of the fair value hierarchy can be found in the financial statements for each entity.

Agency	Description	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs	Fair value at 30 June 2026 $m
Department for Education, Children and Young People	Land – with no active markets and/or significant restrictions	1. economic conditions 2. availability of and demand for similar assets for sale 3. costs of credit	No alternative values[1]	Land values have increased significantly over the past 12 months. Demand is at historic highs. As a result, land values have been indexed at 3 per cent (2025: 6 per cent) based on assessment by the Office of the Valuer-General.	427.3
	Buildings–specific purpose/use buildings	1. construction costs 2. design life 3. age and condition of asset 4. remaining useful life 5. utility factor for school buildings	No alternative values[1]	Tasmanian construction indexes have increased over the past 12 months. Design and useful lives are reviewed regularly but generally remain unchanged. As a result, buildings have been indexed at 2 per cent (2025: 5 per cent) based on assessment by the Office of the Valuer-General.	1 825.6
Department of Health	Buildings	1. construction costs 2. age and condition of asset 3. remaining useful life	No alternative values[1]	Design and useful lives are reviewed regularly but generally remain unchanged. As a result, it is unlikely that significant variations in values will arise in the short term.	2 125.7
Department of Natural Resources and Environment Tasmania	Land (specialised)	Restricted use discount	No alternative values[1]	A significant increase/(decrease) in the restricted use discount would result in a significantly higher/(lower) fair value.	1 512.7
	Buildings - specific purpose (specialised)	Gross cost per square metre	No alternative values[1]	A significant increase/(decrease) in the unobservable inputs would result in a significantly higher/(lower) fair value.	422.6

Note:
1. When valuing these assets, their existing use and likely alternative uses are taken into account by valuers. As a result, it is unlikely that alternative values will arise unless there are more changes in known inputs.

6.6(c) Level 3 significant valuation inputs and relationship to fair value (continued)

Agency	Description	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs	Fair value at 30 June 2026 $m
Department of State Growth	Road infrastructure	1. Labour and material costs to replace	$62 - $300 per square metre depending on component and road category	Increase/(decrease) in replacement costs would result in an increase/(decrease) in the fair value.	4 596.3
		2. Useful life of road components	15 years - unlimited	Increase/(decrease) in useful life would result in an increase/(decrease) in the fair value.	
		3. Annual indexation factor	3.02 per cent	Increase/(decrease) in indexation factor would result in an increase/(decrease) in the fair value.	
	Land under Roads	1. Market value of adjacent land per square metre	$0.01 - $623 per square metre depending on component and road category	Increase/(decrease) in rates per square metre would result in an increase/(decrease) in the fair value.	1 010.2
		2. Discount factor on market value of adjacent land to reflect specialised nature of asset	30 per cent	Increase/(decrease) in discount would result in a (decrease)/increase in the fair value.	
	Bridges	1. Labour and material costs to replace	$1 937 - $11 192 per square metre	Increase/(decrease) in replacement costs would result in an increase/(decrease) in the fair value.	2 511.5
		2. Useful life of bridges	25 - 250 years	Increase/(decrease) in useful life would result in an increase/(decrease) in the fair value.	
		3. Annual indexation factor	3.7 per cent	Increase/(decrease) in indexation factor would result in an increase/(decrease) in the fair value.	

6.6(c) Level 3 significant valuation inputs and relationship to fair value (continued)

Agency	Description	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs	Fair value at 30 June 2026 $m
Tasmanian Networks Pty Ltd	Infrastructure (Regulated Asset Base)	This includes Network assets, Communications assets and Easements. The fair value is determined using an income based methodology. The two main inputs used in valuation are CPI and AER determination.	n/a	A 5 per cent increase/(decrease) in the CPI will increase/(decrease) the fair value of the assets by $191 million. AER determination of the asset values via regulatory revenue reset process.	3 979.1
	Buildings	Valuation based on a notional lease for 10 years at a current market rent, adjusted annually for rental growth and occupancy rates.	10 years	The higher the expected rental growth and occupancy rates the greater the fair value.	82.2
Hydro Tasmania	Infrastructure	This includes electricity generation assets. Fair value is based on a discounted cash flow model. An internally generated Tasmanian energy price curve is derived. The valuation includes projected revenue under the existing large scale renewable energy target with forecast prices based on internal models. Forecast generation and total energy demand are other factors which determine fair value.	n/a	A 10 per cent increase/(decrease) in prices leads to an increase/(decrease) of $558 million (2025: $557 million) in fair value of the assets. Increase/(decrease) in energy demand leads to an increase/(decrease) in fair value of the assets.	4 096.1

6.6(c) Level 3 significant valuation inputs and relationship to fair value (continued)

Agency	Description	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs	Fair value at 30 June 2026 $m
Sustainable Timber Tasmania	Biological assets	Price, cost and discount rates.	n/a	Price: 5 per cent increase will increase the value by $59.4 million (2025: $61.9 million). Discount rate: 1 per cent increase/(decrease) will decrease/(increase) the value by $18.9 million (2025: $17.7 million). Cost: 5 per cent increase will decrease the value by $35.8 million (2025: $18.2 million).	222.5

6.7 Investment property

Investment property is property held to earn rental income, for capital appreciation, or for both. Investment property is recorded at fair value. Changes in the fair value of investment property are recorded as Other economic flows within the Statement of Comprehensive Income. Investment property is not depreciated.

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Land and buildings – Level 2	4.8	5.0	4.8	5.0	4.8
	4.8	**5.0**	**4.8**	**5.0**	**4.8**

6.8 Intangible assets

An intangible asset is recognised where it is probable that an expected future benefit attributable to the asset will flow to the entity and the cost of the asset can be reliably measured.

Goodwill represents the excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired. Goodwill is measured at cost less accumulated impairment losses.

Intangible assets are valued at fair value where an active market exists and are amortised on a straight line basis over their estimated useful life. Where no active market exists, intangibles are recorded at cost less amortisation and impairment losses.

6.8(a) Carrying Amount and Reconciliation of Movements

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Carrying amount					
Goodwill	....	....	....	19.2	19.2
Other Intangible assets	211.9	185.0	164.6	956.0	857.3
Accumulated amortisation	(86.5)	(115.0)	(106.0)	(721.6)	(647.7)
	125.4	**70.0**	**58.7**	**253.6**	**228.7**
Reconciliation of movements					
Carrying amount 1 July	**70.2**	**58.7**	**58.3**	**228.7**	**247.4**
Additions	77.0	22.9	11.3	63.2	37.4
Disposals	....	....	(0.1)	(0.1)	(0.3)
Amortisation expense	(21.8)	(8.9)	(8.4)	(68.0)	(69.5)
Revaluation increments/decrements	....	(2.7)	(2.4)	(2.7)	(2.4)
Transfers	....	....	....	32.5	16.1
Carrying amount 30 June	**125.4**	**70.0**	**58.7**	**253.6**	**228.7**

6.8 Intangible assets (continued)

6.8(b) General Government Fair Value Hierarchy

	Carrying value	Fair value measurement[1]		
		Level 1	Level 2	Level 3
	$m	$m	$m	$m
Carrying amount 1 July 2025	**58.7**	**4.8**	**1.9**	**3.8**
Additions	22.9	....	....	….
Amortisation expense	(8.9)	....	(0.9)	(1.0)
Revaluation increments/decrements	(2.7)	(2.0)	....	....
Transfers	....	....	0.1	....
Carrying amount 30 June 2026	**70.0**	**2.8**	**1.0**	**2.8**

Note:
1. Some Intangible assets are valued at cost and not assigned a level in the fair value hierarchy. As a result, the sum of fair value line items will not equal the total carrying value.

Intangible assets recognised in the PNFC and PFC sectors are recorded at cost and so a Total State Sector fair value hierarchy is not presented in this note.

6.9 Assets held for sale

Assets held for sale that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with accounting policies. Thereafter, the assets are measured at the lower of carrying amount and fair value less costs to sell.

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Land	3.7	7.6	2.9	19.6	15.8
Buildings	4.0	8.0	3.8	8.0	4.9
Plant and equipment	....	1.4	1.2	1.4	1.2
Infrastructure	0.4	....	….	87.5	….
	8.0	**17.0**	**7.9**	**116.5**	**21.8**
Settled within 12 months	....	17.0	7.9	116.5	21.8
	8.0	**17.0**	**7.9**	**116.5**	**21.8**

6.10 Lease - right-of-use assets

AASB 16 *Leases* requires a right-of-use asset to be recognised, where there is control of the underlying asset over the lease term. A right-of-use asset is measured at the present value of the initial lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The Government has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and rental arrangements for which there are substantive substitution rights over the assets and leases for which the underlying asset is of low-value. Substantive substitution rights relate primarily to office accommodation. An asset is considered low-value when it is expected to cost less than $10 000.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the term of the lease. Where the Government obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the Government will exercise a purchase option, the depreciation is recognised for the right-of-use asset over its useful life.

	General Government			Total State	
	2026 Original Budget[1]	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Land and Buildings					
Carrying amount 1 July	**n/a**	**531.7**	**545.3**	**845.0**	**865.8**
Additions	n/a	65.5	40.5	79.3	47.8
Depreciation and amortisation	n/a	(58.5)	(54.7)	(76.4)	(75.0)
Disposals	n/a	(1.4)	(10.0)	(1.5)	(12.5)
Other movements	n/a	(6.2)	10.6	(61.7)	18.9
Carrying amount 30 June	**520.3**	**531.1**	**531.7**	**784.8**	**845.0**
Plant and Equipment					
Carrying amount 1 July	**n/a**	**24.8**	**31.8**	**51.2**	**61.6**
Additions	n/a	0.9	4.4	18.2	18.0
Depreciation and amortisation	n/a	(6.2)	(6.5)	(19.7)	(18.3)
Disposals	n/a	(0.2)	(5.1)	(0.2)	(5.1)
Other movements	n/a	....	....	0.2	(5.1)
Carrying amount 30 June	**22.7**	**19.3**	**24.6**	**49.7**	**51.2**
	543.0	**550.4**	**556.4**	**834.5**	**896.2**

Note:
1. Budget information is not prepared at this level of detail and is not available for inclusion in this Note.

6.11 Service concession assets and liabilities

Service concession arrangements are contracts between a grantor and an operator where an operator provides public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and manages at least some of those services.

The General Government Sector recognises a service concession arrangement in relation to the Tasmanian Government Radio Network. The arrangement is for a 12 year fully managed service with an option to extend a further three years. The arrangement provides contemporary radio based communications capability that improves operational effectiveness and efficiency for State Emergency Services Organisations, Land Managers and Electricity Providers. For further detail, refer to the Annual Report of the Department of Police, Fire and Emergency Management.

	General Government			Total State	
	2026 Original Budget[1]	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Homes Tasmania Assets					
Land at fair value	**n/a**	**....**	**....**	**754.3**	**714.2**
Buildings at fair value	n/a	....	....	2 034.6	1 925.0
Accumulated depreciation	n/a	....	....	(580.0)	(533.1)
Buildings - work in progress	n/a	....	....	6.4	26.5
	n/a	**....**	**....**	**2 215.3**	**2 132.6**
Tasmanian Government Radio Network Assets					
TasGRN assets at fair value	n/a	497.3	497.3	497.3	497.3
Accumulated amortisation	n/a	(117.5)	(81.9)	(117.5)	(81.9)
	376.7	**379.8**	**415.4**	**379.8**	**415.4**
	376.7	**379.8**	**415.4**	**2 595.0**	**2 548.0**
Reconciliation of Asset movements					
Carrying amount 1 July	**n/a**	**415.4**	**458.5**	**2 548.0**	**2 425.7**
Additions	n/a	....	....	25.0	78.4
Disposals	n/a	....	....	(7.4)	(3.1)
Amortisation	n/a	(39.6)	(37.3)	(39.6)	(37.3)
Depreciation	n/a	....	....	(27.5)	(24.8)
Revaluation increments/(decrements)	n/a	....	....	74.5	82.2
Transfers	n/a	....	....	18.2	32.8
Other	n/a	4.0	(5.8)	4.0	(5.8)
Carrying amount 30 June	**376.7**	**379.8**	**415.4**	**2 595.0**	**2 548.0**
Service concession liabilities					
TasGRN	399.1	401.9	437.8	401.9	437.8
Settled within 12 months	39.9	46.9	43.6	46.9	43.6
Settled in more than 12 months	359.2	355.0	394.2	355.0	394.2
	399.1	**401.9**	**437.8**	**401.9**	**437.8**

Note:
1. Budget information is not prepared at this level of detail and is not available for inclusion in this Note.

6.12 Inventories

Inventories held for distribution are valued at cost adjusted, when applicable, for any loss of service potential. Inventories acquired for no cost or nominal consideration are valued at current replacement cost.

	General Government			Total State	
	2026 Original Budget	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Inventories	**77.3**	**47.2**	**56.1**	**148.2**	**155.0**
Settled within 12 months	68.2	41.7	49.9	142.6	144.5
Settled in more than 12 months	9.1	5.6	6.2	5.6	10.5
	77.3	**47.2**	**56.1**	**148.2**	**155.0**

Note 7 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

7.1 Borrowings

GGS loans and other loans are initially measured at fair value, net of transaction costs. GGS loans and other loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Domestic and foreign borrowings for the GGS primarily consist of semi-annual bond loans undertaken by Finance-General to support the expenditure of the GGS and to ensure Specific Purpose Accounts and Agency Trust Accounts are cash backed.

Total State Sector loans primarily consist of loans held by Tascorp. These loans are primarily measured at fair value through profit or loss, with some loans to clients measured at amortised cost. For further information on the valuation of these borrowings refer to the Annual Report of Tascorp.

	General Government			Total State	
	2026 Original Budget	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Domestic and foreign borrowings	8 192.8	7 791.7	6 037.0	17 266.7	15 179.1
Australian Government debt	8.0	6.7	9.3	6.7	9.3
	8 200.8	**7 798.4**	**6 046.3**	**17 273.4**	**15 188.4**
Settled within 12 months	581.5	53.9	428.7	4 094.9	3 292.8
Settled in more than 12 months	7 619.3	7 744.5	5 617.5	13 178.5	11 895.6
	8 200.8	**7 798.4**	**6 046.3**	**17 273.4**	**15 188.4**

7.2 Lease liabilities

A lease liability is measured at the present value of the lease payments that are not paid at that date. The discount rate used to calculate the present value of the lease liability is the rate implicit in the lease. Where the implicit rate is not known and cannot be determined, the Tascorp indicative lending rate including the relevant administration margin is used as the incremental borrowing rate.

Generally, right-of-use assets and lease liabilities have not been recognised for short-term leases and leases for which the underlying asset is of low value (less than $10 000).

Below are details on significant lease arrangements. For more detail refer to the Annual Report for each entity.

Class of right-of-use asset	Details of leasing arrangements
Land and buildings	Finance-General is responsible for administering the Whole-of-Government office accommodation lease contracts and holds the majority of land and building leases. The Department of Health holds some building leases in relation to office accommodation, consulting suites and residential accommodation. These leases are paid monthly or quarterly. Lease payments include rent escalation for a fixed percentage dollar increase per year or future index or rate. Some leases include the option to extend the lease term. Hydro Tasmania holds leases in regard to land and buildings. Some leases contain options exercisable before the end of the non-cancellable contract period. Where practicable, Hydro Tasmania seeks to include extension options in new leases to provide operational flexibility. Sustainable Timber Tasmania recognises a lease liability for land and buildings. The liability is initially measured at the present value of lease payments that are not paid at that date. TT-Line Company Pty Ltd recognises a lease liability for the dock area at Geelong terminal and satellite office in Melbourne. The liability is initially measured at the present value of lease payments that are not paid at that date. Generally, the incremental borrowing rate is used as the discount rate.
Plant and equipment	The Department of Health maintains leases for medical plant and equipment. These leases are paid monthly or quarterly. Lease payments include rent escalation for a fixed percentage dollar increase per year or future index or rate. Some leases include the option to extend the lease term. The Department of Police, Fire and Emergency Management has three plant and equipment leases for Information Technology equipment. These agreements have quarterly or monthly instalments over a five-year period. The Department of Natural Resources and Environment Tasmania also has plant and equipment leases embedded in service agreements including the Cradle Mountain shuttle bus service and the Maria Island ferry service.

7.2 Lease liabilities (continued)

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Lease liabilities	**651.3**	**670.5**	**651.8**	**1 054.1**	**1 027.5**
Settled within 12 months	47.5	45.7	47.6	73.4	71.6
Settled in more than 12 months	603.8	624.8	604.3	980.7	955.8
	651.3	**670.5**	**651.8**	**1 054.1**	**1 027.5**

Maturity analysis of lease liabilities

The lease liability in the maturity analysis is presented using undiscounted contractual amounts before deducting finance charges. As a result, the balance will not equal the table above which is based on the discounted value.

	General Government		Total State	
	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m
One year or less	73.7	71.8	102.1	106.4
One to five years	263.2	244.9	309.9	279.4
More than five years	625.8	616.1	942.0	929.3
	962.7	**932.8**	**1 353.9**	**1 315.2**

The following amounts are recognised in the Statement of Comprehensive Income

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Interest on lease liabilities included in Note 3.4	27.7	32.6	29.9	53.7	51.6
Lease expenses included in Note 3.3	24.2	22.0	21.4	24.5	23.9
Net expenses from leasing activities	**51.9**	**54.6**	**51.3**	**78.2**	**75.5**

7.3 Employee entitlements

Liabilities for salaries and wages and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June 2026, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Accrued salaries and wages	149.1	168.8	144.3	174.4	152.8
Annual leave	360.9	382.3	358.8	447.7	418.5
Long service leave	574.8	587.8	570.5	668.5	644.7
Other employee entitlements	50.5	60.1	49.0	77.4	64.0
	1 135.4	**1 199.1**	**1 122.7**	**1 368.1**	**1 280.1**
Settled within 12 months	543.5	572.5	526.1	712.8	659.3
Settled in more than 12 months	591.8	626.6	596.6	655.3	620.8
	1 135.4	**1 199.1**	**1 122.7**	**1 368.1**	**1 280.1**

7.4 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost.

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Trade creditors	86.3	102.3	94.0	490.5	795.8
Accrued expenses	257.8	319.2	251.2	461.2	386.9
Other	4.3	6.2	9.1	9.2	12.1
	348.4	**427.6**	**354.3**	**960.8**	**1 194.9**
Settled within 12 months	285.2	329.0	290.0	862.2	1 130.5
Settled in more than 12 months	63.3	98.6	64.3	98.6	64.3
	348.4	**427.6**	**354.3**	**960.8**	**1 194.9**

7.5 Other provisions

Provisions are recognised when there is a present legal or constructive obligation arising from a past event that can be measured reliably, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

	General Government			Total State	
	2026 Original Budget	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m	$m
Onerous contracts[1]	....	....	....	195.6	157.4
Regulatory schemes[2]	....	....	....	24.2	42.8
Provision for outstanding and unreported claims in MAIB	....	....	....	1 561.9	1 482.9
Site rehabilitation provision[3]	....	....	....	31.7	39.1
Provision for asbestos compensation payable	55.7	63.3	64.2	63.3	64.2
Provision for claims related to child sexual abuse in state care[4]	523.5	559.5	578.9	559.5	578.9
Tasmanian Risk Management Fund	671.1	805.7	665.9	805.7	665.9
Other	....	13.0	12.7	28.7	18.1
	1 250.2	**1 441.6**	**1 321.7**	**3 270.6**	**3 049.4**
Settled within 12 months	283.0	270.4	232.3	499.7	473.4
Settled in more than 12 months	967.3	1 171.2	1 089.3	2 770.9	2 576.0
	1 250.2	**1 441.6**	**1 321.7**	**3 270.6**	**3 049.4**

Notes:

1. Onerous contracts reflect provisions held by Hydro Tasmania and Aurora Energy Pty Ltd in regard to energy contracts, lease liabilities and Large-scale Generation Certificates.
2. Under the *Renewable Energy (Electricity) Act 2000*, Hydro Tasmania is liable to meet the Renewable Energy Targets. Liable entities are required to discharge their liability by surrendering Environmental Energy Products to the Regulator or pay a shortfall charge. A liability has been recognised to provide for this and the liability is extinguished when the EEPs are surrendered.
3. Site rehabilitation provision comprises estimated future costs for Hydro Tasmania to demolish the Bell Bay plant and the Tamar Valley Power Station at the end of their useful life and for rehabilitating the sites.
4. The Department of Justice has received a number of applications for redress under the National Redress Scheme for Institutional Child Sexual Abuse from individuals who have suffered abuse. Additionally, a number of civil claims have been made against the State of Tasmania through various Government agencies relating to child abuse in State care. These claims have been assessed and included as a Provision for claims related to child sexual abuse in state care. This Provision is measured as the value of the expected future payments to persons who have a claim for settlement against the State of Tasmania in relation to compensation for child sexual abuse in institutional settings accepted by the State. The Provision includes the estimated costs of redress and civil claim settlements, in addition to the cost incurred in settling those claims. The actuarial valuation includes a number of assumptions regarding the future number of claims. The provision was revalued as at 30 June 2026 by GM Actuaries.

7.5 (a) Movement in Other Provisions

	Asbestos Compensation Payable	Claims Related to Child Sexual Abuse in Care	TRMF	Other	General Government	Onerous Contracts	Regulatory Schemes	Outstanding Claims in MAIB	Site Rehabilitation Provisions	Others	Total State
	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 July 2024	**65.6**	**646.9**	**516.2**	**15.3**	**1 244.0**	**102.9**	**38.6**	**1 405.7**	**45.6**	**6.5**	**2 843.3**
Provision reassessment	....	….	223.4	(2.4)	221.0	62.1	91.7	19.2	(15.2)	5.1	383.8
Amount Used	(6.0)	(128.8)	(163.3)	0.2	(298.0)	....	(87.5)	58.1	8.7	(6.2)	(324.8)
Unused Amount Reversed	....	....	....	(0.3)	(0.3)	....	….	....	....	....	(0.3)
Actuarial (Gain)/ Loss[2]	4.6	60.8	89.5	....	155.0	(7.6)	....	....	....	....	147.4
Balance as at 30 June 2025	**64.2**	**578.9**	**665.9**	**12.7**	**1 321.7**	**157.4**	**42.8**	**1 482.9**	**39.1**	**5.4**	**3 049.4**
Provision reassessment	....	....	256.4	0.4	256.8	(2.2)	76.8	205.6	0.3	14.2	551.5
Amount Used	(6.5)	(56.9)	(183.7)	(0.1)	(247.1)	....	(95.4)	(126.7)	(7.7)	(8.6)	(485.5)
Other movements	....	....	....	....	....	....	....	....	....	4.7	4.7
Actuarial (Gain)/ Loss[1]	5.6	37.5	67.1	....	110.2	40.4	....	....	....	....	150.6
Balance as at 30 June 2026	**63.3**	**559.5**	**805.7**	**13.0**	**1 441.6**	**195.6**	**24.2**	**1 561.9**	**31.7**	**15.7**	**3 270.6**

Note:

1. Actuarial (Gain)/Loss includes the movement in the provision due to changes in discount rate, assumptions as to number of future claims and their reporting pattern, claim costs associated with those claims, claims handling expenses and other economic assumptions.

7.6 Other liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

	General Government			Total State	
	2026 Original Budget	**2026 Actual**	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**	**$m**
Derivatives	....	....	....	520.8	518.2
Revenue received in advance	24.6	2.1	3.6	182.5	168.7
Other[1]	88.9	192.5	152.4	222.0	218.4
	113.5	**194.6**	**156.0**	**925.4**	**905.3**
Settled within 12 months	65.7	165.9	135.5	537.4	540.0
Settled in more than 12 months	47.8	28.8	20.6	387.9	365.3
	113.5	**194.6**	**156.0**	**925.4**	**905.3**

Note:
1. Other liabilities at 30 June 2026 primarily include Unclaimed monies of $68.3 million held by Finance-General, a payroll clearing liability of $40.5 million held by the Department of Health and monies held in trust of $33 million recognised by the Department of State Growth.

7.7 Superannuation

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and where there is no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Superannuation obligations, in respect of the contributory service of current and past government employees, are recognised at the latest actuarial assessment of the members' entitlements, net of scheme assets. The valuation is determined by discounting to present value, the gross benefit payments at a current, market-determined, risk-adjusted discount rate appropriate to the respective plan.

Superannuation assets are capped at the present value of the estimated future reductions in employer contribution payments, using the AASB 119 *Employee Benefits* discount rate.

All gains or losses arising from the actuarial revaluation of superannuation liabilities and the effect of changes in the asset ceiling are disclosed within Other economic flows - other movements in equity.

7.7(a) Type of Plan

The major schemes that have an unfunded liability are those administered under:

- the *Public Sector Superannuation Reform Act 2016*;
- the *Public Sector Superannuation Reform Regulations 2017*;
- the *Public Sector Superannuation Reform (Parliamentary Superannuation) Regulations 2016*; and
- the *Judges' Contributory Pensions Act 1968*.

While these schemes have been closed to new members, because of the long-term nature of superannuation benefits, the superannuation liability continues to increase as existing members accrue additional years of service as they approach retirement age.

The Superannuation Commission is the Trustee of the Retirement Benefits Fund and oversees the administration of the RBF defined benefit schemes. The Superannuation Commission is supported by the Office of the Superannuation Commission, which is a branch of the Department of Treasury and Finance. The functions and powers of the Commission are specified in the Public Sector Superannuation Reform Act and the Public Sector Superannuation Reform Regulations.

Retirement Benefits Fund Scheme

The RBF Scheme was established under the *Retirement Benefits Act 1970*, but was continued under the *Retirement Benefits Act 1982*, the *Retirement Benefits Act 1993* and the Public Sector Superannuation Reform Act. Scheme details are contained in the Public Sector Superannuation Reform Regulations.

7.7 Superannuation (continued)

The RBF contributory scheme is an unfunded defined benefit scheme. Members contribute between five per cent and 15 per cent of salary, and voluntary contributions may be made. This scheme was closed to new entrants from 15 May 1999, with new employees appointed on or after that date initially becoming members of the RBF non-contributory scheme.

The RBF non-contributory scheme was an unfunded accumulation (or defined contribution) scheme for those employees not eligible to join the contributory scheme. The employer contributions in respect of non-contributory employees were at the rate required by the Australian Government's *Superannuation Guarantee (Administration) Act 1992*. The scheme was closed on 25 April 2000, with the establishment of the fully funded Tasmanian Accumulation Scheme to replace it.

The emerging cash cost of defined benefit superannuation payments is met from the Public Account, funded partly by agency contributions and by a Reserved by Law contribution, which comprises the balance of the Government's share of pension and lump sum benefit costs.

In making an employer contribution to the Public Account, individual agencies discharge their superannuation liability, which is then met by the Crown.

An independent actuarial assessment is undertaken into the RBF Scheme as at 30 June each financial year. In the valuation, the Actuary includes liabilities of Government Business Enterprises, State-owned Companies and other statutory authorities, as part of the overall RBF Scheme valuation.

The division between the current and non-current liability as at 30 June each year is based upon anticipated superannuation expenditure during the ensuing financial year.

As a consequence of the Public Sector Superannuation Reform Act, the RBF defined benefit scheme was closed to new entrants with effect from 15 May 1999. New public sector employees appointed after that date are now members of an alternative complying superannuation scheme of their choice. Thus, there are no liabilities pertaining to employees covered by these arrangements.

Parliamentary Superannuation Fund

The PSF is a defined benefit pension scheme established under the provisions of the former *Parliamentary Superannuation Act 1973*, and continued under the Public Sector Superannuation Reform Regulations 2017, and is the older of the two Parliamentary schemes in operation. The scheme was closed to new members in 1985, but was maintained for parliamentarians who, having been first elected before that date, were subsequently re-elected to Parliament after a period out of office. The 1999 reforms closed this scheme to parliamentarians re-elected as described above and therefore allows no parliamentarians to re-enter the scheme.

The Parliamentary Superannuation Fund is fully in pension phase.

An actuarial valuation of the Scheme was undertaken as at 30 June 2026.

7.7 Superannuation (continued)

Parliamentary Retiring Benefits Fund

The PRBF was a closed defined benefit lump sum scheme established under the provisions of the former *Parliamentary Retiring Benefits Act 1985* and continued under the Public Sector Superannuation Reform Regulations 2017. The scheme covered those members of Parliament first elected after 12 November 1985 and before 1 July 1999.

An actuarial valuation of the Scheme was undertaken as at 30 June 2026.

There are no members left in the Scheme at 30 June 2026, with the Scheme holding a residual balance.

Judges' Scheme

The *Judges' Contributory Pensions Act 1968* sets out the superannuation arrangements for Judges.

The Judges' Scheme is a defined benefit scheme that was closed to new entrants with effect from 1 July 1999. Prior to that date, the Solicitor-General, the Director of Public Prosecutions and the Master of the Supreme Court were also members of this Scheme. Judges and statutory legal officers appointed after that date become members of TAS unless they elect to join a private complying superannuation scheme.

The Judges' Scheme is an unfunded scheme in respect of employer contributions, with all the benefits being met by the Government on an emerging cost basis.

An actuarial valuation of the Scheme was undertaken as at 30 June 2026.

The Judges' Scheme is fully in pension phase.

Housing Tasmania Superannuation Scheme

Housing Tasmania is required to meet the emerging cost of pension payments paid in respect of retired employees, where those employees had a superannuation entitlement that accrued before 1 July 1994.

Members of the Contributory Scheme receive lump sum or pension benefits on retirement, death, invalidity or upon reaching preservation age after resignation. The Contributory Scheme is closed to new members.

The liability was recognised by the former Department of Communities Tasmania which ceased to operate from 30 November 2022. This liability transferred to Homes Tasmania, which is a PNFC sector entity. Consistent with the presentation of the superannuation obligations for all PNFC sector entities, this liability is presented as part of the Retirement Benefits Fund Scheme at 30 June 2025 and 30 June 2026.

An actuarial valuation of the Scheme was undertaken as at 30 June 2026.

7.7 Superannuation (continued)

Tasmanian Ambulance Service Superannuation Scheme

The TASSS balances reported are provided in respect of those employees who are defined benefit members. The liability is recognised by the Department of Health.

The Scheme is closed to new members.

The Scheme forms part of the Retirement Benefits Fund and operates under the Public Sector Superannuation Reform Act.

An actuarial valuation of the Scheme was undertaken as at 30 June 2026.

State Fire Commission Superannuation Scheme

The State Fire Commission Superannuation Scheme is a defined benefit scheme held by the State Fire Commission. It was established for permanent uniformed employees of the Tasmanian Fire Service. The scheme was closed to new members on 30 June 2005 and the trustee, fund administration and investment functions are managed by the Superannuation Commission. In the following tables, details regarding this Scheme are presented as part of the total RBF Scheme.

An actuarial valuation of the Scheme was undertaken as at 30 June 2026.

7.7(b) Superannuation liability

	General Government		Total State	
	2026	**2025**	**2026**	**2025**
	Actual	**Actual**	**Actual**	**Actual**
	$m	**$m**	**$m**	**$m**
Settled within 12 months	397.7	401.8	433.2	434.0
Settled in more than 12 months	6 052.3	6 571.5	6 532.7	7 103.1
	6 450.1	**6 973.3**	**6 965.9**	**7 537.1**

7.7 Superannuation (continued)

Superannuation Liability Breakdown by Scheme

	Present value of liability	Fair value of plan assets	Change in Asset Ceiling	Total
	$m	$m	$m	$m
General Government Sector				
2026				
Retirement Benefits Fund Scheme	8 565.4	(2 139.7)	3.2	6 428.9
Tasmanian Ambulance Scheme	35.0	(52.5)	10.7	(6.8)
Judges' Contributory Scheme	19.7	....	....	19.7
Parliamentary Schemes	13.3	(5.0)	....	8.3
	8 633.4	**(2 197.3)**	**13.9**	**6 450.1**
2025				
Retirement Benefits Fund Scheme	9 054.0	(2 103.2)	....	6 950.7
Tasmanian Ambulance Scheme	39.2	(54.9)	7.4	(8.4)
Judges' Contributory Scheme	22.6	....	....	22.6
Parliamentary Schemes	14.4	(6.0)	....	8.4
	9 130.1	**(2 164.2)**	**7.4**	**6 973.3**
Total State Sector				
2026				
Retirement Benefits Fund Scheme	9 222.9	(2 281.4)	3.2	6 944.7
Tasmanian Ambulance Scheme	35.0	(52.5)	10.7	(6.8)
Judges' Contributory Scheme	19.7	....	....	19.7
Parliamentary Schemes	13.3	(5.0)	....	8.3
	9 290.9	**(2 338.9)**	**13.9**	**6 965.9**
2025				
Retirement Benefits Fund Scheme	9 752.3	(2 237.7)	....	7 514.6
Tasmanian Ambulance Scheme	39.2	(54.9)	7.4	(8.4)
Judges' Contributory Scheme	22.6	....	....	22.6
Parliamentary Schemes	14.4	(6.0)	....	8.4
	9 828.4	**(2 298.7)**	**7.4**	**7 537.1**

7.7 Superannuation (continued)

7.7(c) Key actuarial assumptions

	2026 Actual			2025 Actual		
	Discount rate	Expected rate of pension increases[1]	Expected rate of salary increases	Discount rate	Expected rate of pension increases	Expected rate of salary increases
	%	%	%	%	%	%
Retirement Benefits Fund Scheme	4.95	3.5 to 2.5	3.50	4.55	2.50	3.50
Tasmanian Ambulance Scheme	4.70	n/a	3.50	4.10	n/a	3.50
Housing Tasmania Scheme	5.85	3.50	3.50	4.55	2.50	3.50
Judges' Contributory Scheme	4.95	3.50	n/a	4.55	3.50	n/a
Parliamentary Schemes	4.95	3.5 to 2.5	n/a	4.55	2.50	n/a

Note:
1. In the most recent actuarial valuation, the Actuary adopted expected rates of pension increases for Retirement Benefits Fund and Parliamentary Schemes of 3.5 per cent for 2025-26 and 2.5 per cent thereafter.

7.7(d) Weighted average durations (years)

	Retirement Benefits Fund Scheme	Parliamentary Superannuation Fund	Judges Contributory Pensions
2026	11.1	7.7	6.5
2025	12.0	8.3	7.1

7.7(e) Reconciliation of movements in present value of superannuation liability

	Retirement Benefits Fund Scheme	Parliamentary Schemes	Judges Contributory Pensions	Tas Ambulance Scheme	General Government	PNFC/PFC Sectors	Total State
	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 July 2024	**9 129.8**	**15.9**	**24.7**	**39.7**	**9 210.1**	**702.2**	**9 912.3**
Included in Net Operating Balance							
Current service cost	63.3	....	....	1.1	64.4	5.2	69.6
Interest cost	403.5	1.0	1.1	1.7	407.3	31.0	438.3
Included in Other Economic Flows							
Demographic assumptions	(0.2)	....	....	....	(0.2)	....	(0.2)
Financial assumptions	1.1	....	....	0.6	1.7	....	1.7
Experience	(27.2)	(1.0)	(1.0)	(0.3)	(29.5)	7.4	(22.1)
Other							
Contributions by plan participants	27.7	....	....	0.7	28.4	2.1	30.5
Benefits paid	(543.0)	(1.0)	(2.0)	(4.3)	(550.3)	(49.5)	(599.8)
Other	(1.0)	(0.5)	(0.2)	....	(1.7)	(0.1)	(1.8)
Balance as at 30 June 2025	**9 054.0**	**14.4**	**22.6**	**39.2**	**9 130.1**	**698.3**	**9 828.4**
Included in Net Operating Balance							
Current service cost	53.9	....	....	1.0	54.8	4.5	59.3
Interest cost	396.4	1.0	1.0	1.6	400.0	30.7	430.7
Included in Other Economic Flows							
Actuarial losses/(gains) from:							
Demographic assumptions	(172.9)	....	(0.8)	....	(173.7)	(10.6)	(184.3)
Financial assumptions	(289.3)	....	(0.5)	(1.8)	(291.5)	(22.6)	(314.2)
Experience	94.4	....	....	(0.5)	93.9	(0.6)	93.3
Other							
Contributions by plan participants	25.8	....	....	0.6	26.4	1.9	28.3
Benefits paid	(596.0)	(1.0)	(2.0)	(5.0)	(604.0)	(44.0)	(648.1)
Other	(1.0)	(1.1)	(0.5)	....	(2.6)	(0.1)	(2.7)
Balance as at 30 June 2026	**8 565.4**	**13.3**	**19.7**	**35.0**	**8 633.4**	**657.5**	**9 290.9**

7.7(f) Reconciliation of movements in plan assets

	Retirement Benefits Fund Scheme	Parliamentary Schemes	Judges Contributory Pensions	Tas Ambulance Scheme	General Government	PNFC/PFC Sectors	Total State
	$m	$m	$m	$m	$m	$m	$m
Balance as at 1 July 2024	**2 008.0**	**5.6**	**....**	**53.5**	**2 067.6**	**126.9**	**2 194.5**
Interest income	88.6	0.2	....	2.3	91.2	5.6	96.8
Actual return on plan assets less interest income	121.3	0.5	....	2.3	124.1	12.3	136.4
Employer contributions	401.3	0.9	2.2	0.4	404.7	37.2	441.8
Contributions by plan participants	27.7	....	....	0.7	28.4	2.1	30.5
Benefits paid	(543.0)	(1.1)	(2.2)	(4.4)	(550.7)	(49.5)	(600.2)
Other	(1.0)	....	....	....	(1.0)	(0.1)	(1.1)
Balance as at 30 June 2025	**2 103.2**	**6.0**	**....**	**54.9**	**2 164.2**	**134.5**	**2 298.7**
Interest income	89.9	0.2	....	2.2	92.3	5.7	98.0
Actual return on plan assets less interest income	94.7	(1.0)	....	(0.1)	93.6	10.4	104.0
Employer contributions	423.1	0.8	2.1	....	426.0	33.2	459.2
Contributions by plan participants	25.8	....	....	0.6	26.4	1.9	28.3
Benefits paid	(596.0)	(1.1)	(2.1)	(5.0)	(604.3)	(44.0)	(648.3)
Other	(1.0)	....	....	....	(1.0)	(0.1)	(1.0)
Balance as at 30 June 2026	**2 139.7**	**5.0**	**....**	**52.5**	**2 197.3**	**141.7**	**2 338.9**

7.7 Superannuation (continued)

7.7(g) Plan assets at fair value

The expected rate of return on plan assets is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each asset's class and allowing for correlations of the investment returns between asset classes. The returns used for each asset class are net of estimated investment tax and investment fees. The GGS allocation of assets is shown below. The allocation of State assets is not shown as the GGS holds 95 per cent of State assets and this allocation will be the same.

	Total Fair value at 30 June	Level 1 (Quoted price in active market)	Level 2 (Observable inputs, not quoted)	Level 3 (Unobservable inputs)
	$m	$m	$m	$m
2026				
Cash and cash equivalents	36.4	....	36.4	....
Equity instruments	1 107.4	....	1 107.4	....
Debt instruments	541.5	....	541.5	....
Property	512.0	....	....	512.0
Balance at 30 June 2026	**2 197.3**	**....**	**1 685.3**	**512.0**
2025				
Cash and cash equivalents	96.5	....	96.5	....
Equity instruments	1 019.3	....	1 019.3	....
Debt instruments	539.8	....	539.8	....
Property	508.6	....	....	508.6
Balance at 30 June 2025	**2 164.2**	**....**	**1 655.6**	**508.6**

7.7(h) Funding arrangements

Employer contributions to the Superannuation Commission, in respect of defined benefit schemes, are made on an emerging cost basis.

The GGS expects to make a contribution of $397.5 million during 2026-27 (2025-26: Estimate $385.1 million; Actual $426 million) to defined benefit schemes.

The Total State Sector expects to make a contribution of $425.7 million during 2026-27 (2025-26: Estimate $412.1 million; Actual $459.2 million) to defined benefit schemes.

7.7 Superannuation (continued)

7.7(i) Amounts recognised in comprehensive income

	General Government		Total State	
	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m
Expenses from transactions				
Superannuation expense				
Defined benefit schemes	54.8	64.4	59.3	69.6
Defined contributions schemes	501.7	439.4	589.3	514.5
	556.5	**503.8**	**648.6**	**584.1**
Nominal superannuation interest expense				
Interest cost	400.0	407.3	430.8	438.4
Expected return on plan assets	(92.4)	(91.3)	(98.0)	(96.8)
	307.6	**316.0**	**332.6**	**341.5**
Other Economic Flows - Other movements in equity				
Revaluation of superannuation liability - (gain)/loss	(458.3)	(143.4)	(502.4)	(148.3)
	405.9	**676.4**	**478.7**	**777.2**

7.7(j) Historical Analysis

General Government

Financial year ending	2026 Actual	2025 Actual	2024 Actual	2023 Actual	2022 Actual
	$m	$m	$m	$m	$m
Present value of defined benefit obligation	8 633.4	9 130.1	9 210.1	9 446.8	9 730.6
Fair value of plan assets	(2 197.3)	(2 164.2)	(2 067.6)	(2 045.1)	(2 003.8)
Effect of the asset ceiling	13.9	7.4	....	....	....
(Surplus)/deficit in plan	**6 450.1**	**6 973.3**	**7 142.5**	**7 401.6**	**7 726.8**
Experience adjustments (gain)/loss:					
Plan liabilities	93.9	(29.5)	37.3	97.2	252.3
Plan assets	(93.6)	(124.1)	(47.4)	(99.4)	94.6
Total Experience adjustments (gain)/loss	0.3	(153.6)	(10.2)	(2.2)	346.9
Assumption change (gain)/loss	(458.6)	10.2	(253.3)	(330.4)	(1 677.1)
Actuarial (gain)/loss	**(458.3)**	**(143.4)**	**(263.4)**	**(332.6)**	**(1 330.2)**

7.7 Superannuation (continued)

Total State

Financial year ending	2026 Actual	2025 Actual	2024 Actual	2023 Actual	2022 Actual
	$m	$m	$m	$m	$m
Present value of defined benefit obligation	9 290.9	9 828.4	9 912.3	10 166.9	10 473.0
Fair value of plan assets	(2 338.9)	(2 298.7)	(2 194.5)	(2 172.4)	(2 131.7)
Effect of the asset ceiling	13.9	7.4	....	....	....
(Surplus)/deficit in plan	**6 965.9**	**7 537.1**	**7 717.8**	**7 994.6**	**8 341.4**
Experience adjustments (gain)/loss:					
Plan liabilities	93.3	(22.1)	44.1	94.9	267.7
Plan assets	(104.0)	(136.4)	(50.6)	(101.2)	99.3
Total Experience adjustments (gain)/loss	(10.7)	(158.5)	(6.5)	(6.3)	367.0
Assumption change (gain)/loss	(491.8)	10.2	(272.8)	(353.8)	(1 806.1)
Actuarial (gain)/loss	**(502.4)**	**(148.3)**	**(279.3)**	**(360.1)**	**(1 439.2)**

The experience adjustment for Fund liabilities represents the actuarial loss/(gain) due to a change in the liabilities arising from the Fund's experience (for example membership movements, salary increases and indexation rates) and excludes the effect of changes in assumptions (for example movements in the bond rate).

7.7 Superannuation (continued)

7.7(k) Undiscounted Defined Benefit Obligations

Nominal cash flows required to meet the emerging cost of superannuation benefits payable to members are outlined below. This represents the total cost of benefits payable and includes the GGS and Total State Sector share, together with the share of benefits that are funded from Scheme assets.

	General Government		Total State	
	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m
No later than 1 year	546.0	530.7	584.2	567.5
Later than 1 year and no later than 2 years	559.7	542.1	598.9	579.8
Later than 2 years and no later than 5 years	1 775.6	1 744.6	1 899.8	1 865.6
Later than 5 years and no later than 10 years	3 103.6	3 103.4	3 321.4	3 319.7
Later than 10 years and no later than 15 years	2 959.9	3 021.5	3 168.1	3 232.3
Later than 15 years and no later than 20 years	2 616.3	2 688.1	2 801.1	2 876.6
Later than 20 years and no later than 25 years	2 186.3	2 273.6	2 341.5	2 433.7
Later than 25 years and no later than 30 years	1 667.7	1 771.6	1 786.5	1 897.0
Later than 30 years and no later than 35 years	1 117.6	1 221.8	1 197.3	1 308.3
Later than 35 years and no later than 40 years	631.0	713.6	676.0	764.1
Later than 40 years and no later than 45 years	282.7	334.0	302.9	357.6
Later than 45 years and no later than 50 years	90.4	113.4	96.8	121.5
Undiscounted defined benefit obligation	**17 536.8**	**18 058.5**	**18 774.4**	**19 323.6**
After 50 years there is expected to be a reducing level of cash payments for a further 17 years totalling approximately:	**21.3**	**29.0**	**22.8**	**31.1**

7.7 Superannuation (continued)

7.7(l) Sensitivity Analysis

If the discount rate was to change in isolation, this would impact the measurement of the GGS and Total State Sector defined benefits obligation as per the table below:

	General Government		Total State	
	2026 Actual	**2025 Actual**	**2026 Actual**	**2025 Actual**
Base Discount Rate				
Present value of Defined Benefit Obligation ($m)	8 633.4	9 130.1	9 290.9	9 828.4
Discount rate (%)	4.95	4.55	4.95	4.55
Discount Rate minus 0.5%				
Present value of Defined Benefit Obligation ($m)	9 096.2	9 663.7	9 789.3	10 403.4
Discount rate (%)	4.45	4.05	4.45	4.05
Impact of change in discount rate	**462.8**	**533.6**	**498.4**	**575.0**
Discount Rate plus 0.5%				
Present value of Defined Benefit Obligation ($m)	8 243.9	8 685.6	8 871.6	9 350.0
Discount rate (%)	5.45	5.05	5.45	5.05
Impact of change in discount rate	**(389.5)**	**(444.5)**	**(419.4)**	**(478.5)**

Note 8 Commitments and contingencies

8.1 Schedule of commitments

By type

	General Government		Total State	
	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m
Capital				
Property, plant and equipment	343.7	238.7	846.9	516.7
Infrastructure	189.2	205.9	561.0	678.4
Other	4.4	5.5	5.0	6.3
	537.3	**450.0**	**1 412.9**	**1 201.4**
Operating leases (as lessee)	9.0	14.6	9.0	22.1
Operating leases (as lessor)	....	....	319.5	92.4
Other commitments	2 214.5	2 605.7	2 560.9	3 016.7
	2 760.8	**3 070.2**	**4 302.3**	**4 332.4**

Details of operating leases are provided in entity financial statements. A number of State Sector entities lease property under operating leases. Lease rentals are generally based on negotiated agreements that reflect the current market rent rates paid for comparable buildings.

Property, plant and equipment commitments for the GGS primarily relate to commitments for:

- the Department of Health to build or improve existing properties totalling $207.7 million ($84.7 million for 2024-25). This balance represents contractual commitments primarily associated with the Launceston General Hospital, the North West Regional Hospital new Mental Health Precinct, the Royal Hobart Hospital Expansion Project Phase 2 and Royal Hobart Hospital Pharmacy Redevelopment;
- the Department of Justice of $78 million ($45.2 million for 2024-25). This generally relates to the Burnie Court Upgrade Project, Electronic Security Services and the Southern Remand Kitchen Project; and
- the Department of Treasury and Finance (including Finance-General) of $27.7 million ($18.1 million in 2024-25). This balance represents the capital commitments related to vehicles and building works.

Property, plant and equipment commitments for the Total State Sector primarily relate to commitments for:

- Tasmanian Networks Pty Ltd of $203.5 million ($155.8 million for 2024-25) which relates to contracts entered to purchase materials required for the future capital program, and
- Homes Tasmania of $176.1 million ($69.3 million in 2024-25) which relates to capital projects managed by Homes Tasmania including the Community Housing Growth and Grants Programs and activity funded from the waiver of the former Commonwealth State Housing Agreement debt.

8.1 Schedule of commitments (continued)

Infrastructure commitments for the GGS primarily relate to the Department of State Growth of $177.9 million ($224 million for 2024-25) for commitments associated with the maintenance and development of National and State road and bridge infrastructure.

Infrastructure commitment for the Total State Sector includes $137.1 million in commitments for Tasmanian Ports Corporation Pty Ltd ($4.9 million for 2024-25) primarily related to capital costs for infrastructure upgrades including the QuayLink Project, Burnie Berth 4/5 and Macquarie Wharf.

Other commitments for the GGS primarily relate to commitments for:

- the Department of Treasury and Finance (including Finance-General) of $211.1 million ($1.8 million for 2024-25) which primarily relates to an Equity Contribution Deed that commits the State to provide up to $222.4 million in equity contributions to TasNetworks to support the construction of the North West Transmission Development Stage 1 project. Subject to the delivery of the project, as at 30 June 2026, $204.6 million remained available for payment;
- the Department of State Growth of $947.3 million ($915 million in 2024-25) primarily for loan commitments relating to loans approved but not drawn by clients and program/project commitments relating to amounts approved to clients payable over a period of one year or greater; and
- the Department of Health of $857.9 million ($575.2 million for 2024-25) which includes commitments for miscellaneous grants, emergency fixed wing and rotary wing services and radiology services.

Other commitments for the Total State Sector relate to commitments for:

- Homes Tasmania of $231.8 million ($290.9 million in 2024-25) which relates to grants provided to Community Housing Organisations (CHOs) for both the construction of social housing under agreement with the entity and for the provision of homelessness services; and
- Tasmanian Networks Pty Ltd of $86.9 million ($98.4 million for 2024-25) which relates to operating expenditure commitments primarily related to asset maintenance services.

8.1 Schedule of commitments (continued)

By maturity

	General Government		Total State	
	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m
Capital				
Not later than 1 year	384.5	278.0	1 072.6	828.4
Later than 1 year and no later than 5 years	150.6	169.6	334.6	364.0
Later than 5 years	2.3	2.5	5.8	9.0
	537.3	**450.0**	**1 412.9**	**1 201.4**
Operating leases (as lessee)				
Not later than 1 year	3.5	6.3	3.5	10.0
Later than 1 year and no later than 5 years	2.9	7.3	2.9	11.0
Later than 5 years	2.6	1.0	2.6	1.0
	9.0	**14.6**	**9.0**	**22.1**
Operating leases (as lessor)				
Not later than 1 year	....	....	27.8	15.7
Later than 1 year and no later than 5 years	....	....	77.1	33.0
Later than 5 years	....	....	214.5	43.6
	....	**....**	**319.5**	**92.4**
Other commitments				
Not later than 1 year	918.5	988.3	1 072.8	1 148.2
Later than 1 year and no later than 5 years	1 004.3	1 538.3	1 133.4	1 720.8
Later than 5 years	291.7	79.0	354.6	147.7
	2 214.5	**2 605.7**	**2 560.9**	**3 016.7**
	2 760.8	**3 070.2**	**4 302.3**	**4 332.4**

8.2 Contingent assets and liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding the amount or timing of the underlying claim or obligation.

8.2(a) Quantifiable contingencies

A quantifiable contingent asset/liability is a possible asset/liability that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The table below presents the quantifiable contingencies within the Total State Sector. Note there are no quantifiable contingencies for the PFC Sector.

	2026			2025		
	GGS	PNFC	State	GGS	PNFC	State
	$m	$m	$m	$m	$m	$m
Assets						
Community housing[1]	….	9.5	9.5	....	11.9	11.9
Other buildings	….	….	....	....	48.8	48.8
Leasehold improvement - make good	….	….	....	0.1	....	0.1
Appeals[2]	18.6	….	18.6	17.5	....	17.5
	18.6	**9.5**	**28.1**	**17.6**	**60.7**	**78.3**
Liabilities						
Agency litigation[3]	6.0	….	6.0	9.7	0.4	10.1
Potential make good on lease	….	….	….	0.2	....	0.2
Asbestos removal from traffic signs	1.3	….	1.3	1.7	....	1.7
Guarantees provided to State Entities:						
Aurora Energy Guarantee[4]	495.0	….	….	495.0	....	….
Homes Tasmania[4]	546.0	….	….	476.0	....	….
Hydro Tasmania Guarantee[4]	1 604.4	….	….	1 554.4	....	….
Metro Tasmania Guarantee[4,5]	18.0	….	….	18.0	....	….
Port Arthur Historic Site Management Authority[4]	5.0	….	….	5.0	....	….
Sustainable Timber Tasmania Guarantee[4]	5.0	….	….	5.0	....	….
Tasmanian Irrigation Guarantee[4]	120.0	….	….	120.0	....	….
Tasmanian Networks Guarantee[4]	2 600.0	….	….	2 500.0	....	….
Tasmanian Ports Corporation[4]	286.0	….	….	286.0	....	….
Tasmanian Railway Guarantee[4,5]	40.0	….	….	40.0	....	….
Tasracing Guarantee[4,5]	18.7	….	….	18.7	....	….
TT-Line Company Pty Ltd[4]	1 445.0	….	….	1 035.0	....	….
Other Guarantees:						
Container Refund Scheme Loan[6]	12.2	….	12.2	12.2	....	12.2
Other	….	1.1	1.1	0.4	....	0.4
Copper Mines of Tasmania[7]	25.0	….	25.0	25.0	....	25.0
Revenue in advance[8]	1.5	….	1.5	1.4	....	1.4
	7 229.0	**1.1**	**47.1**	**6 603.6**	**0.4**	**50.9**

8.2 Contingent assets and liabilities (continued)

Notes:

1. Community housing represents dwellings for which legal title is held by community organisations, but for which the State holds a legal interest which may be recognised subject to the future management of the properties and viability of the organisations.
2. Finance-General has disclosed a contingent asset of $18.6 million for appeals relating to tax assessments currently under appeal in the Supreme Court or Magistrates Court.
3. Agency litigation is primarily comprised of $3.6 million recognised by the Department of Health which reflects legal claims relating to professional negligence and other matters and $540 000 for the Department of Justice relating to legal claims against it which are currently in dispute.
4. Section 15A of the *Tasmanian Public Finance Corporation Act 1985* provides a guarantee from the Government of borrowings from Tascorp by relevant organisations, limited to a maximum guaranteed borrowing amount as determined by the Treasurer. The limit for each borrowing entity as at 30 June 2026 is as per the line-item balance. From a State perspective, this guarantee between State entities is eliminated on consolidation.
5. On 2 July 2026, the Treasurer determined a decrease in the maximum guaranteed borrowings amount under the Tascorp Act for:
   - Metro Tasmania Pty Ltd, from $18 million to $12 million;
   - Tasmanian Railway Pty Ltd, from $40 million to $20 million; and
   - Tasracing Pty Ltd, from $18.7 million to $5 million.
6. The Department of Natural Resources and Environment Tasmania has guaranteed a loan for the operator of the Container Refund Scheme. The maximum liability of $12.2 million plus costs is only payable should the operator default on their loan. The guarantee is expected to remain in effect until 2027-28.
7. In 2015, the Tasmanian Government committed to a $25 million financial assistance package to Copper Mines of Tasmania. The package is to support the potential reopening of the Mt Lyell Copper Mine, subject to conditions.
8. The Department of Natural Resources and Environment Tasmania has recognised $3.4 million in relation to 2026-27 bookings for the Three Capes Track which were receipted in 2025-26. A component of this revenue will be paid to Three Capes Track contractors on each booking completion. The contractor's liability of approximately $1.5 million is contingent on each booking being undertaken in 2026-27 and is therefore not recognised in the financial statements.

8.2 Contingent assets and liabilities (continued)

8.2(b) Unquantifiable contingencies

Some contingent assets and liabilities exist that are not quantifiable, including legal actions that have been brought against the State and its agencies.

Other than where the likelihood of an outflow or inflow of resources is regarded as remote, at the GGS and State level, contingencies that are not quantifiable include:

Agency	Description
Department for Education, Children and Young People	12 legal claims relating to negligence (16 claims in 2025). The Crown Solicitor has advised the Department that the estimated potential liability is $1.9 million for 2026 ($3.5 million for 2025).
Department of Health	During 2025-26, a class action was lodged against the State Government for unpaid overtime for junior doctors.
Department of Natural Resources and Environment Tasmania	Claims relating to: • two legal proceedings (three in 2025) which are currently in progress, for which the Department was exposed to an estimated maximum liability of $110 000 ($89 457 in 2025); and • a number of Crown land sites that may be contaminated and require restoration.
Department of Police, Fire and Emergency Management	Claims relating to a number of leases on property. Some of these leases contain a "make good provision". It is not possible at the reporting date to accurately estimate the amount of payment that may be required. The leases are generally renewed, therefore deferring any make good liability. During 2025-26, three claims for costs have been brought against Tasmania Police.
Department of State Growth	Legal claims relating to: • compensation regarding the acquisition of property for road construction; and • personal injury, damage or loss allegedly caused by the actions or inactions of the Department. It is not possible at the reporting date to accurately estimate the amounts of any eventual payments involved in these claims.
Department of Treasury and Finance (Finance-General)	Claims relating to: • superannuation obligations of some Government Businesses and statutory authorities; • indemnities under various sale agreements relating to the divestment of government businesses. It is unlikely these indemnities will arise and the amounts are not quantifiable; • an obligation under the Project Marinus Equity Contribution Deed, in the event that the Project is terminated with a Conditions Subsequent still outstanding, shareholders would be obligated to contribute sufficient funding to repay the Clean Energy Finance Corporation (CEFC). This obligation exists if Marinus Link Pty Ltd (MLPL) shareholders chose to allow MLPL to draw down debt before the remaining Conditions Subsequent are met. In addition, Finance-General has a contingent exposure to contract termination and wind-up costs should one of the Conditions Subsequent not be able to be satisfied and the project has to cease; and

8.2 Contingent assets and liabilities (continued)

Agency	Description
Department of Treasury and Finance (Finance-General) continued	• a potential unquantifiable liability relating to the support for the relocation of the Macquarie Point wastewater treatment plant. The commitment is to share potential shortfall costs, in direct proportion to the initial contribution by the Government, for the decommissioning and demolition of the Macquarie Point wastewater treatment plant. The latest estimated cost for the project is $314 million, up from the original estimate of $140 million, increasing the Government's total estimated contribution from $100 million to $224 million. The State's additional contribution is expected to be paid in 2026-27. While the estimated project cost and Government contribution has increased, the final amount and timing of any additional liability remains dependent on completion of the project and the operation of the Grant Deed. Accordingly, the potential liability remains unquantifiable at the reporting date.
Sustainable Timber Tasmania	Indemnities that have been provided to directors and senior management in respect of liabilities to third parties arising from their positions, except where the liability arises out of conduct involving a lack of good faith. No monetary limit applies to these agreements and there are no known obligations outstanding at the reporting date.
Tasmania Railway Pty Ltd	The Company leases the rail corridor and associated infrastructure from the Minister for Infrastructure. It is responsible for remediation of any environmental obligations that may become apparent because of the Company's operations. No new material environmental liabilities were identified at the reporting date.
Tasmanian Networks Pty Ltd	A contingent asset in relation to Community Batteries. In December 2024, following a tender process, TasNetworks contracted with Exide Technologies to purchase six battery energy storage systems for connection to the distribution network as community batteries. Following identification of issues with the specifications of the batteries and discussions with Exide Technologies, TasNetworks terminated the contract. Negotiations were unfruitful, and TasNetworks has commenced proceedings in the Federal Court. A contingent liability in relation to potential claims arising from legacy herbicide exposure involving former Hydro Electric Commission employees spraying vegetation dating back to the 1960-70's. The potential exposure transferred to TasNetworks under the respective business restructuring transfer notices issued in 1998, from Hydro Tasmania to Transend Networks Pty Ltd, and in 2014, from Transend Networks Pty Ltd to TasNetworks. A Claim Settlement Protocol and Quantum Framework were established with a sunset date of 31 December 2025 after which no claims may be lodged. One claim was lodged prior to that date, which is being assessed by TasNetworks. If the assessment, including medical evaluation, determines that TasNetworks is liable to pay compensation, the amount payable will be determined in accordance with the Quantum Framework.

Note 9 Financial instruments

9.1 Risk exposures

9.1(a) Risk management objectives and policies

Exposure to credit risk, liquidity risk, market risk and other financial risks arise in the normal course of government activity. State Sector entities implement various risk management policies to identify, analyse and manage these types of risk. The two main sources of market risk are fluctuations in interest and foreign exchange rates. Derivatives in use include interest rate swaps, options, cross-currency swaps and forward foreign exchange contracts. Whenever derivative positions are created, cash or an underlying physical security is held to cover any potential liability.

9.1(b) Credit risk

Credit risk is the risk of financial loss to the State if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Details of specific credit risks and the risk management policies are set out in the financial statements of each State Sector entity.

Receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed on a monthly basis. Provisions are made when collection of the debt is judged to be less, rather than more likely. Credit terms are generally 30 days.

Financial guarantee contract liabilities are measured initially at fair value and subsequently at the higher of fair value or the amount determined in accordance with
AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Guarantees primarily relate to financing obligations of Government businesses and statutory authorities.

Cash and deposits are recognised at face value. Cash means notes, coins and any deposits held at call with a bank or financial institution.

The State is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Such exposure is governed by an International Swap and Derivatives Association Master Agreement between Tascorp and the counterparty concerned. Derivative financial instruments include currency swaps, interest rate swaps and forward foreign exchange contracts. The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the maximum exposure of the State to credit risk, with the exception of guarantees, which are outlined in Note 8.2.

9.1 Risk exposures (continued)

Receivables age analysis - expected credit loss

The simplified approach to measuring expected credit losses is applied, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on historical observed loss rates adjusted for forward looking factors that will have an impact on the ability to settle the receivables. The loss allowance for trade debtors as at 30 June 2025 and 30 June 2026 are as follows:

Expected credit loss analysis of receivables as at 30 June 2026						
	Not past due	**Past due 1-30 days**	**Past due 31-60 days**	**Past due 61-90 days**	**Past due 90+ days**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
General Government Sector						
Expected credit loss rate (A)	1.8%	19.3%	25.2%	37.2%	32.4%	
Total gross carrying amount (B)	241.2	14.5	14.1	22.4	102.3	**394.5**
Expected credit loss (A x B)	**4.4**	**2.8**	**3.6**	**8.3**	**33.2**	**52.3**
Total State Sector						
Expected credit loss rate (A)	1.2%	15.6%	25.0%	36.1%	40.7%	
Total gross carrying amount (B)	497.3	29.0	20.7	27.2	142.6	**716.9**
Expected credit loss (A x B)	**6.0**	**4.5**	**5.2**	**9.8**	**58.0**	**83.6**

Expected credit loss analysis of receivables as at 30 June 2025						
	Not past due	**Past due 1-30 days**	**Past due 31-60 days**	**Past due 61-90 days**	**Past due 90+days**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**
General Government Sector						
Expected credit loss rate (A)	1.1%	10.9%	19.8%	24.8%	34.1%	
Total gross carrying amount (B)	185.9	9.9	5.0	9.3	102.2	**312.3**
Expected credit loss (A x B)	**2.0**	**1.1**	**1.0**	**2.3**	**34.9**	**41.2**
Total State Sector						
Expected credit loss rate (A)	0.5%	10.6%	24.7%	36.6%	44.3%	
Total gross carrying amount (B)	701.7	22.9	9.6	16.8	136.7	**887.7**
Expected credit loss (A x B)	**3.2**	**2.4**	**2.4**	**6.2**	**60.6**	**74.7**

9.1 Risk exposures (continued)

9.1(c) Liquidity risk

Liquidity risk is the risk that an individual entity will not be able to meet its financial obligations as they fall due. The State's approach to managing liquidity is to ensure that entities will always have sufficient liquidity to meet their liabilities when they fall due. Details of specific liquidity risks and risk management policies are set out in the financial statements of each State Sector entity. Further information on going-concern matters affecting certain government businesses, including relevant funding and support arrangements, is provided in Note 18.9.

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost. Settlement is usually made within 14 days.

Loans are initially measured at fair value, net of transaction costs and are measured at amortised cost, using the effective interest rate method. Interest expense is recognised on an effective yield basis. Contractual payments are made on a regular basis.

GGS and State entities regularly review budgeted cash movements to ensure that there is sufficient cash to meet obligations.

The following tables detail the undiscounted cash flows payable by the GGS and Total State Sector by remaining contractual maturity for its financial liabilities. It should be noted that, as the maturity analysis is calculated using undiscounted cash flows, the total may not reconcile to the carrying amounts.

General Government Sector Maturity Analysis for financial liabilities

	No Greater than 1 Year	1-5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
	$m	$m	$m	$m	$m
2026 Financial liabilities					
Payables	329.0	98.6	....	427.6	427.6
Service concession liabilities	67.5	215.3	225.7	508.5	401.9
Borrowings	53.9	2 989.0	4 756.0	7 798.9	7 798.4
Total	**450.4**	**3 302.9**	**4 981.7**	**8 735.0**	**8 628.0**
2025 Financial liabilities					
Payables[1]	290.0	64.3	....	354.3	354.3
Service Concession Liabilities	66.2	233.1	266.0	565.4	437.8
Borrowings	428.7	1 166.5	4 451.0	6 046.3	6 046.3
Total	**785.0**	**1 464.0**	**4 717.0**	**6 966.0**	**6 838.4**

Note:
1. The comparative has been amended to more accurately reflect the maturity profile of Payables.

9.1 Risk exposures (continued)

Total State Sector Maturity Analysis for financial liabilities

	No Greater than 1 Year	1-5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
	$m	$m	$m	$m	$m
2026 Financial liabilities					
Payables	960.8	....	....	960.8	960.8
Service concession liabilities	67.5	215.3	225.7	508.5	401.9
Borrowings	2 993.1	8 952.3	9 843.0	21 788.4	17 273.4
Derivatives	196.8	259.2	3.6	459.6	520.8
Total	**4 218.2**	**9 426.7**	**10 072.3**	**23 717.2**	**19 157.0**
2025 Financial liabilities					
Payables	1 194.9	....	....	1 194.9	1 194.9
Service concession liabilities	66.2	233.1	266.0	565.4	437.8
Borrowings	3 292.8	4 483.3	7 404.0	15 180.1	15 188.4
Derivatives	170.5	277.7	40.1	488.3	518.2
Total	**4 724.4**	**4 994.1**	**7 710.1**	**17 428.6**	**17 339.2**

9.1(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. State entities are primarily exposed to pricing and interest rate fluctuations.

9.1(e) Pricing risk

The State is exposed to fluctuations in market prices, particularly market prices of electricity in Tasmania. This is due to fluctuations in the Victorian market price for electricity, electricity flows over Basslink and through the variable portion of the Basslink facility fee. Exposure to these fluctuations is managed through derivative contracts in the National Electricity Market. Contract volumes for many of the current Tasmanian forward contracts are determined by the actual load consumed in the contract period. The management of electricity trading risk is in line with an asset backed trading model.

The following table illustrates the effect of the State's exposure to electricity price fluctuations on the Statement of Comprehensive Income. For further details, please refer to the Annual Reports of Hydro Tasmania and Aurora Energy Pty Ltd.

9.1 Risk exposures (continued)

Sensitivity Analysis to 10 per cent movement in Electricity Forward Prices

	Profit or Loss			
	2026		2025	
	+10 per cent	-10 per cent	+10 per cent	-10 per cent
	$m	$m	$m	$m
Increase/(decrease)				
Energy derivative net asset	(24.5)	31.0	26.2	16.6

9.1(f) Interest rate risk

The State is exposed to interest rate risk on borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, entering into forward start borrowing agreements and the use of interest rate swap contracts.

At the reporting date, the interest rate profile of the interest bearing financial instruments held by the State was as follows:

	General Government		Total State	
	2026	2025	2026	2025
	$m	$m	$m	$m
Fixed rate instruments				
Financial assets	635.7	663.1	8 863.6	8 668.9
Financial liabilities	(7 798.4)	(6 046.3)	(16 135.5)	(13 854.1)
	(7 162.7)	**(5 383.2)**	**(7 271.9)**	**(5 185.2)**
Variable rate instruments				
Financial assets	1 723.7	1 424.5	623.0	708.7
Financial liabilities	....	....	(1 137.9)	(1 334.3)
	1 723.7	**1 424.5**	**(514.9)**	**(625.6)**

Tascorp measures interest rate risk using a Value at Risk measure. This VaR estimates the potential loss in pre-tax profit due to a change in benchmark interest rates and Tascorp liability and client risk margins over a given holding period for a specified confidence level. Risk can be measured consistently across Tascorp's portfolio to arrive at a single risk number. The one day VaR assessment reflects the 99 per cent probability that the profit impact of a change in the daily interest rate, liability and client risk margins will not exceed the reported VaR. Tascorp recorded a VaR at 30 June 2026 of $2 million ($5.1 million for 2025). Further details are available from Tascorp's financial statements.

For all other entities, risk is calculated with reference to the impact of 100 basis point movement in interest rates at the reporting date. This analysis assumes all other variables remain constant. The State generally does not hold any financial instruments available for sale which would directly affect profit or loss as a result of changes in interest rates.

9.1 Risk exposures (continued)

Sensitivity Analysis to 100 basis point movement in Interest Rates

	General Government				Total State			
	Profit or Loss				Profit or Loss			
	2026 Actual		2025 Actual		2026 Actual		2025 Actual	
	+ve	-ve	+ve	-ve	+ve	-ve	+ve	-ve
	$m	$m	$m	$m	$m	$m	$m	$m
Financial assets	24.3	(24.3)	23.1	(23.1)	24.3	(24.3)	23.1	(23.1)
Financial liabilities	(1.0)	1.0	(1.3)	1.3	(1.0)	1.0	(1.3)	1.3
Net sensitivity	**23.3**	**(23.3)**	**21.8**	**(21.8)**	**23.3**	**(23.3)**	**21.8**	**(21.8)**

9.1(g) Foreign Exchange Risk

The State has some borrowings and assets denominated in foreign currencies. Currency exposures are generally offset immediately on undertaking such transactions by entering into cross currency swaps and forward foreign exchange contracts. The objective of these contracts is to neutralise the impact of any foreign exchange rate fluctuation on future obligations to make interest and principal repayments in accordance with established contractual obligations.

The remaining terms and notional principal amounts of the State's outstanding foreign exchange rate contracts at balance date are (all amounts are denominated in Australian dollars):

	Total State		
	US Dollar	Hong Kong Dollar	Euro
	$m	$m	$m
2026			
Assets/(Liabilities) less than 12 months	(66.7)	(204.0)	....
Forward Forex contracts less than 12 months	66.7	204.0	....
Total net position less than 12 months	**....**	**....**	**....**
Assets/(Liabilities) greater than 12 months	131.2	....	85.0
Forward Forex contracts greater than 12 months	....	....	....
Total net position greater than 12 months	**131.2**	**....**	**85.0**
2025			
Assets/(Liabilities) less than 12 months	....	(206.3)	(35.9)
Forward Forex contracts less than 12 months	....	206.3	35.9
Total net position less than 12 months	**....**	**....**	**....**
Assets/(Liabilities) greater than 12 months	157.3	....	85.1
Forward Forex contracts greater than 12 months	....	....	....
Total net position greater than 12 months	**157.3**	**....**	**85.1**

9.2 Comparison between carrying amount and net fair value of financial assets and liabilities

There are no material differences between net fair value for financial assets and financial liabilities and their carrying amounts for the GGS.

The net fair values of cash and deposits are recognised at face value.

The value of the equity investment in the PNFC and PFC sectors has been measured at the Government's share (100 per cent) of the carrying amount of net assets because fair value is not reliably measurable. A description of these investments can be found in Note 5.2. There is no market for these instruments, consistent with the principles of AASB 1049.

Other equity investments are revalued from time to time, as considered appropriate, and are not stated at values in excess of their recoverable amounts.

The net fair values of interest bearing liabilities are measured at fair value in accordance with the quoted liability provided by Tascorp. Other borrowings consist primarily of Australian Government borrowings held by the Department of State Growth. These borrowings are measured in accordance with a valuation technique based upon interest rate and repayment schedule confirmation provided by the Australian Government.

Energy trading derivatives are used to manage exposure to market price risks. Many of these contracts have been transacted since Tasmania entered the National Electricity Market, a number were in place prior to that date and reflect the vesting of contracts with retail and major industrial clients at the time of entry. Modelling is used to value the Tasmanian energy contracts. In recognition of the term, load and other features of each contract, the contract price agreed at commencement is discounted from the spot price at that time. Fair value at balance date has been calculated as the present value of the difference between the projected market price and the undiscounted contract price. Projected market price is based on an estimated long term Tasmanian energy price curve.

Financial instruments measured at fair value

The tables below analyse financial instruments carried at fair value using a hierarchy of levels:

Level 1	fair value is calculated using quoted prices in active markets;
Level 2	fair value is estimated using the inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3	fair value is estimated using inputs for the asset or liability that are not based on observable market data.

9.2 Comparison between carrying amount and net fair value of financial assets and liabilities (continued)

Financial instruments measured at fair value

2026	General Government				
	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total	Carrying Amount Total
	$m	$m	$m	$m	$m
Financial assets					
Cash and deposits	1 591.8	....	....	1 591.8	1 591.8
Loans and receivables:					
Loan advances	....	156.2	....	156.2	156.2
Contract assets	....	21.0	....	21.0	21.0
Receivables	....	527.8	....	527.8	527.8
Held-to-maturity investments	611.4	....	....	611.4	611.4
Equity investments	....	11 038.0	....	11 038.0	11 038.0
Total	**2 203.2**	**11 742.9**	**....**	**13 946.2**	**13 946.2**
Financial liabilities					
Financial liabilities measured at amortised cost	427.6	....	7 798.4	8 226.1	8 226.1
Total	**427.6**	**....**	**7 798.4**	**8 226.1**	**8 226.1**

2025	General Government				
	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total	Carrying Amount Total
	$m	$m	$m	$m	$m
Financial assets					
Cash and deposits	1 332.8	....	....	1 332.8	1 332.8
Loans and receivables:					
Loan advances	....	144.7	....	144.7	144.7
Contract assets	....	24.0	....	24.0	24.0
Receivables	....	462.5	....	462.5	462.5
Held-to-maturity investments	610.1	....	....	610.1	610.1
Equity investments	....	11 068.0	....	11 068.0	11 068.0
Total	**1 942.9**	**11 699.2**	**....**	**13 642.1**	**13 642.1**
Financial liabilities					
Financial liabilities measured at amortised cost	354.3	....	6 046.3	6 400.6	6 400.6
Total	**354.3**	**....**	**6 046.3**	**6 400.6**	**6 400.6**

9.2 Comparison between carrying amount and net fair value of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

2026	Total State				
	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total	Carrying Amount Total
	$m	$m	$m	$m	$m
Financial assets					
Cash and deposits	2 312.8	....	....	2 312.8	2 312.8
Loans and receivables:					
Loan advances	....	162.1	....	162.1	162.1
Receivables	....	1 114.5	....	1 114.5	1 114.5
Financial assets at fair value through profit and loss - designated on initial recognition					
Held-to-maturity investments	718.6	6 293.0	....	7 011.6	7 011.6
Equity investments	....	383.2	....	383.2	383.2
Derivative financial instrument receivable	131.2	65.0	75.2	271.4	298.3
Total	**3 162.7**	**8 017.8**	**75.2**	**11 255.7**	**11 282.5**
Financial liabilities					
Financial liabilities at fair value through profit and loss					
Borrowings	14 048.3	3 225.1	....	17 273.4	17 273.4
Derivatives	85.7	239.7	227.5	552.8	520.8
Financial liabilities measured at amortised costs					
Payables	960.8	....	....	960.8	960.8
Total	**15 094.8**	**3 464.8**	**227.5**	**18 787.1**	**18 755.1**

9.2 Comparison between carrying amount and net fair value of financial assets and liabilities (continued)

Financial instruments measured at fair value (continued)

	Total State				
2025	**Net Fair Value Level 1**	**Net Fair Value Level 2**	**Net Fair Value Level 3**	**Net Fair Value Total**	**Carrying Amount Total**
	$m	**$m**	**$m**	**$m**	**$m**
Financial assets					
Cash and deposits	2 032.4	....	....	2 032.4	2 032.4
Loans and receivables:					
Loan advances	....	150.2	....	150.2	150.2
Receivables	....	1 303.8	....	1 303.8	1 303.8
Financial assets at fair value through profit and loss - designated on initial recognition					
Held-to-maturity investments	613.8	6 581.2	....	7 195.0	7 195.0
Equity investments	....	359.3	....	359.3	359.3
Derivative financial instrument receivable	95.6	163.2	46.8	305.6	271.1
Total	**2 741.8**	**8 557.7**	**46.8**	**11 346.3**	**11 311.8**
Financial liabilities					
Financial liabilities at fair value through profit and loss					
Borrowings	12 105.0	3 083.4	....	15 188.4	15 188.4
Derivatives	53.8	223.2	386.6	663.6	518.2
Financial liabilities measured at amortised costs					
Payables	1 194.9	....	....	1 194.9	1 194.9
Total financial liabilities	**13 353.7**	**3 306.6**	**386.6**	**17 046.9**	**16 901.6**

Note 10 Cash flow reconciliation

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes “at call” deposits with banks net of bank overdrafts, highly liquid investments with short periods to maturity, advances at call which are subject to insignificant risk of changes in value and borrowings and deposits held by Tascorp from external clients at call.

10.1 Reconciliation of Net cash flows from operating activities to Operating Result

	General Government		Total State	
	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m
Operating Result	**(1 051.7)**	**(1 141.3)**	**(2 105.0)**	**(1 247.0)**
(Gain)/loss on sale of non-financial assets	(8.0)	(3.5)	(7.4)	(0.1)
Depreciation	530.8	514.3	1 003.8	955.1
Net revaluation movement	16.9	30.4	813.9	(356.8)
Net assets provided below fair value	(42.5)	(69.0)	(43.3)	(76.6)
Decrease/(increase) in Receivables	(62.3)	(56.8)	193.3	(168.1)
Decrease/(increase) in Other financial assets	(52.9)	(144.9)	(36.4)	286.0
Decrease/(increase) in Inventories	8.9	2.8	6.8	25.7
Increase/(decrease) in Employee entitlements	76.5	75.8	88.0	92.1
Increase/(decrease) in Payables	73.3	9.0	(234.0)	243.9
Increase/(decrease) in Contract liabilities	14.3	(55.3)	(6.9)	(91.7)
Increase/(decrease) in Other liabilities	158.5	66.3	241.3	(30.8)
Non-cash movement in Superannuation	(69.4)	(7.9)	(30.7)	24.1
Adjustment for other non-cash items	(9.3)	(25.5)	69.7	(264.2)
Net cash flows from operating activities	**(417.1)**	**(805.6)**	**(47.1)**	**(608.4)**

10.2 Cash and cash equivalents

The definition of cash for the purposes of the Statement of Cash Flows is defined differently to cash and deposits reported in the Statement of Financial Position.

	General Government		Total State	
	2025-26 Actual	2024-25 Actual	2025-26 Actual	2024-25 Actual
	$m	$m	$m	$m
Cash as per Statement of Financial Position	1 591.8	1 332.8	2 312.8	2 032.4
Cash as per the Statement of Cash Flows	**1 591.8**	**1 332.8**	**2 312.8**	**2 032.4**

10.3 Reconciliation of borrowings and lease liabilities arising from financial activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

Reconciliations

	General Government		Total State	
	2025-26 Actual	**2024-25 Actual**	**2025-26 Actual**	**2024-25 Actual**
	$m	**$m**	**$m**	**$m**
Borrowings reconciliation				
Opening Balance 1 July	6 046.3	4 381.1	15 188.4	11 701.7
Non-cash flows - fair value changes	(4.8)	....	(163.5)	54.6
Cash flows	1 757.0	1 665.2	2 248.6	3 432.1
Closing Balance 30 June	**7 798.4**	**6 046.3**	**17 273.4**	**15 188.4**
Lease liabilities reconciliation				
Opening Balance 1 July	651.8	647.1	1 027.5	1 024.3
Acquisitions	65.5	44.0	93.6	58.8
Non-cash flows - fair value and other changes	0.7	5.5	(12.9)	(7.7)
Cash flows	(47.6)	(44.8)	(54.0)	(48.0)
Closing Balance 30 June	**670.5**	**651.8**	**1 054.1**	**1 027.5**
Service concession liabilities reconciliation				
Opening Balance 1 July	437.8	480.4	437.8	480.4
Non-cash flows - fair value and other changes	4.0	(5.8)	4.0	(5.8)
Cash flows	(39.9)	(36.8)	(39.9)	(36.8)
Closing Balance 30 June	**401.9**	**437.8**	**401.9**	**437.8**

Note 11 Reserves

11.1 Asset revaluation reserve

	General Government		Total State	
	2026 Actual	**2025 Actual**	**2026 Actual**	**2025 Actual**
	$m	**$m**	**$m**	**$m**
Property, plant and equipment				
Balance at 1 July	**4 775.3**	**4 429.6**	**7 043.0**	**6 425.3**
Opening balance adjustment	(3.4)	....	(3.4)	(1.1)
Revaluation increments/(decrements)	637.9	347.6	1 130.3	624.4
Other movements	(1.5)	(1.9)	(161.7)	(5.5)
Balance at 30 June	**5 408.3**	**4 775.3**	**8 008.1**	**7 043.0**
Infrastructure				
Balance at 1 July	**3 805.1**	**3 628.7**	**4 025.8**	**3 849.9**
Revaluation increments/(decrements)	278.4	175.0	284.2	174.9
Other movements	....	1.4	....	0.9
Balance at 30 June	**4 083.5**	**3 805.1**	**4 310.0**	**4 025.8**
Other assets				
Balance at 1 July	**29.7**	**28.4**	**36.9**	**35.6**
Opening balance adjustment	3.4	....	3.4	....
Revaluation increments/(decrements)	0.2	1.3	0.6	1.3
Balance at 30 June	**33.4**	**29.7**	**40.9**	**36.9**
	9 525.2	**8 610.1**	**12 358.9**	**11 105.7**

11.2 Other reserves

The revaluation increments and decrements on the GGS Equity investment in PNFC and PFC sectors have been recognised in Equity. Refer to Note 5.2 for more detail on the GGS equity investment.

	General Government		Total State	
	2026 Actual	2025 Actual	2026 Actual	2025 Actual
	$m	$m	$m	$m
Investment in PNFC and PFC sector revaluation surplus	374.6	839.2	....	....
Finance-General other revaluation reserves	(15.8)	(4.6)	(15.8)	(4.6)
Tasmanian Public Finance Corporation general reserve	....	....	10.0	10.0
Public Trustee fair value reserve	....	....	4.7	4.0
Cash flow hedge reserves held by:				
Aurora Energy Pty Ltd	....	....	2.4	(102.4)
Hydro Tasmania	....	....	(62.8)	(98.5)
Tasmanian Networks Pty Ltd	....	....	2.1	....
TT-Line Company Pty Ltd	....	....	3.3	(1.2)
	358.9	**834.6**	**(55.9)**	**(192.8)**

Note 12 Explanations of major variances between General Government Budget and actual outcomes

The following provides brief explanations of major variances between the General Government Sector Original Budget estimates and actual outcomes. Further details of material variances between Original Budget estimates and actual outcomes are provided in the individual agency financial statements.

Variances are generally considered major where the variance:

- is $10 million or more and exceeds 15 per cent of the Original Budget; or
- is greater than $50 million, regardless of percentage.

Variances below these thresholds may also be reported where their nature or circumstances are considered significant.

12.1 Statement of Comprehensive Income – General Government Sector

	Notes	2025-26 Original Budget	2025-26 Actual	Variance	Variance
		$m	$m	$m	%
Grants	a	6 359.8	6 410.2	50.4	0.8
Taxation	b	1 933.1	2 006.0	72.9	3.8
Other revenue	c	240.2	300.0	59.8	24.9
Employee expenses	d	4 345.0	4 502.6	157.6	3.6
Supplies and consumables	e	1 851.0	2 149.9	298.9	16.1
Grant and subsidy expenses	f	2 541.7	2 315.8	(225.9)	(8.9)
Other expenses	g	29.2	72.3	43.1	147.6
Other gains/(losses)	h	121.7	12.0	(109.7)	(90.1)
Revaluations of non-financial assets	i	285.7	915.1	629.4	220.3
Revaluation of equity investment in PNFC and PFC Sectors	j	402.4	(464.6)	(867.0)	(215.4)
Revaluation of superannuation liability	k	(128.7)	458.3	587.0	456.1
Other non-owner movements in equity	l	....	(74.8)	(74.8)	n/a

12.1 Statement of Comprehensive Income – General Government Sector (continued)

a) The increase in Grants primarily reflects:

- an increase of $82.8 million for GST revenue which is mainly due to an increase in the Australian Government's estimate of the 2025-26 GST pool;
- a decrease of $40.7 million for National Agreements revenue being lower, primarily due to decreases of:
  - $23.9 million for the National Access to Justice Partnership; and
  - $24 million for the National Skills Agreement;

  These decreases are partially offset by an increase of $8.8 million for the Better and Fairer Schools Agreement;
- A decrease of $54.7 million for National Partnership Payments, primarily reflecting changes in the timing of revenue recognition following revisions to expenditure profiles. The main decreases relate to:
  - $43.4 million for the National Water Grid Fund;
  - $25.9 million for the Energy Bill Relief Fund;
  - $18.6 million for the Macquarie Point Urban Redevelopment;
  - $14.4 million for the Melba Line Bulk Minerals Rail Hub;
  - $12.5 million for the construction of the Launceston Hospice;
  - $11.8 million for the Tarraleah Hydro Power Scheme Redevelopment; and
  - $11 million for the Social Housing Accelerator Payment.

  These decreases are partially offset by an increase of $88.9 million for the Financial Assistance Grant Program to Local Governments, reflecting the Australian Government's advance payment of the 2026-27 grant. This additional revenue is offset by a corresponding increase in grants paid to the Local Government Sector; and
- an increase of $63.1 million for Other grants and subsidies, primarily reflecting an increase in Commonwealth own-purpose expenses for the Department of Health.

b) The increase in Taxation revenue primarily reflects:

- an increase of $62.3 million in conveyance duty, driven by higher property prices and transaction volumes; and
- an increase of $7.6 million in land tax, reflecting growth in the number of properties classified as General Land.

12.1 Statement of Comprehensive Income – General Government Sector (continued)

c) The increase in Other revenue primarily reflects:

- an increase of $27.9 million in mineral royalties recognised by the Department of State Growth; and
- increases in salary, workers compensation and other recoveries, including:
  - $14.1 million for the Department of Police, Fire and Emergency Management;
  - $9.4 million for the Department of Health; and
  - $5.5 million for the Department for Education, Children and Young People.

d) The increase in Employee expenses primarily reflects higher annual leave and long service leave expenses, together with the impact of government wage agreements and associated back payments to State Service employees. This has contributed to increases of:

- $57.2 million for the Department of Health, including additional costs associated with meeting health demand and service requirements;
- $37.5 million for the Department for Education, Children and Young People;
- $24.2 million for the Department of Police, Fire and Emergency Management;
- $17.2 million for the Department of Natural Resources and Environment Tasmania;
- $7.5 million for the State Fire Commission; and
- $7.2 million for the Department of Premier and Cabinet.

e) The increase in Supplies and consumables primarily reflects increases of:

- $104.6 million for the Department for Education, Children and Young People, mainly due to additional expenditure for accommodation support, service provider hours and other client services due to increased demand for out of home care and the reclassification of $49.2 million from Grant and subsidy expenses;
- $89.8 million for the Department of Health, including additional costs associated with meeting increased health demand and service requirements; and
- $58.3 million for Finance-General, primarily due to an increase in expenses for the Tasmanian Risk Management Fund.

These increases were partially offset by the reclassification of workers compensation expenses from Supplies and consumables to Other expenses.

f) The decrease in Grant and subsidy expenses primarily reflects:

- a decrease of $153.6 million for the Department of State Growth, mainly across cultural and tourism development, skills and workforce growth, industry and business growth, Homes Tasmania, and energy and renewables;
- a decrease of $48.7 million for the Department for Education, Children and Young People, mainly due to $49.2 million of Out of Home Care expenditure being reclassified to Supplies and consumables, partly offset by increased funding for non-government schools;

12.1 Statement of Comprehensive Income – General Government Sector (continued)

- a decrease of $27.9 million for the Department of Premier and Cabinet, mainly relating to the National Disability Insurance Scheme, Security and Emergency Management, and Community Services;
- a decrease of $12 million for the Department of Natural Resources and Environment Tasmania, mainly relating to water resource and environmental management grants; and
- an increase of $40 million for Finance-General, mainly reflecting the $88.9 million advance payment of Australian Government funding for local government, partly offset by lower expenditure on Energy Bill Relief, natural disaster relief and First Home Owner grants.

g) The increase in Other expenses primarily reflects higher workers compensation costs and the reclassification of workers' compensation expenses from Supplies and consumables.

h) The decrease in Other gains/(losses) primarily reflects:

- a decrease of $60.3 million for Finance-General reflecting a revision to deferred tax assets;
- a decrease of $41.3 million for the Department of Police, Fire and Emergency Management, reflecting revised accounting treatment of the Tasmanian Government Radio Network under AASB 1059 *Service Concession Arrangements*; and
- a decrease of $45 million for the Department of Justice, reflecting the latest actuarial revaluation of the provision for claims relating to abuse in State care.

i) The increase in Revaluations of non-financial assets is primarily due to revaluation increments for road and bridge infrastructure assets recognised by the Department of State Growth.

j) The decrease in Revaluation of equity investment in PNFC and PFC sectors primarily reflects a reduction in the net assets of TT-Line Company Pty Ltd. This is primarily due to asset write-downs of $637.8 million recognised in 2025-26 in relation to TT-Line's vessels and terminal assets.

k) The increase in Revaluation of superannuation liability reflects the most recent actuarial assessment of the Government's superannuation liability.

l) Other non-owner movements in equity is a loss of $74.8 million which primarily reflects the latest revaluation of the Tasmanian Risk Management Fund provided by the Actuary in relation to the Tasmanian Government's self-insurance obligations.

12.2 Statement of Financial Position – General Government Sector

The following commentary and table is based on major movements between the 30 June 2025 outcome and the 30 June 2026 outcome.

Movements are generally considered major where the movement:

- is $10 million or more and exceeds 15 per cent of the prior year; or
- is greater than $50 million, regardless of percentage.

	Notes	2026 Original Budget	2026 Actual	2025 Actual	Variance to prior year	Variance to prior year
		$m	$m	$m	$m	%
Cash and deposits	a	1 416.7	1 591.8	1 332.8	259.0	19.4
Receivables	b	452.5	527.8	462.5	65.3	14.1
Land and buildings	c	8 519.7	8 559.6	8 253.3	306.3	3.7
Infrastructure	d	8 714.2	9 004.9	8 353.6	651.3	7.8
Borrowings	e	8 200.8	7 798.4	6 046.3	1 752.1	29.0
Superannuation	f	7 082.1	6 450.1	6 973.3	(523.2)	(7.5)
Employee entitlements	g	1 135.4	1 199.1	1 122.7	76.4	6.8
Payables	h	348.4	427.6	354.3	73.3	20.7
Other liabilities	i	113.5	194.6	156.0	38.6	24.7

a) The increase in Cash and deposits reflects a higher Public Account balance and cash retained from borrowings undertaken in 2025-26 to support General Government Sector expenditure.

b) The increase in Receivables primarily reflects increases of:
   - $36.6 million for Finance-General;
   - $19.1 million for the Department of Health; and
   - $9.4 million for the Department of Natural Resources and Environment Tasmania.

c) The increase in Land and buildings primarily reflects capital works and asset revaluations, resulting in increases of:
   - $114.2 million for the Department for Education, Children and Young People;
   - $66.5 million for the Department of Health;
   - $43.4 million for the Department of Natural Resources and Environment Tasmania;
   - $37.9 million for the Department of State Growth; and
   - $30.7 million for the Department of Justice.

12.2 Statement of Financial Position – General Government Sector (continued)

d) The increase in Infrastructure primarily reflects capital works and the revaluation of road, bridge and other infrastructure assets, resulting in increases of:

- $541.2 million for the Department of State Growth; and
- $113.4 million for the Department for Education, Children and Young People.

e) The increase in Borrowings primarily reflects additional borrowings undertaken to support General Government Sector expenditure.

f) The decrease in the Superannuation liability reflects the latest actuarial valuation.

g) The increase in Employee entitlements primarily reflects increases in accrued salaries, annual leave and long service leave liabilities, resulting in increases of:

- $38.8 million for the Department of Health; and
- $27.7 million for the Department for Education, Children and Young People.

h) The increase in Payables primarily reflects increases of:

- $38.9 million for the Department of Health; and
- $35.4 million for Finance-General.

i) The increase in Other liabilities primarily reflects an increase of $33.8 million for the Department of Health. This relates to Payroll clearing liabilities arising from the timing of pay periods, which will be settled in the next financial year.

12.3 Statement of Cash Flows – General Government Sector

The following are brief explanations of major variances between GGS Budget estimates and actual outcomes.

Variances are generally considered major where the variance:

- is $10 million or more and exceeds 15 per cent of the Original Budget; or
- is greater than $50 million, regardless of percentage.

	Notes	2025-26 Original Budget	2025-26 Actual	Variance	Variance
		$m	$m	$m	%
Grants received	a	6 504.6	6 408.3	(96.3)	(1.5)
Other receipts	b	525.5	692.6	167.1	31.8
Employee entitlements	a	(4 322.5)	(4 407.1)	(84.6)	2.0
Superannuation	c	(877.7)	(933.6)	(55.9)	6.4
Supplies and consumables	a	(1 864.8)	(1 968.1)	(103.3)	5.5
Grants and subsidies paid	a	(2 542.1)	(2 337.6)	204.5	(8.0)
Other payments	b	(398.7)	(542.5)	(143.8)	36.1
Purchases of non-financial assets	d	(906.8)	(599.5)	307.3	(33.9)
Equity injections	e	(717.7)	(403.3)	314.4	(43.8)
Net borrowing	f	2 113.1	1 669.5	(443.6)	(21.0)

a) The major variances in Cash flows from operating activities reflect those that have occurred in the Statement of Comprehensive Income. Refer to Note 12.1 for further information regarding these variances.

b) The increase in Other receipts and Other payments partly reflect the corresponding Statement of Comprehensive Income variances, together with higher GST receipts and GST payments.

c) The increase in Superannuation primarily reflects an increase of $55.5 million for Finance-General which is due to increased employer contributions and benefit payments.

d) The decrease in Purchases of non-financial assets primarily reflects revised cash flows for:
   - the Department of Health of $116.2 million;
   - the Department of Police, Fire and Emergency Management of $50 million;
   - the Department of State Growth of $30 million;
   - the Department of Natural Resources and Environment Tasmania of $23.3 million;
   - Finance-General $21.5 million; and
   - the Department of Justice of $11.5 million.

e) The decrease in equity injections primarily reflects changes in the timing of equity contributions to entities in the PNFC Sector.

12.3 Statement of Cash Flows – General Government Sector (continued)

f) The decrease in Net borrowings primarily reflects lower than expected borrowings required by Finance-General to support the General Government Sector Cash deficit.

Note 13 Reconciliation between Government Finance Statistics and Australian Accounting Standards

This note identifies the differences between the Australian Accounting Standards (AAS) reporting (upon which this report is based) and Government Finance Statistics (GFS) reporting.

GFS information enables policymakers and analysts to study developments in the financial operations, financial position and liquidity situation of the Government based on consistent economic reporting rules and definitions.

In December 2019, AASB 2019-7 *Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations* was issued to modify AASB 1049 *Whole of Government and General Government Sector Financial Reporting* requirements by providing optional relief from the disclosure of key fiscal aggregates measured in accordance with the GFS where they differ from the key fiscal aggregates provided pursuant to this Accounting Standard. If the optional relief is adopted, AASB 2019-7 requires an explanation of how each of the key fiscal aggregates required per AASB 1049 is calculated and how it differs from the corresponding key fiscal aggregate measured in accordance with the ABS GFS. The State has elected to apply this optional relief.

The key fiscal aggregates below, as defined by AASB 1049, have convergence differences with the GFS:

- Cash Surplus/Deficit
- Comprehensive Result
- Fiscal Balance
- Net Operating Balance
- Net Worth

Refer to Note 18.11 for further information on the key fiscal aggregates presented in this financial report.

The convergence differences between AASB 1049 and the GFS and their expected impacts applying GFS methodology are outlined in the following table.

Summary of Convergence Differences

Convergence difference	AASB 1049 Treatment	ABS GFS Treatment
AASB 16 *Leases*		
	The distinction between operating and finance leases has been removed. A right-of-use asset and depreciation expense is recognised with associated lease liability and interest expense.	GFS continues to maintain a distinction between operating and finance leases and does not recognise operating leases on the Balance Sheet.

Note 13 Reconciliation between GFS and AAS (continued)

Summary of Convergence Differences (continued)

Convergence difference	AASB 1049 Treatment	ABS GFS Treatment
AASB 1059 *Service Concession Arrangements*		
	Service concession arrangements in relation to housing stock and the TasGRN are recognised on the State's balance sheet.	Service concession arrangements are not recognised on the balance sheet.
AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*		
	Deferral of revenue recognition, such as where performance obligations have not been met, or for capital grants from the Australian Government, is a requirement under AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*.	Deferral of revenue recognition, such as where performance obligations have not been satisfied, or for capital grants from the Australian Government, is not recognised. This timing difference is expected to impact all the key fiscal aggregates. While it is expected that there will not be a net change to the fiscal aggregates over time, there will be convergence differences in any given year.
Dividend expenses for PNFC and PFC Sectors		
	Under AAS, dividends are classified as after-profit distributions to owners. For the presentation of Note 1 Disaggregated information, PNFC and PFC dividends are presented as an expense.	Under GFS, dividends paid/payable are recognised as an expense from transactions on the operating statement.
Doubtful receivables		
	Provisions for doubtful receivables are included on the balance sheet as a reduction to assets.	The act of creating provisions is not considered an economic event and is therefore not included on the balance sheet.

Note 13 Reconciliation between GFS and AAS (continued)

Summary of Convergence Differences (continued)

Convergence difference	AASB 1049 Treatment	ABS GFS Treatment
Deferred Tax Liabilities and Future Tax Benefits		
	Under AAS, tax effect accounting is adopted, whereby differences between tax and accounting bases are deferred as either future income tax benefit assets or provisions for deferred liabilities.	Under GFS, deferred tax is not recognised.
Investment in PNFC and PFC Sectors		
	The net worth of investments in PNFC and PFC sector entities for the GGS includes doubtful receivables, future tax benefits and deferred tax liabilities of the PNFC and PFC sectors.	The determination of Net Worth is exclusive of these items.
Net Worth for PNFC and PFC Sectors		
	Under AAS, the PNFC and PFC Sectors report Net Worth as Assets less Liabilities.	Under GFS, the PNFC and PFC Sectors report zero net worth, as the ownership interest is recognised as a liability.
Equity Contributions to PNFC and PFC Sectors		
	Under AAS, there is no restriction in the classification of transfers to the PNFC and PFC Sectors as an Equity contribution. For the Tasmanian GGS, equity contributions must comply with Treasurer's Instruction FC-16 *Contributions to entities in the Public Non-Financial Corporations and Public Financial Corporations Sectors*.	Under GFS, an equity contribution must provide a sufficient rate of return on the investment to be classified as equity, otherwise it will be treated as a Capital Transfer expense.

Note 14 Details of controlled entities

As at 30 June 2026, the following entities are classified within the Total State Sector:

General Government entities

Brand Tasmania

Environment Protection Authority

Department for Education, Children and Young People

Department of Health

Department of Justice

Department of Natural Resources and Environment Tasmania

Department of Police, Fire and Emergency Management

Department of Premier and Cabinet

Department of State Growth

Department of Treasury and Finance (including Finance-General)

House of Assembly

Inland Fisheries Service

Integrity Commission

Legislative Council

Legislature-General

Marine and Safety Tasmania

Office of the Director of Public Prosecutions

Office of the Governor

Office of the Ombudsman

Royal Tasmanian Botanical Gardens

State Fire Commission

Tasmanian Audit Office

TasTAFE

Tourism Tasmania

Note 14 Details of controlled entities (continued)

Public Non-Financial Corporations

Aurora Energy Pty Ltd

Homes Tasmania

Hydro Tasmania

Macquarie Point Development Corporation

Metro Tasmania Pty Ltd

Port Arthur Historic Site Management Authority

Private Forests Tasmania

Public Trustee

Stadiums Tasmania

Sustainable Timber Tasmania

Tasmanian Irrigation Pty Ltd

Tasmanian Networks Pty Ltd

Tasmanian Ports Corporation Pty Ltd

Tasmanian Railway Pty Ltd

Tasracing Pty Ltd

TT-Line Company Pty Ltd

Public Financial Corporations

Motor Accidents Insurance Board

Tasmanian Public Finance Corporation

Entities not consolidated

The University of Tasmania, certain professional, occupational and marketing boards and local government authorities are not included in this financial report because they are not controlled by the State.

Other Government bodies that are controlled but are not considered material, for whole-of-government purposes, are also excluded from this financial report.

Note 15 Related party disclosures

15.1 Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the GGS and State, directly or indirectly. For the purpose of this Note, all Tasmanian Cabinet Ministers are considered key management personnel of the GGS and State. Information on key management personnel of each individual State Sector entity can be found in their respective financial statements.

	2025-26 Actual	2024-25 Actual
Remuneration of Cabinet Ministers	**$m**	**$m**
Short-term employee benefits		
Salaries and wages	3.5	3.2
Other benefits	0.2	0.2
Long-term employee benefits		
Superannuation	0.3	0.3
	4.1	**3.7**

15.2 Related party transactions

AASB 124 *Related Party Disclosures* requires related party disclosures to ensure that the financial statements contain disclosures necessary to draw attention to the possibility that the Total State Sector financial results may have been affected by the existence of related parties and by transactions with such parties.

This note is not intended to disclose conflicts of interest for which there are administrative procedures in place.

Related parties of the State include:

- key management personnel and their close family members; and
- non-State entities controlled or jointly controlled by the persons listed above.

All related party transactions have been entered into on an arm's length basis.

Ministerial Declarations

During the year the following declarations have been made by Ministers of the Tasmanian Government:

- Hon Jo Palmer MP declared a grant of $55 000 (2025: $55 000) paid to a close family member by Events Tasmania for the DanceSport Tasmania Championships; and
- Hon Kerry Vincent MLC declared sales of goods and services of approximately $20 000 (2025: $7 000) were provided by a close family member to Parks and Wildlife Tasmania.

Note 16 Events occurring after balance date

Group 6 Metals Limited

On 30 June 2026, the equity investment in Group 6 Metals Limited was carried at acquisition cost as the shares remained suspended from ASX trading and fair value could not be reliably determined. Trading resumed on 30 July 2026.

Liberty Bell Bay

Following the reporting date, there has been a significant deterioration in the financial position of Liberty Bell Bay Pty Ltd (LBB), a borrower of the State.

At the second creditors' meeting held on 3 August 2026, creditors resolved to place LBB into liquidation. Ernst and Young (EY) was appointed liquidator and has commenced a process to realise the company's assets. The liquidator has advised that no return is expected to unsecured creditors and that returns to secured creditors are currently estimated to be between 0 and 25 cents in the dollar. These estimates exclude any proceeds recovered by the State from the sale of manganese ore located at the LBB site, over which the State has separately appointed a receiver.

The total outstanding loan balance as at 30 September 2026, including accrued interest and recovery costs, was approximately $25.6 million. The ultimate recoverable amount remains uncertain and will depend upon the outcome of the receiver's sale process, liquidation proceedings, asset realisations, and associated legal and administration costs.

Machinery of Government Changes

The Department of State Growth was renamed to Building Tasmania and commenced operations under this name on 2 July 2026. There will be significant related machinery of Government changes in the 2026-27 financial year. It is expected that, subject to the passing of legislation, Homes Tasmania will move from the PNFC Sector to the GGS within Building Tasmania. The move will impact statements for both sectors.

Macquarie Point Multipurpose Stadium Procurement

Following 30 June 2026, the procurement process for the design and construction of the Macquarie Point Multipurpose Stadium progressed. On 15 October 2026, BESIX Watpac Construction was announced as the preferred tenderer following an evaluation of proponents shortlisted through the Expression of Interest process. The procurement process remains ongoing and the contract award is targeted for the end of the year.

Note 16 Events occurring after balance date (continued)

Dividends

The dividend to be paid by a Government Business Enterprise is determined by the Treasurer and Portfolio Minister within 60 days following receipt of a recommendation by the Board. The dividend to be paid by a State-owned Company is the amount determined by special resolution of the Treasurer and Portfolio Minister after they have consulted with the Board and considered the written recommendation of the Board. This generally occurs at the Annual General Meeting.

At the date of the signing of these statements, the following dividends have been determined for GBEs but not brought to account in the 2025-26 financial statements. These dividends have no impact on the Total State Sector but will affect the GGS, PNFC and PFC sectors:

- Motor Accidents Insurance Board ($31.4 million);
- Tasmanian Public Finance Corporation ($10.6 million); and
- Sustainable Timber Tasmania (Nil).

Note 17 Functional information

The following tables present Expenses from transactions and Asset balances by function. Total Expenses agrees to that presented on the face of the Statement of Comprehensive Income. Total Assets agrees to that presented on the face of the Statement of Financial Position.

Functions are presented in accordance with the Classification of the Functions of Government - Australia. The COFOG-A is a standard framework introduced by the Australian Bureau of Statistics from July 2017 to allocate Government expenditure according to functions.

17.1 Expenses from transactions

	General Government		Total State	
	2025-26	**2024-25**	**2025-26**	**2024-25**
	$m	**$m**	**$m**	**$m**
General public services				
Executive and legislative organs, financial and fiscal affairs, external affairs	178.9	157.9	561.8	378.9
General services	115.5	106.6	115.5	106.6
Public debt transactions	303.0	200.0	578.0	574.7
Nominal interest on superannuation	307.6	316.0	332.6	341.5
General public services not elsewhere classified	491.5	425.2	416.1	336.0
	1 396.5	**1 205.7**	**2 004.0**	**1 737.6**
Public order and safety				
Police services	331.2	261.2	331.2	257.2
Civil and fire protection services	309.2	354.5	309.2	354.5
Law courts	185.4	192.6	185.0	192.2
Prisons	191.5	170.3	190.5	169.4
Public order and safety not elsewhere classified	19.9	37.3	19.9	37.3
	1 037.2	**1 015.8**	**1 035.8**	**1 010.6**
Economic affairs				
General economic, commercial and labour affairs	117.4	116.7	112.4	112.3
Agriculture, forestry, fishing and hunting	59.5	60.8	222.4	199.6
Fuel and energy	14.8	15.7	2 414.8	2 515.0
Mining, manufacturing and construction	12.6	12.3	12.5	12.3
Other industries	95.6	92.8	95.5	92.8
Research and development — economic affairs	6.2	6.2	6.2	6.2
	306.1	**304.6**	**2 863.9**	**2 938.2**
Environmental protection				
Pollution abatement	16.6	15.0	16.6	15.0
Protection of biodiversity and landscape	180.3	189.9	178.4	188.2
Environmental protection not elsewhere classified	67.9	65.9	67.5	65.6
	264.8	**270.9**	**262.6**	**268.8**
Housing and community amenities				
Housing development	216.5	157.1	353.6	286.4
Community development	34.2	37.8	33.9	37.6
	250.7	**194.9**	**387.6**	**324.1**

17.1 Expenses from transactions (continued)

	General Government		Total State	
	2025-26	2024-25	2025-26	2024-25
	$m	$m	$m	$m
Health				
Outpatient services	805.3	763.7	802.8	761.2
Hospital services	1 823.3	1 729.8	1 816.5	1 722.2
Community health services	910.3	872.3	906.6	868.3
Public health services	40.5	37.6	40.5	37.5
Health not elsewhere classified	2.0	8.8	1.9	8.7
	3 581.5	**3 412.1**	**3 568.4**	**3 398.0**
Recreation, culture and religion				
Recreational and sporting services	115.5	112.6	160.6	147.3
Cultural services	105.5	100.7	87.9	93.1
Recreation, culture and religion not elsewhere classified	24.0	15.9	46.5	43.4
	245.0	**229.2**	**295.0**	**283.8**
Education				
Pre-primary and primary education	1 139.0	1 133.1	1 139.0	1 133.1
Secondary education	916.3	886.8	916.3	886.8
Tertiary education	229.1	216.3	229.0	216.3
Subsidiary services to education	41.2	38.2	41.2	38.2
Education not elsewhere classified	37.3	28.6	37.3	28.6
	2 362.8	**2 302.9**	**2 362.8**	**2 302.9**
Social protection				
Sickness and disability	285.0	285.5	284.8	285.3
Survivors	24.1	10.1	23.7	10.1
Family and children	334.3	262.8	334.3	262.8
Social exclusion not elsewhere classified	108.7	106.2	50.4	61.8
Social protection not elsewhere classified	43.5	127.3	43.5	113.9
	795.6	**792.0**	**736.7**	**733.9**
Transport				
Road transport	403.1	391.8	387.8	368.6
Bus transport	97.7	89.2	165.5	163.6
Water transport	1.7	2.4	527.7	484.5
Railway transport	37.5	21.9	74.0	70.3
Transport not elsewhere classified	3.4	3.5	3.4	3.5
	543.4	**508.8**	**1 158.5**	**1 090.6**
Total Expenses from transactions	**10 783.5**	**10 237.0**	**14 675.2**	**14 088.5**

17.2 Assets by function as at 30 June

	General Government		Total State	
	2026	**2025**	**2026**	**2025**
	$m	**$m**	**$m**	**$m**
General public services	14 802.5	14 457.9	9 953.0	9 692.2
Public order and safety	1 521.1	1 542.2	1 521.1	1 542.2
Economic affairs	252.9	142.6	11 246.4	10 947.2
Environmental protection	2 394.6	2 349.0	2 394.6	2 349.0
Housing and community amenities	6.1	13.5	5 207.6	4 929.9
Health	3 066.4	2 990.3	3 066.4	2 990.3
Recreation, culture and religion	962.8	875.4	1 293.3	1 085.2
Education	3 147.5	2 967.8	3 147.5	2 967.8
Social protection	16.1	19.5	16.1	19.5
Transport	8 496.6	7 991.8	10 660.9	10 575.4
	34 666.5	**33 350.0**	**48 507.0**	**47 098.8**

Note 18 Material accounting policies and judgements

The following summary sets out the material accounting policies adopted in the Treasurer's Annual Financial Report.

18.1 Compliance framework

The Treasurer's Annual Financial Report is a general purpose financial report and has been prepared in accordance with Australian Accounting Standards, including AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, which requires compliance with all Australian Accounting Standards, except those identified below.

The purpose of this financial report is to provide users with information about the Government's stewardship of, and accountability for, resources in both the General Government Sector and Total State Sector, and information about its financial position, performance and cash flows. The Total State Sector reporting entity includes GGS, PNFC and PFC entities. Disaggregated information is presented in Note 1. The entities consolidated by the State are shown in Note 14.

The GGS is determined in accordance with the principles and rules contained in the Australian Bureau of Statistics *Australian System of Government Finance Statistics: Concepts, Sources and Methods* 2015. The GGS consists of all government departments and non-profit state entities controlled and mainly financed by government. Government departments are established by executive government processes that have legislative, judicial, or executive authority over other units and which provide goods and services to the community or to individuals on a non-market basis and make transfer payments to redistribute income and wealth. Non-profit state entities are created for the purpose of producing or distributing goods and services but are not a source of income, profit or other financial gain for the Government.

The PNFC Sector comprises those entities that aim to cover the majority of their expenses by revenue from the sales of goods and services and which are commercially focused and non-financial in nature. Generally, this Sector includes State-owned Companies and Government Business Enterprises. These entities have a variety of functions and responsibilities (and are not regulatory authorities in nature), are established in varying ways and also have different relationships with the Budget.

The PFC Sector comprises those entities that perform central bank functions or have the authority to incur financial liabilities and acquire financial assets in the market on their own account. In Tasmania, there are two organisations in this Sector, Tascorp and the Motor Accidents Insurance Board.

AASB 1049 does not require full application of AASB 127 *Consolidated and Separate Financial Statements* and AASB 139 *Financial Instruments: Recognition and Measurement*. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the PNFC Sector and the PFC Sector are not separately recognised in the GGS financial report. Instead, the GGS financial report recognises an asset, being the controlling equity investment in those entities, and recognises a gain or loss relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

18.1 Compliance framework (continued)

The Government Finance Statistics information in this financial report is also prepared in accordance with the ABS GFS Manual. In particular, this financial report includes Key Fiscal Aggregates which are calculated using the principles and rules in the ABS GFS Manual. Refer to Note 18.11 for more detail on these Key Fiscal Aggregates.

Compliance with the Australian Accounting Standards may not result in compliance with International Financial Reporting Standards, as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The GGS and Total State Sector are considered to be not-for-profit and have adopted some accounting policies that do not comply with IFRS.

The financial statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year.

Compliance with AASB 1049 means that these statements are also consistent with the reporting requirements of the Uniform Presentation Framework.

The *Financial Management Act 2016* came into effect on 1 July 2019 and replaced the *Public Account Act 1986* and the *Financial Management and Audit Act 1990*. The Financial Management Act applies to all GGS Agencies scheduled in the Act. Some other government entities outside of the GGS are also required, by their enabling legislation, to comply with the Treasurer's Instructions issued under the Financial Management Act.

The Financial Management Act introduced a single fund accounting model that replaced the dual fund model that was established under the Public Account Act. The Financial Management Act established a new Public Account that comprises:

- receipts and expenditure of the GGS that do not form part of a Specific Purpose Account; and
- Specific Purpose Accounts established under the Financial Management Act.

18.2 Basis of consolidation

Reporting entities controlled by the State are consolidated within this financial report. As part of the process of reporting the State as a single economic entity, all material transactions and balances between government controlled entities are eliminated.

18.3 Changes in accounting policies

(a) Impact of new and revised Accounting Standards

There are no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to the Government's operations and effective for the current annual reporting period.

(b) Impact of new and revised Accounting Standards yet to be applied

There are no applicable Standards that have been issued by the AASB that are yet to be applied by State entities.

18.4 Disaggregated information

The State's consolidated financial information has been disaggregated between the following sectors:

- General Government;
- Public Non-Financial Corporations; and
- Public Financial Corporations.

The Total Non-Financial Public Sector is also presented, which represents the consolidation of the GGS and PNFC sectors.

This information is provided as there is a dissimilarity between GGS activities and those of entities in the PNFC and the PFC sectors. Disclosure of this information will assist users of this financial report in determining the effects of differing activities on the financial position of the State. It will also assist users in identifying the resources used in the provision of a range of goods and services and the extent to which the State has recovered the costs of those resources from revenues attributable to those activities.

For the purpose of presenting disaggregated financial information, the expected future income tax equivalents receivable from the PNFC and PFC sectors have been recognised in the statements for the GGS.

18.5 Reporting period

The reporting period for all consolidated entities is the year or period ended 30 June 2026.

18.6 Foreign currency balances/transactions

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates applicable at balance date.

18.7 Budget information

Budget information refers to original estimates as disclosed in the 2025-26 Budget Papers and is not subject to audit. Explanations of major variances between budget and actual outcomes for the GGS are provided in Note 12.

18.8 Rounding

Amounts in the Financial Statements and Notes to the Financial Statements are rounded to the nearest $100 000, unless otherwise stated.

Rounded figures may not add to totals. Amounts less than $50 000 are rounded to zero and are indicated by the symbol "….".

18.9 Accounting judgments, estimates and assumptions

In the preparation of the GGS and Total State Sector Financial Statements, entities are required to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the Statements and the reported revenue and costs during the reported period.

18.9 Accounting judgments, estimates and assumptions (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period; or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have significant effects on the financial statements are discussed below:

Assessment of impairment of non-regulated electricity assets

Tests are undertaken on an annual basis to determine whether non-regulated electricity assets have suffered impairment. This estimate is based on the assets value in use to determine future recoverable cash flows. For further detail, refer to the Annual Report of Tasmanian Networks Pty Ltd.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, certain types of electricity derivatives) is determined by using valuation techniques. Judgement has been applied to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date.

Retirement Benefits Fund liability

The Retirement Benefits Fund defined benefit provision has been assessed by the State Actuary and various actuarial assumptions have been applied to arrive at the carrying value reported.

No assumptions have been made that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Provision for outstanding and unreported claims recognised by the Motor Accidents Insurance Board

This provision is made at the Statement of Financial Position date for the estimated cost of claims incurred but not yet paid, including the cost of claims incurred but not yet reported.

The estimated cost of claims includes anticipated direct claims handling expenses to be incurred in settling claims and a risk margin.

The expected future payments are calculated based on the ultimate cost of settling claims, which includes the anticipated effects of inflation, the goods and services tax and other factors. The expected future payments are then discounted to a present value at the balance date using market determined risk free discount rates. Claims handling expenses include the cost of managing claims such as administration expenses and other costs of administering the scheme.

18.9 Accounting judgments, estimates and assumptions (continued)

In determining the provision for outstanding claims, a risk margin is added to the total of the net central estimate of the discounted future claim payments plus the estimated claims handling expenses. The addition of a risk margin recognises the inherent uncertainties contained within the actuarial valuation and provides a probability not less than 75 per cent (2025: not less than 75 per cent) that the provision is sufficient to meet the cost of the claims incurred. This 75 per cent threshold represents the minimum probability of adequacy required for Australian licensed insurers by the Australian Prudential Regulation Authority. The allowances for claims handling expenses and the risk margin have been determined for the scheme as a whole. For reporting purposes, they have been applied uniformly to each benefit type. For further detail, refer to the Annual Report of MAIB.

Forest estate valuation methodology

The valuation of the forest estate assets involves a number of assumptions which are summarised below. For further detail, refer to the Annual Report of Sustainable Timber Tasmania.

- The standing timber and Sustainable Timber Tasmania's right to plantations through Tree Farm Agreements are measured at fair value less costs to sell;
- The freehold land value is measured at historical cost;
- Sustainable Timber Tasmania is responsible for the Permanent Timber Production Zone and the valuation reflects the quantities now available for harvest under the *Forest Management Act 2013*; and
- The discounted cash flow approach is used to value the biological assets. A market derived discount rate of 8.5 per cent (8.5 per cent as at 30 June 2025) is used to value the forest zones.

Going Concern of PNFC and PFC Sector entities

The financial statements of PNFC and PFC Sector entities controlled by the State are generally prepared on a going concern basis. In assessing the appropriateness of this basis, each business considers its financial position, forecast operating results and cash flows, access to funding and borrowing facilities, capital commitments, relevant government policy decisions, and the nature and extent of any shareholder support arrangements.

Certain entities depend on ongoing government support to continue their operations and meet their obligations as and when they fall due. This support may include appropriations, grants, payments under service agreements, equity contributions, borrowing approvals, guarantees, debt-servicing assistance and other approved funding arrangements.

Where events or conditions cast significant doubt on the ability of an individual business to continue as a going concern, the business discloses the relevant material uncertainties, available funding and support arrangements, and mitigating actions in its financial statements. These matters are also considered in assessing the appropriateness of the going concern basis for the State's consolidated financial statements.

18.9 Accounting judgments, estimates and assumptions (continued)

At 30 June 2026, going concern matters identified included:

- TT-Line Company Pty Ltd, which identified material uncertainties associated with its reliance on future equity contributions, available borrowing capacity and other measures to fund major capital commitments and ongoing operations;
- Metro Tasmania Pty Ltd, which identified its reliance on the finalisation of government funding arrangements associated with changes in service delivery policy; and
- Homes Tasmania, which identified its reliance on government-supported borrowing and grant funding pending the planned transfer of its functions under announced machinery-of-government changes.

Each of these entities determined that the going concern basis remained appropriate after considering its available funding, forecast cash flows, mitigating actions and relevant government support arrangements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Further information about the circumstances and going concern assessment of each affected entity is provided in its respective annual report.

18.10 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the ATO is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

18.11 Key Fiscal Aggregates

The financial report presents a number of Key Fiscal Aggregates on the face of the statements, as required by the UPF and AASB 1049. A description of the Key Fiscal Aggregates is provided below.

Net Operating Balance

The Net Operating Balance is a measure of the on-going sustainability of the operations of government. It indicates whether a government is generating enough revenue to cover the cost of its operations. A Net Operating Surplus indicates that a government has sufficient revenue to fund its operations and contribute to an increase in its asset base.

Operating Result

The Operating Result is similar to the Net Operating Balance in that it is a measure of the sustainability of the operations of government. However, this measure includes movements in asset and liability balances that result from movements in market values rather than as a result of government operations. These gains or losses on assets or liabilities are “unrealised” and are not available to fund government operations.

18.11 Key Fiscal Aggregates (continued)

Comprehensive Result

The Comprehensive Result represents the total change in value of the Net Worth during a year arising from revenues, expenses and movements in the valuation of assets and liabilities. As such, the Comprehensive Result is equivalent to the total increase or decrease in Net Assets during the year. The Comprehensive Result is similar to the Operating Result in that it includes unrealised movements in the value of assets and liabilities that impact on net assets. These movements are not available to fund operations and do not arise as a result of government decisions.

Fiscal Balance

The Fiscal Balance indicates whether a sufficient surplus is being generated by the operations of government to fund its capital expenditure needs. It is determined as the difference between revenue from transactions over expenses from transactions, after allowing for the net addition to non-financial assets such as buildings and infrastructure.

Net Debt

Net Debt is a measure used to help assess the overall strength of a Government's fiscal position. Net Debt comprises borrowings plus lease liabilities plus service concession liabilities, less the sum of cash and deposits and investments.

GFS Net Debt

GFS Net Debt is a measure equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework and excludes the impact of lease liabilities and service concession liabilities (this reflects how Net Debt has been calculated prior to the introduction of AASB 16 *Leases* and AASB 1059 *Service Concession Arrangements* in 2019-20). GFS Net Debt comprises borrowings less the sum of cash and deposits and investments.

Net Financial Liabilities

Net Financial Liabilities comprises total liabilities less financial assets, excluding equity investment in the PNFC and PFC sectors. This is a broader measure than Net Debt, as it incorporates other liabilities such as superannuation.

Net Financial Worth

Net Financial Worth is calculated as financial assets less liabilities. This measure is broader than Net Debt, as it incorporates provisions made (such as superannuation, but not depreciation) as well as ownership of equity.

Net Worth

Net Worth is calculated as total assets (both financial and non-financial) minus total liabilities. Net Worth incorporates non-financial assets such as land and other infrastructure assets, which may be sold and used to repay debt. It also incorporates certain financial assets and liabilities not captured by the Net Debt measure, most notably, accrued employee superannuation liabilities, ownership of equities, debtors and creditors.

18.11 Key Fiscal Aggregates (continued)

GFS includes shares and contributed capital in the calculation of Net Worth, which for the PNFC and PFC sectors is equivalent to the carrying amount of net assets. As a result, GFS Net Worth for the PNFC and PFC sectors will always be nil. This difference has no impact on GGS or Total State Sector Net Worth.

Net Increase/(Decrease) in Cash Held

Net Increase/(Decrease) in Cash Held is the sum of net cash flows from all operating, investing and financing activities. This measure is consistent with the movement in cash and deposits reported in the Statement of Financial Position, providing a mechanism for managing the cash position to ensure that sufficient cash is available to fund Government policy decisions.

Cash Surplus/(Deficit)

The Cash Surplus/(Deficit) comprises cash received from operating activities and from sales and purchases of non-financial assets, less finance leases and similar arrangements.

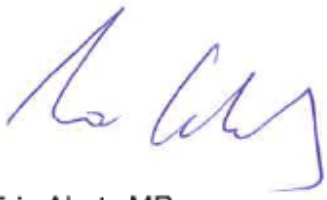
It should be noted that the Australian Bureau of Statistics does not include equity injections/withdrawals and the repayment of advances in the calculation of the surplus/(deficit). However, these items can have a major impact in any given year.

5. PUBLIC ACCOUNT STATEMENTS

CERTIFICATION OF PUBLIC ACCOUNT STATEMENTS

The accompanying special purpose financial report of the Public Account for the year ended 30 June 2026 has been prepared in accordance with the provisions of the *Financial Management Act 2016* and agrees with the relevant accounts and records so as to present fairly the transactions for that year.

At the date of signing, we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Hon Eric Abetz MP
Treasurer

23rd September 2026

Gary Swain
Secretary
Department of Treasury and Finance

OPINION OF THE AUDITOR-GENERAL

Audit Tasmania

Independent Auditor's Report

To the Members of Parliament

Report on the Audit of the Public Account Statements

Opinion

I have audited the Public Account Statements (financial statements), which are a special purpose financial report, comprising five statements for the year ended 30 June 2026, a summary of significant accounting policies, and the statement of certification signed by the Treasurer and the Secretary of the Department of Treasury and Finance.

In my opinion, the accompanying financial statements:

(a) present fairly, in all material respects, the balances in the Public Account as at 30 June 2026 and the transactions within the Public Account for the year then ended

(b) are in accordance with the *Financial Management Act 2016* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

OPINION OF THE AUDITOR-GENERAL (CONTINUED)

Emphasis of Matter – Basis of Accounting

I draw attention to the accounting policies note to the financial statements, which describes the basis of accounting. The financial statements have been prepared to assist the Treasurer to meet the financial reporting requirements of Section 40 of the Financial Management Act 2016. As a result, the financial statements may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Secretary for the Financial Statements

The Treasurer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of Section 40 of the *Financial Management Act 2016*. This responsibility includes such internal control as determined necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Other Information

The Treasurer is responsible for the other information. The other information comprises the information included in the Treasurer's Annual Financial Report for the year ended 30 June 2026, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

OPINION OF THE AUDITOR-GENERAL (CONTINUED)

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Treasurer.
- Conclude on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Treasurer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Stephen Morrison
Chief Financial and Sustainability Auditor
Delegate of the Auditor-General

26 October 2026
Hobart

ACCOUNTING POLICIES

Financial Management Act 2016

On 1 July 2019, the *Financial Management Act 2016* came into effect, replacing *the Public Account Act 1986* and the *Financial Management and Audit Act 1990*.

Cash Basis of Accounting

The Public Account is maintained on a cash basis. That is, revenue is recorded when it is received, and expenditure is recorded when the payment is made, during the financial year. Therefore, the Public Account does not include revenue due but not collected, and invoices received but not paid for goods and services supplied during the financial year. The value of assets and liabilities is not included in the Public Account Statements and no provision is made for depreciation, employee entitlements or creditors.

While cash accounting is adopted for reporting on the Public Account, certain activities undertaken within the Public Account involve accrual accounting concepts. Such activities mainly relate to the establishment of “provisions” in Specific Purpose Accounts to fund the cost of certain transactions over more than one year. Funds accumulate in those accounts and are used to meet expenditure in future years.

Unaudited Information

Original Budget information was prepared and presented as part of the 2025-26 State Budget in November 2025. Budget information is, by its nature, an estimate and as a result, this information has not been subject to an audit process.

Internal Transactions

No attempt has been made to adjust for inter-agency or other internal transactions within the Public Account. Certain activities result in funds being transferred between Specific Purpose Accounts or between Appropriations and Specific Purpose Accounts. Consequently, expenditure and receipts in the Public Account include inter-fund and inter-agency transfers and are therefore higher than they would be following consolidation.

Cash in Transit

Consistent with a cash basis of accounting, only cash receipted in the Public Account as at 30 June 2026 is brought to account and reported as revenue of the Public Account for the year.

Rounding

All amounts in the financial statements have been rounded to the nearest $100 000, unless otherwise stated.

Rounded figures may not add to totals. Amounts less than $50 000 are rounded to zero and are indicated by “….” .

Statement 1 - Public Account Receipts

	2024-25 Actual	2025-26 Original Budget	2025-26 Actual
	$m	$m	$m
General Receipts			
Australian Government sources	4 412.5	4 690.5	4 870.8
State sources	2 496.8	2 410.4	2 560.2
	6 909.3	**7 100.9**	**7 431.0**
Specific Purpose Accounts	**3 728.7**	**4 443.2**	**4 050.8**
Statutory Authorities	**360.0**	**313.3**	**259.7**
Total Receipts (Excluding Borrowing Receipts)	**10 998.0**	**11 857.4**	**11 741.5**
Borrowing Receipts	**1 915.5**	**2 508.2**	**2 101.4**
Total Receipts	**12 913.5**	**14 365.6**	**13 842.9**

Statement 2 - Public Account Expenditure

	2024-25 Actual	2025-26 Original Budget	2025-26 Actual
	$m	$m	$m
Annual Appropriation			
Operating services expenditure	7 627.2	8 265.8	7 996.6
Capital services expenditure	452.8	618.1	447.8
	8 080.0	**8 883.9**	**8 444.3**
Reserved by Law	**584.8**	**595.0**	**647.5**
Specific Purpose Accounts	**3 706.3**	**4 087.0**	**3 837.6**
Statutory Authorities	**375.8**	**361.4**	**301.0**
Total Expenditure (Excluding Borrowing Repayments)	**12 747.0**	**13 927.3**	**13 230.4**
Borrowing Repayments	**263.6**	**352.0**	**355.2**
Total Expenditure	**13 010.6**	**14 279.3**	**13 585.7**

Statement 3 - Specific Purpose Accounts

Statement 3 presents the estimated and actual receipts, payments and associated balances for each Specific Purpose Account by agency for 2025-26.

This statement presents gross cash receipts and payments for Specific Purpose Accounts without eliminating inter-entity transactions. These eliminations are reflected in GGS financial statements.

	Original Budget				Actual			
	Balance 1 July 2025	Receipts	Payments	Balance 30 June 2026	Balance 1 July 2025	Receipts	Payments	Balance 30 June 2026
	$m	$m	$m	$m	$m	$m	$m	$m
Brand Tasmania								
Financial Management Account	**1.0**	**0.1**	**0.1**	**0.9**	**1.0**	**0.4**	**0.3**	**1.1**
Education, Children and Young People								
Financial Management Account	36.6	105.0	108.6	33.0	36.3	115.8	138.0	14.1
School Banking Account	58.6	140.5	137.2	61.9	58.9	93.7	122.8	29.9
	95.3	**245.5**	**245.8**	**94.9**	**95.3**	**209.5**	**260.8**	**44.0**
Environment Protection Authority								
Financial Management Account	**16.0**	**6.7**	**7.0**	**15.8**	**16.0**	**5.7**	**5.9**	**15.7**
Finance-General								
Australian Government Funding Management Account	482.4	1 055.9	911.6	626.7	482.4	714.4	706.1	490.7
Financial Management Account	10.0	72.3	72.1	10.2	10.0	120.8	114.1	16.6
Government Car Fleet Account	9.2	53.2	54.1	8.3	9.2	50.6	38.8	21.0
Rosetta Landslip Account	1.0	0.1	....	1.0	1.0	0.1	....	1.1
Home Warranty Insurance Scheme Account	....	1.0	1.0	....	....	....	....	....
Tasmanian Risk Management Fund	533.4	423.6	191.9	765.0	533.4	424.8	200.2	757.9
Unclaimed Money Account	65.2	3.6	0.5	68.3	65.2	3.6	0.5	68.3
	1 101.1	**1 609.7**	**1 231.3**	**1 479.5**	**1 101.1**	**1 314.2**	**1 059.8**	**1 355.5**
Health								
Financial Management Account	20.2	1 295.5	1 295.5	20.2	19.6	1 300.8	1 288.4	32.0
Private Patient Account	1.4	40.3	39.0	2.7	1.4	23.4	24.8	....
	21.5	**1 335.8**	**1 334.5**	**22.9**	**21.0**	**1 324.3**	**1 313.2**	**32.0**
House of Assembly								
Financial Management Account	**....**	**0.1**	**0.1**	**....**	**....**	**....**	**....**	**....**
Integrity Commission								
Financial Management Account	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

Statement 3 - Specific Purpose Accounts (continued)

	Original Budget				Actual			
	Balance 1 July 2025	Receipts	Payments	Balance 30 June 2026	Balance 1 July 2025	Receipts	Payments	Balance 30 June 2026
	$m	$m	$m	$m	$m	$m	$m	$m
Justice								
Asbestos Compensation Fund	41.7	10.4	6.4	45.6	41.7	11.4	7.3	45.7
Financial Management Account	51.2	90.6	101.6	40.2	53.1	118.8	126.4	45.5
Local Government and Other Elections Account	0.3	0.4	0.4	0.3	0.3	0.5	0.9	….
Workers Rehabilitation and Compensation Fund	6.6	13.5	13.4	6.8	6.6	13.1	12.2	7.5
	99.7	**114.9**	**121.7**	**92.9**	**101.7**	**143.7**	**146.8**	**98.6**
Legislative Council								
Financial Management Account	**....**	**0.1**	**0.1**	**....**	**....**	**....**	**....**	**....**
Legislature-General								
Financial Management Account	**0.1**	**1.0**	**1.0**	**0.1**	**0.1**	**....**	**....**	**0.1**
Ministerial and Parliamentary Support								
Financial Management Account	**0.4**	**1.7**	**1.7**	**0.4**	**0.4**	**1.7**	**1.6**	**0.4**
Natural Resources and Environment Tasmania								
Crown Lands Administration Fund	73.1	6.9	7.5	72.5	73.1	8.8	7.5	74.3
Financial Management Account	55.5	133.2	139.1	49.6	56.0	156.1	148.5	63.7
Waste Resource Recovery Account	14.1	15.1	15.0	14.3	14.1	17.5	12.8	18.9
	142.7	**155.3**	**161.6**	**136.4**	**143.3**	**182.4**	**168.8**	**156.9**
Office of the Director of Public Prosecutions								
Financial Management Account	**4.5**	**1.6**	**1.7**	**4.3**	**4.5**	**2.0**	**2.0**	**4.5**
Office of the Governor								
Financial Management Account	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**	**0.3**

Statement 3 - Specific Purpose Accounts (continued)

	Original Budget				Actual			
	Balance 1 July 2025	Receipts	Payments	Balance 30 June 2026	Balance 1 July 2025	Receipts	Payments	Balance 30 June 2026
	$m	$m	$m	$m	$m	$m	$m	$m
Office of the Ombudsman								
Financial Management Account	**0.5**	**1.0**	**1.0**	**0.5**	**0.5**	**0.8**	**0.8**	**0.4**
Police, Fire and Emergency Management								
Financial Management Account	**28.2**	**241.3**	**241.3**	**28.2**	**28.2**	**249.8**	**273.2**	**4.8**
Premier and Cabinet								
Financial Management Account	**8.3**	**85.7**	**86.1**	**7.9**	**8.3**	**72.0**	**68.8**	**11.6**
State Growth								
Financial Management Account	62.7	607.8	616.3	54.2	62.7	513.2	506.8	69.1
Tasmanian Forests Agreement Account	3.5	1.2	1.5	3.2	3.5	....	0.2	3.3
	66.2	**609.0**	**617.8**	**57.4**	**66.2**	**513.2**	**507.0**	**72.4**
Tasmanian Audit Office								
Financial Management Account	**2.0**	**8.7**	**8.4**	**2.2**	**2.0**	**8.3**	**8.5**	**1.8**
Tourism Tasmania[1]								
Financial Management Account	**(0.2)**	**2.4**	**2.2**	**....**	**(0.2)**	**4.5**	**4.9**	**(0.5)**
Treasury and Finance								
Financial Management Account	**16.8**	**22.4**	**23.2**	**16.0**	**16.8**	**17.8**	**14.8**	**19.9**
Total	**1 604.5**	**4 443.2**	**4 087.0**	**1 960.7**	**1 606.4**	**4 050.8**	**3 837.6**	**1 819.6**

Note:
1. Tourism Tasmania's Financial Management Account has an approved overdraft limit of $500 000.

Statement 4 - Agency Trust Accounts

Statement 4 presents the balance of Agency Trust accounts identified under section 18 of the Financial Management Act. These funds are not included within the Public Account.

	Balance 30 June 2025	Balance 30 June 2026
	$m	$m
Environment Protection Authority		
Environmental Incidents Trust Account	0.6	0.6
Health		
Patient Trust and Bequest Account	11.7	11.3
Tasmanian Pharmacy Authority Trust Account	0.1	....
	11.7	**11.3**
Justice		
Appeal Costs Fund	1.0	1.0
Crown Law Trust Account	3.0	3.8
Prisoners Earnings Deposit Account	0.5	0.5
Rental Deposit Authority Account	78.7	87.1
Supreme Court Suitors Fund Deposit Account	3.3	4.2
Victims of Crime Assistance Fund	0.6	0.6
	87.0	**97.2**
Office of the Director of Public Prosecutions		
Crime (Confiscation of Profits) Account	**4.2**	**5.3**
Premier and Cabinet		
Tasmanian Community Fund Account	**22.0**	**21.9**
State Growth		
Conservation of Albatrosses and Petrels Trust Account	4.0	4.1
Mines Deposit Account	29.7	26.2
Provision for Land Acquisition Account	5.5	5.4
	39.2	**35.7**
TOTAL	**164.8**	**172.2**

Statement 5 - Supplementary Estimates Statement Summary

Statement 5 presents the summary supplementary estimates of all expenditure from the Public Account that is authorised under section 20, 21, 22 of the Financial Management Act together with a summary of all determinations made under section 23(1) of the Act.

Authority	2025-26 Operating	2025-26 Capital	2025-26 Total[1]
	$'000	$'000	$'000
Section 20 - Transfers			
Transfers within an agency			
Education, Children and Young People			
Minister for Children and Youth	....	(1 474)	
Minister for Education	....	1 474	
Total	....	....	
Justice			
Attorney-General and Minister for Justice, Corrections and Rehabilitation	700	....	
Minister for Housing and Planning	(300)	....	
Minister for Small Business, Trade and Consumer Affairs	(400)	....	
Total	....	....	
Premier and Cabinet			
Minister for Community and Multicultural Affairs	3 300	....	
Minister for Disability Services	(14 450)	....	
Minister for Women and the Prevention of Family and Sexual Violence	1 160	....	
Premier	9 990	....	
Total	....	....	
State Growth[2]			
Minister for Arts	241	....	
Minister for Business, Industry and Resources	(1 165)	....	
Minister for Housing and Planning	200	....	
Minister for Infrastructure and Transport	....	500	
Minister for Skills and Jobs	(1 000)	....	
Minister for Sport	724	(500)	
Minister for Tourism, Hospitality and Events	1 000	....	
Total	....	....	
Transfers across agencies			
Education, Children and Young People			
Minister for Education	1 124	....	
Health			
Minister for Health, Mental Health and Wellbeing	725	....	

Statement 5 - Supplementary Estimates Statement Summary (continued)

Authority	2025-26 Operating	2025-26 Capital	2025-26 Total[1]
	$'000	$'000	$'000
Justice			
Attorney-General and Minister for Justice, Corrections and Rehabilitation	2 140	....	
Police, Fire and Emergency Management			
Minister for Police, Fire and Emergency Management	1 359	....	
Premier and Cabinet			
Minister for Women and the Prevention of Family and Sexual Violence	(5 348)	....	
Section 20 - Total	**....**	**....**	**....**
Section 21 - Treasurer's Reserve			
Education, Children and Young People			
Minister for Children and Youth	51 291	....	
Minister for Education	6 942	....	
Total	58 233	....	
Environment Protection Authority			
Minister for Environment and Climate Change	656	....	
Health			
Minister for Health, Mental Health and Wellbeing	20 000	....	
Justice			
Attorney-General and Minister for Justice, Corrections and Rehabilitation	300	....	
Legislature-General			
President of the Legislative Council and the Speaker of the House of Assembly acting jointly	1 060	....	
Ministerial and Parliamentary Support			
Premier	9 921	....	
Natural Resources and Environment Tasmania			
Minister for Parks and Heritage	4 244	....	
Minister for Primary Industries and Water	3 282	....	
Total	**7 526**	....	
Police, Fire and Emergency Management			
Minister for Police, Fire and Emergency Management	13 657	....	

Statement 5 - Supplementary Estimates Statement Summary (continued)

Authority	2025-26 Operating	2025-26 Capital	2025-26 Total[1]
	$'000	$'000	$'000
Premier and Cabinet			
Minister for Community and Multicultural Affairs	508	....	
Minister for Women and the Prevention of Family and Sexual Violence	300	....	
Premier	6 520	....	
Total	**7 328**	**....**	
State Growth[2]			
Minister for Business, Industry and Resources	3 267	....	
Minister for Energy and Renewables	265	....	
Minister for Housing and Planning	1 276	....	
Minister for Infrastructure and Transport	2 500	....	
Total	**7 308**	**....**	
Tasmanian Audit Office			
Treasurer	300	....	
Section 21 - Total	**126 289**	**....**	**126 289**
Section 22 - Appropriated Australian Government Funding			
Education, Children and Young People			
Minister for Education	8 580	....	
Finance-General			
Treasurer	88 860	....	
Section 22 - Total	**97 440**	**....**	**97 440**
Section 23(1) - Rollovers of unexpended Appropriation			
Education, Children and Young People			
Minister for Children and Youth	....	(1 500)	
Minister for Education	....	(2 747)	
Total	**....**	**(4 247)**	
Finance-General			
Treasurer	(60 656)	(3 470)	
Health			
Minister for Health, Mental Health and Wellbeing	....	(5 430)	

Statement 5 - Supplementary Estimates Statement Summary (continued)

Authority	2025-26 Operating	2025-26 Capital	2025-26 Total[1]
	$'000	$'000	$'000
Integrity Commission			
Attorney-General and Minister for Justice, Corrections and Rehabilitation	(180)	....	
Justice			
Attorney-General and Minister for Justice, Corrections and Rehabilitation	(1 550)	....	
Natural Resources and Environment Tasmania			
Minister for Aboriginal Affairs	(100)	....	
Minister for Environment and Climate Change	(1 054)	....	
Minister for Parks and Heritage	(350)	(3 129)	
Minister for Primary Industries and Water	(1 639)	(1 000)	
Minister for Racing	(200)	....	
Total	**(3 343)**	**(4 129)**	
Office of the Governor			
Premier	(232)	....	
Office of the Ombudsman			
Attorney-General and Minister for Justice, Corrections and Rehabilitation	(265)	....	
Police, Fire and Emergency Management			
Minister for Police, Fire and Emergency Management	....	(2 857)	
Premier and Cabinet			
Minister for Community and Multicultural Affairs	(5 480)	....	
Minister for Disability Services	(1 345)	....	
Minister for Local Government	(185)	....	
Minister for Veterans' Affairs	(340)	....	
Minister for Women and the Prevention of Family and Sexual Violence	(60)	....	
Premier	(3 726)	(3 182)	
Total	**(11 136)**	**(3 182)**	

Statement 5 - Supplementary Estimates Statement Summary (continued)

Authority	2025-26 Operating	2025-26 Capital	2025-26 Total[1]
	$'000	$'000	$'000
State Growth[2]			
Minister for Arts	(4 300)	....	
Minister for Business, Industry and Resources	(18 664)	....	
Minister for Energy and Renewables	(3 956)	....	
Minister for Environment and Climate Change	(1 050)	....	
Minister for Housing and Planning	(650)	....	
Minister for Infrastructure and Transport	(4 010)	....	
Minister for Skills and Jobs	(3 489)	....	
Minister for Small Business, Trade and Consumer Affairs	(1 246)	....	
Minister for Sport	(1 899)	....	
Minister for Tourism, Hospitality and Events	(4 965)	....	
Total	**(44 229)**	**....**	
Treasury and Finance			
Treasurer	(800)	....	
Section 23(1) - Total	**(122 391)**	**(23 315)**	**(145 706)**
Net Change in Appropriation Authorised by the FMA	**101 338**	**(23 315)**	**78 023**

Notes:
1. For each relevant section of the *Financial Management Act 2016*, the Total column reflects the aggregate of Operating and Capital appropriation changes.
2. The *State Service (Restructuring) Order 2026* changed the name of the Department of State Growth to Building Tasmania, effective 2 July 2026.

Tasmanian
Government