



Tasmanian
Government

Understanding the Budget Papers

August 2021

Useful Budget and Government Websites

www.premier.tas.gov.au/budget_2021	Contains the 2021-22 Budget Paper documents and related information including Budget Fact Sheets and Government Media Releases.
www.treasury.tas.gov.au	Contains the most recent Budget Papers and Budget Paper archives. It also contains detailed information on the financial management framework established by the <i>Financial Management Act 2016</i> which has applied since 1 July 2019.
www.tas.gov.au	Provides links to the websites of Tasmanian public sector entities.
www.service.tas.gov.au	Provides a comprehensive entry point to Government services in Tasmania.

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I. INTRODUCTION

The Budget is a financial plan developed by the Government to establish resource allocations for the coming financial year and to set the direction of public sector finances over the medium term. Each year, the Government presents Bills to Parliament for Appropriation Acts authorising the Treasurer to appropriate money from the Public Account for the purposes specified in the Bills.

The annual Appropriation Bills are accompanied by the Budget Papers. The Budget Papers provide detailed financial and non-financial information on the Budget and the Forward Estimates for General Government Sector Agencies, including departments, legislative agencies, statutory offices and some State authorities. In addition to the information provided on the GGS, the Budget Papers also include high-level information on other sectors of the Tasmanian Public Sector. The Appropriation Bills and Budget Papers are examined through a Parliamentary Estimates Committee process.

The Budget Papers are presented in accordance with the requirements of the *Financial Management Act 2016*. Section 19 of the FMA requires a Bill for an Appropriation Act (other than a Supplementary Appropriation Act and a Supply Act) to be accompanied by a statement in the Budget Papers showing, for the Budget year, the total amounts of:

- estimated receipts of the Public Account;
- estimated expenditure from the Public Account; and
- the major General Government Sector financial statements, prepared in accordance with Australian Accounting Standards.

This section also enables the inclusion of other financial or statistical reports determined by the Treasurer.

This document provides information to assist users of the Budget Papers to understand the financial information presented. This document is updated, as required, and should be read in conjunction with other information provided on the Financial Management Framework.

Bills for Appropriation Acts

Through an Appropriation Act, Parliament authorises the Treasurer, in respect of a financial year, to issue and apply money from the Public Account in accordance with the purposes specified in the Act.

The purposes of appropriation are classified by Agency, Appropriate Minister and Services, and are further detailed in the agency information in support of the estimates for the year. In the Appropriation Act, Services is further classified as:

- Operating Services, which means the ordinary annual services of the Government; and
- Capital Services, which means:
 - public works or property required for public purposes; or
 - a loan authorised by law.

Annually, on Budget Day, the Treasurer presents two Bills to Parliament for Appropriation Acts, accompanied by the Budget Papers. The first Bill is for the appropriation for the services of the Government. The second Bill is for the appropriation for the services of the Government in respect of the Parliament and Statutory Offices.

BUDGET PAPERS

The specific format of the Budget Papers may vary from year to year, but generally comprise the following documents:

- Budget Speech;
- *The Budget* Budget Paper No 1; and
- *Government Services* Budget Paper No 2.

Budget Speech

This document provides the full text of the Treasurer's Second Reading Speech for the Appropriation Bills, which is delivered in the House of Assembly. The Speech explains the Government's economic and financial strategy and outlines key Budget initiatives for the relevant Budget year.

The Budget Budget Paper No 1

Budget Paper No 1 includes information that explains the context in which the Budget has been developed. It focuses on the financial position of the Tasmanian General Government Sector and provides information on the major economic and fiscal strategies of the Government for the coming financial year.

Government Services Budget Paper No 2

Budget Paper No 2 provides the basis for Parliament's detailed review of the Bills for Appropriation Acts. It reports on each agency within the General Government Sector and provides information on the Outputs to be delivered by agencies on behalf of the Government. It also includes high-level information on the operations of State authorities.

A more detailed examination of Budget Paper No 2 is provided in Section 3 of this document.

Other Documents Distributed with the Budget Papers

Other documents may be distributed with the Budget Papers, such as fact sheets providing information on statewide and regional Government initiatives.

2. *THE BUDGET* BUDGET PAPER No I

CONTENTS OF BUDGET PAPER NO I

The Budget Budget Paper No I includes information that explains the context in which the Budget has been developed. It focuses on the financial position of the General Government Sector and provides information on the financial implications of the major strategies the Government will implement over the Budget and Forward Estimates period.

Budget Paper No I also contains:

- an overview of the Tasmanian economy and its performance;
- progress made by the Government in implementing its Fiscal Strategy;
- General Government Sector financial statements for the Budget year, the previous Budget year and the Forward Estimates period;
- detailed estimates of GGS revenue and expenditure, assets and liabilities, and infrastructure investment;
- information on estimated receipts into and expenditure from the Public Account for the current financial year, the forthcoming Budget year and the Forward Estimates period;
- information on the balance of Specific Purpose Accounts and estimated receipts and expenditure for those accounts for the Budget year; and
- Total State Sector (including the Public Non-Financial Corporations Sector and the Public Financial Corporations Sector) financial statements for the Budget year, the previous Budget year and the Forward Estimates period.

BUDGET FINANCIAL STATEMENTS

Budget Paper No I presents the GGS financial statements: the Income Statement; Balance Sheet; and the Cash Flow Statement.

In addition to the GGS financial statements, Budget Paper No I presents the Policy and Parameter Statement. This section provides an explanation of the financial statements and illustrates the features of each Statement.

Income Statement

The Income Statement presents information on revenue and expenses. This Statement is designed to capture the composition of revenues, expenses and the net cost of government activities within a financial year. It shows the full cost of resources consumed by the Government in achieving its objectives and how these costs are met from various revenue sources.

The Income Statement reports four major measures: the Net Operating Balance; the Fiscal Balance; the Operating Result; and the Comprehensive Result.

Net Operating Balance

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

Fiscal Balance

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

Operating Result

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

Comprehensive Result

The Comprehensive Result represents the total change in the value of Net Worth during a year arising from revenues, expenses and movements in the valuation of assets and liabilities. As such, the Comprehensive Result is equivalent to the total increase or decrease in Net Assets during the year.

The Comprehensive Result is similar to the Operating Result in that it includes unrealised movements in the value of assets and liabilities that impact on Net Assets. These movements are not available to fund operations and do not arise as a result of government decisions.

Diagram 2.1 provides an example Income Statement.

Diagram 2.1: Income Statement¹

	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions						
Grants			3 914.9			
Taxation			1 223.3			
Sales of goods and services			421.3			
Fines and regulatory fees			100.4			
Interest income			12.6			
Dividend, tax and rate equivalent income			418.6			
Other revenue			160.2			
			6 251.3			
Less Expenses from transactions						
Employee expenses			2 598.5			
Superannuation			299.5			
Depreciation			322.2			
Supplies and consumables			1 236.7			
Nominal superannuation interest expense			273.7			
Borrowing costs			9.0			
Grant and subsidy expenses			1 395.6			
Other expenses			36.2			
			6 171.3			
Equals NET OPERATING BALANCE			80.0			
Plus Other economic flows - included in Operating Result						
Gain/(loss) on sale of non-financial assets			12.7			
Revaluation of equity investment in PNFC and PFC sectors			(58.4)			
Other gains/(losses)			(0.6)			
			(45.2)			
Equals Operating Result			34.8			

These items reflect the various sources of revenue received by the Government. Grants largely reflect revenue from the Australian Government whilst Taxation reflects State taxes.

These items reflect the various expenditure items incurred by the Government.

The Net Operating Balance is a measure of the ongoing sustainability of the operations of government. It is calculated as revenue less expenses from transactions.

The Operating Result is another measure of the sustainability of the operations of government. This measure includes the impact of movements in specific asset and liability balances.

Diagram 2.1: Income Statement¹ (continued)

	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Plus Other economic flows - other movements in Equity						
Revaluations of non-financial assets			288.5			
Movements in superannuation liability			20.4			
Other non-owner movements in Equity			3.8			
			312.7			
Equals Comprehensive Result				347.5		
KEY FISCAL AGGREGATES						
NET OPERATING BALANCE				80.0		
Less Net acquisition of non-financial assets						
Purchases of non-financial assets			680.0			
Less Sales of non-financial assets			30.8			
Less Depreciation			322.2			
			331.1			
Equals FISCAL BALANCE				(251.1)		

The Comprehensive Result represents all changes in the value of the GGS, that is, the total increase or decrease in Net Assets during a financial year.

The Fiscal Balance is a key measure indicating whether a sufficient surplus is being generated to fund the Government's capital expenditure.

Note:

1. This Table is for illustrative purposes only and does not reflect actual financial data.

Balance Sheet

The Balance Sheet is a financial snap-shot of assets and liabilities taken at the end of the financial year and discloses the resources which a government controls. By providing information on the type of assets and liabilities held by the government, the statement shows the government's financial position at that point in time.

The major Balance Sheet indicators are Net Debt, Net Financial Liabilities, Net Financial Worth and Net Worth.

Net Debt

Net Debt is a measure used to help judge the overall strength of the Government's fiscal position. Net Debt comprises Borrowings less the sum of Cash and Deposits and Investments. As a result of the Australian Accounting Standard AASB 16 Leases, lease liabilities have been included in the calculation of Net Debt from 1 July 2019.

GFS Net Debt

In accordance with the Australian Bureau of Statistics Uniform Presentation Framework, General Government Net Debt is also presented on a Government Finance Statistics basis. GFS Net Debt is similar to Net Debt but excludes the impact of Leases liabilities. Presentation of Net Debt on this basis enables a long-term consistent time series measure to be reported.

Net Financial Liabilities

Net Financial Liabilities comprises Total Liabilities less Financial Assets, excluding Equity Investments in government businesses. This is a broader measure than Net Debt, as it incorporates other liabilities such as superannuation.

Net Financial Worth

Net Financial Worth is calculated as Financial Assets minus Total Liabilities. This measure is broader than Net Debt, as it incorporates provisions made (such as superannuation, but not depreciation and bad debts) as well as ownership of equity.

Net Worth

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

Diagram 2.2 provides an example of the Balance Sheet.

Diagram 2.2: Balance Sheet as at 30 June¹

	20xx	20xx	20xx	20xx	20xx	20xx
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Assets						
Financial assets	←					
Cash and deposits			894.0			
Investments			179.8			
Equity investments in PNFC and PFC sectors			5 607.0			
Other equity investments			70.9			
Receivables			304.3			
Other financial assets			799.2			
			7 855.2			
Non-financial assets	←					
Land and buildings			7 026.2			
Infrastructure			6 132.3			
Plant and equipment			278.4			
Heritage and cultural assets			486.7			
Investment property			3.9			
Intangibles			51.4			
Assets held for sale			7.7			
Lease - right-of-use assets			333.4			
Other non-financial assets			50.5			
			14 037.1			
Total Assets			21 892.3			
Liabilities	←					
Borrowings			985.0			
Lease liabilities			334.9			
Superannuation			6 933.4			
Employee entitlements			642.0			
Payables			138.1			
Other liabilities			494.6			
Total Liabilities			9 193.1			
Net Assets	←		12 699.2			

These items reflect the various Financial Assets held by the Government. These assets include cash and other financial assets.

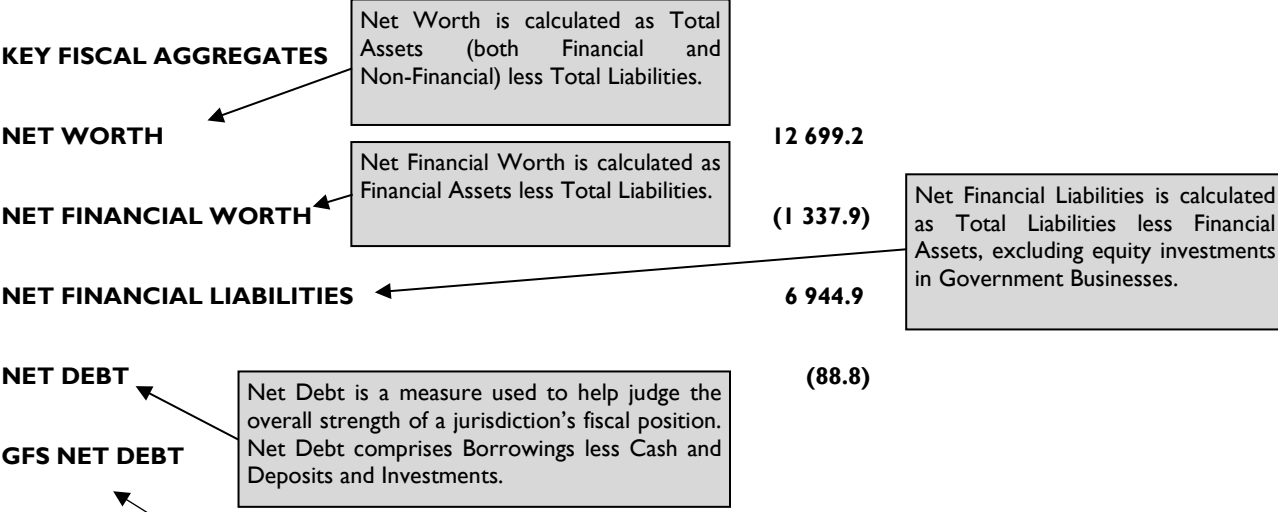
These items reflect the various Non-Financial Assets held by the Government. These assets are required by the Government to deliver services and are primarily of a physical nature with a longer-term useful life.

Liabilities reflect the Government's obligations to other parties.

Net Assets is calculated as Total Assets minus Total Liabilities.

Diagram 2.2: Balance Sheet as at 30 June¹ (continued)

	20xx	20xx	20xx	20xx	20xx	20xx
	Estimated			Forward	Forward	Forward
	Budget	Outcome	Budget	Estimate	Estimate	Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Equity						
Accumulated funds			8 418.8			
Asset revaluation reserve			6 449.2			
Other Equity			(2 168.9)			
Total Equity			12 699.2			



Notes:
 1. This Table is for illustrative purposes only and does not reflect actual financial data.

GFS Net Debt is similar to the Net Debt measure but excludes the impact of Lease liabilities

Cash Flow Statement

The Cash Flow Statement records the Government's cash receipts and payments, outlining how the Government receives and spends cash. The Statement categorises cash flows into operating, investing and financing activities.

Within the Cash Flow Statement, cash inflows are positive, whilst cash outflows are identified by a negative sign.

Diagram 2.3 provides an example of the Cash Flow Statement.

Diagram 2.3: Cash Flow Statement¹

	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Cash flows from operating activities						
Cash received from operating activities						
Grants received			3 915.0			
Taxation			1 221.6			
Sales of goods and services			420.0			
Fines and regulatory fees			100.4			
Interest received			13.2			
Dividend, tax and rate equivalents			408.5			
Other receipts			333.8			
			6 412.4			
Cash payments for operating activities						
Employee entitlements			(2 611.7)			
Superannuation			(509.9)			
Supplies and consumables			(1 248.7)			
Borrowing costs			(9.1)			
Grants and subsidies paid			(1 395.6)			
Other payments			(209.6)			
			(5 984.7)			
Net cash flows from operating activities			427.7			
Cash flows from investing activities						
Net cash flows from non-financial assets						
Purchases of non-financial assets			(672.5)			
Sales of non-financial assets			30.8			
			(641.7)			

Operating activities are those activities that relate to the core business of the GGS.

Investing activities are those activities that relate to the management of assets, including the sale and purchase of fixed assets such as land, buildings and plant and equipment and the management of investments.

Diagram 2.3: Cash Flow Statement¹ (continued)

	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m	\$m
Net cash flows from financial assets (policy purposes)						
Equity injections			(84.7)			
Net advances paid			4.1			
Equity disposals			1.1			
			(79.4)			
Net cash flows from financial assets (liquidity management purposes)						
Net (purchase)/sale of investments			(51.8)			
			(51.8)			
Net cash flows from investing activities			(772.9)			
Net cash flows from financing activities	←					
Net borrowing			234.8			
			234.8			
Net increase/(decrease) in cash held	←		(110.4)			
Cash at the beginning of the year			1 039.1			
Cash at the end of the year			928.8			
KEY FISCAL AGGREGATES						
Net cash flows from operating activities			427.7			
Plus Net cash flows from non-financial assets			(641.7)			
Equals CASH SURPLUS/(DEFICIT)	←		(214.0)			

Financing activities are those activities that relate to changes in the financial assets and liabilities of the GGS.

Net increase/(decrease) in cash held is the sum of net cash flows from all operating, investing and financing activities. This measure is consistent with the movement of cash reported in the Balance Sheet.

This item reflects the Cash Surplus/(Deficit) received from operating activities plus proceeds from the sale and purchase of non-financial assets.

Note:

1. This Table is for illustrative purposes only and does not reflect actual financial data.

Policy and Parameter Statement

In addition to the General Government Sector financial statements, the Policy and Parameter Statement is a reconciliation of the major movements in the Net Operating Balance and Fiscal Balance between two points in time. The PPS reconciles the major movements between the Forward Estimates reported in the previous year's Budget Papers and the current Budget and Forward Estimates.

The changes in the PPS are classified as revenue, expenses or net acquisition of non-financial assets and then further categorised as a policy or parameter change. The classification of a variation as a policy or parameter change is a matter of judgement and it is recognised that there may be some instances where part of a Government initiative may have both policy and parameter components. In exercising judgement, Treasury aims to ensure that Government decisions are made transparent.

Policy Variation

A policy variation reflects a specific decision by the Government that has an impact on the Budget and Forward Estimates and is related to a new policy or represents a change in the Government's existing policy position since the previous Budget. A decision to change a Budget or Forward Estimate aggregate, which is consistent with an existing policy, is not a policy decision.

Parameter Variation

A parameter variation reflects changes to the Budget and Forward Estimates due to the economic environment, the agency operating environment or the timing of a transaction.

Parameter variations will reflect the impact of changes in taxes, grants or other income that do not arise because of a Government decision and demand and cost variations in agency service delivery, including the provision of indexation. Variations resulting from the rollover of a new Forward Estimate year and changes in accounting policies, such as a change in an agency depreciation policy or the impact on estimates of a change in an Australian Accounting Standard are classified as parameter variations. Parameter changes are not reflected for the final Forward Estimates year as they are not published in the previous Budget Papers.

Diagram 2.4 provides an example of the PPS.

Diagram 2.4: Policy and Parameter Statement¹

	20xx-xx Estimated Outcome	20xx-xx Budget	20xx-xx Forward Estimate	20xx-xx Forward Estimate	20xx-xx Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Forward Estimates (Net Operating Balance) as per the 20xx-xx Budget (A)		(82.0)			
Forward Estimates (Fiscal Balance) as per the 20xx-xx Budget (B)		(197.1)			
Revenue from Transactions					
Policy Decisions					
Government Budget Initiatives		13.7			
Other Policy Decisions		25.3			
Total Policy Decisions		39.0			
Parameter Adjustments					
Taxation		(21.1)			
Dividend, Tax and Rate Equivalent Income		25.5			
Interest Income		(20.4)			
Total Parameter Adjustments		(16.0)			
TOTAL REVENUE VARIATIONS (C)		93.3			
Expenses from Transactions					
Policy Decisions					
Government Budget Initiatives		(152.5)			
Other Policy Decision		132.5			
Total Policy Decisions		(20.0)			
Parameter Adjustments					
Depreciation		0.5			
Agency Expenditure		74.3			
Total Parameter Adjustments		74.8			
TOTAL EXPENSES FROM TRANSACTIONS VARIANCE (D)		54.8			
NET OPERATING BALANCE		(113.8)			

This item reflects the Net Operating Balance published in the previous year's Budget Papers.

This item reflects the Fiscal Balance published in the previous year's Budget Papers.

These items reflect policy decisions by Government that have a Revenue impact on the Budget and Forward Estimates.

These items reflect parameter adjustments impacting on Revenue for the Budget and Forward Estimates.

These items reflect policy decisions by Government that have an Expense impact on the Budget and Forward Estimates.

These items reflect parameter adjustments impacting on Expenses for the Budget and Forward Estimates.

Net Operating Balance is equal to A + C - D.

Diagram 2.4: Policy and Parameter Statement^I (continued)

	20xx-xx Estimated Outcome	20xx-xx Budget	20xx-xx Forward Estimate	20xx-xx Forward Estimate	20xx-xx Forward Estimate
		\$m	\$m	\$m	\$m
less NET ACQUISITION OF NON-FINANCIAL ASSETS FROM TRANSACTIONS					
Purchases of Non-Financial Assets from transactions					
Policy Decisions					
Government Budget Initiatives		(26.1)			
Total Policy Decisions		(26.1)			
Parameter Adjustments					
Changes in Agency Capital Expenditure		159.8			
Total Parameter Adjustments		159.8			
TOTAL PURCHASES OF NON-FINANCIAL ASSETS (E)		133.7			
Less Sale of Non-Financial Assets from Transactions (F)		4.5			
Less Depreciation - Total Parameter Adjustments (G)		0.5			
TOTAL NET ACQUISITION OF NON-FINANCIAL ASSETS FROM TRANSACTIONS VARIANCE (H)		128.7			
FISCAL BALANCE		(357.8)			

These items reflect policy decisions by Government impacting on Non-Financial Assets for the Budget and Forward Estimates.

These items reflect parameter adjustments impacting on Non-Financial Assets for the Budget and Forward Estimates.

Net Acquisition/(Disposal) of Non-Financial Assets is equal to E - F - G.

Fiscal Balance is equal to B + C - D - H.

Note:

I. This Table is for illustrative purposes only and does not reflect actual financial data.

3. GOVERNMENT SERVICES BUDGET PAPER NO 2

CONTENTS OF BUDGET PAPER NO 2

Government Services Budget Paper No 2 provides the basis for Parliament's detailed review of the Bills for Appropriation Acts. It reports on each agency within the GGS and provides detailed information on the services delivered by agencies on behalf of the Government.

General Government Sector agencies include government departments, legislative agencies, statutory office and some State authorities. They are scheduled in the Financial Management Act as agencies, which are subject to the Act. All agencies, with the exception of some State authorities, receive an appropriation from the Public Account in order to provide outputs (goods and services) on behalf of the Government. State authorities are established under specific legislation, which defines their purpose and functions. Some State authorities are not directly funded through appropriations, but may receive funding from a Government agency or raise revenue through their own activities.

The introduction to Budget Paper No 2 provides information on any major issues or changes for the current Budget.

Budget Paper No 2 provides readers with information on:

- Key Deliverables;
- Output Groups and Outputs;
- Performance Information;
- Infrastructure investment; and
- Detailed Budget Statements (Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Revenue by Appropriation by Output).

It should be noted that specific elements of Budget Paper No 2 can vary from year to year to reflect the changing budgetary environment and government priorities.

A brief description of the information generally provided in each of these sections is provided below.

Key Deliverables

This section of the chapter includes the key deliverables that will be undertaken by the agency over the Budget and Forward Estimates period.

Output Information

The Output Methodology is an approach to the management of the total public resources of the State which focuses attention on the Outputs the Government is providing to the community and whether these Outputs are having the intended effect on the Government's policy objectives.

Outputs are goods and services produced by, or on behalf of, an agency and provided to customers outside that agency. This section of the chapter identifies the Outputs provided by the agency and the cost of these Outputs over the Budget and Forward Estimates period. The Outputs are listed by Output Group in the Revenue from Appropriation by Output.

Diagram 3.1 provides an example of a Revenue from Appropriation by Output table.

Performance Information

Performance Information assists in providing an open and transparent assessment of agency expenditure of funding provide through the Budget process. It provides information on the equity, effectiveness and efficiency of the services provided by the agency.

Capital Investment Program

The Capital Investment Program section of Budget Paper No 2 provides information on the major capital projects to be undertaken by the agency.

The CIP is funded through the Capital Services Appropriation from the Public Account.

Further information on government infrastructure investment is provided in Budget Paper No 1.

Diagram 3.1: Revenue from Appropriation by Output¹

	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx
	Budget	Budget	Forward	Forward	Forward
	\$'000	\$'000	Estimate	Estimate	Estimate
Appropriate Minister					
Output Group 1 - Example One					
1.1 Output title		9 500			
1.2 Output title		10 200			
1.3 Output title		5 560			
		25 260			
Output Group 2 - Example Two					
2.1 Output title		9 225			
2.2 Output title		4 641			
		13 866			
Grants and Subsidies		1 775			
Capital Investment Program		5 555			
Operating Services Expenditure		39 126			
Capital Services Expenditure		5 555			
		44 681			
Department of Example					
Total Operating Services Expenditure		40 901			
Total Capital Services Expenditure		5 555			
		46 456			
Reserved by Law					
Example One (<i>Example One Act 2013</i>)		420			
		420			
Appropriation Rollover		10 500			
Total Revenue from Appropriation		57 376			
Controlled Revenue from Appropriation		56 876			
Administered Revenue from Appropriation		500			
		57 376			

Note:

1. This Table is for illustrative purposes only and does not reflect actual financial data.

DETAILED BUDGET STATEMENTS

Financial information presented in the Budget Papers for each agency is prepared in accordance with the principles contained in Australian Accounting Standards.

Financial information is provided in three separate statements:

- a Statement of Comprehensive Income;
- a Statement of Financial Position; and
- a Statement of Cash Flows.

Transactions are separated into controlled or administered. Those transactions/balances that the agency can utilise for its own purpose to satisfy its objectives are considered to be controlled. The agency may have other responsibilities that it undertakes on behalf of the Government, such as the levying and collection of taxes, fines and fees and the making of specific grants and transfer payments. Where the agency is unable to make decisions regarding these transactions, they are identified as administered.

Agency financial statements include Forward Estimates information to provide a longer term focus on the agency's financial performance.

Illustrative examples of the three agency budgeted financial statements are provided below.

Statement of Comprehensive Income

The Statement of Comprehensive Income reports the operating transactions undertaken by the agency. The controlled and administered activities are reported in separate statements.

Revenue and other income includes the Public Account Appropriation to the agency, Australian Government funding and non-government funding such as the proceeds from the sale of goods and services. The Total income figure also includes net gain/(loss) on non-financial assets.

Expenses include, on an accrual basis, employee expenses, depreciation, interest, grants paid to other parties and other supplies and consumables.

The Comprehensive Result measures the total change in value of the agency during a fiscal year arising from revenue, expenses and both realised and unrealised movements in the valuation of non-financial assets.

Diagram 3.2 provides an example of a agency's Statement of Comprehensive Income.

Diagram 3.2: Statement of Comprehensive Income¹

	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx
	Budget	Budget	Forward	Forward	Forward
	Estimate	Estimate	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and other income					
Appropriation revenue - operating		300 000			
Appropriation revenue - capital		2 165			
Other revenue from government		1 500			
Grants		1 069			
Sales of goods and services		654			
Fees and Fines		11 294			
Other revenue		1 046			
Total revenue		317 728			
Net gain/(loss) on non-financial assets		1 046			
Total income		318 774			
Expenses					
Employee benefits		39 790			
Depreciation and amortisation		99 969			
Supplies and consumables		51 739			
Grants and subsidies		71 677			
Other expenses		2 653			
Total expenses		265 828			
Net result		52 946			
Other comprehensive income					
Changes in physical asset revaluation reserve		4			
Total other comprehensive income		4			
Comprehensive result		52 950			

These items reflect Operating Services and Capital Services funding that is appropriated to the agency from the Public Account. Other revenue from government reflects rollovers of unexpended appropriations under FMA.

These items reflect other revenue collected by the agency.

These items reflect, on an accrual basis the cost of all services delivered by the agency within a fiscal year.

This item reflects the difference between income and expenses.

This item reflects transactions or economic flows such as asset revaluations, revaluation of superannuation liabilities and gains or losses that are not accounted for under revenue or expenses.

Note:

1. This Table is for illustrative purposes only and does not reflect actual financial data.

Statement of Financial Position

The Statement of Financial Position is a financial snap-shot of the agency taken at the end of the financial year and includes financial assets, non-financial assets, and the extent of liabilities. Assets reflect what is controlled by or owed to, the agency, whilst liabilities reflect what the agency owes to others.

Diagram 3.3 provides an example of an agency Statement of Financial Position.

Diagram 3.3: Statement of Financial Position as at 30 June^I

	20xx Budget \$'000	20xx Budget \$'000	20xx Forward Estimate \$'000	20xx Forward Estimate \$'000	20xx Forward Estimate \$'000
Assets					
Financial assets	← These items reflect the various Financial Assets held by the agency. These assets include cash and other financial assets.				
Cash and deposits		6 589			
Receivables		1 242			
Other financial assets		9 260			
		17 091			
Non-financial assets	← This item includes assets that are required by the agency to deliver services and are primarily of a physical nature with a longer-term useful life.				
Inventories		948			
Property, plant and equipment		95 113			
Infrastructure		5 119 209			
Intangibles		9 581			
Other assets		419			
		5 225 270			
Total assets		5 242 361			
Liabilities	← This item includes amounts owing by the agency to other parties including suppliers and employees.				
Payables		10 186			
Interest bearing liabilities		7 100			
Employee benefits		10 216			
Other liabilities		2 219			
Total liabilities		29 721			
Net assets (liabilities)	← This item represents the difference between the agency's Total Assets and Total Liabilities. Net Assets represents the agency's overall financial position at a point in time.				
		5 212 640			
Equity	← This item represents the difference between the agency's total assets and total liabilities.				
Reserves		2 343 623			
Accumulated Funds		2 869 017			
Total equity		5 212 640			

Note:

I. This Table is for illustrative purposes only and does not reflect actual financial data.

Statement of Cash Flows

The Statement of Cash Flows records an agency's cash receipts and payments, outlining how the agency receives and spends cash. The Statement categorises cash flows into operating, investing and financing activities.

Operating transactions relate to the core business of the agency; for example the collections of taxes, the distribution of grants and the provision of goods and services. Investing transactions are those that relate to the management of assets, including the sale and purchase of fixed assets such as land, buildings, plant and equipment and the management of investments and customer loans.

Financing transactions relate to changes in the financial assets and liabilities of the agency and generally reflect the borrowing activity of the agency. Activity in this area for agencies is restricted and reflects the financing activities for a few agencies. Agencies are not permitted to undertake borrowings, with the exceptions being Finance-General, which undertakes any borrowing activity for the Government and the Department of State Growth, which operates the Loans, Property and Equities Portfolio of Tasmania Development and Resources, a separate statutory authority managed by that department.

The controlled and administered activities of an agency are segregated within this Statement.

The Cash Flow Statement also includes the GST transactions of an agency. The GST flows are shown in the controlled operating activities section on the Statement of Cash Flows. In accordance with Australian Accounting Standards, GST is reflected in the Statement of Financial Position rather than the Statement of Comprehensive Income.

Diagram 3.4 provides an example of an agency Statement of Cash Flows.

Diagram 3.4: Statement of Cash Flows¹

	20xx-xx	20xx-xx	20xx-xx	20xx-xx	20xx-xx
	Budget	Budget	Forward	Forward	Forward
	\$'000	\$'000	Estimate	Estimate	Estimate
Cash flows from operating activities					
Cash inflows					
Appropriation receipts - operating		300 000			
Appropriation receipts - capital		2 113			
Appropriation receipts - other		1 500			
Grants		1 121			
Fees and fines		11 294			
GST receipts		10 398			
Sales of goods and services		654			
Other cash receipts		1 046			
Total cash inflows		328 126			
Cash outflows					
Employee benefits		(35 637)			
Superannuation		(3 912)			
GST payments		(10 399)			
Grants and subsidies		(71 677)			
Supplies and consumables		(51 739)			
Other Payments		(2 653)			
Total cash outflows		(176 017)			
Net cash from (used by) operating activities		152 109			
Cash flows from investing activities					
Payments for acquisition of non-financial assets		(156 732)			
Proceeds from the disposal of non-financial assets		4			
Net cash from (used by) investing activities		(156 728)			
Cash flows from financing activities					
Net Borrowings		1 043			
Net cash from (used by) financing activities		1 043			
Net increase (decrease) in cash and cash equivalents held		(3 576)			
Cash and deposits at the beginning of the reporting period		11 208			
Cash and deposits at the end of the reporting period		7 632			

Operating activities are those activities that relate to the core business of the agency.

Investing Activities are those activities that relate to the management of assets, including the sale and purchase of fixed assets such as land, buildings and plant and equipment and management of investments.

Financing Activities are those activities that relate to changes in the financial assets and liabilities of the agency.

Net Increase/(Decrease) in Cash Held is the sum of net cash flows from all operating, investing and financing activities. This measure is consistent with the movement of cash reported in the Balance Sheet.

Note:

1. This Table is for illustrative purposes only and does not reflect actual financial data.