

Department of Treasury and Finance Financial Statements

For the year ended 30 June 2018

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Statement of Certification

The accompanying Financial Statements of the Department of Treasury and Finance and related bodies are in agreement with the relevant accounts and records. The Financial Statements have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2018 and the financial position as at 30 June 2018.

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

A handwritten signature in black ink, appearing to read 'AVoss', with a long horizontal stroke extending to the right.

Anton Voss
Acting Secretary

14 August 2018

Department of Treasury and Finance Statement of Comprehensive Income for the year ended 30 June 2018

| | Notes | 2018 Budget ¹ \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|-------|---------------------------------------|--------------------------|--------------------------|
| Continuing operations | | | | |
| Revenue and other income from transactions | | | | |
| Revenue from Government | | | | |
| | | | | |
| Appropriation revenue - recurrent | 7.1 | 58 748 | 51 828 | 41 712 |
| Appropriation revenue - works and services | 7.1 | 2 900 | 1 913 | 2 109 |
| Other revenue from Government | 7.1 | ... | 1 390 | 637 |
| Grants | 7.2 | 235 | 348 | 350 |
| Fees and fines | 7.3 | 8 324 | 8 781 | 8 732 |
| Other revenue | 7.4 | 1 420 | 2 033 | 2 132 |
| Total revenue and other income from transactions | | 71 627 | 66 293 | 55 672 |
| Expenses from transactions | | | | |
| Employee benefits | 8.1 | 31 275 | 30 324 | 26 295 |
| Depreciation and amortisation | 8.2 | 1 170 | 905 | 629 |
| Supplies and consumables | 8.3 | 11 313 | 14 664 | 8 442 |
| Grants and subsidies | 8.4 | 16 132 | 15 993 | 15 852 |
| Transfers to the Consolidated Fund | | 1 469 | 1 619 | 1 551 |
| Other expenses | 8.5 | 7 491 | 190 | 149 |
| Total expenses from transactions | | 68 850 | 63 694 | 52 917 |
| Net result from transactions (net operating balance) | | 2 777 | 2 599 | 2 755 |
| Other economic flows in net result | | | | |
| Net gain/(loss) on non-financial assets | | ... | (96) | ... |
| | | ... | (96) | ... |
| Net result from continuing operations | | 2 777 | 2 503 | 2 755 |
| Net result | | 2 777 | 2 503 | 2 755 |
| Comprehensive result | | 2 777 | 2 503 | 2 755 |

Note:

1. The Office of the Tasmanian Economic Regulator has been excluded from the above budget information. A reconciliation is provided at Note 18.7.

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.

Explanations of material variances between budget and actual outcomes are provided in Note 5.1 of the accompanying notes.

Department of Treasury and Finance Statement of Financial Position as at 30 June 2018

| | Notes | 2018 Budget' \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---------------------------------|-------|---------------------------|--------------------------|--------------------------|
| Assets | | | | |
| <i>Financial assets</i> | | | | |
| Cash and deposits | 12.1 | 4 604 | 7 490 | 7 167 |
| Receivables | 9.1 | 281 | 312 | 315 |
| Other financial assets | 9.2 | 249 | 483 | 437 |
| <i>Non-financial assets</i> | | | | |
| Leasehold improvements | 9.3 | 273 | 169 | 370 |
| Plant and equipment | 9.3 | 531 | 699 | 575 |
| Heritage assets | 9.3 | 84 | 84 | 84 |
| Intangibles | 9.4 | 9 438 | 8 249 | 6 178 |
| Other assets | 9.5 | 424 | 686 | 640 |
| Total assets | | 15 884 | 18 172 | 15 765 |
| Liabilities | | | | |
| Payables | 10.1 | 204 | 729 | 1 663 |
| Employee benefits | 10.2 | 7 348 | 7 619 | 7 075 |
| Other liabilities | 10.3 | 34 | 1 719 | 1 424 |
| Total liabilities | | 7 586 | 10 066 | 10 162 |
| Net assets (liabilities) | | 8 298 | 8 106 | 5 603 |
| Equity | | | | |
| Accumulated funds | | 8 298 | 8 106 | 5 603 |
| Total equity | | 8 298 | 8 106 | 5 603 |

Note:

I. OTTER has been excluded from the above budget information. A reconciliation is provided at Note 18.7.

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.

Explanations of material variances between budget and actual outcomes are provided in Note 5.2 of the accompanying notes.

Department of Treasury and Finance Statement of Cash Flows for the year ended 30 June 2018

| | Notes | 2018 Budget ¹ \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|-------|---------------------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | | |
| Cash inflows | | | | |
| Appropriation receipts - recurrent | | 58 748 | 52 530 | 42 081 |
| Appropriation receipts - works and services | | 2 900 | 2 893 | 2 609 |
| Grants | | 235 | 348 | ... |
| Fees and fines | | 8 315 | 8 733 | 8 598 |
| GST receipts | | 1 600 | 1 887 | 1 246 |
| Other cash receipts | | 1 420 | 2 127 | 2 504 |
| Total cash inflows | | 73 218 | 68 518 | 57 038 |
| Cash outflows | | | | |
| Employee benefits | | (27 397) | (26 468) | (22 808) |
| Superannuation | | (3 657) | (3 325) | (2 874) |
| GST payments | | (1 600) | (1 986) | (1 376) |
| Grants and subsidies | | (16 132) | (15 993) | (15 852) |
| Transfers to the Consolidated Fund | | (1 469) | (1 619) | (1 551) |
| Supplies and consumables | | (11 315) | (15 875) | (7 405) |
| Other cash payments | | (7 491) | (187) | (177) |
| Total cash outflows | | (69 061) | (65 453) | (52 043) |
| Net cash from (used by) operating activities | 12.2 | 4 157 | 3 065 | 4 995 |
| Cash flows from investing activities | | | | |
| Cash outflows | | | | |
| Proceeds from sale of non-financial assets | | ... | 6 | ... |
| Payments for acquisition of non-financial assets | | (3 844) | (2 745) | (3 080) |
| Net cash from (used by) investing activities | | (3 844) | (2 739) | (3 080) |
| Net increase / (decrease) in cash and cash equivalents held | | 313 | 323 | 1 915 |
| Cash and deposits at the beginning of the reporting period | | 4 291 | 7 167 | 5 252 |
| Cash and deposits at the end of the reporting period | 12.1 | 4 604 | 7 490 | 7 167 |

Note:

1. OTTER has been excluded from the above budget information. A reconciliation is provided at Note 18.7.

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.

Explanations of material variances between budget and actual outcomes are provided in Note 5.3 of the accompanying notes.

Department of Treasury and Finance Statement of Changes in Equity for the year ended 30 June 2018

| | Accumulated Funds \$'000 | Total Equity \$'000 |
|-----------------------------------|--------------------------------|---------------------------|
| Balance as at 1 July 2017 | 5 603 | 5 603 |
| Total comprehensive result | 2 503 | 2 503 |
| Balance as at 30 June 2018 | 8 106 | 8 106 |

| | Accumulated Funds \$'000 | Total Equity \$'000 |
|-----------------------------------|--------------------------------|---------------------------|
| Balance as at 1 July 2016 | 2 848 | 2 848 |
| Total comprehensive result | 2 755 | 2 755 |
| Balance as at 30 June 2017 | 5 603 | 5 603 |

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to and forming part of the Financial Statements for the year ended 30 June 2018

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Note I Administered Financial Statements

The Department administers, but does not control, certain resources on behalf of the Government as a whole. It is accountable for the transactions involving such administered resources, but does not have the discretion to deploy resources for the achievement of the Department's objectives.

In order to produce financial reports that provide comparable and understandable information without sacrificing their relevance, as required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, the Department has obtained an exemption from Treasurer's Instruction 202 *Definition of "Administered" and "Controlled"*, from 1 July 2004, whereby all Finance-General activities are classified as administered.

I.1 Schedule of Administered Income and Expenses – Finance-General

| | Notes | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|-------|--------------------------|--------------------------|--------------------------|
| Administered revenue and other income from transactions | | | | |
| Revenue from Government | | | | |
| Appropriation revenue - recurrent | 15.2 | 599 360 | 474 558 | 518 756 |
| Appropriation revenue - capital | 15.2 | 27 718 | 803 | ... |
| Other revenue from Government | 15.2 | ... | 12 930 | 11 204 |
| Australian Government grants | 15.3 | 3 259 251 | 3 327 624 | 3 834 964 |
| State taxation | 15.4 | 1 021 245 | 1 051 135 | 998 284 |
| Sales of goods and services | 15.5 | 90 362 | 94 948 | 87 438 |
| Investment income | 15.6 | 379 771 | 413 259 | 321 221 |
| Other revenue | 15.7 | 109 723 | 121 221 | 112 579 |
| Total administered revenue and other income from transactions | | 5 487 430 | 5 496 477 | 5 884 444 |
| Administered expenses from transactions | | | | |
| Superannuation | 15.8 | 373 534 | 374 472 | 397 407 |
| Depreciation and amortisation | 15.9 | 17 510 | 14 455 | 14 247 |
| Supplies and consumables | 15.10 | 136 664 | 106 508 | 103 329 |
| Grants and subsidies | 15.11 | 527 540 | 371 501 | 488 310 |
| Finance costs | 15.12 | 9 512 | 9 570 | 9 947 |
| Transfers to the Consolidated Fund | | 4 654 131 | 4 575 828 | 4 161 195 |
| Total administered expenses from transactions | | 5 718 891 | 5 452 333 | 5 174 435 |
| Administered net result from transactions attributable to the State | | (231 461) | 44 144 | 710 010 |
| Administered other economic flows in administered net result | | | | |
| Net gain/(loss) on revaluation of equity investments | 15.16 | (104 198) | 46 966 | (57 328) |
| Net gain/(loss) on non-financial assets | 15.13 | 2 291 | 2 135 | 1 828 |
| Net actuarial gain/(loss) of superannuation liability | 15.24 | ... | (287 714) | 1 200 765 |
| Net actuarial gain/(loss) on Tasmanian Risk Management Fund liability | 15.26 | (7 720) | 9 423 | 4 946 |
| Net gains/(loss) on other financial instruments and statutory assets | 15.14 | 23 403 | 12 753 | (6 848) |
| Total administered other economic flows included in net result | | (86 224) | (216 438) | 1 143 364 |
| Administered net result | | (317 685) | (172 294) | 1 853 373 |

I.1 Schedule of Administered Income and Expenses – Finance-General (continued)

| Notes | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Administered other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Crown land transfers | ... | ... | ... |
| Changes in physical assets revaluation reserve | (2) | 4 626 | ... |
| Total administered other comprehensive income | (2) | 4 626 | ... |
| Administered comprehensive result | (317 687) | (167 668) | 1 853 373 |

This Schedule of Administered Income and Expenses should be read in conjunction with the accompanying notes.

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

Explanations of material variances between budget and actual outcomes are provided in Note 6.1 of the accompanying notes.

I.2 Schedule of Administered Assets and Liabilities – Finance-General

| | Notes | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|-------|--------------------------|--------------------------|--------------------------|
| Administered assets | | | | |
| <i>Administered financial assets</i> | | | | |
| Cash and deposits | 15.31 | 1 094 397 | 1 311 058 | 1 288 054 |
| Receivables | 15.15 | 87 611 | 99 482 | 96 568 |
| Equity investments | 15.16 | 5 654 024 | 5 508 524 | 5 317 976 |
| Other financial assets | 15.17 | 967 872 | 938 328 | 985 723 |
| <i>Administered non-financial assets</i> | | | | |
| Assets held for sale | 15.18 | 912 | 1 181 | 624 |
| Plant, equipment and vehicles | 15.19 | 56 951 | 59 768 | 59 600 |
| Land and buildings | 15.19 | 81 711 | 76 199 | 61 900 |
| Infrastructure | 15.20 | 17 218 | 803 | ... |
| Other assets | 15.21 | 1 080 | 1 300 | 1 028 |
| Total administered assets | | 7 961 776 | 7 996 643 | 7 811 473 |
| Administered liabilities | | | | |
| Payables | 15.22 | 13 394 | 11 159 | 16 524 |
| Interest bearing liabilities | 15.23 | 1 152 117 | 425 515 | 483 292 |
| Superannuation | 15.24 | 6 263 508 | 8 274 696 | 7 860 562 |
| Other liabilities | 15.25 | 256 984 | 913 509 | 911 662 |
| Total administered liabilities | | 7 686 003 | 9 624 879 | 9 272 041 |
| Administered net assets (liabilities) | | 275 773 | (1 628 235) | (1 460 568) |
| Administered equity | | | | |
| Accumulated funds | 1.4 | 253 389 | (1 655 245) | (1 482 951) |
| Asset Revaluation Reserve | 15.30 | 22 384 | 27 010 | 22 384 |
| Total administered equity | | 275 773 | (1 628 235) | (1 460 568) |

This Schedule of Administered Assets and Liabilities should be read in conjunction with the accompanying notes.

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

Explanations of material variances between budget and actual outcomes are provided in Note 6.2 of the accompanying notes.

I.3 Schedule of Administered Cash Flows – Finance-General

| | Notes | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|-------|--------------------------|--------------------------|--------------------------|
| Administered cash flows from operating activities | | | | |
| Administered cash inflows | | | | |
| Appropriation receipts - recurrent | | 599 360 | 490 857 | 531 686 |
| Appropriation receipts - capital | | 27 718 | ... | ... |
| State taxation | | 1 022 300 | 1 053 831 | 987 906 |
| Australian Government grants | | 3 259 251 | 3 327 624 | 3 834 964 |
| Sales of goods and services | | 90 362 | 93 542 | 87 479 |
| GST receipts | | 13 500 | 22 928 | 21 302 |
| Interest received | | 21 298 | 24 602 | 24 731 |
| Dividends and tax equivalents received | | 372 420 | 402 165 | 304 070 |
| Other cash receipts | | 109 723 | 112 853 | 106 764 |
| Total administered cash inflows | | 5 515 932 | 5 528 401 | 5 898 902 |
| Administered cash outflows | | | | |
| Superannuation | | (283 296) | (247 189) | (261 912) |
| Borrowing costs | | (9 486) | (9 561) | (9 988) |
| GST payments | | (13 500) | (22 792) | (22 330) |
| Grants and subsidies | | (527 540) | (373 818) | (487 563) |
| Transfers to the Consolidated Fund | | (4 654 131) | (4 575 828) | (4 161 195) |
| Supplies and consumables | | (136 664) | (103 641) | (92 935) |
| Total administered cash outflows | | (5 624 617) | (5 332 828) | (5 035 923) |
| Administered net cash from (used by) operating activities | 15.33 | (108 685) | 195 573 | 862 979 |
| Administered cash flows from investing activities | | | | |
| Administered cash inflows | | | | |
| Proceeds from the disposal of non-financial assets | | 16 251 | 14 199 | 14 003 |
| Repayment of loans by other entities | | 8 642 | 8 625 | 8 497 |
| Total administered cash inflows | | 24 893 | 22 824 | 22 499 |
| Administered cash outflows | | | | |
| Payments for acquisition of non-financial assets | | (58 938) | (38 202) | (48 252) |
| Payments for investments | | (54 779) | (103 846) | (825 313) |
| Total administered cash outflows | | (113 717) | (142 048) | (873 566) |
| Administered net cash from (used by) investing activities | | (88 824) | (119 224) | (851 067) |
| Administered cash flows from financing activities | | | | |
| Administered cash inflows | | | | |
| Proceeds from borrowings | | 499 134 | 260 000 | 310 000 |
| Public Account cash collections | | ... | 33 369 | 32 754 |
| Total administered cash inflows | | 499 134 | 293 369 | 342 754 |
| Administered cash outflows | | | | |
| Repayment of borrowings | | (337 599) | (317 776) | (392 617) |
| Public Account cash reimbursement | | (36 565) | (28 938) | (22 657) |
| Total administered cash outflows | | (374 164) | (346 714) | (415 274) |
| Administered net cash from / (used by) financing activities | | 124 970 | (53 346) | (72 520) |
| Net increase / (decrease) in administered cash held | | (72 539) | 23 004 | (60 608) |
| Administered cash and deposits at the beginning of the reporting period | | 1 166 936 | 1 288 054 | 1 348 661 |
| Administered cash and deposits at the end of the reporting period | 15.31 | 1 094 397 | 1 311 058 | 1 288 054 |

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

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

Explanations of material variances between budget and actual outcomes are provided in Note 6.3 of the accompanying notes.

I.4 Schedule of Administered Changes in Equity – Finance-General

| Notes | Contributed Equity \$'000 | Reserves \$'000 | Accumulated Funds \$'000 | Total Equity \$'000 |
|-------------------------------------|---------------------------------|--------------------|--------------------------------|---------------------------|
| Balance as at 1 July 2017 | ... | 22 384 | (1 482 951) | (1 460 568) |
| Net result | ... | ... | (172 294) | (172 294) |
| Other comprehensive income: | | | | |
| Revaluation increment/(decrement) | ... | 4 626 | ... | 4 626 |
| Total comprehensive result | ... | 4 626 | (172 294) | (167 668) |
| Transactions as owners: | ... | ... | ... | ... |
| Total transactions as owners | ... | ... | ... | ... |
| Total | ... | 4 626 | (172 294) | (167 668) |
| Balance as at 30 June 2018 | ... | 27 010 | (1 655 245) | (1 628 235) |

| Notes | Contributed Equity \$'000 | Reserves \$'000 | Accumulated Funds \$'000 | Total Equity \$'000 |
|---|---------------------------------|--------------------|--------------------------------|---------------------------|
| Balance as at 1 July 2016 | ... | 22 384 | (3 336 324) | (3 313 940) |
| Net result | ... | ... | 1 853 373 | 1 853 373 |
| Total comprehensive result | ... | ... | 1 853 373 | 1 853 373 |
| Transactions as owners: | | | | |
| Equity transfer received from Tasmanian Networks Pty Ltd for Hydro Tasmania | 50 000 | ... | ... | 50 000 |
| Equity transfer to Hydro Tasmania | (50 000) | ... | ... | (50 000) |
| Total transactions as owners | ... | ... | ... | ... |
| Total | ... | ... | 1 853 373 | 1 853 373 |
| Balance as at 30 June 2017 | ... | 22 384 | (1 482 951) | (1 460 568) |

This Schedule of Administered Changes in Equity should be read in conjunction with the accompanying notes.

Note 2 Departmental Output Schedules

2.1 Output Group Information

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

Output Group 1 – Financial and Resource Management Services

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Revenue and other income from transactions | | | |
| Revenue from appropriation | 8 757 | 8 399 | 8 455 |
| Other revenue from Government | ... | 341 | 70 |
| Fees and fines | 2 109 | 2 618 | 2 426 |
| Other revenue | 1 344 | 1 883 | 1 972 |
| Total revenue and other income from transactions | 12 210 | 13 241 | 12 923 |
| Expenses from transactions | | | |
| Employee entitlements | | | |
| Salary and wages | 8 392 | 8 302 | 7 975 |
| Other employee expenses | 166 | 3 | 19 |
| Superannuation | 1 127 | 1 017 | 1 020 |
| Depreciation and amortisation | 181 | 271 | 210 |
| Grants and subsidies | ... | 1 | 1 |
| Supplies and consumables | | | |
| Audit fees | 101 | 119 | 134 |
| Consultants | 189 | 116 | 277 |
| Maintenance and property services | 631 | 369 | 700 |
| Communications | 73 | 86 | 88 |
| Information technology | 491 | 637 | 498 |
| Travel and transport | 122 | 65 | 81 |
| Advertising and promotion | 14 | 5 | 7 |
| Other supplies and consumables | 644 | 844 | 738 |
| Other expenses | 42 | 59 | 50 |
| Total expenses from transactions | 12 173 | 11 894 | 11 799 |
| Net result from transactions (net operating balance) | 37 | 1 347 | 1 123 |
| Other economic flows included in the net result | | | |
| Net gain/(loss) on sale of non-financial assets | ... | (29) | ... |
| Total other economic flows included in net result | ... | (29) | ... |
| Comprehensive result | 37 | 1 318 | 1 123 |
| Expense by output | | | |
| I.1 Budget development and management | 2 561 | 2 585 | 2 400 |
| I.2 Financial management and accounting services | 3 377 | 3 502 | 3 359 |
| I.3 Shareholder advice on government businesses | 2 421 | 2 173 | 2 458 |
| I.4 Government property and accommodation services | 1 356 | 1 833 | 1 399 |
| I.5 Government procurement services | 2 458 | 1 830 | 2 184 |
| Total | 12 173 | 11 923 | 11 800 |
| Net Assets | | | |
| Total assets deployed for Financial and Resource Management Services | | 2 765 | 2 647 |
| Total liabilities incurred for Financial and Resource Management Services | | (3 256) | (2 727) |
| Net assets deployed for Financial and Resource Management Services | | (491) | (80) |

Output Group 2 – Economic and Fiscal Policy Advice

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Revenue and other income from transactions | | | |
| Revenue from appropriation | 5 638 | 5 124 | 4 613 |
| Other revenue from Government | ... | 77 | 40 |
| Other revenue | 19 | 30 | 101 |
| Total revenue and other income from transactions | 5 657 | 5 231 | 4 754 |
| Expenses from transactions | | | |
| Employee entitlements | | | |
| Salary and wages | 4 111 | 3 992 | 3 301 |
| Other employee expenses | 67 | 78 | 87 |
| Superannuation | 555 | 501 | 433 |
| Depreciation and amortisation | 101 | 163 | 108 |
| Grants and subsidies | ... | 1 | 1 |
| Supplies and consumables | | | |
| Audit fees | 56 | 64 | 69 |
| Consultants | 162 | 11 | 7 |
| Maintenance and property services | 325 | 219 | 336 |
| Communications | 28 | 35 | 35 |
| Information technology | 233 | 312 | 248 |
| Travel and transport | 76 | 63 | 64 |
| Advertising and promotion | 12 | 3 | 3 |
| Other supplies and consumables | 26 | 94 | 38 |
| Other expenses | 21 | 30 | 21 |
| Total expenses from transactions | 5 773 | 5 565 | 4 751 |
| Net result from transactions (net operating balance) | (116) | (334) | 3 |
| Other economic flows included in the net result | | | |
| Net gain/(loss) on sale of non-financial assets | ... | (17) | ... |
| Total other economic flows included in net result | ... | (17) | ... |
| Comprehensive result | (116) | (351) | 3 |
| Expense by output | | | |
| 2.1 Economic policy advice | 1 940 | 1 185 | 1 167 |
| 2.2 Fiscal policy and regulatory advice | 2 505 | 2 599 | 2 470 |
| 2.3 Intergovernmental financial matters | 1 328 | 1 798 | 1 114 |
| Total | 5 773 | 5 582 | 4 751 |
| Net Assets | | | |
| Total assets deployed for Economic and Fiscal Policy Advice | | 1 482 | 1 414 |
| Total liabilities incurred for Economic and Fiscal Policy Advice | | (1 544) | (1 526) |
| Net assets deployed for Economic and Fiscal Policy Advice | | (62) | (112) |

Output Group 3 – Revenue and Regulatory Management Services

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Revenue and other income from transactions | | | |
| Revenue from appropriation | 32 281 | 26 233 | 16 760 |
| Other revenue from Government | ... | 472 | 119 |
| Fees and fines | 1 755 | 1 920 | 1 893 |
| Other revenue | 57 | 121 | 410 |
| Total revenue and other income from transactions | 34 093 | 28 746 | 19 182 |
| Expenses from transactions | | | |
| Employee entitlements | | | |
| Salary and wages | 14 742 | 14 339 | 11 852 |
| Other employee expenses | 140 | 283 | 192 |
| Superannuation | 1 975 | 1 809 | 1 414 |
| Depreciation and amortisation | 888 | 470 | 311 |
| Grants and subsidies | 2 | 2 | 1 |
| Supplies and consumables | | | |
| Audit fees | 349 | 220 | 207 |
| Consultants | 1 354 | 371 | 101 |
| Maintenance and property services | 1 763 | 987 | 1 142 |
| Communications | 306 | 346 | 320 |
| Information technology | 2 346 | 1 637 | 1 027 |
| Travel and transport | 288 | 211 | 197 |
| Medical, Surgical and Pharmacy Supplies | 100 | ... | ... |
| Advertising and promotion | 158 | 6 | 10 |
| Other supplies and consumables | 1 151 | 7 253 | 1 822 |
| Transfers to the Consolidated Fund | 1 469 | 1 619 | 1 551 |
| Other expenses | 7 426 | 101 | 78 |
| Total expenses from transactions | 34 457 | 29 654 | 20 225 |
| Net result from transactions (net operating balance) | (364) | (908) | (1 044) |
| Other economic flows included in the net result | | | |
| Net gain/(loss) on sale of non-financial assets | ... | (50) | ... |
| Total other economic flows included in net result | ... | (50) | ... |
| Comprehensive result | (364) | (957) | (1 044) |
| Expense by output | | | |
| 3.1 Tax administration and revenue collection | 9 227 | 9 476 | 8 672 |
| 3.2 Regulation and administration of liquor and gaming | 6 423 | 6 796 | 6 289 |
| 3.4 Office of the Superannuation Commission ¹ | 17 338 | 11 813 | 3 713 |
| Total | 32 988 | 28 085 | 18 674 |
| Net Assets | | | |
| Total assets deployed for Revenue and Regulatory Management Services | | 11 164 | 9 564 |
| Total liabilities incurred for Revenue and Regulatory Management Services | | (4 286) | (5 408) |
| Net assets deployed for Revenue and Regulatory Management Services | | 6 878 | 4 156 |

Note:

1. The Office of the Superannuation Commission was created on 1 April 2017 and supports the Superannuation Commission.

Output Group 4 – Community Assistance

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Revenue and other income from transactions | | | |
| Revenue from appropriation | 12 072 | 12 072 | 11 878 |
| Reserved by Law | ... | ... | 6 |
| Fees and fines | 4 460 | 4 243 | 4 413 |
| Total revenue and other income from transactions | 16 532 | 16 315 | 16 297 |
| Expenses from transactions | | | |
| Grants and subsidies | 16 130 | 15 990 | 15 849 |
| Supplies and consumables | | | |
| Consultants | 317 | 591 | 286 |
| Advertising and promotion | ... | ... | 8 |
| Total expenses from transactions | 16 447 | 16 581 | 16 143 |
| Net result from transactions (net operating balance) | 85 | (266) | 154 |
| Comprehensive result | 85 | (266) | 154 |
| Expense by output | | | |
| 4.1 Bass Strait Islands Community Service Obligation | 10 049 | 10 049 | 9 900 |
| 4.2 Public Trustee Community Service Obligation | 2 023 | 2 023 | 1 978 |
| 4.3 Community Support Levy | 4 375 | 4 510 | 4 266 |
| Total | 16 447 | 16 581 | 16 143 |
| Net Assets | | | |
| Total assets deployed for Community Assistance | | ... | ... |
| Total liabilities incurred for Community Assistance | | ... | ... |
| Net assets deployed for Community Assistance | | ... | ... |

Output Group 92 – Capital Investment Program

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Revenue and other income from transactions | | | |
| Revenue from appropriation | 2 900 | 1 913 | 2 109 |
| Grants | 235 | 348 | ... |
| Other revenue from Government | ... | 500 | 408 |
| Total revenue and other income from transactions | 3 135 | 2 761 | 2 517 |
| Expenses from transactions | ... | ... | ... |
| Total expenses from transactions | ... | ... | ... |
| Net result from transactions (net operating balance) | 3 135 | 2 761 | 2 517 |
| Comprehensive result | 3 135 | 2 761 | 2 517 |
| Net Assets | | | |
| Total assets deployed for Capital Investment Program | | 2 761 | 2 140 |
| Total liabilities incurred for Capital Investment Program | | (980) | (500) |
| Net assets deployed for Capital Investment Program | | 1 781 | 1 640 |

2.2 Reconciliation of Total Output Groups Comprehensive Result to Statement of Comprehensive Income

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| Total comprehensive result of Output Groups | 2 777 | 2 503 | 2 755 |
| Comprehensive result | 2 777 | 2 503 | 2 755 |

2.3 Reconciliation of Total Output Groups Net Assets to Statement of Financial Position

| | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|-----------------------------------|-----------------------------------|
| Total net assets deployed for Output Groups | 8 106 | 5 603 |
| Net assets | 8 106 | 5 603 |

2.4 Administered Output Schedule

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

Output Group I – Debt Servicing and Management

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Administered revenue and other income from transactions | | | |
| Revenue from appropriation | 5 612 | 5 924 | 5 999 |
| Investment Income | 7 727 | 7 727 | 8 062 |
| Total administered revenue and other income from transactions | 13 339 | 13 651 | 14 061 |
| Administered expenses from transactions | | | |
| Borrowing costs | 9 342 | 9 433 | 9 818 |
| Total administered expenses from transactions | 9 342 | 9 433 | 9 818 |
| Administered net result from transactions (net operating balance) | 3 997 | 4 218 | 4 244 |
| Total administered comprehensive result | 3 997 | 4 218 | 4 244 |
| Administered expense by output | | | |
| I.1 Debt servicing | 49 | 48 | 13 |
| I.2 Interest on sundry deposits | 1 566 | 1 657 | 1 743 |
| I.3 Debt management | 7 727 | 7 727 | 8 062 |
| Total | 9 342 | 9 433 | 9 818 |
| Administered financial assets | | | |
| Cash and deposits | 624 517 | 681 774 | 674 756 |
| Receivables | 170 | 191 | 93 |
| Other financial assets | 153 584 | 165 515 | 173 292 |
| Total administered financial assets | 778 271 | 847 481 | 848 141 |
| Total administered assets | 778 271 | 847 481 | 848 141 |
| Administered liabilities | | | |
| Interest bearing liabilities | 383 021 | 425 515 | 483 292 |
| Other liabilities | 487 319 | 663 604 | 666 162 |
| Total administered liabilities | 870 340 | 1 089 120 | 1 149 454 |
| Total administered net assets (liabilities) | (92 069) | (241 639) | (301 313) |
| Administered Net Assets (Liabilities) | | | |
| Total assets deployed for Debt Servicing and Management | | 847 481 | 848 141 |
| Total liabilities incurred for Debt Servicing and Management | | (1 089 120) | (1 149 454) |
| Administered Net assets (liabilities) deployed for Debt Servicing and Management | | (241 639) | (301 313) |

Output Group 2 – Employee Related Costs

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Administered revenue and other income from transactions | | | |
| Revenue from appropriation (includes Reserved by Law) | 290 203 | 253 896 | 269 236 |
| Investment Income | 14 | 15 | 32 |
| Other revenue | 99 500 | 108 078 | 102 436 |
| Total administered revenue and other income from transactions | 389 717 | 361 988 | 371 704 |
| Administered expenses from transactions | | | |
| Superannuation | 373 534 | 374 472 | 397 407 |
| Supplies and consumables | 200 | 1 | 313 |
| Total administered expenses from transactions | 373 734 | 374 473 | 397 721 |
| Administered net result from transactions (net operating balance) | 15 983 | (12 484) | (26 017) |
| Administered other economic flows in administered net result | | | |
| Net actuarial gain/(loss) of Superannuation defined benefit plan | ... | (287 714) | 1 200 765 |
| Total administered other economic flows included in net result | ... | (287 714) | 1 200 765 |
| Total administered comprehensive result | 15 983 | (300 199) | 1 174 748 |
| Administered expense by output | | | |
| 2.1 Superannuation and pensions | 373 734 | 374 473 | 397 721 |
| Total | 373 734 | 374 473 | 397 721 |
| Administered financial assets | | | |
| Cash and deposits | 33 989 | 24 045 | 16 964 |
| Receivables | 1 455 | 1 636 | 443 |
| Other financial assets | (370) | (370) | (400) |
| Total administered financial assets | 35 074 | 25 311 | 17 007 |
| Total administered assets | 35 074 | 25 311 | 17 007 |
| Administered liabilities | | | |
| Superannuation | 6 263 508 | 8 274 696 | 7 860 562 |
| Payables | 5 064 | 4 219 | 3 376 |
| Total administered liabilities | 6 268 572 | 8 278 915 | 7 863 938 |
| Total administered net assets (liabilities) | (6 233 498) | (8 253 603) | (7 846 931) |
| Administered Net Assets (Liabilities) | | | |
| Total assets deployed for Employee Related Costs | | 25 311 | 17 007 |
| Total liabilities incurred for Employee Related Costs | | (8 278 915) | (7 863 938) |
| Administered net assets (liabilities) deployed for Employee Related Costs | | (8 253 603) | (7 846 931) |

Output Group 3 – Government Businesses

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Administered revenue and other income from transactions | | | |
| Revenue from appropriation | 28 340 | 33 836 | 36 703 |
| Investment Income | 40 000 | 41 264 | 40 034 |
| Total administered revenue and other income from transactions | 68 340 | 75 100 | 76 737 |
| Administered expenses from transactions | | | |
| Grants and subsidies | 6 340 | 11 836 | 17 203 |
| Total administered expenses from transactions | 6 340 | 11 836 | 17 203 |
| Administered net result from transactions (net operating balance) | 62 000 | 63 264 | 59 534 |
| Administered other economic flows included in net result | | | |
| Net gain/(loss) on equity investments | (104 198) | 46 966 | (57 328) |
| Total administered other economic flows included in net result | (104 198) | 46 966 | (57 328) |
| Total administered comprehensive result | (42 198) | 110 230 | 2 207 |
| Administered expense by output | | | |
| 3.1 Sustainable Timber Tasmania | 2 000 | 2 000 | 5 354 |
| 3.2 State Fire Commission | 2 836 | 8 762 | 10 151 |
| 3.4 Government businesses | 1 504 | 1 074 | 1 697 |
| Total | 6 340 | 11 836 | 17 203 |
| Administered financial assets | | | |
| Equity investments | 5 621 245 | 5 467 942 | 4 552 197 |
| Cash | ... | ... | 40 034 |
| Total administered financial assets | 5 621 245 | 5 467 942 | 4 592 232 |
| Total administered assets | 5 621 245 | 5 467 942 | 4 592 232 |
| Total administered net assets (liabilities) | 5 621 245 | 5 467 942 | 4 592 232 |
| Administered Net Assets (Liabilities) | | | |
| Total assets deployed for Government Businesses | | 5 467 942 | 4 592 232 |
| Administered net assets (liabilities) deployed for Government Businesses | | 5 467 942 | 4 592 232 |

Output Group 4 – Miscellaneous

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Administered revenue and other income from transactions | | | |
| Revenue from appropriation (includes Reserved by Law) | 72 574 | 27 838 | 43 704 |
| Other revenue from Government | ... | 12 930 | 11 204 |
| Australian Government Grants | 1 000 | ... | ... |
| Sales of goods and services | 90 287 | 94 872 | 87 515 |
| Other revenue | 6 641 | 2 867 | 1 462 |
| Total administered revenue and other income from transactions | 170 502 | 138 507 | 143 885 |
| Administered expenses from transactions | | | |
| Depreciation and amortisation | 17 510 | 14 455 | 14 247 |
| Grants and subsidies | 31 740 | 8 302 | 10 369 |
| Borrowing costs | 170 | 137 | 129 |
| Supplies and consumables | 123 573 | 106 309 | 102 740 |
| Total administered expenses from transactions | 172 993 | 129 203 | 127 485 |
| Administered net result from transactions (net operating balance) | (2 491) | 9 305 | 16 400 |
| Administered other economic flows included in the net result | | | |
| Net gain/(loss) on non-financial assets | 2 291 | 2 135 | 1 828 |
| Net gain/(loss) on Tasmanian Risk Management Fund Liability | (7 720) | 9 423 | 4 946 |
| Total administered other economic flows included in net result | (5 429) | 11 558 | 6 774 |
| Administered net result | (7 920) | 20 862 | 23 175 |
| Other economic flows – other non-owner changes in equity | | | |
| Changes in physical asset revaluation reserve | ... | 4 626 | ... |
| Total other economic flows – other non-owner changes in equity | ... | 4 626 | ... |
| Total administered comprehensive result | (7 920) | 25 489 | 23 175 |
| Administered expense by output | | | |
| 4.2 Treasurer's Reserve | 10 000 | ... | ... |
| 4.3 Miscellaneous | 35 891 | 9 488 | 12 459 |
| 4.4 Payment to ATO GST administration | 13 289 | 13 317 | 14 607 |
| 4.5 Tasmanian Risk Management Fund | 69 432 | 64 166 | 62 735 |
| 4.6 Fleet Management Services | 14 872 | 14 811 | 15 786 |
| 4.7 Property Management Services | 27 509 | 27 100 | 21 698 |
| 4.8 Infrastructure Investment Project Planning | 2 000 | 321 | 200 |
| Total | 172 993 | 129 203 | 127 485 |
| Administered financial assets | | | |
| Cash and deposits | 248 033 | 262 064 | 257 103 |
| Receivables | 3 400 | 3 821 | 2 260 |
| Total administered financial assets | 251 433 | 265 885 | 259 363 |
| Administered non-financial assets | | | |
| Assets held for sale | 912 | 1 181 | 624 |
| Property, equipment and vehicles | 56 951 | 59 768 | 59 600 |
| Land and buildings | 71 211 | 76 199 | 61 900 |
| Other assets | 1 080 | 1 300 | 1 028 |
| Total administered non-financial assets | 130 154 | 138 448 | 123 152 |
| Total administered assets | 381 587 | 404 333 | 382 515 |
| Administered liabilities | | | |
| Payables | 2 192 | 1 826 | 3 009 |
| Other liabilities | 256 793 | 249 905 | 245 500 |
| Total administered liabilities | 258 985 | 251 731 | 248 509 |
| Total administered net assets (liabilities) | 122 602 | 152 602 | 134 007 |

Output Group 4 – Miscellaneous (continued)

| | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|
| Administered Net Assets (Liabilities) | | |
| Total assets deployed for Miscellaneous | 404 333 | 382 515 |
| Total liabilities incurred for Miscellaneous | (251 731) | (248 509) |
| Administered net assets (liabilities) deployed for Miscellaneous | 152 602 | 134 007 |

Output Group 91 – Administered Payments

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Administered revenue and other income from transactions | | | |
| Revenue from appropriation (includes Reserved by Law) | 202 631 | 153 064 | 163 114 |
| Grants | 265 594 | 324 643 | 994 594 |
| Sale of goods and services | 75 | 76 | 74 |
| Total administered revenue and other income from transactions | 468 300 | 477 783 | 1 157 781 |
| Administered expenses from transactions | | | |
| Supplies and consumables | 12 891 | 197 | 201 |
| Grants and subsidies | 476 032 | 343 645 | 447 411 |
| Total administered expenses from transactions | 488 923 | 343 841 | 447 612 |
| Administered net result from transactions (net operating balance) | (20 623) | 133 942 | 710 170 |
| Total administered comprehensive result | (20 623) | 133 942 | 710 170 |
| Administered expense by output | | | |
| TT-Line Pensioner Concession Subsidy | 285 | 191 | 176 |
| Energy Retailer Concession | 40 980 | 40 518 | 41 006 |
| First Home Owners Builder Assistance | 13 440 | 11 932 | 9 917 |
| Launceston Flood Levee | 1 000 | ... | ... |
| Local Government grants | 77 213 | 75 647 | 108 738 |
| Other grants and subsidies | 26 030 | 17 161 | 887 |
| Payments under <i>Local Government (Rates and Charges Remissions) Act 1991</i> | 17 355 | 17 140 | 16 727 |
| Payroll Tax Assistance | 4 215 | 2 662 | 3 173 |
| Management of Australian Government Funding | 280 494 | 149 433 | 245 078 |
| Tasmanian Forestry Agreement | 5 768 | 7 613 | 8 822 |
| Water and Sewerage Concessions and Subsidies | 9 412 | 8 450 | 8 522 |
| Natural Disaster Relief Scheme | 12 731 | 13 094 | 4 566 |
| Total | 488 923 | 343 841 | 447 612 |
| Administered financial assets | | | |
| Cash and deposits | 178 474 | 329 795 | 278 098 |
| Equity Investments | 32 779 | 40 582 | 765 779 |
| Receivables | 1 382 | 1 554 | 3 676 |
| Total administered financial assets | 212 636 | 371 931 | 1 047 553 |
| Total administered assets | 212 636 | 371 931 | 1 047 553 |
| Administered liabilities | | | |
| Payables | 4 788 | 3 988 | 10 140 |
| Total administered liabilities | 4 788 | 3 988 | 10 140 |
| Total administered net assets (liabilities) | 207 848 | 367 942 | 1 037 414 |
| Administered Net Assets (Liabilities) | | | |
| Total assets deployed for Administered Payments | | 371 931 | 1 047 553 |
| Total liabilities incurred for Administered Payments | | (3 988) | (10 140) |
| Administered net assets (liabilities) deployed for Administered Payments | | 367 942 | 1 037 414 |

Capital Investment Program

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Administered revenue and other income | | | |
| Appropriation non-financial assets - Land and buildings | 10 500 | ... | ... |
| Appropriation non-financial assets - Infrastructure | 17 218 | 803 | ... |
| Total administered revenue and other income | 27 718 | 803 | ... |
| Administered expenses from transactions | ... | ... | ... |
| Total administered expenses from transactions | ... | ... | ... |
| Administered net result from transactions (net operating balance) | 27 718 | 803 | ... |
| Total administered comprehensive result | 27 718 | 803 | ... |
| Administered Net Assets (Liabilities) | | | |
| Total assets deployed for Capital Investment Program | | 803 | ... |
| Total liabilities incurred for Capital Investment Program | | ... | ... |
| Administered net assets (liabilities) deployed for Capital Investment Program | | 803 | ... |

Special Capital Investment Funds

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Administered expenses from transactions | | | |
| Grants and subsidies | 13 428 | 7 719 | 13 328 |
| Total administered expenses from transactions | 13 428 | 7 719 | 13 328 |
| Administered net result from transactions (net operating balance) | (13 428) | (7 719) | (13 328) |
| Total administered comprehensive result | (13 428) | (7 719) | (13 328) |
| Administered expense by output | | | |
| Economic and Social Infrastructure Fund | ... | ... | 445 |
| Royal Hobart Hospital Redevelopment Fund | ... | 48 | 597 |
| Hospitals Capital Fund | 1 360 | 5 | 38 |
| Housing Fund | 1 236 | 2 865 | 1 088 |
| Infrastructure Tasmania Fund | 10 832 | 4 800 | 11 160 |
| Total | 13 428 | 7 719 | 13 328 |
| Administered financial assets | | | |
| Cash and deposits | 7 670 | 13 380 | 21 098 |
| Total administered financial assets | 7 670 | 13 380 | 21 098 |
| Total administered assets | 7 670 | 13 380 | 21 098 |
| Administered liabilities | | | |
| Payables | 1 351 | 1 125 | ... |
| Total administered liabilities | 1 351 | 1 125 | ... |
| Total administered net assets (liabilities) | 6 320 | 12 254 | 21 098 |
| Administered Net Assets (Liabilities) | | | |
| Total assets deployed for Special Capital Investment Funds | | 13 380 | 21 098 |
| Total liabilities incurred for Capital Investment Program | | (1 125) | ... |
| Administered net assets (liabilities) deployed for Special Capital Investment Funds | | 12 254 | 21 098 |

2.5 Reconciliation of Total Administered Output Groups Comprehensive Result to Administered Statement of Changes in Equity

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Total Comprehensive result of Output Groups | (36 473) | (33 236) | 1 901 214 |
| Finance-General revenues | 4 372 917 | 4 441 396 | 4 113 354 |
| Less Transfer to the Consolidated Fund | (4 654 131) | (4 575 828) | (4 161 195) |
| Comprehensive result | (317 687) | (167 668) | 1 853 373 |

2.6 Reconciliation of Total Administered Output Groups Net Assets to Schedule of Administered Assets and Liabilities

| | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|
| Total administered net assets (liabilities) deployed for Output Groups | (2 493 698) | (2 363 493) |
| Reconciliation to administered net assets (liabilities) | | |
| Assets unallocated to Output Groups | 865 463 | 902 926 |
| Administered net assets (liabilities) | (1 628 235) | (1 460 568) |

Note 3 Expenditure under Australian Government Funding Arrangements

| | 2018 Actual \$'000 | 2017 Actual \$'000 |
|------------------------|--------------------------|--------------------------|
| National Land Register | 348 | 350 |
| Total | 348 | 350 |

Note 4 Administered Expenditure under Australian Government Funding Arrangements

| | State Funds | Australian Govt Funds | State Funds | Australian Govt Funds |
|--|--------------------------|-----------------------------|--------------------------|-----------------------------|
| | 2018 Actual \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 | 2017 Actual \$'000 |
| National Partnership Payments | | | | |
| <i>Via appropriation</i> | | | | |
| Natural Disaster Relief - Floods | 13 086 | ... | 8 330 | ... |
| Natural Disaster Relief – Bushfire Recovery | 4 | ... | 236 | ... |
| Natural Disaster Relief - 2013 Dunalley School Damage | 4 | ... | ... | ... |
| Australian Government Contribution for Extension of Pension Concessions | 191 | ... | 176 | ... |
| <i>Tasmanian Forests Intergovernmental Agreement</i> | | | | |
| Sustainable Timber Tasmania | 179 | ... | 7 234 | ... |
| Department of Primary Industries, Parks, Water and Environment | ... | ... | ... | 161 |
| Department of State Growth | ... | 7 434 | ... | 1 426 |
| <i>Agency Reimbursements by program type</i> | | | | |
| <i>Health and Human Services</i> | | | | |
| Housing | ... | 3 177 | ... | 3 474 |
| Community Services | ... | 10 609 | ... | 672 |
| Education | ... | 2 | ... | 2 |
| Health | ... | 25 480 | ... | 108 039 |
| <i>Education</i> | | | | |
| Education | ... | 19 286 | ... | 12 913 |
| <i>Finance-General</i> | | | | |
| Community Services | ... | 184 | ... | 364 |
| <i>Justice</i> | | | | |
| Community Services | ... | 605 | ... | 366 |
| Other – Legal Aid | ... | 7 561 | ... | 7 623 |
| <i>Police, Fire and Emergency Management</i> | | | | |
| Other – Disaster Resilience | ... | 1 204 | ... | 624 |
| Other – Provision of Fire Services | ... | 306 | ... | 273 |
| <i>Primary Industries, Parks, Water and Environment</i> | | | | |
| Infrastructure | ... | 336 | ... | 112 |
| Environment | ... | 2 738 | ... | 2 987 |
| <i>State Growth</i> | | | | |
| Education | ... | ... | ... | 6 780 |
| Infrastructure | ... | 68 139 | ... | 94 903 |
| Skills and Workforce | ... | 6 749 | ... | 296 |
| Other – Developing Demand Driver Infrastructure for the Tourism Industry | ... | 130 | ... | 402 |
| Other – Regional Tourism Infrastructure and Investment Fund | ... | 1 180 | ... | 899 |
| <i>Treasury and Finance</i> | | | | |
| Other - National Land Register | ... | 348 | ... | 350 |
| Total | 13 464 | 155 470 | 15 976 | 242 666 |

Note 5 Explanations of Material Variances between Budget and Actual Outcomes

Budget information refers to original estimates as disclosed in the 2017-18 Budget Papers and is not subject to audit.

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate or \$50 000.

5.1 Statement of Comprehensive Income

| | Note | Budget \$'000 | Actual \$'000 | Variance \$'000 | Variance % |
|--|------|------------------|------------------|--------------------|---------------|
| Appropriation revenue - recurrent | (a) | 58 748 | 51 828 | (6 920) | (12) |
| Appropriation revenue - works and services | (b) | 2 900 | 1 913 | (987) | (34) |
| Other revenue from Government | (c) | ... | 1 390 | 1 390 | 100 |
| Grants | (d) | 235 | 348 | 113 | 48 |
| Other revenue | (e) | 1 420 | 2 033 | 613 | 43 |
| Depreciation and amortisation | (f) | (1 170) | (905) | 265 | 23 |
| Supplies and consumables | (g) | (11 313) | (14 664) | (3 351) | (30) |
| Other expenses | (h) | (7 491) | (190) | 7 301 | 97 |

Notes to Statement of Comprehensive Income variances

- (a) Recurrent appropriation is lower than budget due to savings of \$6.92 million achieved by the Department.
- (b) Works and services appropriation is lower than budget due to revised cash flows for the Budget Information Management System.
- (c) Other revenue from Government is higher than budget due to the approval to carry forward unspent appropriation revenue from 2016-17.
- (d) Grants are higher than budget due to revised timing of the cash flows for the National Land Register funding contribution for the State Government Revenue Replacement.
- (e) Other revenue is higher than budget due to additional reimbursements for expenditure incurred on behalf of other entities.
- (f) Depreciation and amortisation is lower than budget due to a revised replacement schedule for Information Technology hardware for the Office of the Superannuation Commission.
- (g) Supplies and consumables are greater than budget due to the reclassification of fund administration fees to Other expenses.
- (h) Other expenses are lower than budget due to fund administration fees being reclassified to Supplies and consumables.

5.2 Statement of Financial Position

Budget estimates for the 2017-18 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2016-17. As a result, the actual variance from the Budget estimate will be impacted by the difference between estimated and actual opening balances for 2017-18. The following variance analysis therefore only includes major movements between the 2016-17 and 2017-18 actual balances.

| | Note | Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 | Budget Variance \$'000 | Actual Variance \$'000 |
|------------------------|------|------------------|--------------------------|--------------------------|------------------------------|------------------------------|
| Cash and deposits | (a) | 4 604 | 7 490 | 7 167 | 2 886 | 323 |
| Other financial assets | (b) | 249 | 483 | 437 | 234 | 46 |
| Intangibles | (c) | 9 438 | 8 249 | 6 178 | (1 189) | 2 071 |
| Other assets | (d) | 424 | 686 | 640 | 262 | 46 |
| Payables | (e) | 204 | 729 | 1 663 | 525 | (934) |
| Other liabilities | (f) | 34 | 1 719 | 1 424 | 1 685 | 295 |

Notes to Statement of Financial Position variances

- (a) Cash and deposits are higher than the prior year primarily due to approved carry forwards for the Budget Information Management System.
- (b) Other financial assets are higher than the prior year and budget due to revised timing of contract management recovery.
- (c) Intangibles are higher than the prior year and lower than budget due to revised timing of the Budget Management Information System Project which will be progressed in 2018-19 and 2019-20.
- (d) Other assets are higher than prior year and budget due to prepaid expenditure associated with the Office of the Superannuation Commission and Information and Communication Technologies services.

- (e) Payables are higher than budget and lower than the prior year due to the timing of payments associated with the Office of the Superannuation Commission.
- (f) Other liabilities are higher than budget due to the carry forward of appropriation revenue.

5.3 Statement of Cash Flows

| | Note | Budget \$'000 | Actual \$'000 | Variance \$'000 | Variance % |
|------------------------------------|------|------------------|------------------|--------------------|---------------|
| Appropriation receipts - recurrent | (a) | 58 748 | 52 530 | (6 218) | (11) |
| Other cash receipts | (b) | 1 420 | 2 127 | 707 | 50 |
| Other cash payments | (c) | (7 491) | (187) | 7 304 | 98 |

Notes to the Statement of Cash Flows variances

- (a) Recurrent appropriation is lower than budget due to savings achieved by the Department during 2017-18.
- (b) Other cash receipts are higher than budget due to additional reimbursements for expenditure incurred on behalf of other entities.
- (c) Other cash payments are lower than budget due to lower than expected expenditure for the Office of the Superannuation Commission

Note 6 Explanations of Material Variances between Administered Budget and Outcomes

Budget information refers to original estimates as disclosed in the 2017-18 Budget Papers and is not subject to audit.

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are generally considered material where the variance exceeds the greater of 10 per cent of Budget estimate or \$5 million.

6.1 Schedule of Administered Comprehensive Income

| | Note | Budget \$'000 | Actual \$'000 | Variance \$'000 | Variance % |
|--|------|------------------|------------------|--------------------|---------------|
| Appropriation revenue - recurrent | (a) | 599 360 | 474 558 | (124 802) | (21) |
| Appropriation revenue - capital | (b) | 27 718 | 803 | (26 915) | (97) |
| Other revenue from Government | (c) | ... | 12 930 | 12 930 | 100 |
| Grants | (d) | 3 259 251 | 3 327 624 | 68 373 | 2 |
| State Taxation | (e) | 1 021 245 | 1 051 135 | 29 890 | 3 |
| Investment Income | (f) | 379 771 | 413 259 | 33 488 | 9 |
| Other revenue | (g) | 109 723 | 121 221 | 11 498 | 10 |
| Supplies and consumables | (h) | 136 664 | 106 508 | (30 156) | (22) |
| Grants and subsidies | (i) | 527 540 | 371 501 | (156 039) | (30) |
| Net gain/(loss) on revaluation of equity investments | (j) | (104 198) | 46 966 | 151 164 | 145 |
| Net actuarial gain/(losses) on superannuation liability | (k) | ... | (287 714) | (287 714) | (100) |
| Net gain/(loss) on Tasmanian Risk Management Fund | (l) | (7 720) | 9 423 | 17 143 | (222) |
| Net gain/(loss) on financial instruments and statutory receivables | (m) | 23 403 | 12 753 | (10 650) | (46) |

Notes to Schedule of Administered Comprehensive Income variances

- (a) The decrease in Appropriation revenue - recurrent primarily reflects a reduction in Financial Assistance Grants to Local Government due to the Australian Government providing an advance payment of the 2017-18 entitlement in 2016-17, together with the transfer of the Health Funding Provision to the Department of Health and Human Services.
- (b) The decrease in Appropriation revenue - capital primarily reflects the transfer of funding for the Launceston Repatriation Hospital to the Department of Health and Human Services, and the timing of expenditure associated with the Digital Transformation Program and Project Unify.
- (c) The increase in Other revenue from Government reflects approved carry forwards from 2016-17 to 2017-18.
- (d) The increase in Grants revenue primarily reflects additional Australian Government funding which includes an increase of \$37.4 million in GST Revenue.
- (e) The increase in State taxation primarily reflects an increase in Stamp Duty and Payroll tax revenue.
- (f) The increase in Investment income primarily reflects an increase in Income Tax Equivalents from Government Business and State-owned Companies.
- (g) The increase in Other Revenue represents an increase in Agency contributions for superannuation.
- (h) The decrease in Supplies and consumables primarily reflects a reclassification of Local Government Natural Disaster Relief expenditure to Grants and subsidies.
- (i) The decrease in Grants and subsidies reflects revised cash flows for the Australian Government Funding Account, this is partially offset by the reclassification of Natural Disaster Relief Funding.
- (j) The Net gain/(loss) on revaluation of equity investments reflects the Net Assets of Government Business Enterprises and State-owned Companies as at 30 June 2018.
- (k) The Net actuarial gain/(loss) on superannuation liability represents the latest actuarial advice provided as at 30 June 2018. Adjustments in the superannuation liability can include changes in underlying assumptions such as changes in discount rates.
- (l) The increase in the Net gain/(loss) on Tasmanian Risk Management Fund reflects the latest actuarial advice provided.
- (m) The Net gain/(loss) on financial instruments and Statutory receivables primarily relates to differences in deferred Income Tax Equivalent liabilities of Government Business Enterprises and State-owned Companies.

6.2 Schedule of Administered Assets and Liabilities

Budget estimates for the 2017-18 Schedule of Administered Assets and Liabilities were compiled prior to the completion of the actual outcomes for 2016-17. As a result, the actual variance from the Budget estimate will be impacted by the difference between estimated and actual opening balances for 2017-18. The following variance analysis therefore also includes major movements between the 30 June 2017 and 30 June 2018 actual balances.

| | Note | Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 | Budget Variance \$'000 | Actual Variance \$'000 |
|------------------------------|------|------------------|--------------------------|--------------------------|------------------------------|------------------------------|
| Cash and deposits | (a) | 1 094 397 | 1 311 058 | 1 288 054 | 216 661 | 23 004 |
| Equity investments | (b) | 5 654 024 | 5 508 524 | 5 317 976 | (145 500) | 190 548 |
| Land and Buildings | (c) | 81 711 | 76 199 | 61 900 | (5 512) | 14 299 |
| Infrastructure | (d) | 17 218 | 803 | ... | (16 415) | 803 |
| Interest bearing liabilities | (e) | 1 152 117 | 425 515 | 483 292 | (726 602) | (57 777) |
| Superannuation | (f) | 6 263 508 | 8 274 696 | 7 860 562 | 2 011 188 | 414 134 |
| Other liabilities | (g) | 256 984 | 913 509 | 911 662 | 656 525 | 1 847 |

Notes to Schedule of Administered Assets and Liabilities variances

(i) Variances between Original Budget and 2018 Actual

- (a) The Cash and deposits variance is due to higher than expected balances held on behalf of other agencies, including higher than expected balances of the Australian Government Funding Management Account in the Special Deposits and Trust Fund.
- (b) The variance in Equity investments reflects the latest valuation of the Government's equity in Government Businesses.
- (d) The decrease in Infrastructure reflects revised cash flows for Project Unify and Digital Transformation projects.
- (e) The variance in Interest bearing liabilities primarily relates to monies held on behalf of other agencies being reclassified to Other liabilities.
- (f) The Superannuation liability reflects the latest actuarial valuation of the Government's defined benefit obligation.
- (g) The variance in Other Liabilities primarily relates to monies held on behalf of other agencies being reclassified from Interest bearing liabilities.

(ii) Variances between 2017 Actual and 2018 Actual

- (a) The increase in Cash and deposits is primarily due to additional investments held with the Tasmanian Public Finance Corporation.
- (b) The increase in Equity investments primarily reflects an estimated increase in net assets of Government businesses.
- (c) The increase in Land and buildings primarily reflects a revaluation of the Department's Land and buildings portfolio as at 30 June 2018.
- (e) The decrease in Interest bearing liabilities is primarily due to a reduced end of year borrowing as a consequence of the Consolidated Fund Outcome as at 30 June 2018.
- (f) The Superannuation liability reflects the latest actuarial valuation of the Government's defined benefit obligation.

6.3 Schedule of Administered Cash Flows

| | Note | Budget \$'000 | Actual \$'000 | Variance \$'000 | Variance % |
|--|------|------------------|------------------|--------------------|---------------|
| Appropriation receipts - recurrent | (a) | 599 360 | 490 857 | (108 503) | (18) |
| Appropriation receipt - capital | (b) | 27 718 | ... | (27 718) | (100) |
| State Taxation | (c) | 1 022 300 | 1 053 831 | 31 531 | 3 |
| Australian Government grants | (d) | 3 259 251 | 3 327 624 | 68 373 | 2 |
| Interest Received | (e) | 21 298 | 24 602 | 3 304 | 15 |
| Dividends and tax equivalents received | (f) | 372 420 | 402 165 | 29 745 | 8 |
| Grants and subsidies | (g) | (527 540) | (373 818) | 153 722 | 29 |
| Supplies and consumables | (h) | (136 664) | (103 641) | 33 023 | 24 |

Notes to Schedule of Administered Cash Flow variances

(a) to (h) Explanations for all variances are provided in the explanations of variances for the Schedule of Administered Comprehensive Income.

Note 7 Income from Transactions

Income 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 of a liability has arisen that can be measured reliably.

7.1 Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Department gains control of the appropriated funds. Except for any amounts identified as carried forward, control arises in the period of appropriation.

Revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law.

Section 8A(2) of the Public Account Act allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance (refer note 10.3). The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended. Treasury was approved a carry forward of \$1.39 million from 2016-17 to 2017-18, which was fully spent as at 30 June 2018.

The Budget information is based on original estimates and has not been subject to audit.

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Continuing operations | | | |
| Appropriation revenue - recurrent | | | |
| Current year | 58 748 | 51 828 | 41 706 |
| Items Reserved by Law | | | |
| Transfer of Community Support Levy funds received from betting exchanges | ... | ... | 6 |
| Total | 58 748 | 51 828 | 41 712 |
| Appropriation revenue – works and services | 2 900 | 1 913 | 2 109 |
| Revenue from Government – other | | | |
| Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year | ... | 1 390 | 637 |
| Total | 61 648 | 55 131 | 637 |
| Amount carried forward under Section 8A(2) | | 1 680 | 1 390 |

7.2 Grants

Grants payable by the Australian Government are recognised as revenue when the Department gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

| | 2018 | 2017 |
|--|------------|------------|
| | \$'000 | \$'000 |
| Grants from the Australian Government | | |
| <i>National Partnership Payments</i> | | |
| National Land Register | 348 | 350 |
| Total | 348 | 350 |

7.3 Fees and fines

Revenue from fees and fines is recognised on an accrual basis.

| | 2018 | 2017 |
|---------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Fees | | |
| Contract management fees | 2 618 | 2 426 |
| Community Support Levy | 4 243 | 4 413 |
| Liquor licensing revenue | 1 618 | 1 553 |
| Gaming regulation revenue | 302 | 332 |
| Other user charges | ... | 8 |
| Total | 8 781 | 8 732 |

7.4 Other revenue

Revenue from miscellaneous sources is recognised when it is earned and controlled by the Department and can be deployed for the achievement of its objectives.

| | 2018 | 2017 |
|----------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Board fees | 113 | 172 |
| Recovery of expenses | 1 911 | 1 959 |
| Other | 9 | 1 |
| Total | 2 033 | 2 132 |

Note 8 Expenses from Transactions

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

8.1 Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(a) Employee expenses

| | 2018 | 2017 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Wages and salaries | 23 551 | 20 303 |
| Annual leave | 1 852 | 1 732 |
| Long service leave | 872 | 689 |
| Sick leave | 357 | 405 |
| Superannuation – defined contribution schemes | 2 566 | 2 125 |
| Superannuation – defined benefit scheme | 761 | 743 |
| Other employee expenses | 364 | 299 |
| Total | 30 324 | 26 295 |

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an agency contribution rate determined by the Treasurer, on the advice of the State Actuary. The current agency contribution is 12.95 per cent (2017: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.5 per cent (2017: 9.5 per cent) of salary. In addition, departments are also required to pay into the Consolidated Fund a “gap” payment equivalent to 3.45 per cent (2017: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

| 2018 | Short-term benefits | | Long-term benefits | | Total |
|--|---------------------|----------------|--------------------|---------------------------------------|--------------|
| | Salary | Other Benefits | Super-annuation | Other Benefits and Long Service Leave | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Key management personnel</i> | | | | | |
| Tony Ferrall, Secretary | 457 | 18 | 31 | 11 | 517 |
| Kathrine Morgan-Wicks, Deputy Secretary ¹ | 34 | 8 | 3 | 4 | 49 |
| Anton Voss, Deputy Secretary | 243 | 18 | 23 | ... | 284 |
| Jonathon Root, Deputy Secretary | 198 | 18 | 19 | 3 | 238 |
| Jane Beaumont, Deputy Secretary | 168 | 16 | 16 | 3 | 203 |
| Total | 1 100 | 78 | 92 | 21 | 1 291 |

Note 1: Kathrine Morgan-Wicks was seconded to Department of Justice from 21 August 2017 and ceased employment with the Department of Treasury and Finance on 28 March 2018.

| 2017 | Short-term benefits | | Long-term benefits | | Total |
|---|---------------------|----------------|--------------------|---------------------------------------|--------------|
| | Salary | Other Benefits | Super-annuation | Other Benefits and Long Service Leave | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Key management personnel</i> | | | | | |
| Tony Ferrall, Secretary | 443 | 19 | 33 | (8) | 487 |
| Kathrine Morgan-Wicks, Deputy Secretary | 243 | 18 | 23 | 6 | 290 |
| Anton Voss, Deputy Secretary | 239 | 20 | 23 | ... | 282 |
| Jonathon Root, Executive Director | 198 | 18 | 19 | (4) | 231 |
| Jane Beaumont, Deputy Secretary (appointed 8 August 2016) | 124 | 10 | 12 | ... | 146 |
| Total | 1 247 | 85 | 110 | (6) | 1 436 |

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Agency, directly or indirectly.

Remuneration during 2017-18 for key personnel is set by the *State Service Act 2000*. Remuneration and other terms of employment are specified in employment contracts. Remuneration includes salary, motor vehicle and other non-monetary benefits. Long-term employee expenses include long service leave and superannuation obligations.

(c) Related party transactions

There are no related party transactions requiring disclosure.

8.2 Depreciation and amortisation

All applicable Non-financial 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, being an asset with an unlimited useful life, is not depreciated. As heritage assets are not expected to lose value, no depreciation is applied.

Key estimate and judgement

Depreciation is provided for on a straight line basis, using rates which are reviewed annually. Major depreciation periods are:

| | |
|-------------------------------|------------|
| Vehicles | 2-5 years |
| Plant and equipment | 3-10 years |
| Buildings | 40 years |
| Other – | |
| Leasehold improvements | 3-10 years |
| Computer and office equipment | 3-5 years |

In accordance with AASB 138 *Intangible Assets*, computer software intangible assets are amortised on a straight line basis, as the pattern of consumption cannot be determined reliably.

Major amortisation rates are:

| | |
|-------------------|------------|
| Computer software | 3-10 years |
|-------------------|------------|

(a) Depreciation

| | 2018 | 2017 |
|---------------------|------------|------------|
| | \$'000 | \$'000 |
| Plant and equipment | 275 | 228 |
| Total | 275 | 228 |

(b) Amortisation

| | 2018 | 2017 |
|--|------------|------------|
| | \$'000 | \$'000 |
| Intangibles | 515 | 286 |
| Leasehold improvements | 115 | 116 |
| Total | 630 | 402 |
| Total depreciation and amortisation | 905 | 629 |

8.3 Supplies and consumables

| | 2018 | 2017 |
|-----------------------------------|---------------|--------------|
| | \$'000 | \$'000 |
| Audit fees – financial audit | 281 | 310 |
| Audit fees – internal audit | 122 | 99 |
| Consultants | 1 090 | 672 |
| Maintenance and property services | 1 574 | 2 178 |
| Communications | 467 | 443 |
| Information technology | 2 586 | 1 773 |
| Travel and transport | 339 | 342 |
| Advertising and promotion | 14 | 27 |
| Other supplies and consumables | 8 191 | 2 598 |
| Total | 14 664 | 8 442 |

8.4 Grants and subsidies

Grant and subsidies expenditure is 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.

A liability is recorded when the Department has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

| | 2018 | 2017 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Grants | | |
| Community Support Levy grants | 3 921 | 3 971 |
| Royal Society of Tasmania | ... | 3 |
| Community Service Obligations | | |
| Bass Strait Islands Electricity Subsidy and Pensioner Concessions | 10 049 | 9 900 |
| The Public Trustee | 2 023 | 1 978 |
| Total | 15 993 | 15 852 |

Grant expenditure includes:

- the distribution of the Community Support Levy to the Department of Health and Human Services and the Department of State Growth. The Department of Health and Human Services provides administrative support for grant programs for: the provision of services to compulsive gamblers and for the benefit of charitable organisations; community education on gambling matters; and activities in the category of other health services. The Department of State Growth provides administrative support for the grant programs for sport and recreation organisations; and
- a payment to the Royal Society of Tasmania to assist with the printing of papers.

Community Service Obligations

The Department is responsible for Community Service Obligation payments in relation to:

- the subsidised supply of electricity to Bass Strait Islands customers and the provision of concessions to pensioner customers on the Bass Strait Islands.
- the Public Trustee, which provides assistance in the administration of Absolute Estates, Continuing Trust and Life Tenancy Estates, Minor Trusts and Assets for Represented Persons.

8.5 Other expenses

Expenses from ordinary activities are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

| | 2018 | 2017 |
|----------------------|------------|------------|
| | \$'000 | \$'000 |
| Salary on-costs | | |
| Workers compensation | 190 | 149 |
| Total | 190 | 149 |

Note 9 Assets

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

9.1 Receivables

(i) Receivables

Receivables are recognised at amortised cost, less any impairment losses. However, due to the short settlement period, receivables are not discounted back to their present value.

(ii) Tax Assets

Tax assets are the Goods and Service Tax input tax credits receivable from the Australian Government and are recognised at the amount receivable.

| | 2018 | 2017 |
|-----------------------------------|------------|------------|
| | \$'000 | \$'000 |
| Receivables | 312 | 315 |
| Less: Provision for impairment | ... | ... |
| Total | 312 | 315 |
| Fees and fines (inclusive of GST) | 1 | 111 |
| Tax assets | 300 | 190 |
| Other receivables | 11 | 14 |
| Total | 312 | 315 |
| Settled within 12 months | 312 | 315 |
| Total | 312 | 315 |

9.2 Other financial assets

| | 2018 | 2017 |
|--------------------------|------------|------------|
| | \$'000 | \$'000 |
| Accrued revenue | 483 | 437 |
| Total | 483 | 437 |
| Settled within 12 months | 483 | 437 |
| Total | 483 | 437 |

9.3 Property, plant and equipment

Key estimate and judgement

(i) Valuation basis

Land, buildings, infrastructure, plant and equipment and heritage assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including work in progress and leasehold improvements, 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 and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

(ii) 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 embodied within the part will flow to the Department and 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 in the Statement of Comprehensive Income as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Department is \$5 000 exclusive of GST. 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).

(iv) Revaluations

The Department has adopted a revaluation threshold of \$50 000. Non-current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset does not differ materially from fair value at reporting date. Independent valuations are obtained at least every five years.

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

Heritage assets were last revalued on a fair value basis as at 30 June 2016. The revaluation was independently conducted by Gowans Auctions. The revaluation was based on auction values.

All assets held by Finance-General Division are disclosed in the Schedule of Administered Assets and Liabilities as administered assets, as Finance-General is responsible for administering whole-of-government activities. The Department's administered Land and Buildings were last revalued by the Valuer-General, on a fair value basis, as at 30 June 2018.

(a) Carrying amount

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| Leasehold improvements | | |
| At cost | 2 206 | 2 206 |
| Less: Accumulated amortisation | (1 779) | (1 836) |
| Less: Improvement disposals | (258) | ... |
| Total | 169 | 370 |
| Plant and equipment | | |
| At cost | 1 703 | 1 490 |
| Less: Accumulated depreciation | (1 004) | (915) |
| Total | 699 | 575 |
| Heritage assets | | |
| At fair value | 84 | 84 |
| Total | 84 | 84 |
| Total property, plant and equipment | 952 | 1 029 |

(b) Reconciliation of movements (including fair value levels)

Reconciliations of the carrying amounts of each class of Property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses.

| 2018 | Leasehold improvements \$'000 | Plant equipment and vehicles \$'000 | Heritage assets Level 2 \$'000 | Total \$'000 |
|----------------------------------|-------------------------------------|--|---|-----------------|
| Carrying value at 1 July | 370 | 575 | 84 | 1 029 |
| Additions | ... | 415 | ... | 415 |
| Depreciation and amortisation | (115) | (275) | ... | (390) |
| Disposals | (86) | (16) | ... | (102) |
| Carrying value at 30 June | 169 | 699 | 84 | 952 |
| 2017 | Leasehold improvements \$'000 | Plant equipment and vehicles \$'000 | Heritage assets Level 2 \$'000 | Total \$'000 |
| Carrying value at 1 July | 486 | 588 | 84 | 1 158 |
| Additions | ... | 214 | ... | 214 |
| Depreciation and amortisation | (116) | (228) | ... | (344) |
| Carrying value at 30 June | 370 | 575 | 84 | 1 029 |

9.4 Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Department; and
- the cost of the asset can be reliably measured.

Intangible assets held by the Department are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets include major computer software developments capitalised in accordance with AASB 138 *Intangible Assets*. Capitalised software developments comprise the Gaming and Liquor Information System, the Electronic Document Management System, State Revenue System Project and the Budget Information Management System. These systems have been developed for Treasury-specific operations.

(a) Carrying amount

| | 2018 | 2017 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Intangibles with a finite useful life | | |
| Software at cost | 10 828 | 5 109 |
| Less: Accumulated amortisation | (2 579) | (2 065) |
| Work in progress (at cost) | ... | 3 134 |
| Total | 8 249 | 6 178 |

(b) Reconciliation of movements (including fair value levels)

| | 2018 | 2017 |
|----------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Carrying value at 1 July | 3 045 | 2 554 |
| Additions | 5 719 | 777 |
| Work in progress at cost | ... | 3 134 |
| Depreciation and amortisation | (515) | (286) |
| Carrying value at 30 June | 8 249 | 6 178 |

9.5 Other assets

Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period and are recognised as an asset in the Statement of Financial Position.

| | 2018 | 2017 |
|--------------------------------|------------|------------|
| | \$'000 | \$'000 |
| Prepayments | 686 | 640 |
| Total | 686 | 640 |
| Settled within 12 months | 658 | 633 |
| Settled in more than 12 months | 28 | 7 |
| Total | 686 | 640 |

Note 10 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.

10.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.

| | 2018 | 2017 |
|--------------------------|------------|--------------|
| | \$'000 | \$'000 |
| Creditors | 21 | 17 |
| Accrued expenses | 707 | 1 640 |
| Paid parental leave | ... | 6 |
| Total | 729 | 1 663 |
| Settled within 12 months | 729 | 1 663 |
| Total | 729 | 1 663 |

Settlement is usually made within 30 days.

10.2 Employee benefits

Key estimate and judgement

Liabilities for wages and salaries 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, 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.

| | 2018 | 2017 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Accrued salaries | 253 | 240 |
| Annual leave | 2 100 | 1 973 |
| Long service leave | 5 232 | 4 845 |
| Other – Purchased Leave Scheme | 33 | 17 |
| Total | 7 619 | 7 075 |
| Expected to settle wholly within 12 months | 3 194 | 3 044 |
| Expected to settle wholly after 12 months | 4 424 | 4 031 |
| Total | 7 619 | 7 075 |

10.3 Other liabilities

Employee on-costs

On-costs are recognised when the employment to which they relate has occurred. Employee on-costs are calculated on the values of the expected employee benefits to be settled.

Those liabilities expected to be realised within 12 months are measured at the amount expected to be paid. On-costs calculated on the long service leave liability expected to be settled after 12 months are measured as the present value of expected future payments in respect of services provided by employees up to the reporting date.

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Revenue received in advance | | |
| Appropriation carried forward from current year under Section 8A(2) of the <i>Public Account Act 1986</i> | 1 680 | 1 390 |
| Other Liabilities | 2 | ... |
| Other liabilities | | |
| Employee benefits – on-costs | 37 | 34 |
| Total | 1 719 | 1 424 |
| Settled within 12 months | 1 695 | 1 404 |
| Settled in more than 12 months | 24 | 20 |
| Total | 1 719 | 1 424 |

Note 11 Commitments and Contingencies

11.1 Schedule of Commitments

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| By type | | |
| <i>Operating lease commitments</i> | | |
| Buildings | 1 717 | 3 538 |
| Office equipment | 55 | 50 |
| Total operating lease commitments | 1 772 | 3 588 |
| By maturity | | |
| <i>Operating lease commitments</i> | | |
| One year or less | 213 | 785 |
| From one to five years | 760 | 1 812 |
| Five years or more | 799 | 991 |
| Total operating lease commitments | 1 772 | 3 588 |

The Department has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The Department is prohibited by Treasurer's Instruction 502 *Leases* from holding finance leases.

The Department leases office accommodation at Henty House in Launceston. Lease rentals are based on negotiated agreements that reflect the current market rent rates paid for comparable buildings within the precinct. The lease payments for Henty House are made by a single annual instalment. All leases are reviewable to market biennially. The 80 Elizabeth Street lease ended in October 2017 when staff relocated to Parliament Square. The Henty House lease was renewed in May 2017 for ten years.

11.2 Schedule of Quantifiable Contingent Liabilities

As at 30 June 2018, the Department had no quantifiable contingent liabilities.

Note 12 Cash Flow Reconciliation

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

The Department administers short term cash investments for the Government as a whole, in respect of cash management activities of the Public Account, which are undertaken through the Tasmanian Public Finance Corporation. Cash investments are carried at face value and not adjusted for fluctuations in market interest rates. Interest is brought to account on an accrual basis.

12.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund accounts held by the Department, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

| | 2018 | 2017 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Special Deposits and Trust Fund balance | | |
| T525 Operating Account | 4 262 | 4 556 |
| T615 Contract Management Account | 3 123 | 2 187 |
| T624 Community Support Levy Account | 105 | 423 |
| Total | 7 490 | 7 166 |
| Other cash held | | |
| Cash floats | 1 | 1 |
| Total | 1 | 1 |
| Total cash and deposits | 7 490 | 7 167 |

12.2 Reconciliation of Net Result to Net Cash from Operating Activities

| | 2018 | 2017 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Net result | 2 502 | 2 755 |
| Net (gain)/loss on non-financial assets | 96 | ... |
| Depreciation and amortisation | 905 | 630 |
| Disposals | (258) | ... |
| Decrease (increase) in Receivables | 113 | 12 |
| Decrease (increase) in Prepayments | (46) | (220) |
| Decrease (increase) in Accrued revenue | (46) | (134) |
| Decrease (increase) in Tax assets | (96) | (131) |
| Increase (decrease) in Employee entitlements | 534 | 561 |
| Increase (decrease) in Payables | (935) | 1 288 |
| Increase (decrease) in Other liabilities | 297 | 234 |
| Net cash from/(used by) operating activities | 3 065 | 4 995 |

Note 13 Financial Instruments

13.1 Risk Exposures

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Secretary has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

| Financial Instrument | Accounting and strategic policies (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows) |
|--------------------------------------|--|---|
| Financial Assets | | |
| Receivables / Other financial assets | Receivables are recognised at the nominal amounts due, less any provision for impairment. Other financial assets are recognised at the amount receivable. 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. |
| Cash and deposits | Cash and deposits are recognised at face value. It is a requirement for any changes in deposit strategy to be approved by the Treasurer. | Cash means notes, coins and any deposits held at call with a bank or financial institution. |

The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Department's maximum exposure to credit risk without taking into account any collateral or other security.

(c) Liquidity risk

Liquidity risk is the risk that the Department will not be able to meet its financial obligations as they fall due. The Department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

| Financial Instrument | Accounting and strategic policies (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount, timing and certainty of cash flows) |
|------------------------------|---|---|
| Financial Liabilities | | |
| Payables | <p>Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.</p> <p>The Department regularly reviews budgeted cash outflows to ensure that there is sufficient cash to meet all obligations.</p> | Settlement is usually made within 30 days. |

The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position.

2018

| | Maturity analysis for financial liabilities | | | | | | More than 5 Years | Undiscounted Total | Carrying Amount |
|------------------------------|---|---------|---------|---------|---------|--------|-------------------|--------------------|-----------------|
| | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years | | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | | |
| Financial liabilities | | | | | | | | | |
| Payables | 729 | ... | ... | ... | ... | ... | 729 | 729 | |
| Total | 729 | ... | ... | ... | ... | ... | 729 | 729 | |

2017

| | Maturity analysis for financial liabilities | | | | | | More than 5 Years | Undiscounted Total | Carrying Amount |
|------------------------------|---|---------|---------|---------|---------|--------|-------------------|--------------------|-----------------|
| | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years | | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | | |
| Financial liabilities | | | | | | | | | |
| Payables | 1 663 | ... | ... | ... | ... | ... | 1 663 | 1 663 | |
| Total | 1 663 | ... | ... | ... | ... | ... | 1 663 | 1 663 | |

(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. The primary market risk, that the Department is exposed to, is interest rate risk.

As at 30 June 2018, there is no interest rate exposure on controlled activities, as all financial instruments are non-interest bearing.

13.2 Categories of Financial Assets and Liabilities

| | 2018 | 2017 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Financial assets | | |
| Cash and deposits | 7 490 | 7 167 |
| Loans and receivables | 312 | 315 |
| Total | 7 802 | 7 482 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 729 | 1 663 |
| Total | 729 | 1 663 |

13.3 Reclassification of Financial Assets

The Department has made no reclassifications of any financial assets held for the financial year.

Note 14 Details of Consolidated Entities

14.1 List of Entities

The Office of the Tasmanian Economic Register is not controlled by the Department, and has not been consolidated. However, OTTER is included as an Output in the Department's budget figures disclosed in the 2017-18 Budget Papers.

Note 15 Notes to Administered Statements

15.1 Administered Underlying Net Operating Balance

Administered non-operational capital funding is the income from transactions relating to funding for capital projects. This funding is classified as income from transactions and included in the Net operating balance. However, the corresponding capital expenditure is not included in the calculation of the Net operating balance. Accordingly, the Net operating balance will portray a position that is better than the true underlying financial position.

For this reason, the net operating result is adjusted to remove the effects of funding for capital projects.

| | 2018 | 2018 | 2017 |
|---|------------------|---------------|-----------------|
| | Budget | Actual | Actual |
| | \$'000 | \$'000 | \$'000 |
| Net result from transactions (net operating balance) | (231 461) | 25 525 | 710 010 |
| Mersey Community Hospital Transfer Payment | ... | ... | 730 400 |
| Total | ... | ... | (20 390) |
| Underlying Net operating balance | (231 461) | 25 525 | (20 390) |

15.2 Administered Revenue from Government

For significant Accounting Policies relating to Administered Revenue from Government, please refer to note 7.1.

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|---|--------------------------|--------------------------|--------------------------|
| Appropriation revenue - recurrent | 288 950 | 210 452 | 240 358 |
| Items Reserved by Law | | | |
| Superannuation benefits payable under the <i>Solicitor-General Act 1983</i> | 267 | 262 | 256 |
| Payment to the Parliamentary Superannuation Fund and Parliamentary Retirement Benefits Fund under the <i>Public Sector Superannuation Reform Regulations 2017</i> | 1 016 | 915 | 995 |
| Superannuation benefits payable under the <i>Judges' Contributory Pensions Act 1968</i> | 2 096 | 2 063 | 2 013 |
| Payments to Municipalities under the <i>Local Government (Rates and Charges Remissions) Act 1991</i> | 17 355 | 17 140 | 16 727 |
| Appropriation to the Treasurer's Reserve under the <i>Public Account Act 1986</i> | 10 000 | ... | ... |
| Superannuation benefits payable under section 13 of the <i>Public Sector Superannuation Reform Act 2016</i> | 279 564 | 243 616 | 258 299 |
| Superannuation benefits payable under the <i>Governor of Tasmania Act 1982</i> | 112 | 110 | 108 |
| Total – Items Reserved by Law | 310 410 | 264 106 | 278 398 |
| Total Appropriation revenue - recurrent | 599 360 | 474 558 | 518 756 |
| Appropriation revenue - capital | | | |
| Digital Transformation Priority Expenditure Program | 10 000 | ... | ... |
| Launceston Government Office Accommodation | 3 500 | ... | ... |
| Digital Transformation - Project Unify | 7 218 | 803 | ... |
| Repatriation Hospital Capital | 7 000 | ... | ... |
| Total – Appropriation revenue - capital | 27 718 | 803 | ... |
| Revenue from Government – other | | | |
| Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year | ... | 12 930 | 11 204 |
| Total – Revenue from Government - other | ... | 12 930 | 11 204 |
| Total administered revenue from Government | 627 078 | 488 291 | 529 960 |
| Amount carried forward under Section 8A(2) | ... | 15 496 | 12 931 |

15.3 Administered Australian Government Grants

Grants paid by the Australian Government are recognised as revenue when Finance-General gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

| | 2018 \$'000 | 2017 \$'000 |
|--|------------------|------------------|
| Grants from the Australian Government | | |
| General Purpose Grants ¹ | 2 424 842 | 2 254 926 |
| <i>Specific Purpose Payments</i> | | |
| Grant to the State for Local Government | 74 673 | 108 319 |
| Education | 449 015 | 421 691 |
| Skills and workforce development | 31 385 | 31 592 |
| Disability services | 32 483 | 31 874 |
| Affordable housing | 28 542 | 28 735 |
| <i>National Partnership Payments</i> | | |
| Health services | 55 635 | 42 873 |
| Education | 11 388 | 25 667 |
| Community services | 10 981 | 566 |
| Housing | 2 800 | 2 800 |
| Infrastructure services | 128 854 | 116 060 |
| Environmental services | 22 831 | 28 359 |
| Skills and workforce development | 7 689 | 1 120 |
| Other services | 46 505 | 740 381 |
| Total | 3 327 624 | 3 834 964 |

Note:

1. General Purpose Grants represents GST Revenue received from the Australian Government.

15.4 Administered State taxation

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

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

The collectability of receivables is assessed at balance date and specific provision is made for impairment.

| | 2018 \$'000 | 2017 \$'000 |
|----------------------------|------------------|----------------|
| Payroll tax | 357 477 | 335 132 |
| Land tax | 104 994 | 100 229 |
| Motor vehicle tax | 88 521 | 87 296 |
| Financial transactions tax | 394 356 | 362 298 |
| Gambling taxes | 88 788 | 92 612 |
| Guarantee taxes | 16 990 | 20 675 |
| Other taxes | 9 | 41 |
| Total | 1 051 135 | 998 284 |

15.5 Administered Sales of goods and services

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Fleet management reimbursement from agencies | 15 209 | 15 138 |
| Risk management contributions from agencies | 60 970 | 55 390 |
| Property related income | 18 768 | 16 909 |
| Total | 94 948 | 87 438 |

15.6 Administered Investment income

Interest on funds invested is recognised as it accrues using the effective interest rate method.

Loan guarantee fees made by Government businesses are brought to account as they are received.

Dividend payments from Government businesses are recognised as administered revenue on the date that the right to receive payment is established.

Tax equivalent and Rates equivalent payments from Government businesses are received in accordance with the National Taxation Equivalence Regime and are recognised as administered revenue in the period they are earned.

Loan guarantee fees made by Government businesses are brought to account as they are received. Dividend and tax equivalent payments from Government businesses are recognised as administered revenue on the date that the right to receive payment is established.

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Dividends and tax equivalent income | 306 161 | 292 524 |
| Rates equivalents | 4 253 | 4 120 |
| Interest Income | 24 703 | 24 577 |
| Mersey Dividend | 78 143 | ... |
| Total | 413 259 | 321 221 |

15.7 Administered Other revenue

For Significant Accounting Policies relating to Other revenue, please refer to note 7.4.

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Superannuation contributions from agencies and authorities | 108 078 | 102 436 |
| Other | 13 143 | 10 143 |
| Total | 121 221 | 112 579 |

15.8 Administered Superannuation expenses

| | 2018 | 2017 |
|--------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Employer service cost | 119 753 | 163 203 |
| Interest cost | 308 099 | 275 266 |
| Expected return on plan assets | (53 458) | (41 155) |
| Other | 77 | 93 |
| Total | 374 472 | 397 407 |

15.9 Administered Depreciation and amortisation

For significant Accounting Policies relating to Depreciation and amortisation, please refer to note 8.2.

| | 2018 | 2017 |
|-------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Plant, equipment and vehicles | 13 696 | 13 488 |
| Buildings | 759 | 759 |
| Total | 14 455 | 14 247 |

15.10 Administered Supplies and consumables

For significant Accounting Policies relating to Supplies and consumables, please refer to note 8.3.

| | 2018 | 2017 |
|---------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| GST administration contribution | 13 317 | 14 607 |
| Tasmanian Risk Management Fund | 64 147 | 62 677 |
| Fleet management | 1 115 | 2 298 |
| Property management | 26 241 | 20 939 |
| Other | 1 688 | 2 808 |
| Total | 106 508 | 103 329 |

15.11 Administered Grants and subsidies

For significant Accounting Policies relating to Grants and subsidies, please refer to note 8.4.

| | 2018 | 2017 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Grants | | |
| Special Capital Investment Fund grants | 8 844 | 13 528 |
| National Partnership Payments | 148 036 | 241 078 |
| Local Government grants | 75 647 | 108 319 |
| First Home Builder Assistance | 11 932 | 9 917 |
| National Disaster Relief and Recovery | 13 082 | 8 534 |
| Tasmanian Forests Agreement grants | 7 434 | 8 822 |
| Payroll Tax assistance | 2 662 | 3 173 |
| Mobile Radio Network Implementation | 5 738 | 1 583 |
| State Fire Contribution | 8 762 | 10 151 |
| Energy Rebates for Business | 11 577 | ... |
| Other | 8 546 | 9 777 |
| Subsidies | | |
| Water and Sewerage Community Service Obligation concessional payments | 8 450 | 8 522 |
| Electricity Concessions Community Service Obligation | 40 333 | 40 837 |
| Payments under the <i>Local Government (Rates and Charges Remissions) Act 1991</i> | 17 140 | 16 727 |
| Sustainable Timber Tasmania | 2 179 | 5 354 |
| Other | 1 139 | 1 988 |
| Total | 371 501 | 488 310 |

Special Capital Investment Fund Grants

In 2007-08, an Infrastructure Tasmania Fund was established with proceeds from the divestment of Government businesses to fund major capital projects.

A Housing Fund was established in 2007-08 with an allocation for the purpose of increasing the supply of affordable housing.

The Hospitals Capital Fund was established in 2007-08 to provide capital funding for hospitals around the State.

National Partnership Payments

National Partnership Payments are time limited agreements between the State and the Australian Government to support the delivery of specific outcomes or projects and/or facilitate the implementation or reward the delivery of national reforms. NPPs are conditional (tied) funding which must only be spent for purposes agreed with the Australian Government.

Local Government Grants

Local Government Grants are comprised of two Australian Government funding components, general purpose funding, and identified local road funds. Under the Australian *Local Government (Financial Assistance) Act 1995*, the Australian Government each year provides grants to the states for on-passing as general purpose grants to Local Government. The distribution of these funds between states and territories is on an equal per capita basis, and between councils is on the basis of recommendations made by the State Grants Commission, according to the principle of Horizontal Fiscal Equalisation.

First Home Builder Assistance

In line with changes to the First Home Owner Scheme (FHOS) principles in the Intergovernmental Agreement on Federal Financial Relations, the Government has chosen to target the FHOS to new homes only under the “Newly Constructed Scheme”. This focus is expected to support the creation and retention of skilled tradespeople in the Tasmanian building industry.

The First Home Owner Grant was \$20 000 for the period to 30 June 2018.

National Disaster Relief and Recovery

This Scheme provides for payments to local government authorities that face the eligible costs of restoring or replacing essential public assets which have been damaged as a direct result of a disaster, to a pre-disaster standard. Disasters for which relief is available are determined at the national level and include any one of, or a combination of, the following natural hazards: bushfire; earthquake; flood; storm; cyclone; storm surge; landslide; tsunami; meteorite strike or tornado.

Grants totalling \$13.1 million were provided in 2017-18 primarily relating to the June 2016 flood event reimbursements to Councils.

Tasmanian Forests Agreement Grants and Subsidies

The Tasmanian Forests Intergovernmental Agreement between the Commonwealth of Australia and the State of Tasmania was agreed upon in 2011-12. The Agreement provides for a \$276 million funding package to support the adjustment of the Tasmanian forestry industry. Expenditure in 2017-18 totalled \$7.4 million.

Payroll Tax Assistance

The purpose of this Grant is to provide financial assistance to organisations subject to various eligibility criteria. Organisations which meet the eligibility criteria receive assistance by way of grants equivalent to their payroll tax liability and are entitled to assistance when their payroll expenditure exceeds the threshold limit.

Mobile Radio Network Implementation

The purpose of this Grant is to provide funding for the whole-of-government Mobile Radio Network upgrade, which is administered by the Department of Police, Fire and Emergency Management.

State Fire Contribution

The State Fire Commission receives an annual appropriation of \$2.8 million. During 2017-18, an additional \$5.9 million was provided for wildfire fighting costs.

Energy Rebates for Business

The Government provided funding in the 2017-18 Budget to assist businesses in easing significant increases in wholesale electricity prices throughout the year. Expenditure in 2017-18 was \$11.6 million.

Other Grants

Other grants expenditure primarily reflects support for the Copper Mines of Tasmania and the Tasmanian Cycle Tourism Strategy.

Water and Sewerage Industry (Community Service Obligation) Concession Payments

Under the *Water and Sewerage Industry (Community Service Obligation) Act 2009*, concessions are made available to eligible low income earners and pensioners to assist them in meeting the cost of services provided by TasWater. Payments are made to TasWater which pass the benefit on to concession card holders as lower service charges. Persons eligible for the concession are current holders of a Health Care Card, Pensioner Concession Card or a Department of Veterans' Affairs Repatriation Health Gold Card.

Electricity Cost Concessions

In accordance with the provisions of the *Electricity Supply Industry Act 1995*, the Government entered into a community service obligation agreement with Aurora Energy Pty Ltd to provide concessions to eligible low income earners and pensioners to assist them in meeting the cost of services provided by Aurora Energy. Payments are made to Aurora Energy which passes the benefit on to eligible customers through lower service charges.

Payments under the Local Government (Rates and Charges Remissions Act 1991)

In accordance with the provisions of the *Local Government (Rates and Charges Remissions) Act 1991*, local authorities are required to remit 30 per cent of rates and charges levied on eligible pensioners, up to an annual maximum, for their principal place of residence. This is indexed annually by the Consumer Price Index. Local authorities are subsequently reimbursed from Finance-General. Eligible pensioners are residential property owners who must at least hold a current Australian Government Pensioner Concession Card.

A separate concession on water and sewerage charges is offered by the State Government through TasWater to eligible card holders.

Sustainable Timber Tasmania

During 2017-18, Sustainable Timber Tasmania was provided with a contribution of \$2 million towards wildfire costs, and \$179 000 for payments under the Tasmanian Forests Intergovernmental Agreement.

15.12 Administered Finance costs

All finance costs are expensed as incurred using the effective interest method.

Finance costs include:

- interest on bank overdrafts and short term and long term borrowings;
- unwinding of discounting of provisions;
- amortisation of discounts or premiums related to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges.

| | 2018 | 2017 |
|---------------------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Interest expense | | |
| Interest on bank overdrafts and loans | 7 912 | 8 204 |
| Other interest expense | 1 657 | 1 743 |
| Total | 9 570 | 9 947 |

15.13 Administered Net gain/(loss) on non-financial assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

Key Judgement

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. Recoverable amount is the higher of fair value less costs to sell and value in use. Finance-General's assets are not used for the purpose of generating cash flows; therefore value in use is based on depreciated replacement cost where the asset would be replaced if Finance-General was deprived of it.

All impairment losses are recognised in Schedule of Administered Comprehensive Income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

| | 2018 | 2017 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Net gain/(loss) on disposal of property, plant, equipment and vehicles | 2 135 | 1 828 |
| Total | 2 135 | 1 828 |

15.14 Administered Net gain/(loss) on other financial instruments and statutory assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that 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.

Key Judgement

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the Schedule of Administered Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

| | 2018 | 2017 |
|---|---------------|----------------|
| | \$'000 | \$'000 |
| Impairment of statutory assets | (1 820) | 148 |
| Movement in deferred Income Tax Equivalents | 14 573 | (6 996) |
| Total | 12 753 | (6 848) |

15.15 Administered Receivables

For significant Accounting Policies relating to Receivables, please refer to note 9.1.

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Receivables | 99 958 | 97 148 |
| Less: Provision for impairment | (476) | (580) |
| Total | 99 482 | 96 568 |
| Contractual receivables | | |
| User charges | 94 | 1 753 |
| Trade receivables | 333 | 128 |
| Accrued interest income | 191 | 93 |
| Other receivables | 17 236 | 15 971 |
| Total | 17 854 | 17 945 |
| Statutory receivables | | |
| State taxes | 80 407 | 76 742 |
| GST | 1 222 | 1 881 |
| Total | 81 628 | 78 623 |
| Total | 99 482 | 96 568 |
| Settled within 12 months | 99 482 | 96 568 |
| Total | 99 482 | 96 568 |

Reconciliation of movement in provision for impairment of administered receivables

| | 2018 | 2017 |
|---|------------|--------------|
| | \$'000 | \$'000 |
| Carrying amount at 1 July | 580 | 2 719 |
| Amounts written off during the year | (1 924) | (1 991) |
| Increase/(decrease) in provision recognised in profit or loss | 1 820 | (148) |
| Carrying amount at 30 June | 476 | 580 |

15.16 Administered Equity investments

Administered equity investments are initially recorded at the fair value based on the net assets of State-owned Companies and Government Business Enterprises. Subsequent to initial recognition, equity investments are measured at fair value through profit and loss.

Control of the investment rests with the responsible Minister rather than with Finance-General. Accordingly, Government owned businesses are not consolidated in the Financial Statements and are recognised as an administered equity investment. This policy is consistent with the principles of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Fully consolidated Financial Statements are contained in the *Treasurer's Annual Financial Report*.

The change in the value of the investment is recorded as income or as an expense in the Schedule of Administered Income and Expenses.

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| State-owned Companies | | |
| Aurora Energy Pty Ltd | 121 220 | 108 003 |
| Metro Tasmania Pty Ltd | 51 243 | 46 259 |
| Tasmanian Ports Corporation Pty Ltd | 243 705 | 240 418 |
| Tasmanian Irrigation Pty Ltd | 49 946 | 29 767 |
| Tasmanian Railway Pty Ltd | 102 794 | 112 951 |
| Tasracing Pty Ltd | 43 341 | 42 704 |
| Tasmanian Networks Pty Ltd | 953 401 | 944 087 |
| TT-Line Company Pty Ltd | 362 578 | 284 470 |
| Statutory Authority | | |
| Macquarie Point Development Corporation | 37 740 | 39 073 |
| Government Business Enterprises | | |
| Sustainable Timber Tasmania | 161 577 | 112 569 |
| Hydro Tasmania | 1 995 556 | 1 964 539 |
| Motor Accidents Insurance Board | 575 237 | 531 643 |
| Port Arthur Historic Site Management Authority | 38 569 | 44 743 |
| Private Forests Tasmania | 2 065 | 1 562 |
| Tasmanian Public Finance Corporation | 760 940 | 807 300 |
| The Public Trustee | 8 612 | 7 887 |
| | 5 508 524 | 5 317 976 |

Note: Equity Investments represents the Government's equity interest in Government owned businesses measured as the consolidated value of their net assets. An equity investment increase of \$47 million is recognised in 2017-18 (\$57.3 million loss in 2016-17).

15.17 Administered Other financial assets

(a) Administered Other financial assets

(i) Tascorp Investment

This reflects the TT-Line Vessel Replacement Fund which has been invested with Tascorp.

(ii) Advances – Commonwealth-State Housing Agreement

Finance-General acts as an intermediary for the on-lending of Non-Financial Agreement Debt (Commonwealth-State Housing Agreement debt) and recognised as an asset in the Schedule of Administered Assets and Liabilities. It is on-lent at fixed rates of interest, is valued at face value and is not adjusted for fluctuations in market interest rates.

(iii) Advances - other

Loans to agencies are valued at face value and recognised as an asset in the Schedule of Administered Assets and Liabilities. All existing loans to agencies are at either fixed or variable of interest. Interest is credited to income as it accrues.

(iv) Deferred income tax assets

Deferred income tax liabilities of Government Business Enterprises and State-owned Companies recognised in accordance with the National Taxation Equivalence Regime are recognised as an asset in the Schedule of Administered Assets and Liabilities.

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| Tascorp Investment - TT-Line Vessel Replacement Fund | 298 | 40 034 |
| Advances – Commonwealth-State Housing Agreement | 165 515 | 173 292 |
| Advances – other | 5 152 | 5 999 |
| Deferred Income Tax assets | 767 362 | 766 398 |
| Total | 938 328 | 985 723 |
| Settled within 12 months | 9 032 | 48 659 |
| Settled in more than 12 months | 929 297 | 937 063 |
| Total | 938 328 | 985 723 |

15.18 Administered Assets held for sale

Assets held for sale (or disposal groups comprising assets and liabilities) 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 (or components of a disposal group) are remeasured in accordance with the Department's accounting policies. Thereafter, the assets (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

(a) Carrying amount

| | 2018 \$'000 | 2017 \$'000 |
|-------------------------------|----------------|----------------|
| Plant, equipment and vehicles | 1 181 | 624 |
| Total | 1 181 | 624 |
| Settled within 12 months | 1 181 | 624 |
| Total | 1 181 | 624 |

Plant, equipment and vehicles held for sale represents the motor vehicles that were identified for disposal as at 30 June 2018. Once identified for disposal, these vehicles are sent to auction for public sale.

(b) Fair value measurement of Administered assets held for sale (including fair value levels)

| 2018 | Carrying Value | Level 1 | Level 2 | Level 3 |
|----------------------------------|----------------|------------|--------------|------------|
| | 30 June | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Plant, equipment and vehicles | 1 181 | ... | 1 181 | ... |
| Carrying value at 30 June | 1 181 | ... | 1 181 | ... |

| 2017 | Carrying Value | Level 1 | Level 2 | Level 3 |
|----------------------------------|----------------|------------|------------|------------|
| | 30 June | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Plant, equipment and vehicles | 624 | ... | 624 | ... |
| Carrying value at 30 June | 624 | ... | 624 | ... |

Plant, equipment and vehicles held for sale are valued at carrying amount. The process of acquisition and disposal in the market is managed by experienced fleet managers who set relevant depreciation rates to reflect the utilisation of the vehicles ensuring the carrying value of vehicles remains at fair value.

15.19 Administered Property, plant and equipment

For significant Accounting Policies relating to Property, plant and equipment, please refer to note 9.3.

(a) Carrying amount

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Land | | |
| At independent valuation, 30 June 2018 | 10 850 | 8 200 |
| Total | 10 850 | 8 200 |
| Buildings | | |
| At independent valuation, 30 June 2018 | 30 050 | 30 350 |
| Less: Accumulated depreciation | ... | (1 518) |
| Total | 30 050 | 28 832 |
| Leasehold improvements | | |
| Work in progress | 35 299 | 24 868 |
| Total | 35 299 | 24 868 |
| Total land and buildings | 76 199 | 61 900 |
| Plant, equipment and vehicles | | |
| At cost | 82 832 | 81 430 |
| Less: Accumulated depreciation | (23 064) | (21 830) |
| Total | 59 768 | 59 600 |
| Total property, plant and equipment and vehicles | 135 967 | 121 500 |

Land and Buildings were independently valued by the Valuer-General on 30 June 2018. The revaluation was based on the Fair Value basis.

Land and Buildings were revalued either at market value using observable inputs in an active market or using a market summated approach having regard to qualitative and quantitative market evidence.

(b) Reconciliation of movements (including fair value levels)

Reconciliations of the carrying amounts of each class of Property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses.

| 2018 | Land | Land | Buildings | Buildings | Leasehold | Plant | Total |
|-------------------------------------|---------------|------------|---------------|--------------|-------------------|------------------------------|----------------|
| | Level 2 | Level 3 | Level 2 | Level 3 | improve- ments | equipment and vehicles | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying value at 1 July | 7 700 | 500 | 25 332 | 3 500 | 24 868 | 59 600 | 121 500 |
| Additions | ... | ... | ... | ... | ... | 26 591 | 26 591 |
| Disposals | ... | ... | ... | ... | ... | (11 545) | (11 545) |
| Assets held for sale | ... | ... | ... | ... | ... | (1 181) | (1 181) |
| Depreciation and amortisation | ... | ... | (759) | ... | ... | (13 696) | (14 455) |
| Work in progress | ... | ... | ... | ... | 10 431 | ... | 10 431 |
| Transfer from Level 3 to Level 2 | 500 | (500) | 3 500 | (3 500) | ... | ... | ... |
| Revaluation increments/(decrements) | 2 650 | ... | 1 977 | ... | ... | ... | 4 627 |
| Carrying value at 30 June | 10 850 | ... | 30 050 | ... | 35 299 | 59 768 | 135 967 |

| 2017 | Land | Land | Buildings | Buildings | Leasehold | Plant | Total |
|----------------------------------|--------------|------------|---------------|--------------|-------------------|------------------------------|----------------|
| | Level 2 | Level 3 | Level 2 | Level 3 | improve- ments | equipment and vehicles | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying value at 1 July | 7 700 | 500 | 26 091 | 3 500 | 1 596 | 60 695 | 100 082 |
| Additions | ... | ... | ... | ... | ... | 24 204 | 24 204 |
| Disposals | ... | ... | ... | ... | ... | (11 187) | (11 187) |
| Assets held for sale | ... | ... | ... | ... | ... | (624) | (624) |
| Depreciation and amortisation | ... | ... | (759) | ... | ... | (13 488) | (14 247) |
| Work in progress | ... | ... | ... | ... | 23 272 | ... | 23 272 |
| Carrying value at 30 June | 7 700 | 500 | 25 332 | 3 500 | 24 868 | 59 600 | 121 500 |

15.20 Administered Infrastructure

(a) Carrying amount

| | 2018 | 2017 |
|--------------------------------|------------|----------|
| | \$'000 | \$'000 |
| At Cost - Optic Fibre Cable | 30 473 | 30 473 |
| Less: Provision for impairment | (30 473) | (30 473) |
| Total | ... | ... |
| At Cost - Project Unify | 803 | ... |
| Total | 803 | ... |
| Total | 803 | ... |

During 2008-09, the Optic Fibre Cable was assessed as being impaired. The impairment arose as a result of the Strategic Partnership Agreement between Aurora Energy Pty Ltd (now TasNetworks Pty Ltd) and the Government where the Agreement provides TasNetworks with exclusive access to the cable for no return. The cable will therefore not provide future economic benefits to Finance-General. This resulted in the recognition of an impairment loss for the full value of the asset. During 2017-18, there were no changes which would affect this assessment. Consequently, the Optic Fibre Cable remains fully impaired as at 30 June 2018.

15.21 Administered Other assets

For significant Accounting Policies relating to Other assets, please refer to note 9.5.

| | 2018 | 2017 |
|--------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Prepayments | 1 300 | 1 028 |
| Total | 1 300 | 1 028 |
| Settled within 12 months | 1 300 | 1 028 |
| Total | 1 300 | 1 028 |

15.22 Administered Payables

For significant Accounting Policies relating to Payables, please refer to note 10.1.

| | 2018 | 2017 |
|--------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Accrued expenses | 11 159 | 16 524 |
| Total | 11 159 | 16 524 |
| Settled within 12 months | 11 159 | 16 524 |
| Total | 11 159 | 16 524 |

Settlement is usually made within 30 days.

15.23 Administered Interest bearing liabilities

Bank loans and other loans are initially measured at fair value, net of transaction costs. Bank 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.

Finance-General administers debt on behalf of the Government which takes the form of facilities taken out with the Tasmanian Public Finance Corporation and Financial Agreement Debt arranged through the Australian Government.

The Financial Agreement Debt and debt holdings with Tascorp have been valued at historical capital value with no adjustment made to reflect changes in market interest rates. The borrowing portfolio consists of fixed rate borrowings. Interest expense is brought to account on an accrual basis.

Historical capital value represents the present value of the cash flows associated with the service and eventual repayment of financial assets and liabilities, such present value being determined by discounting the cash flows at the rate implicit in the original contract or arrangement. The term historical capital value equates with present value. In the case of securities issued at a discount, historical capital value represents the proceeds of a loan transaction, or the cost of acquisition of a financial asset, plus the amortised discount. For securities issued at a premium, the amortised premium is subtracted from the original proceeds or cost to obtain the historical capital value.

Discounts and premiums are amortised over the life of the related financial instrument on the basis of yield at purchase, with the amortisation being taken to the Schedule of Administered Comprehensive Income as part of finance costs.

Carrying amount

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Loans from the Tasmanian Public Finance Corporation | 260 000 | 310 000 |
| Australian Government Commonwealth-State Housing Agreement debt | 165 515 | 173 292 |
| Total | 425 515 | 483 292 |

Loans from the Tasmanian Public Finance Corporation relate to the overnight end of year borrowing of \$260 million undertaken on 29 June 2018 to gross up the Government's cash holdings to equate to the estimated balance of accounts in the Special Deposits and Trust Fund.

15.24 Administered Superannuation

(i) 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 will have 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.

(ii) Defined benefit plans

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

Key estimate and judgement

Finance-General's 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.

Actuarial gains or losses arising from the actuarial revaluation of superannuation liabilities are recognised in the Schedule of Administered Comprehensive Income.

(a) Type of plan

Unfunded liabilities arise under the *Public Sector Superannuation Reform Act 2016*, the former *Parliamentary Superannuation Act 1973*, the former *Parliamentary Retiring Benefits Act 1985* and the *Judges' Contributory Pensions Act 1968*. All of these schemes are now closed to new membership.

In November 2002, Parliament approved legislation that repealed the *Parliamentary Superannuation Act 1973* and the *Parliamentary Retiring Benefits Act 1985* with effect from 31 December 2002. The scheme details have been reproduced as regulations, namely the *Public Sector Superannuation Reform Regulations 2017*. The legislation transferred the Parliamentary Superannuation Fund and the Parliamentary Retiring Benefits Fund as sub-funds of the Retirement Benefits Fund. This decision, which followed a recommendation from the Parliamentary Superannuation and Retirement Benefits Trust to take such action, has not altered the benefits payable to Parliamentary Superannuation Fund or Parliamentary Retiring Benefits Fund members, but has provided administrative efficiencies and reduced costs.

The *Public Sector Superannuation Reform Act 2016* created the Superannuation Commission with effect from 1 April 2017 and transferred the trustee responsibility from the former Retirement Benefits Fund to the Commission, from that date. The functions and powers of the Commission are specified in the *Public Sector Superannuation Reform Act 2016* and the *Public Sector Superannuation Reform Regulations 2017*.

The Superannuation Commission is supported by the Office of the Superannuation Commission which is a branch of the Department of Treasury and Finance (Output 3.4 refers).

These schemes, which are now all closed to new entrants, provide superannuation arrangements for public sector employees generally, Members of Parliament, the judiciary and statutory legal officers.

The 2016-17 financial statements for the Department of Treasury and Finance included Note 15.26 Superannuation Commission, which included a Statement of Net Assets and accompanying notes for the Commission. For 2017-18, in accordance with section 17 (1) of the *Audit Act 2008*, the Superannuation Commission has prepared separate financial statements for the Retirement Benefits Fund and therefore a separate note is no longer required.

(i) 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 *Public Sector Superannuation Reform Act 2016*. Scheme details are contained in the *Public Sector Superannuation Reform Regulations 2017*.

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.

Payments to the RBF to cover the employer liability component for pensioners and lump sum benefits with respect to retiring employees are met from the Consolidated Fund.

In making an employer contribution to the Consolidated Fund, 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. These liabilities are excluded from the administered liabilities of the Department, as these authorities carry their own provisions for superannuation and separately report liabilities in their financial statements.

The net liability in respect of on-Budget agencies as at 30 June 2018 is based on the latest available actuarial assessment, which was undertaken as at that date.

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 1999*, 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.

(ii) 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 PSF is an unfunded scheme, with the employer share of the benefits being met by the Government on an emerging cost basis.

An actuarial valuation of the scheme was undertaken as at 30 June 2018.

(iii) Parliamentary Retiring Benefits Fund

The PRBF is 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 covers those members of Parliament first elected after 12 November 1985 and before 1 July 1999. New parliamentarians elected after 1 July 1999 automatically become members of the TAS unless they elect to join a complying private superannuation scheme.

The Government currently funds the PRBF Scheme at the rate of 2.6 times member contributions which is slightly above the funding level outlined in the Regulations of 2.5 times member contributions. The increase arose from a recommendation by the then State Actuary. Up until the age of 65, the Regulations require Members to contribute nine per cent of their parliamentary salary in the first 20 years of service which, thereafter, is reduced to nine per cent of any allowances above the Member's basic salary.

An actuarial valuation of the scheme was undertaken as at 30 June 2018.

(iv) Judges' Scheme

Superannuation arrangements for judges are specified in the *Judges' Contributory Pensions Act 1968*. There is no Judges' Superannuation Fund as such, with the contributions made by judges (at the rate of five per cent of salary) being deposited in, and all benefits being met from, the Consolidated Fund.

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 Tasmanian Accumulation Scheme 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.

(b) Superannuation liability

| | Retirement Benefits Fund Scheme | | Parliamentary Superannuation Schemes | | Judges Contributory Pensions | | Total Liability | |
|---|---------------------------------|------------------|--------------------------------------|----------------|------------------------------|----------------|------------------|------------------|
| | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 | 2018 \$'000 | 2017 \$'000 |
| Present value of defined benefit obligation | 10 085 127 | 9 565 615 | 23 504 | 24 583 | 35 916 | 36 260 | 10 144 547 | 9 626 459 |
| Fair value of plan assets | (1 862 634) | (1 758 067) | (7 217) | (7 830) | ... | ... | (1 869 851) | (1 765 897) |
| (Surplus)/deficit | 8 222 493 | 7 807 549 | 16 287 | 16 754 | 35 916 | 36 260 | 8 274 696 | 7 860 562 |
| Settled within 12 months | 278 188 | 244 868 | 1 002 | 1 064 | 2 467 | 2 458 | 281 657 | 248 389 |
| Settled in more than 12 months | 7 944 305 | 7 562 681 | 15 285 | 15 690 | 33 449 | 33 802 | 7 993 039 | 7 612 173 |
| Total | 8 222 493 | 7 807 549 | 16 287 | 16 754 | 35 916 | 36 260 | 8 274 696 | 7 860 562 |

The property at 21 Kirksway Place, Hobart, controlled by the Superannuation Commission and included with the fair value of plan assets, was occupied by the Office of the Superannuation Commission and other entities.

(c) Reconciliation of movements in Present value of superannuation liability

| | Retirement Benefits Fund Scheme | | Parliamentary Superannuation Schemes | | Judges Contributory Pensions | | Total Liability | |
|---|------------------------------------|-------------------|--|---------------|---------------------------------|---------------|-------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July | 9 565 615 | 10 309 773 | 24 583 | 26 822 | 36 260 | 46 202 | 9 626 459 | 10 382 797 |
| Included in profit or loss | | | | | | | | |
| Current service cost | 119 746 | 159 695 | 8 | 132 | ... | ... | 119 754 | 159 827 |
| Interest cost | 306 171 | 273 350 | 772 | 701 | 1 156 | 1 214 | 308 099 | 275 266 |
| | 425 917 | 433 045 | 780 | 833 | 1 156 | 1 214 | 427 853 | 435 093 |
| Remeasurements included in other economic flows | | | | | | | | |
| Actuarial losses/(gains) arising from demographic assumptions | ... | (183 976) | ... | (648) | ... | (1 529) | ... | (186 153) |
| Actuarial losses/(gains) arising from financial assumptions | 407 638 | (869 595) | 644 | (1 515) | 946 | (5 784) | 409 228 | (876 894) |
| Actuarial losses/(gains) arising from experience | (5 473) | 80 917 | 299 | 346 | (9) | (1 457) | (5 183) | 79 806 |
| | 402 165 | (972 654) | 943 | (1 817) | 937 | (8 770) | 404 045 | (983 241) |
| Other | | | | | | | | |
| Contributions by plan participants | 40 298 | 41 655 | ... | 41 | .. | ... | 40 298 | 41 696 |
| Benefits paid | (348 637) | (375 328) | (2 802) | (1 283) | (2 436) | (2 387) | (353 875) | (378 998) |
| Other | (232) | (14 669) | ... | (13) | ... | ... | (232) | (14 682) |
| Transfers In | ... | 30 766 | ... | ... | ... | ... | ... | 30 766 |
| Equity Contribution | ... | 113 028 | ... | ... | ... | ... | ... | 113 028 |
| | (308 571) | (204 548) | (2 802) | (1 255) | (2 436) | (2 387) | (313 809) | (208 190) |
| Balance at 30 June | 10 085 127 | 9 565 615 | 23 504 | 24 583 | 35 916 | 36 260 | 10 144 547 | 9 626 459 |

(d) Reconciliation of Movements in plan assets

| | Retirement Benefits Fund Scheme | | Parliamentary Superannuation Schemes | | Judges Contributory Pensions | | Total Assets | |
|------------------------------------|------------------------------------|------------------|--|--------------|---------------------------------|------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July | 1 758 067 | 1 560 907 | 7 830 | 7 144 | ... | ... | 1 765 897 | 1 568 051 |
| Expected return on plan assets | 53 223 | 40 971 | 235 | 183 | ... | ... | 53 458 | 41 155 |
| Actuarial (losses)/gains | 116 214 | 213 547 | 1 035 | 783 | ... | ... | 117 249 | 214 330 |
| Employer contributions | 243 700 | 260 218 | 920 | 976 | 2 436 | 2 387 | 247 056 | 263 580 |
| Contributions by plan participants | 40 298 | 41 655 | ... | 41 | ... | ... | 40 298 | 41 696 |
| Benefits paid | (348 637) | (375 328) | (2 802) | (1 283) | (2 436) | (2 387) | (353 875) | (378 998) |
| Other | (232) | (14 669) | ... | (13) | ... | ... | (232) | (14 682) |
| Transfers In | ... | 30 766 | ... | ... | ... | ... | ... | 30 766 |
| Balance at 30 June | 1 862 634 | 1 758 067 | 7 217 | 7 830 | ... | ... | 1 869 851 | 1 765 897 |

(e) Plan assets at fair value

| Retirement Benefits Fund Scheme | Total Fair value at 30 June | Level 1 | Level 2 | Level 3 |
|---------------------------------|--------------------------------|---------------------------------------|---------------------------------------|--------------------------|
| | | (Quoted price in active market) | (Observable inputs, not quoted) | (Unobservable inputs) |
| | 2018 | 2018 | 2018 | 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents | ... | ... | ... | ... |
| Equity instruments | 683 906 | 293 410 | 390 497 | ... |
| Debt instruments | 1 160 530 | 613 612 | 546 502 | 415 |
| Derivatives | 549 | ... | 549 | ... |
| Property | 17 649 | ... | 17 649 | ... |
| Balance at 30 June | 1 862 634 | 907 022 | 955 197 | 415 |

| Parliamentary Superannuation Schemes | Total Fair value at 30 June | Level 1 | Level 2 | Level 3 |
|--------------------------------------|--------------------------------|---------------------------------------|---------------------------------------|--------------------------|
| | | (Quoted price in active market) | (Observable inputs, not quoted) | (Unobservable inputs) |
| | 2018 | 2018 | 2018 | 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash and cash equivalents | ... | ... | ... | ... |
| Equity instruments | 2 650 | 1 136 | 1 513 | ... |
| Debt instruments | 4 497 | 2 377 | 2 117 | 2 |
| Derivatives | 2 | ... | 2 | ... |
| Property | 68 | ... | 68 | ... |
| Balance at 30 June | 7 217 | 3 513 | 3 700 | 2 |

(f) Key actuarial assumptions

| | Retirement Benefits Fund Scheme | | Parliamentary Superannuation Fund | | Parliamentary Retiring Benefits Fund | | Judges Contributory Pensions | |
|---------------------------------------|------------------------------------|------|--------------------------------------|------|---|------|---------------------------------|------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | % | % | % | % | % | % | % | % |
| Discount rate | 3.00 | 3.30 | 3.00 | 3.30 | 3.00 | 3.30 | 3.00 | 3.30 |
| Expected rate of salary increases | 3.00 | 3.00 | na | Na | 3.00 | 3.00 | na | na |
| Expected rate of pension increases | 2.50 | 2.50 | 2.50 | 2.50 | na | na | 3.00 | 3.00 |

(g) Weighted average durations

| | Retirement Benefits Fund Scheme | Parliamentary Superannuation Fund | Parliamentary Retiring Benefits Fund | Judges Contributory Pensions |
|--|------------------------------------|--------------------------------------|--|---------------------------------|
| | 2018 | 2018 | 2018 | 2018 |
| Weighted average durations of the defined benefit obligation (in years) | 14.40 | 10.40 | 1.20 | 9.20 |

(h) Sensitivity analysis

The defined benefit obligation as at 30 June 2018 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity.

Scenario A: 1.0 per cent pa lower discount rate assumption

Scenario B: 1.0 per cent pa higher discount rate assumption

Scenario C: 1.0 per cent pa lower expected pension increase rate assumption

Scenario D: 1.0 per cent pa higher expected pension increase rate assumption

| | Base Case | Scenario A -1.0% pa discount rate | Scenario B +1.0% pa discount rate | Scenario C -1.0% pa inflation increase rate ¹ | Scenario D +1.0% pa inflation increase rate ¹ |
|---|------------|---|---|---|---|
| | 2018 | 2018 | 2018 | 2018 | 2018 |
| Retirement Benefits Fund | | | | | |
| Scheme | | | | | |
| Discount rate (% pa) | 3.00 | 2.00 | 4.00 | 3.00 | 3.00 |
| Pension increase rate (% pa) | 2.50 | 2.50 | 2.50 | 1.50 | 3.50 |
| Defined benefit obligation (\$000) | 10 085 127 | 11 664 384 | 8 824 230 | 9 065 521 | 11 320 882 |
| Parliamentary Superannuation | | | | | |
| Schemes | | | | | |
| Discount rate (% pa) | 3.00 | 2.00 | 4.00 | 3.00 | 3.00 |
| Pension increase rate (Parliamentary Superannuation Fund only) (% pa) | 2.50 | 2.50 | 2.50 | 1.50 | 3.50 |
| Salary increase rate (Parliamentary Retiring Benefits Fund only) (% pa) | 3.00 | 3.00 | 3.00 | 2.00 | 4.00 |
| Defined benefit obligation (\$000) | 23 504 | 25 897 | 21 473 | 21 533 | 25 780 |
| Judges Contributory Pensions | | | | | |
| Discount rate (% pa) | 3.00 | 2.00 | 4.00 | 3.00 | 3.00 |
| Pension increase rate (% pa) | 3.00 | 3.00 | 3.00 | 2.00 | 4.00 |
| Defined benefit obligation (\$000) | 35 916 | 39 386 | 32 916 | 33 035 | 39 177 |

Note:

1. Inflation increase rate refers to the assumed rate of pension increases with the exception of the Parliamentary Schemes, which include both the assumed rates of salary increase and pension benefits.

(i) Amounts recognised in Comprehensive result

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|--------------------|
| Expenses from transactions | | |
| Employer service cost | 119 753 | 163 203 |
| Interest cost | 308 099 | 275 266 |
| Expected return on plan assets | (53 458) | (41 155) |
| Other | 77 | 93 |
| Total | 374 472 | 397 407 |
| Other Economic flows in net result | | |
| Actuarial (gains)/losses | 287 714 | (1 200 765) |
| Total | 287 714 | (1 200 765) |
| Total | 662 186 | (803 361) |

(j) Funding arrangements

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

Finance-General expects to make a contribution of \$281.7 million during 2018–19 (2017-18: Estimate \$279.6 million; Actual \$247 million) to the RBF Scheme.

15.25 Administered Other liabilities

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Other liabilities | | |
| Appropriation carried forward from current year under Section 8A(2) of the <i>Public Account Act 1986</i> | 15 496 | 12 931 |
| Revenue received in advance | 7 426 | ... |
| Deposits held on behalf of agencies | 662 315 | 657 884 |
| Accrued interest expense | 151 | 142 |
| Tasmanian Risk Management Fund Outstanding Claims Liability | 226 983 | 232 569 |
| Other | 1 138 | 8 136 |
| Total | 913 509 | 911 662 |
| Settled within 12 months | 732 236 | 724 587 |
| Settled in more than 12 months | 181 273 | 187 075 |
| Total | 913 509 | 911 662 |

15.26 Tasmanian Risk Management Fund

The Tasmanian Risk Management Fund is the Tasmanian Government's self insurance fund which was established on 1 January 1999 to provide a whole-of-government approach to funding and managing specific identified insurable liabilities of inner Budget agencies.

The Department is responsible for the administration of the Fund and an inter-agency Steering Committee serves as a consultative forum through which agencies can provide input into the operations of the Fund and feedback to Treasury, the Fund Agent and the Actuary.

(a) TRMF Concise Income Statement for the year ended 30 June 2018

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Revenue and other income from transactions | | |
| Agency contributions | 63 838 | 56 852 |
| Investment income | 4 227 | 4 203 |
| Total revenue and other income from transactions | 68 065 | 61 055 |
| Expenses from transactions | | |
| Claim expenses | 60 576 | 59 428 |
| Other expenses | 3 597 | 4 164 |
| Total expenses from transactions | 64 173 | 63 592 |
| Net result from transactions | 3 892 | (2 537) |
| Other economic flows included in net result | | |
| Net actuarial gain/(loss) of the Tasmanian Risk Management Fund | 9 423 | 4 946 |
| Total other economic flows included in net result | 9 423 | 4 946 |
| Net Result | 13 315 | 2 409 |

(b) TRMF Concise Balance Sheet as at 30 June 2018

| | 2018 \$'000 | 2017 \$'000 |
|------------------------------------|----------------|----------------|
| Assets | | |
| <i>Financial Assets</i> | | |
| Cash and cash equivalents | 246 623 | 240 373 |
| Receivables | 1 548 | 760 |
| Total assets | 248 171 | 241 133 |
| Liabilities | | |
| <i>Financial Liabilities</i> | | |
| Payables | 593 | 1 292 |
| Outstanding claims | 226 983 | 232 569 |
| Employee entitlements ¹ | 72 | 65 |
| Total liabilities | 227 648 | 233 926 |
| Net assets (liabilities) | 20 523 | 7 207 |
| Equity | | |
| Accumulated funds | 20 523 | 7 207 |
| Total equity | 20 523 | 7 207 |

Note:

1. The Employee entitlements for the Tasmanian Risk Management Fund are reflected within the Department of Treasury and Finance's Controlled Statement of Financial Position.

(c) Outstanding Claims Liabilities

| | 2018 \$'000 | 2017 \$'000 |
|----------------------------|----------------|----------------|
| Claims Liabilities | | |
| Personal injury | 99 868 | 98 928 |
| Property | 6 746 | 7 075 |
| Motor vehicle | 249 | 157 |
| General liability | 4 120 | 8 319 |
| Medical liability | 116 000 | 118 090 |
| Total | 226 983 | 232 569 |
| Due within 12 months | 45 710 | 45 494 |
| Due in more than 12 months | 181 273 | 187 075 |
| Total | 226 983 | 232 569 |

(d) Timing of estimated claim expenditure

Based on information provided by the Actuary, the Tasmanian Risk Management Fund has recognised a total provision of \$227 million. For all insurance risks, the actual claim costs are uncertain. Even a modest deviation from the central estimate basis can have a material effect on the net outstanding liability. The timing of estimated expenditure is based on claims experience. The schedule below shows the average time to settle for each risk category:

| Category | Average Settlement |
|-------------------------|---------------------------|
| Workers' compensation | 2.5 years |
| Personal accident cover | >1 year |
| Property risk | 1 year |
| Motor vehicle risk | <1 year |
| General liability | >1 year |
| Medical liability | 5.5 years |

(e) Reconciliation of movements in provisions

| 2018 | Workers' compensation \$'000 | Medical liability \$'000 | Other liabilities \$'000 | Total \$'000 |
|---------------------------|---|-------------------------------------|-------------------------------------|-------------------------|
| Balance at 1 July | 98 898 | 118 090 | 15 581 | 232 569 |
| Claims paid | (39 179) | (2 670) | (7 568) | (49 417) |
| Increase in provision | 35 394 | 12 154 | 5 706 | 53 254 |
| Actuarial losses/(gains) | 4 741 | (11 574) | (2 590) | (9 423) |
| Balance at 30 June | 99 854 | 116 000 | 11 129 | 226 983 |

| 2017 | Workers' compensation \$'000 | Medical liability \$'000 | Other liabilities \$'000 | Total \$'000 |
|---------------------------|---|-------------------------------------|-------------------------------------|-------------------------|
| Balance at 1 July | 95 993 | 119 560 | 12 340 | 227 893 |
| Claims paid | (34 141) | (3 012) | (8 585) | (45 738) |
| Increase in provision | 34 397 | 11 808 | 9 155 | 55 360 |
| Actuarial losses/(gains) | 2 649 | (10 266) | 2 671 | (4 946) |
| Balance at 30 June | 98 898 | 118 090 | 15 581 | 232 569 |

The provision for workers compensation does not reconcile with the personal injury liability which also includes provision for personal accident and aero-medical retrieval activities.

Workers compensation and medical claim liabilities are the only risk categories with discounting applied. As a consequence, the remaining risk categories are not shown in the reconciliation of movements in provisions.

15.27 Schedule of Administered Commitments

| | 2018 | 2017 |
|--|----------------|---------------|
| | \$'000 | \$'000 |
| By type | | |
| <i>Capital commitments</i> | | |
| Vehicles | 8 963 | 7 301 |
| Building Works | 9 520 | ... |
| <i>Total capital commitments</i> | 18 483 | 7 301 |
| <i>Lease commitments</i> | | |
| Operating leases | 299 428 | 57 237 |
| <i>Total lease commitments</i> | 299 428 | 57 237 |
| By maturity | | |
| <i>Capital commitments</i> | | |
| One year or less | 18 483 | 7 301 |
| <i>Total capital commitments</i> | 18 483 | 7 301 |
| <i>Operating lease commitments</i> | | |
| One year or less | 14 204 | 8 107 |
| From one to five years | 64 724 | 24 146 |
| More than five years | 220 500 | 24 984 |
| <i>Total operating lease commitments</i> | 299 428 | 57 237 |
| Total | 317 911 | 64 538 |

15.28 Schedule of Administered Quantifiable Contingencies

| | 2018 | 2017 |
|---|-----------|------------|
| | \$'000 | \$'000 |
| Administered Quantifiable Contingent Liabilities | | |
| Contingent Claims | | |
| Appeals | 20 | 19 |
| Clawback of State taxes | ... | 400 |
| Total | 20 | 419 |

The Appeal relates to tax assessments currently under appeal in the Supreme Court or Magistrates Court.

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Administered Quantifiable Contingent Assets | | |
| GST Credits | 23 430 | 26 413 |
| Appeal | 100 | 96 |
| Total | 23 530 | 26 509 |

Prior to the sale of TOTE Tasmania to Tattsbet Limited, TOTE Tasmania had accrued \$41.7 million in GST credits for previously overpaid GST. The contingent asset represents the unutilised component of GST credits as at 30 June 2018. Under the sale agreement, Tatts Limited agreed to remit the value of those GST credits to the Government as and when they are utilised by Tatts Limited after completion of the sale.

15.29 Schedule of Administered Unquantifiable Contingencies

Finance-General has an unquantifiable contingent liability relating to superannuation obligations of Government Business Enterprises and Statutory Authorities.

As at 30 June 2018, Finance-General had in place a number of indemnities under various sale agreements relating to the divestment of Government businesses. Treasury is of the opinion that these indemnities are unlikely to arise and the amounts are not quantifiable.

15.30 Administered Reserves

| | Land and Buildings \$'000 |
|---|--|
| <hr/> | |
| 2018 | |
| Asset revaluation reserve | |
| Balance at beginning of the financial year | 22 384 |
| Revaluation increments/(decrements) | 4 626 |
| Balance at the end of the financial year | 27 010 |
| <hr/> | |
| | Land and Buildings \$'000 |
| 2017 | |
| Asset revaluation reserve | |
| Balance at beginning of the financial year | 22 384 |
| Revaluation increments/(decrements) | ... |
| Balance at the end of the financial year | 22 384 |
| <hr/> | |

(a) Nature and purpose of administered reserves

Asset revaluation reserve

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of Non-financial assets, as described in Note 9.3.

15.31 Administered Cash and deposits in the Special Deposits and Trust Fund

Administered Cash and deposits includes the balance of the Special Deposits and Trust Fund accounts held by the Department, and other cash held, which are administered or held in a trustee capacity or agency arrangement.

| | 2018 \$'000 | 2017 \$'000 |
|--|------------------|------------------|
| Westpac Banking Corporation | 100 753 | 90 441 |
| Tasmanian Public Finance Corporation investments | 1 210 305 | 1 197 613 |
| Total | 1 311 058 | 1 288 054 |

Tasmanian Public Finance Corporation investments include the investment of the \$260 million proceeds of the overnight end of year borrowing undertaken on 29 June 2018 (\$310 million in 2016-17) to gross up the Government's cash holdings to equate to the estimated balance of accounts in the Special Deposits and Trust Fund.

Accounts Administered by Finance-General

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| T117 Tasmanian Forests Agreement | ... | 7 613 |
| T118 TT-Line Vessel Replacement Fund | 299 | 40 034 |
| T513 Finance-General Operating Account | 15 734 | 20 114 |
| T708 Housing Fund | 3 955 | 6 820 |
| T709 Infrastructure Tasmania Fund | 8 011 | 12 811 |
| T714 Hospitals Capital Fund | 1 362 | 1 367 |
| T717 Economic and Social Infrastructure Fund | 51 | 51 |
| T718 Royal Hobart Hospital Redevelopment Fund | ... | 48 |
| T722 Australian Government Funding Management Account | 313 472 | 249 851 |
| T774 Berriedale Landslip Account | 112 | 114 |
| T775 Rosetta Landslip Account | 477 | 407 |
| T793 Agency Accommodation Charges Account | 217 | 957 |
| T794 Agency Employment Separation Account | (323) | (697) |
| T795 Agency Voluntary Targeted Employment Separation Account | ... | ... |
| T825 Payroll Provision Account | 24 368 | 17 661 |
| T839 State Debt Management Account | 20 724 | 56 906 |
| T847 Tasmanian Risk Management Fund Account | 246 623 | 240 373 |
| T905 Government Car Fleet Account | 13 959 | 15 773 |
| Total | 649 041 | 670 203 |

15.32 Cash Held in a Trustee capacity or as part of an Agency Arrangement

| | 2018 \$'000 | 2017 \$'000 |
|--|----------------|----------------|
| T431 Assurance Fund – <i>Lands Titles Act 1980</i> Account | 6 082 | 5 930 |
| T702 Unclaimed Monies Account | 40 106 | 35 155 |
| T768 The Mount Lyell Closure Trust Fund Account | 1 265 | 1 265 |
| Total | 47 453 | 42 350 |

15.33 Reconciliation of Administered Net Result to Net Cash from Administered Operating Activities

| | 2018 \$'000 | 2017 \$'000 |
|---|----------------|----------------|
| Net result | (172 294) | 1 853 373 |
| Depreciation and amortisation | 14 455 | 14 247 |
| (Gain) loss from sale of non-financial assets | (2 135) | (1 828) |
| Net Revaluation movement | (56 389) | 52 382 |
| Impairment losses | 1 820 | (148) |
| Decrease (increase) in Receivables | (239) | (9 839) |
| Decrease (increase) in GST assets | 135 | (1 028) |
| Decrease (increase) in Other Financial assets | (967) | 14 418 |
| Increase (decrease) in Payables | (2 361) | 3 626 |
| Increase (decrease) in Other liabilities | (587) | 4 990 |
| Non-cash movement in Superannuation | 414 134 | (1 067 212) |
| Net cash from (used by) operating activities | 195 573 | 862 979 |

15.34 Acquittal of Administered Capital Investment and Special Capital Investment Funds

Finance-General received Works and Services Appropriation funding and revenues from Special Capital Investment Funds to fund specific projects.

Cash transactions relating to these projects are listed below by category.

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

| | 2018 Budget \$'000 | 2018 Actual \$'000 | 2017 Actual \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Reimbursement to Agencies | | | |
| Economic and Social Infrastructure Fund | ... | ... | 445 |
| Hospitals Capital Fund | 1 360 | 5 | 597 |
| Housing Fund | 1 236 | 2 865 | 38 |
| Infrastructure Tasmania Fund | 10 832 | 4 800 | 1 088 |
| Royal Hobart Hospital Redevelopment Fund | ... | 48 | 11 160 |
| | 13 428 | 7 719 | 13 328 |

(a) Classification of cash flows

The project expenditure above is reflected in the Administered Statement of Cash Flows as follows.

| | 2018 \$'000 | 2017 \$'000 |
|----------------------|----------------|----------------|
| Cash outflows | | |
| Grants and Subsidies | 7 719 | 13 328 |
| Total | 7 719 | 13 328 |

(b) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Secretary has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(c) Credit risk exposures

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

| Financial Instrument | Accounting and strategic policies (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows) |
|-------------------------|--|---|
| Contractual receivables | <p>Contractual receivables are recognised at the nominal amounts due, less any provision for bad and doubtful debts.</p> <p>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.</p> | Credit terms are generally 30 days. |
| Guarantees | 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 <i>Provisions, Contingent Liabilities and Contingent Assets</i> . | Guarantees relate to financing obligations of government businesses and Statutory authorities. |
| Cash and deposits | <p>Cash and deposits are recognised at face value.</p> <p>It is a requirement for any changes in deposit strategy to be approved by the Treasurer. Currently only highly liquid, low risk cash based investment products, transacted with or via Tascorp, or at call cash held with Westpac, are approved.</p> | Cash means notes, coins and any deposits at call with a bank or financial institution. |
| Other financial assets | The TT-Line Vessel Replacement Fund is an investment arrangement where Tascorp is trustee under a Bare Trust Agreement, and is also the Investment Manager for the Fund under a separate Investment Management Agreement. | Tascorp has fiduciary duty as the Investment Manager of the Fund's assets under the Agreement. The Crown, through Finance-General, has beneficial ownership of the Fund's assets including exposure to all risks and rewards, which includes any applicable credit risk. This will be minimised by detailed oversight by Treasury's Financial Assets and Borrowings Management Committee. |

The carrying amount of administered financial assets recorded in the Financial Statements, net of any allowances for losses, represents Finance-General's maximum exposure to credit risk without taking into account any collateral or other security. Finance-General has no administered financial assets that are past due but not impaired at 30 June 2018.

(d) Liquidity risk

Liquidity risk is the risk that Finance-General will not be able to meet its financial obligations as they fall due. Finance-General's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

| Financial Instrument | Accounting and strategic policies (including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows) |
|------------------------------|---|---|
| Payables | <p>Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when Finance-General becomes obliged to make future payments as a result of a purchase of assets or services.</p> <p>Finance-General regularly reviews budgeted cash outflows to ensure that there is sufficient cash to meet all obligations.</p> | Settlement is usually made within 30 days. |
| Interest bearing liabilities | <p>Bank loans and other loans are initially measured at fair value, net of transaction costs. Bank 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.</p> <p>Finance-General regularly reviews its contractual outflows to ensure that there is sufficient cash available to meet contracted payments.</p> | Contractual payments made on a regular basis. |

The following tables detail the undiscounted cash flows payable by Finance-General by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2018

| Maturity analysis for administered financial liabilities | | | | | | | | |
|--|----------------|--------------|--------------|--------------|--------------|-------------------|--------------------|-----------------|
| | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years | More than 5 Years | Undiscounted Total | Carrying Amount |
| Financial liabilities | | | | | | | | |
| Payables | 11 159 | ... | ... | ... | ... | ... | 11 159 | 11 159 |
| Borrowings | 267 915 | 8 017 | 8 122 | 8 259 | 8 373 | 124 829 | 425 515 | 425 515 |
| Total | 279 074 | 8 017 | 8 122 | 8 259 | 8 373 | 124 829 | 436 674 | 436 674 |

2017

| Maturity analysis for administered financial liabilities | | | | | | | | |
|--|----------------|--------------|--------------|--------------|--------------|-------------------|--------------------|-----------------|
| | 1 Year | 2 Years | 3 Years | 4 Years | 5 Years | More than 5 Years | Undiscounted Total | Carrying Amount |
| Financial liabilities | | | | | | | | |
| Payables | 16 524 | ... | ... | ... | ... | ... | 16 524 | 16 524 |
| Borrowings | 317 776 | 7 915 | 8 017 | 8 122 | 8 259 | 133 203 | 483 292 | 483 292 |
| Total | 334 300 | 7 915 | 8 017 | 8 122 | 8 259 | 133 203 | 499 816 | 499 816 |

(e) 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. The primary market risk that Finance-General is exposed to is interest rate risk.

At the reporting date, the interest rate profile of Finance-General's administered interest bearing financial instruments was:

| | 2018 \$'000 | 2017 \$'000 |
|---|------------------|------------------|
| Administered fixed rate instruments | | |
| Financial assets | 170 329 | 178 582 |
| Less Financial liabilities | (165 515) | (173 292) |
| Total | 4 814 | 5 290 |
| Administered variable rate instruments | | |
| Financial assets | 1 311 695 | 1 328 797 |
| Less Financial liabilities | (260 000) | (310 000) |
| Total | 1 051 695 | 1 018 797 |

Changes in variable rates of 100 basis points at reporting date would have the following effect on Finance-General's profit or loss and equity:

| | Profit or Loss | |
|-----------------------------|---------------------------------|---------------------------------|
| | 100 basis points increase | 100 basis points decrease |
| 30 June 2018 | | |
| Financial Assets | 9 542 | (9 542) |
| Less: Financial liabilities | (21) | 21 |
| Net sensitivity | 9 521 | (9 521) |
| 30 June 2017 | | |
| Financial Assets | 9 436 | (9 436) |
| Less: Financial liabilities | (25) | 25 |
| Net sensitivity | 9 411 | (9 411) |

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2017.

15.35 Categories of Administered Financial Assets and Liabilities

| | 2018 \$'000 | 2017 \$'000 |
|--|------------------|------------------|
| Administered financial assets | | |
| Financial assets at fair value through profit and loss – designated on initial recognition | 5 508 524 | 5 317 976 |
| Loans and contractual receivables | 188 820 | 237 270 |
| Cash and deposits | 1 311 058 | 1 288 054 |
| Total | 7 008 402 | 6 843 300 |
| Administered financial liabilities | | |
| Financial liabilities measured at amortised cost | 436 674 | 499 816 |
| Total | 436 674 | 499 816 |

15.36 Administered reconciliation of liabilities arising from financing 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.

| 2018 | Interest Bearing Liabilities \$'000 |
|-----------------------------------|---|
| Balance as at 1 July 2017 | 483 292 |
| Changes from financing cash flows | |
| Cash received | 260 000 |
| Cash repayments | (317 776) |
| Balance as at 30 June 2018 | 425 515 |

15.37 Reclassifications of Administered Financial Assets

Finance-General has made no reclassifications of any financial assets held for the financial year.

15.38 Comparison between Carrying Amount and Net Fair Values of Administered Financial Asset and Liability Classes

| | 2018 Total Carrying Amount \$'000 | 2018 Net Fair Value \$'000 | 2017 Total Carrying Amount \$'000 | 2017 Net Fair Value \$'000 |
|--|---|--|---|--|
| Administered financial assets | | | | |
| Cash and deposits | 1 311 058 | 1 311 058 | 1 288 054 | 1 288 054 |
| Contractual receivables | 17 854 | 17 854 | 17 945 | 17 945 |
| Equity Investments | 5 508 524 | 5 508 524 | 5 317 976 | 5 317 976 |
| Advances | 170 966 | 170 966 | 219 325 | 219 355 |
| Total Administered financial assets | 7 008 402 | 7 008 402 | 6 843 300 | 6 843 330 |
| Administered financial liabilities (Recognised) | | | | |
| Payables | 11 159 | 11 159 | 16 524 | 16 524 |
| Borrowings | 425 515 | 425 538 | 483 292 | 483 305 |
| Total Administered financial liabilities (Recognised) | 436 674 | 436 697 | 499 816 | 499 829 |

Administered Financial Assets

The net fair values of cash and deposits are recognised at amortised cost, being their face value.

The value of equity investments 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 the notes to the accounts under Equity Investments. There is no market for these instruments consistent with the principles of AASB 1049.

Receivables that are contractual are classified as financial instruments. Taxes and other statutory receivables are non-contractual and therefore not classified as financial instruments.

Administered Financial Liabilities

The net fair values of the Department's borrowings are measured at fair value in accordance with the quoted liability as provided by Tascorp. Other borrowings consist of Australian Government borrowings incurred under various Commonwealth-State Housing Agreements. These borrowings are measured in accordance with a valuation technique based upon interest rate and repayment schedule confirmation provided by the Australian Government.

The net fair values for payables are approximated by their carrying amounts.

15.39 Financial Instruments Measured at Fair Value

The table below analyses financial instruments carried at fair value in the Schedule of Administered Assets and Liabilities, by valuation method. The different levels have been defined as follows:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using 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 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Level 2 Administered financial assets disclosed below are entirely comprised of the Government’s equity interest in Government owned businesses, measured as the consolidated value of their net assets.

| 2018 | Net Fair Value Level 1 \$'000 | Net Fair Value Level 2 \$'000 | Net Fair Value Level 3 \$'000 | Net Fair Value Total \$'000 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
| Administered financial assets | | | | |
| Financial assets designated at fair value through profit and loss | ... | 5 508 524 | ... | 5 508 524 |
| Total administered financial assets | ... | 5 508 524 | ... | 5 508 524 |

| 2017 | Net Fair Value Level 1 \$'000 | Net Fair Value Level 2 \$'000 | Net Fair Value Level 3 \$'000 | Net Fair Value Total \$'000 |
|---|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
| Administered financial assets | | | | |
| Financial assets designated at fair value through profit and loss | ... | 5 317 976 | ... | 5 317 976 |
| Total administered financial assets | ... | 5 317 976 | ... | 5 317 976 |

Note 16 Transactions and Balances Relating to a Trustee or Agency Arrangement

Transactions relating to activities undertaken by the Department in a trust (fiduciary) or agency capacity do not form part of the Department’s activities. Trustee and agency arrangements, and transactions/balances relating to those activities, are neither controlled nor administered.

Fees, commissions earned and expenses incurred in the course of rendering services as a trustee or through an agency arrangement are recognised as controlled transactions.

| Account/Activity | Opening balance \$'000 | Net transactions during 2017-18 \$'000 | Closing balance \$'000 |
|--|-------------------------------|---|-------------------------------|
| T654 Government Economic Regulator Account | 354 | 208 | 563 |

Note 17 Events Occurring After Balance Date

At the date of signing, there were no events subsequent to balance date which would have a material effect on the Department's controlled or administered financial statements.

Note 18 Other Significant Accounting Policies and Judgements

18.1 Objectives and Funding

The Department's objectives are to improve the well-being of Tasmanians by providing:

- high quality advice to the Government; and
- effective and efficient administration of our financial and regulatory responsibilities.

The Department is structured to meet the following outcomes:

- the Treasurer and other key clients receive efficient and effective financial and resource management services;
- the Government receives sound and timely economic and fiscal policy advice; and
- statutory bodies receive high quality regulatory and revenue management services.

Departmental activities are classified as either controlled or administered.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

The Department is predominantly funded through Parliamentary appropriations, under two separate Divisions, Treasury and Finance and Finance-General, and amounts paid into various accounts in the Special Deposits and Trust Fund from a variety of sources. The activities of Treasury and Finance are controlled, while the activities of Finance-General are administered on behalf of the Government.

The Financial Statements encompass all funds through which the Department controls resources to carry out its functions, with the exception of the activities of the Office of the Tasmanian Economic Regulator. OTTER is required to prepare a separate financial report in accordance with the *Economic Regulator Act 2009*, *Water and Sewerage Industry Act 2008*, *Electricity Supply Industry Act 1995* and the *Gas Act 2000*.

18.2 Basis of Accounting

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board; and
- the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The financial statements were signed by the Acting Secretary on 14 August 2018.

Compliance with Australian Accounting Standards may not result in compliance with International Financial Reporting Standards, as the AASs include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Department is considered to be not-for-profit and has adopted some accounting policies under AASs 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 except for those changes outlined in Note 18.5.

The Financial Statements have been prepared on a going concern basis. The continued existence of the Department in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and activities.

18.3 Reporting Entity

The Financial Statements include all the controlled activities of the Department. The Financial Statements consolidate material transactions and balances of the Department and entities included in its Output Groups, with the exception of OTTER which is required to report separately. Material transactions and balances between the Department and such entities have been eliminated.

18.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Department's functional currency.

18.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Department has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- *2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* – The objective of this Standard is to amend AASB 107 *Statement of Cash Flows* to require entities preparing statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This Standard applies to annual periods beginning on or after 1 January 2017. The impact is increased disclosure of financial activities in relation to cash flows and non-cash changes as shown at Note 15.36. There is no financial impact.
- *2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* - The objective of this Standard is to amend AASB 136 *Impairment of Assets* to remove references to depreciated replacement cost as a measure of value in use for not-for-profit entities and to clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*, and AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138. This Standard applies to annual reporting periods beginning on or after 1 January 2017. The impact is enhanced disclosure in relation to non-cash-generating specialised assets of not-for-profit entities.

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

The following applicable Standards have been issued by the AASB and are yet to be applied:

- *AASB 9 Financial Instruments* and *2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* - the objective of these standards is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. These standards apply to annual reporting periods beginning on or after 1 January 2018. The future impact is improved disclosure. There is no financial impact expected.
- *AASB 15 Revenue from Contracts with Customers* – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, an uncertainty of revenue and cash flows arising from a contract with a customer. In accordance with *2015-8 Amendments to Australian Accounting Standards - Effective Date of AAS 15*, this Standard applies to annual reporting periods beginning on or after 1 January 2018. Where an entity applies the Standard to an earlier annual reporting period, it will disclose that fact. The future impact is increased disclosure. The financial impact is expected to be minimal.
- *2014-5 Amendments to Australian Accounting Standards arising from AASB 15* – The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 *Revenue from Contracts with Customers*. This Standard applies when AASB 15 is applied, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2018. This Standard will be applied when AASB 15 is applied. The financial impact is minimal.

- **2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15** - The objective of this Standard is to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. This Standard applies to annual periods beginning on or after 1 January 2018. The impact is enhanced disclosure in relation to revenue. The financial impact is minimal.
- **AASB 16 Leases** – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The Standard will result in most of the Department's operating leases being brought onto the Statement of Financial Position, together with additional note disclosures. The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term and required lease payments. A corresponding right to use asset will be recognised, which will be amortised over the term of the lease. There are limited exceptions relating to low-value assets and short-term leases with a term at commencement of less than 12 months. Operating lease costs will no longer be shown. In the Statement of Cash Flows, lease payments will be shown as cash flows from financing activities instead of operating activities. In addition to the requirements under Australian Accounting Standards, Government Departments are subject to Treasurer's Instructions, which assist in developing consistent reports across the General Government Sector. *TI502 - Leases*, currently prohibits agencies from entering into Finance Leases, which under AASB 16, will be the only option for Lessee's when reporting. The full impact of AASB 16 will become clearer once a revised TI is finalised, however at this stage, the future gross financial impact is likely to be significant, in particular, on the Department's Statement of Financial Position through an increase in the level of Assets and Liabilities. The Department currently reports its lease position under the current reporting requirements for operating lease disclosure with further information on the Department's current lease position found at Note 15.27. Preliminary calculations indicate that a lease liability of approximately \$170 million relating to the Department's property lease arrangements will be reported, with a corresponding right to use asset to be recognised, when AASB 16 is effective. Further, the recognition of interest on the lease liability and depreciation on the right to use asset will also have an impact on the Department's total expenditure presented in the Statement of Comprehensive Income, particularly in the initial stage of the lease when interest costs will be at its highest point. Using the above calculation of the lease liability and applying appropriate bond rates, the interest cost is likely to be approximately \$5 million per annum and depreciation totalling approximately \$12 million per annum on a straight line basis will be recognised, assuming the value of the right to use asset is materially the same as the lease liability.
- **AASB 1058 Income of Not-for-Profit Entities** - The objective of this Standard is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income of not-for-profit entities. The financial impact is expected to be minimal.
- **AASB 1059 Service Concession Arrangements: Grantors** – The objective of this Standard is to prescribe the accounting for a service concession arrangement by a grantor that is a public sector entity. This Standard applies on or after 1 January 2019. The impact of this standard is enhanced disclosure in relation to service concession arrangements for grantors that are public sector entities. The financial impact is expected to be minimal.

18.6 Foreign Currency

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 current as at balance date.

18.7 Budget Information

Budget information refers to original estimates as disclosed in the 2017-18 Budget Papers and is not subject to audit.

OTTER is included in the Department's budget figures disclosed in the 2017-18 Budget Papers. However, OTTER has been excluded from budget information and actual figures in the 2017-18 Financial Statements. The entity is required to prepare separate financial reports in accordance with the *Economic Regulator Act 2009*, *Water and Sewerage Industry Act 2008*, *Electricity Supply Industry Act 1995* and the *Gas Act 2000*. A reconciliation to the 2017-18 Budget Papers is included below.

Reconciliation of 2017-18 Budget Papers to the Department's Budget

| | 2018 Budget \$'000 |
|--|-----------------------------------|
| Comprehensive result | 2 770 |
| <i>Adjustments for OTTER</i> | |
| Plus impact of Revenue and other income from transactions | |
| Fees and fines | (2 034) |
| | (2 034) |
| Plus impact of Expenses from transactions | |
| Employee benefits | 1 459 |
| Supplies and consumables | 576 |
| Other expenses | 6 |
| | 2 041 |
| Comprehensive result – Department only | 2 777 |
| Net assets/(liabilities) | 8 242 |
| <i>Adjustments for OTTER</i> | |
| Plus impact of Assets | |
| Cash and deposits | (34) |
| Other Financial Assets | (229) |
| | (263) |
| Plus impact of Liabilities | |
| Payables | 4 |
| Employee benefits | 315 |
| | 319 |
| Net assets/(liabilities) – Department only | 8 298 |
| Net increase/(decrease) in cash and cash equivalents held | 306 |
| <i>Adjustments for OTTER</i> | |
| Plus impact of Cash inflows | |
| Fees and fines | (2 034) |
| | (2 034) |
| Plus impact of Cash outflows | |
| Employee benefits | 1 295 |
| Superannuation | 164 |
| Supplies and consumables | 576 |
| Other cash payments | 6 |
| | 2 041 |
| Net increase/(decrease) in cash and cash equivalents held – Department only | 313 |

18.8 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 18.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

18.9 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$500 are rounded to zero and are indicated by the symbol "...".

18.10 Departmental Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax and Goods and Services Tax.

18.11 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

18.12 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 Australian Taxation Office 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 Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.



Independent Auditor's Report

To the Members of Parliament

Department of Treasury and Finance

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Department of Treasury and Finance (the Department), which comprise the statement of financial position as at 30 June 2018 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 by the Secretary of the Department.

In my opinion, the accompanying financial statements:

- (a) present fairly, in all material respects, the Department's financial position as at 30 June 2018 and its financial performance and its cash flows for the year then ended
- (b) are in accordance with the *Financial Management and Audit Act 1990* 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* (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.

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in the Department's financial statements.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

| Why this matter is considered to be one of the most significant matters in the audit | Audit procedures to address the matter included |
|---|--|
| Defined Benefits Superannuation (Administered) <i>Refer to notes 15.24</i> | |
| <p>The Department administers the Government's defined benefit superannuation liability, totalling \$8.27bn at 30 June 2018.</p> <p>The liability is determined by the State Actuary and its calculation is subject to numerous actuarial assumptions, including changes in market conditions, discount rate and other key factors.</p> | <ul style="list-style-type: none">• Assessing the methodology and assumptions used to ensure compliance with AASB 119 <i>Employee Benefits</i> and that the relevant valuation framework was reasonable and appropriate.• Reviewing underlying data and actuarial calculations, including ensuring consistent application of the methodology and assessing the reasonableness of changes in assumptions used.• Examining the accounting for superannuation costs and movements in the valuation of the superannuation liability.• Assessing the adequacy of relevant disclosures in the financial statements against the requirements of Australian Accounting Standards. |

Responsibilities of the Secretary for the Financial Statements

The Secretary 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 27 (1) of the *Financial Management and Audit Act 1990*. 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 Secretary is responsible for assessing the Department's ability to continue as a going concern unless the Department's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

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 the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary.
- Conclude on the appropriateness of the Secretary'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 Department'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 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 Secretary 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.

From the matters communicated with the Secretary, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ric De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

4 October 2018
Hobart

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference