

# Preliminary Outcomes Report 2015-16



**Preliminary Outcomes Report 2015-16**

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# 1 INTRODUCTION

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The *Preliminary Outcomes Report 2015-16* provides details on the General Government's financial results for 2015-16. It presents the preliminary financial data for the General Government Sector against the forecasts contained in the 2015-16 Budget and the 2015-16 Estimated Outcome (published in the 2016-17 Budget). The requirements for a Preliminary Outcomes Report are set out in section 26D of the *Financial Management and Audit Act 1990*.

The financial statements have been prepared in accordance with applicable Australian Accounting Standards including AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. Presentation of the financial statements is consistent with the 2015-16 Budget and reporting requirements of the Uniform Presentation Framework. Financial information for this Report is provided by Government entities to Treasury by 15 July for publication by 15 August. Due to the short timeframe for the preparation of the Report, estimation methods are applied using AASB 134 *Interim Financial Reporting*. Therefore, data is unaudited and preliminary in nature and may change before final compilation of the *Treasurer's Annual Financial Report*, published by 31 October 2016.

The Report contains the following information:

- Section 2 presents the preliminary financial statements for the General Government Sector; and
- Section 3 summarises receipts to, and expenditure from, the Consolidated Fund.

This Report should be read in conjunction with the *2015-16 Budget Papers* and the *Guide to the Budget*.

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

All Agency variation comments have been adjusted to remove the impact of inter-entity transactions within the General Government Sector.



# 2 GENERAL GOVERNMENT PRELIMINARY OUTCOME

## Income Statement

Table 2.1 provides a summary of the key General Government Sector Income Statement line items. The full General Government Preliminary Income Statement for 2015-16 is at Table 2.3.

Table 2.1: General Government Summary of Operating Result

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
Revenue from transactions	5 307.8	5 353.7	5 424.7	5 154.8
Expenses from transactions	5 366.3	5 444.0	5 362.0	5 211.7
<b>Net Operating Balance – Surplus/(Deficit)</b>	<b>(58.5)</b>	<b>(90.3)</b>	<b>62.7</b>	<b>(56.9)</b>
Less Net acquisition of non-financial assets	98.6	79.7	19.2	(38.6)
<b>Equals Fiscal Balance – Surplus/(Deficit)</b>	<b>(157.1)</b>	<b>(170.0)</b>	<b>43.5</b>	<b>(18.3)</b>

### *Estimated Outcome*

The 2015-16 Estimated Outcome is presented in Appendix 3 of the 2016-17 Budget (published 26 May 2016). The Estimated Outcome is compiled from information provided by agencies in March 2016. The Estimated Outcome does not take into account changes to revenues and expenses that occur in the final quarter of the financial year. In particular, Australian Government Grant revenues can be amended and additional funding provided close to 30 June. These changes are reflected in the Preliminary Outcome.

### *Preliminary Outcome*

The preliminary Net Operating Surplus of \$62.7 million represents an improvement of \$153 million from the Estimated Outcome Deficit of \$90.3 million. The main variations from the Estimated Outcome are set out below.

Preliminary Revenue from Transactions is \$5 424.7 million which is \$71 million above the Estimated Outcome of \$5 353.7 million. The main factors which have contributed to this increase in estimated revenue include:

- Grants revenue is \$65.2 million above the Estimated Outcome. The variance reflects additional:
  - GST revenue of \$16.9 million, as a result of an overall increase in the GST pool for 2015-16;

- Specific Purpose Payments of \$8.5 million, primarily due to an increase in Australian Government Activity based funding for the Tasmanian Health Service (\$15.5 million) offset by a decrease in Block funding for the Tasmanian Health Service (\$7.6 million); and
- Other grants and subsidies of \$40 million, primarily due to an increase in Australian Government funding relating to Commonwealth Own Purpose Expenditure funding for the Department of Health and Human Services and the Tasmanian Health Service of \$23.4 million; and an increase in Australian Government funding for other agencies (\$16.9 million).
- Taxation revenue is \$13.5 million above the Estimated Outcome, which primarily reflects an increase in Land tax (\$4.2 million) as a result of improved debt collection and compliance activity, and an increase in Taxes on financial and capital transactions (\$8.8 million), which is partly the result of a higher than anticipated volume of property transactions in the last quarter of 2015-16; and
- Sales of goods and services revenue is \$7.2 million above the Estimated Outcome, which primarily reflects additional revenue for:
  - the Department of State Growth of \$3.3 million, due to additional revenue recognised for the West Coast Wilderness Railway; and
  - the Department of Primary Industries, Parks, Water and Environment of \$5.4 million, which is primarily due to increased visitor numbers to National Parks (\$2.1 million), increased revenue for the Land Titles Office (\$1.5 million) and the Analytical Services Tasmania Laboratory (\$1 million).

The increase in Revenue from Transactions is partly offset by a decrease in Other revenue of \$10.4 million. This variation is primarily due to a decrease for the Department of Justice of \$9.8 million resulting from a reduction in revenue for the Asbestos Compensation Fund (\$7.5 million) primarily due to a drop in the Asbestos levy rate and a change in invoicing processes; and a reduction in revenue for the WorkCover Tasmania Board (\$1.4 million).

Preliminary Expenses from Transactions is \$5 362 million which is \$82 million below the Estimated Outcome of \$5 444 million. The main factors which have contributed to this variation include:

- Employee expenses is \$7.3 million below the Estimated Outcome. This variation primarily reflects savings for the Department of Education of \$11.1 million which includes temporary savings from standard vacancy management processes and a lower than forecast increase in average salaries.
- Depreciation is \$7.7 million below the Estimated Outcome. This variation primarily relates to a decrease in the depreciation of housing assets held by the Department of Health and Human Services (\$7 million).
- Grant expenses is \$60.1 million below the Estimated Outcome total of \$1 183.1 million. The movement is primarily a result of decreases for:
  - the Department of Health and Human Services of \$26.5 million, which primarily reflects the classification of expenditure between Budget and actuals and timing delays in the expenditure of grant payments under the Affordable Housing Strategy;
  - the Department of State Growth of \$17.2 million, primarily relating to changes in timing for Industry and Business Development grants (\$13.1 million) and Road related grants (\$5.9 million); and
  - Finance-General of \$12.9 million, primarily relating to lower than anticipated expenditure in relation to Energy Retailer Concessions (\$2.4 million), First Home Owner grants (\$1 million) and other concessions (\$5.6 million).



The preliminary Fiscal Surplus of \$43.5 million represents an improvement of \$213.5 million from the Estimated Outcome Fiscal Deficit of \$170 million. The main variations from the Estimated Outcome are as follows:

- the movements in the Net Operating Balance mentioned above;
- Purchase of non-financial assets totals \$315.9 million, which is \$60.6 million below the Estimated Outcome of \$376.5 million. The decrease primarily reflects revised cash flows for:
  - the Department of State Growth of \$10.8 million, primarily relating to adjustments to the Roads Program;
  - Finance-General of \$9.2 million, which primarily relates to adjustments to the Parliament Square fitout program;
  - the Department of Education of \$8.2 million, which primarily relates to various School Upgrade Projects;
  - the Department of Police, Fire and Emergency Management of \$6.7 million, which primarily relates to the Emergency Services Computer Aided Dispatch System;
  - the Department of Health and Human Services of \$14.8 million, which primarily relates to Tasmania's Affordable Housing Strategy; and
  - the Tasmanian Health Service of \$3.9 million, which primarily relates to plant and equipment purchases.

## *Underlying Net Operating Balance*

The Underlying Net Operating Balance is a measure which removes the distorting impact of one-off Australian Government funding for specific capital projects, including Roads and Rail Funding and Water for the Future.

The preliminary 2015-16 Underlying Net Operating Balance is estimated to be a deficit of \$18.6 million, an improvement of \$143.2 million from the Estimated Outcome Deficit of \$161.8 million.

**Table 2.2: Underlying Net Operating Balance**

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Net Operating Balance</b>	<b>(58.5)</b>	<b>(90.3)</b>	<b>62.7</b>	<b>(56.9)</b>
<i>Less Impact of One-off Australian Government funding</i>				
Roads and Rail Funding	123.0	60.2	81.1	40.2
Water for the Future Funding	20.4	11.3	0.2	13.8
	<b>143.4</b>	<b>71.5</b>	<b>81.3</b>	<b>54.0</b>
<b>Underlying Net Operating Balance</b>	<b>(202.0)</b>	<b>(161.8)</b>	<b>(18.6)</b>	<b>(110.9)</b>

Table 2.3: General Government Income Statement

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Revenue from transactions</b>				
Grants	3 453.3	3 440.9	3 506.1	3 132.8
Taxation	1 027.1	1 052.4	1 065.9	1 008.6
Sales of goods and services	357.8	363.5	370.7	362.9
Fines and regulatory fees	96.1	96.0	94.0	95.2
Interest income	16.7	24.2	19.5	14.5
Dividend, tax and rate equivalent income	213.4	221.7	224.0	381.7
Other revenue	143.4	155.0	144.6	159.0
	<b>5 307.8</b>	<b>5 353.7</b>	<b>5 424.7</b>	<b>5 154.8</b>
<b>Expenses from transactions</b>				
Employee expenses	2 237.3	2 273.6	2 266.3	2 228.7
Superannuation	261.8	305.5	301.9	298.8
Depreciation	285.3	261.9	254.2	259.0
Supplies and consumables	1 059.0	1 120.4	1 116.0	975.9
Nominal superannuation interest expense	285.7	259.4	259.4	266.3
Borrowing costs	10.8	10.5	10.6	10.6
Grant expenses	1 200.6	1 183.1	1 123.0	1 147.3
Other expenses	25.8	29.4	30.6	25.1
	<b>5 366.3</b>	<b>5 444.0</b>	<b>5 362.0</b>	<b>5 211.7</b>
<b>Equals NET OPERATING BALANCE</b>	<b>(58.5)</b>	<b>(90.3)</b>	<b>62.7</b>	<b>(56.9)</b>
<b>Plus Other economic flows – Included in Operating Result</b>				
Gain/(loss) on sale of non-financial assets	11.1	12.8	(1.1)	(6.8)
Revaluation of equity investment in PNFC and PFC Sectors	58.9	(28.7)	31.8	(149.0)
Revaluation of superannuation liability	....	1 069.0	(1 510.9)	(388.4)
Other gains/(losses)	(33.9)	62.4	13.4	(188.6)
	<b>36.2</b>	<b>1 115.5</b>	<b>(1 466.7)</b>	<b>(732.8)</b>
<b>Equals Operating Result</b>	<b>(22.4)</b>	<b>1 025.2</b>	<b>(1 404.0)</b>	<b>(789.6)</b>

Table 2.3: General Government Income Statement (continued)

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Plus Other economic flows – Other movements in equity</b>				
Revaluations of non-financial assets	290.1	262.6	48.8	(41.1)
Other non-owner movements in equity	3.8	5.4	5.8	18.8
	<b>293.9</b>	<b>268.0</b>	<b>54.5</b>	<b>(22.3)</b>
<b>Equals Comprehensive Result</b>	<b>271.6</b>	<b>1 293.3</b>	<b>(1 349.5)</b>	<b>(812.0)</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET OPERATING BALANCE</b>	<b>(58.5)</b>	<b>(90.3)</b>	<b>62.7</b>	<b>(56.9)</b>
<b>Less Net acquisition of non-financial assets</b>				
Purchase of non-financial assets	414.0	376.5	315.9	276.9
Less Sale of non-financial assets	30.2	34.9	42.5	56.5
Less Depreciation	285.3	261.9	254.2	259.0
	<b>98.6</b>	<b>79.7</b>	<b>19.2</b>	<b>(38.6)</b>
<b>Equals FISCAL BALANCE – SURPLUS/(DEFICIT)</b>	<b>(157.1)</b>	<b>(170.0)</b>	<b>43.5</b>	<b>(18.3)</b>

Table 2.4: General Government Grants

	2015-16 Original Budget \$m	2015-16 Estimated Outcome \$m	2015-16 Preliminary Outcome \$m	2014-15 Actual \$m
<b>Australian Government Grants</b>				
General purpose payments	2 246.1	2 264.4	2 281.3	1 942.7
Specific purpose payments	795.5	842.9	851.4	780.0
National partnership payments	303.5	219.8	219.6	267.7
Other grants and subsidies	108.2	113.8	153.8	142.4
	<b>3 453.3</b>	<b>3 440.9</b>	<b>3 506.1</b>	<b>3 132.8</b>

Table 2.5: General Government Taxation

	2015-16 Original Budget \$m	2015-16 Estimated Outcome \$m	2015-16 Preliminary Outcome \$m	2014-15 Actual \$m
<b>Payroll tax</b>	321.5	321.5	325.1	311.7
<b>Taxes on property</b>				
Land tax	94.0	92.7	96.9	83.4
Fire service levies				
Fire service contribution	38.9	38.9	38.9	36.8
Insurance fire levy	18.2	18.2	14.6	17.0
Guarantee fees	23.2	21.0	20.1	21.2
Taxes on financial and capital transactions	180.5	207.4	216.2	193.3
<b>Taxes on the provision of goods and services</b>				
Gambling taxes				
Casino tax and licence fees	56.1	56.1	55.3	56.7
Betting exchange taxes and levies	3.5	3.3	3.6	3.2
Lottery tax	29.3	30.1	30.3	28.3
Totalizator wagering levy	7.1	7.1	7.1	7.0
Insurance taxes	85.8	82.6	83.2	82.0
<b>Taxes on the use of goods and services</b>				
Vehicle registration fees	38.2	39.2	39.5	38.2
Motor vehicle fees and taxes				
Motor vehicle duty	39.5	42.9	43.4	40.3
Motor tax	83.6	83.6	84.1	81.9
Motor vehicle fire levy	7.6	7.6	7.7	7.7
	<b>1 027.1</b>	<b>1 052.4</b>	<b>1 065.9</b>	<b>1 008.6</b>

## Revenue Variations from Original Budget

Revenue from transactions is estimated to be \$5 424.7 million in 2015-16, which is \$116.9 million higher than the 2015-16 Original Budget estimate of \$5 307.8 million. The main variations are:

Revenue Item	Variance from Budget	Reasons
Grants revenue	\$52.8 million higher	
General purpose payments	\$35.2 million higher	<p>The increase in General purpose payments funding reflects increased GST revenue primarily due to:</p> <ul style="list-style-type: none"> <li>• a residual adjustment of \$15.5 million in GST revenue paid in 2015-16, as a result of higher than anticipated GST receipts;</li> <li>• the impact of a small increase in Tasmania's share of the revised national population; and</li> <li>• a higher than anticipated increase in the size of the GST Pool in 2015-16.</li> </ul>
Specific purpose payments	\$55.9 million higher	<p>The increase in Specific purpose payments primarily reflects an increase in Australian Government Activity based funding for the Tasmanian Health Service (\$41.7 million) and an increase in National Disability Services funding (\$14.5 million).</p>
National partnership payments	\$83.9 million lower	<p>The decrease in National partnership payments primarily reflects:</p> <ul style="list-style-type: none"> <li>• a reallocation of \$34.7 million in Road related grants funding from 2015-16 to 2016-17;</li> <li>• a decrease in Local Government grants of \$35.9 million following an advance payment of two quarters made by the Australian Government during 2014-15; and</li> <li>• a reallocation of Water for the Future Funding of \$20.2 million from 2015-16 to 2016-17.</li> </ul> <p>The decrease in these NPPs was partly offset by an increase in Australian Government funding for management of Tasmania's Wilderness World Heritage Area of \$5.2 million.</p>

<b>Revenue Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
Other grants and subsidies	\$45.6 million higher	<p>The increase in Other grants and subsidies reflects:</p> <ul style="list-style-type: none"> <li>• an increase in Australian Government funding relating to Commonwealth Own Purpose Expenditure paid to the Department of Health and Human Services and the Tasmanian Health Service of \$19.1 million; and</li> <li>• an increase in Australian Government funding for other agencies (\$26.4 million).</li> </ul>
Taxation	\$38.8 million higher	<p>The increase primarily reflects an increase in Taxes on financial and capital transactions (\$35.7 million), which is partly the result of an increased number of property transactions which occurred in the year.</p> <p>Refer to Table 2.5 for further detail on Taxation revenue.</p>
Sales of goods and services	\$12.9 million higher	<p>The increase in Sales of goods and services primarily reflects increases for:</p> <ul style="list-style-type: none"> <li>• the Department of State Growth (\$10.4 million) partly due to an increase in recoveries relating to the National Heavy Vehicle Regulator (\$2.2 million), additional revenue for the West Coast Wilderness Railway (\$3.3 million) and rental revenue and roadwork recoveries not included in the Budget (\$1.8 million); and</li> <li>• the Department of Primary Industries, Parks, Water and Environment (\$8 million) partly due to increased visitor numbers to National Parks (\$2.1 million), increased revenue for the Land Titles Office (\$1.5 million) and increased revenue from the Three Capes Track walk (\$1.9 million).</li> </ul> <p>These increases were partly offset by a decrease in revenue for the Department of Education (\$2.8 million) and the Department of Justice (\$1.4 million).</p>

<b>Revenue Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
Dividend, tax and rate equivalent income	\$10.6 million higher	<p>The increase primarily reflects an increase in Dividends of \$24 million which is primarily due to additional dividends from:</p> <ul style="list-style-type: none"> <li>• Hydro Tasmania (\$11.4 million) as a result of a better profit outcome for 2014-15 than initially forecast;</li> <li>• Aurora Energy Pty Ltd (\$7.5 million) as a result of more favourable energy purchasing outcomes and better than expected customer retention; and</li> <li>• Motor Accidents Insurance Board (\$3.9 million) as a result of claims experience and investment returns being more favourable than expected.</li> </ul> <p>The increase in dividends is partly offset by a decrease in Income Tax Equivalent revenue from Government Businesses of \$13.3 million. This movement is primarily due to the decrease in ITEs paid by Hydro Tasmania reflecting the forecast loss in 2015-16 as a result of low water storage levels during a significant part of the year, the Basslink outage and costs associated with implementing the Energy Supply Plan.</p>



## Expense Variations from Original Budget

Expenses from transactions is estimated to be \$5 362 million in 2015-16, which is \$4.3 million lower than the 2015-16 Original Budget of \$5 366.3 million. The major expense variations are:

Expense Item	Variance from Budget	Reasons
Employee Expenses	\$29 million higher	<p>The increase in Employee expenses primarily reflects additional expenditure for:</p> <ul style="list-style-type: none"> <li>the Tasmanian Health Service (\$22 million) primarily due to additional investment in the transition to an integrated statewide service, separation payments which were not included in the original Budget estimate and unanticipated increases in employee entitlement liabilities;</li> <li>the Department of Primary Industries, Parks, Water and Environment (\$5.2 million) primarily due to increased expenditure of Australian Government funding and wildfire suppression costs;</li> <li>the Department of Justice (\$4.5 million) primarily due to additional costs for the Prison service (\$3.8 million); and</li> <li>the State Fire Commission (\$4.2 million) primarily due to the additional costs for fighting the January 2016 bushfires.</li> </ul> <p>The increase in expenditure is partly offset by savings for the Department of Education (\$5.4 million) and TasTAFE (\$2.6 million).</p>
Superannuation	\$40.1 million higher	The increase in Superannuation expense reflects the most recent actuarial assessment of the employer service costs.
Depreciation	\$31.1 million lower	<p>The decrease in Depreciation is primarily due to decreases for:</p> <ul style="list-style-type: none"> <li>the Department of State Growth (\$25.7 million) primarily due to a downward revision of road asset depreciation following a review of the useful life of road assets to better align with current experience; and</li> <li>the Department of Education (\$5.7 million) primarily due to a valuation decrease as a result of the 2014-15 building revaluations.</li> </ul>

<b>Expense Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
Supplies and consumables	\$57 million higher	<p>The increase in Supplies and consumables primarily reflects additional expenditure for:</p> <ul style="list-style-type: none"> <li>• the State Fire Commission (\$36.8 million) primarily due to additional fire-fighting activities and wildfire suppression costs;</li> <li>• the Tasmanian Health Service (\$46.4 million) primarily relating to the reclassification of Cross Border payments (\$32 million) from Grant expenses to Supplies and consumables; and additional expenditure of National Health Reform funding; and</li> <li>• the Department of State Growth (\$20.8 million) primarily due to reclassification of road expenditure from capital to maintenance following a review by the Department to better align with current experience.</li> </ul> <p>The increase in Supplies and consumables is offset by decreases for:</p> <ul style="list-style-type: none"> <li>• the Department of Education (\$23.9 million) primarily as a result of the reclassification of some expenditure to Employee expenses (\$16.1 million) and Grant expenses (\$3 million) and some National partnership cash flow variations (\$8.2 million); and</li> <li>• Finance-General (\$21.4 million) primarily due to lower than budgeted costs for the Tasmanian Risk Management Fund (\$11.8 million) and amortisation of the Treasurer's Reserve (\$10 million).</li> </ul>
Nominal superannuation interest expense	\$26.3 million lower	The decrease reflects the most recent actuarial estimates of the Superannuation liability.

<b>Expense Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
Grant expenses	\$77.6 million lower	<p>The decrease in Grant expenses primarily reflects reduced expenditure for:</p> <ul style="list-style-type: none"> <li>• the Tasmanian Health Service (\$33.5 million) primarily due to the reclassification of Cross Border payments (\$32 million) from Grant expenses to Supplies and consumables;</li> <li>• Finance-General (\$33.1 million) primarily due to a decrease in Grants for Local Government (\$35.5 million), following the advance payment made by the Australian Government in 2014-15 which was on-forwarded to Local Government in the same year; and</li> <li>• the Department of State Growth (\$24 million) primarily due to a revision to the cash flows associated with the Regional Revival Fund (\$12.6 million) and the Academy of Creative Industries and Performing Arts Project (\$9.1 million).</li> </ul> <p>The decrease in Grant expenses is partly offset by an increase for the Department of Health and Human Services (\$15.3 million), primarily due to additional payments to the Australian Government for Cross Billing and Budget Neutrality Arrangements, in accordance with Schedule K of the Bilateral Agreement between the Australian Government and Tasmania for the transition to a National Disability Insurance Scheme.</p>

## *Other Economic Flows – Included in Operating Result Variations from Original Budget*

Other economic flows – Included in the Operating Result is estimated to be an outflow of \$1 466.7 million in 2015-16, which is \$1 502.9 million lower than the 2015-16 Original Budget estimate of a \$36.2 million inflow. The main changes are:

<b>Line Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
Gain/(loss) on sale of non-financial assets	\$12.2 million lower	The Original Budget included an estimated \$14 million gain on sale in relation to Housing projects recorded by the Department of Health and Human Services, whilst a \$3.2 million loss was recorded.
Revaluation of equity investment in PNFC and PFC Sector	\$27.1 million lower	The revaluation is based on the movement in net assets in the PNFC and PFC sectors. The variance is primarily due to the preliminary value of the equity investment as at 30 June 2016 being \$110.2 million below the original Budget estimate. This is partly offset by the actual opening balance for the equity investment as at 1 July 2015 being lower than was expected in the 2015-16 Budget.
Revaluation of superannuation liability	\$1 510.9 million lower	The revaluation loss on the Superannuation liability of \$1 510.9 million reflects the most recent actuarial valuation. The loss is primarily a result of changes in actuarial assumptions, in particular, a decrease in the discount rate from 3.7 per cent to 2.7 per cent.
Other gains/(losses)	\$47.3 million higher	The movement in Other gains/(losses) is primarily the result of a revision to the Income tax assets held by Finance-General of \$94.6 million. This was partly offset by a write-down of \$46.1 million of replaced road assets held by the Department of State Growth.

## *Net Acquisition of Non-Financial Assets Variations from Original Budget*

Net acquisition of non-financial assets is estimated to be \$19.2 million in 2015-16, which is \$79.4 million lower than the 2015-16 Original Budget estimate of \$98.6 million. The major variations are outlined below:

<b>Line Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
Purchase of non-financial assets	\$98.1 million lower	<p>This primarily reflects decreases for:</p> <ul style="list-style-type: none"><li>• the Department of State Growth of \$70.9 million, which is primarily due to timing adjustments to the Roads program and Capital Program including:<ul style="list-style-type: none"><li>– Midlands Highway (\$34.7 million);</li><li>– Huon Highway/Summerleas Road (\$5.6 million);</li><li>– Brooker Highway (\$5 million);</li><li>– Domain Highway (\$4 million);</li><li>– North East Freight Roads (\$1.4 million);</li><li>– Road Safety and Traffic Management (\$4 million);</li><li>– Infrastructure Maintenance (\$8.4 million); and</li><li>– Infrastructure Development (\$7.8 million);</li></ul></li><li>• the Department of Police, Fire and Emergency Management of \$8.2 million, which primarily relates to revised cash flows for the Emergency Services Computer Aided Despatch System (\$6.6 million) and Police Vessels (\$1.8 million); and</li><li>• the Department of Primary Industries, Parks, Water and Environment of \$4.9 million, which primarily relates to the reallocation of cash flows for Stage 3 of the Three Capes Track Project (\$2.5 million) and Parks High Priority Maintenance and Infrastructure (\$2.6 million).</li></ul>

<b>Line Item</b>	<b>Variance from Budget</b>	<b>Reasons</b>
Sale of non-financial assets	\$12.3 million higher	<p>The increase primarily reflects additional proceeds from the sale of:</p> <ul style="list-style-type: none"> <li>• housing assets by the Department of Health and Human Services (\$4.8 million);</li> <li>• vehicles by Finance-General (\$3.3 million); and</li> <li>• Crown Land by the Department of Primary Industries, Parks, Water and Environment (\$4.3 million).</li> </ul>

# Balance Sheet

Table 2.6: General Government Balance Sheet

	30 June 2016 Original Budget	30 June 2016 Estimated Outcome	30 June 2016 Preliminary Outcome	30 June 2015 Actual
	\$m	\$m	\$m	\$m
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits	889.3	1 043.3	1 327.7	1 282.4
Investments	64.5	54.2	43.1	52.2
Equity investment in PNFC and PFC sectors	4 515.0	4 404.8	4 412.9	4 381.2
Other equity investments	20.0	22.8	19.5	16.7
Receivables	331.5	320.3	311.5	322.2
Other financial assets	661.4	821.3	813.4	804.1
	<b>6 481.7</b>	<b>6 666.6</b>	<b>6 928.2</b>	<b>6 858.6</b>
<b>Non-financial assets</b>				
Land and buildings	5 969.2	5 865.6	5 778.9	5 686.1
Infrastructure	4 668.9	4 510.5	4 264.1	4 333.3
Plant and equipment	253.5	238.9	253.7	233.0
Heritage and cultural assets	490.6	490.2	485.0	478.1
Investment property	19.0	2.7	2.2	2.4
Intangible assets	45.4	46.4	42.0	42.9
Assets held for sale	7.0	5.7	11.9	16.8
Other non-financial assets	30.7	31.7	36.2	31.4
	<b>11 484.2</b>	<b>11 191.6</b>	<b>10 874.1</b>	<b>10 824.0</b>
<b>Total Assets</b>	<b>17 965.9</b>	<b>17 858.3</b>	<b>17 802.3</b>	<b>17 682.6</b>
<b>Liabilities</b>				
Borrowings	701.3	669.4	620.4	802.1
Superannuation	5 470.5	6 216.1	8 840.6	7 150.8
Employee entitlements	549.9	571.9	592.9	596.1
Payables	108.4	134.2	121.8	139.5
Other liabilities	376.6	359.1	404.8	379.9
<b>Total Liabilities</b>	<b>7 206.7</b>	<b>7 950.7</b>	<b>10 580.6</b>	<b>9 068.5</b>
<b>NET ASSETS</b>	<b>10 759.2</b>	<b>9 907.6</b>	<b>7 221.7</b>	<b>8 614.1</b>

Table 2.6: General Government Balance Sheet (continued)

	30 June 2016 Original Budget	30 June 2016 Estimated Outcome	30 June 2016 Preliminary Outcome	30 June 2015 Actual
	\$m	\$m	\$m	\$m
<b>Equity</b>				
Accumulated funds	5 712.1	5 203.9	2 687.0	4 173.1
Asset revaluation reserve	5 047.1	4 703.6	4 534.7	4 441.0
<b>Total Equity</b>	<b>10 759.2</b>	<b>9 907.6</b>	<b>7 221.7</b>	<b>8 614.1</b>
<b>KEY FISCAL AGGREGATES</b>				
<b>NET WORTH<sup>1</sup></b>	<b>10 759.2</b>	<b>9 907.6</b>	<b>7 221.7</b>	<b>8 614.1</b>
<b>NET FINANCIAL WORTH<sup>2</sup></b>	<b>(725.0)</b>	<b>(1 284.1)</b>	<b>(3 652.4)</b>	<b>(2 209.9)</b>
<b>NET FINANCIAL LIABILITIES<sup>3</sup></b>	<b>5 240.0</b>	<b>5 688.9</b>	<b>8 065.3</b>	<b>6 591.1</b>
<b>NET DEBT<sup>4</sup></b>	<b>(252.6)</b>	<b>(428.0)</b>	<b>(750.4)</b>	<b>(532.4)</b>

Notes:

1. Net Worth represents total assets less total liabilities.
2. Net Financial Worth represents financial assets less total liabilities.
3. Net Financial Liabilities represents total liabilities less financial assets, excluding equity investment in the PNFC and PFC Sectors.
4. Net Debt represents borrowings less the sum of cash and deposits and investments.



## Balance Sheet Variations

Budget estimates for the 2016 Balance Sheet were compiled in May 2015, prior to completion of the actual outcomes for 30 June 2015. The preliminary outcome variance from the original Budget estimate will reflect the difference between the estimated and actual opening balances for 2015. The following commentary is therefore based on movements between the 30 June 2015 actual outcome and the 30 June 2016 preliminary outcome.

## Assets Variations

General Government Assets are estimated to be \$17 802.3 million at 30 June 2016, an increase of \$119.7 million from the 30 June 2015 balance of \$17 682.6 million.

<b>Line Item</b>	<b>Variance from 2015</b>	<b>Reasons</b>
Cash and deposits	\$45.3 million higher	<p>The increase primarily reflects an estimated increase in the balance of the Special Deposits and Trust Fund with increases in balances recorded by:</p> <ul style="list-style-type: none"><li>• the Department of Health and Human Services (\$30.5 million);</li><li>• the Tasmanian Health Service (\$7 million);</li><li>• the Department of State Growth (\$28.2 million);</li><li>• the Department of Education (\$16.9 million);</li><li>• the Department of Primary Industries, Parks, Water and Environment (\$10.3 million); and</li><li>• the Department of Justice (\$7.1 million).</li></ul> <p>There was also an increase in cash held by the State Fire Commission of \$10.3 million.</p> <p>These increases were offset by a reduction of \$68.4 million in the cash balance held by Finance-General.</p>
Equity investment in PNFC and PFC sectors	\$31.7 million higher	<p>The increase primarily reflects an estimated increase in net assets held by the Motor Accidents Insurance Board, TT-Line Company Pty Ltd and the Tasmanian Public Finance Corporation.</p> <p>This is partly offset by an estimated decrease in net assets for the electricity entities and Tasmanian Irrigation Pty Ltd.</p>

<b>Line Item</b>	<b>Variance from 2015</b>	<b>Reasons</b>
Land and buildings	\$92.8 million higher	<p>The increase primarily relates to increases for:</p> <ul style="list-style-type: none"> <li>the Department of Health and Human Services (\$26.4 million) and Tasmanian Health Service (\$50.2 million) as a result of the capital works projects such as the Royal Hobart Hospital Women's and Children's Precinct and the Royal Hobart Hospital Redevelopment; and</li> <li>the Department of Justice (\$17.3 million) as a result of a revaluation of its land and buildings.</li> </ul>

## Liability Variations

General Government Liabilities are estimated to be \$10 580.6 million at 30 June 2016, \$1 512.1 million higher than the 30 June 2015 balance of \$9 068.5 million.

<b>Line Item</b>	<b>Variance from 2015</b>	<b>Reasons</b>
Borrowings	\$181.7 million lower	<p>The decrease primarily reflects the application of the Consolidated Fund Surplus of \$197.1 million to reduce debt. Further detail on the Consolidated Fund can be found in Part 3 of this Report.</p> <p>This was partly offset by additional Australian Government loans of \$14.7 million held by the Department of State Growth for industry and business development.</p>
Superannuation	\$1 689.8 million higher	<p>The Superannuation liability reflects the most recent actuarial estimate of the liability. The increase is primarily a result of changes in actuarial assumptions, in particular a decrease in the discount rate from 3.7 per cent to 2.7 per cent.</p>
Payables	\$17.7 million lower	<p>The movement primarily relates to a decrease for the Tasmanian Health Service (\$9.9 million) as a result of a reduction in payables for Cross Border payments due to the payment of 2014-15 balances in 2015-16.</p>

# Cash Flow Statement

Table 2.7: General Government Cash Flow Statement

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Cash flows from operating activities</b>				
<b>Cash inflows</b>				
Grants received	3 452.2	3 439.7	3 503.3	3 142.3
Taxation	1 027.1	1 050.8	1 061.3	1 000.2
Sales of goods and services	356.4	362.6	385.8	375.2
Fines and regulatory fees	96.1	95.8	91.1	91.5
Interest received	16.7	24.1	19.4	13.8
Dividend, tax and rate equivalents	225.0	262.6	269.9	582.8
Other receipts	313.2	330.5	378.9	367.2
	<b>5 486.8</b>	<b>5 566.1</b>	<b>5 709.5</b>	<b>5 573.0</b>
<b>Cash outflows</b>				
Employee entitlements	(2 261.0)	(2 289.9)	(2 274.9)	(2 213.1)
Superannuation	(418.1)	(433.7)	(396.1)	(419.2)
Supplies and consumables	(1 076.6)	(1 145.2)	(1 158.6)	(953.1)
Borrowing costs	(10.9)	(10.6)	(12.0)	(10.9)
Grants and subsidies paid	(1 200.5)	(1 184.7)	(1 113.6)	(1 143.7)
Other payments	(195.8)	(207.6)	(217.5)	(243.0)
	<b>(5 163.0)</b>	<b>(5 271.8)</b>	<b>(5 172.6)</b>	<b>(4 983.1)</b>
<b>Net cash flows from operating activities</b>	<b>323.8</b>	<b>294.3</b>	<b>537.0</b>	<b>589.9</b>
<b>Cash flows from investing activities</b>				
<b>Net cash flows from non-financial assets</b>				
Purchase of non-financial assets	(410.4)	(375.6)	(315.9)	(276.9)
Sale of non-financial assets	30.2	34.9	42.5	56.5
	<b>(380.3)</b>	<b>(340.6)</b>	<b>(273.4)</b>	<b>(220.4)</b>
<b>Net cash flows from financial assets (policy purposes)</b>				
Equity injections	(53.7)	(58.4)	(42.9)	(35.1)
Net advances paid	(2.0)	3.0	7.1	(11.3)
Equity disposals	....	1.0	1.2	....
	<b>(55.7)</b>	<b>(54.4)</b>	<b>(34.6)</b>	<b>(46.4)</b>
<b>Net cash flows from financial assets (liquidity purposes)</b>				
Net purchase of investments	....	....	0.1	0.1
	....	....	<b>0.1</b>	<b>0.1</b>
<b>Net cash flows from investing activities</b>	<b>(435.9)</b>	<b>(395.1)</b>	<b>(307.9)</b>	<b>(266.8)</b>

Table 2.7: General Government Cash Flow Statement (continued)

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Cash flows from financing activities</b>				
Net borrowing	(135.0)	(138.3)	(183.7)	(347.9)
Other financing	....	....	....	(1.4)
	<b>(135.0)</b>	<b>(138.3)</b>	<b>(183.7)</b>	<b>(349.3)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(247.1)</b>	<b>(239.1)</b>	<b>45.4</b>	<b>(26.1)</b>
<b>Cash at the beginning of the year</b>	<b>1 136.4</b>	<b>1 282.4</b>	<b>1 282.4</b>	<b>1 308.5</b>
<b>Cash at the end of the year</b>	<b>889.3</b>	<b>1 043.3</b>	<b>1 327.7</b>	<b>1 282.4</b>
<b>KEY FISCAL AGGREGATES</b>				
Net cash from operating activities	323.8	294.3	537.0	589.9
Plus Net cash from investments in non-financial assets	(380.3)	(340.6)	(273.4)	(220.4)
<b>Equals CASH SURPLUS/(DEFICIT)</b>	<b>(56.4)</b>	<b>(46.4)</b>	<b>263.5</b>	<b>369.5</b>

# 3 CONSOLIDATED FUND

Table 3.1: Consolidated Fund Preliminary Outcome

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Recurrent Receipts</b>				
<b>Australian Government sources</b>				
General purpose payments	2 246.1	2 264.4	2 281.3	1 942.7
Specific purpose payments	467.6	481.1	481.8	460.2
National partnership payments	71.7	36.2	36.2	72.6
Other grants and subsidies	0.1	0.1	....	....
	<b>2 785.4</b>	<b>2 781.6</b>	<b>2 799.2</b>	<b>2 475.5</b>
<b>State sources</b>				
Taxation	904.0	930.4	941.8	881.5
Receipts from government businesses	248.2	283.8	291.3	605.2
Departmental fees and recoveries	91.8	93.4	95.9	96.1
Sale and rent of government property	5.0	5.0	5.0	5.0
Resource rents and royalties	32.7	22.5	19.5	27.3
Recoveries of state debt charges	0.1	0.1	....	....
Other recurrent receipts	176.4	186.6	187.5	172.5
	<b>1 458.1</b>	<b>1 521.8</b>	<b>1 541.1</b>	<b>1 787.5</b>
<b>Capital Receipts</b>				
<b>State sources</b>				
Other capital receipts	3.5	3.5	3.6	3.6
	<b>3.5</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>
<b>Total Receipts</b>	<b>4 247.0</b>	<b>4 307.0</b>	<b>4 344.0</b>	<b>4 266.6</b>
<b>less Expenditure</b>				
<b>Recurrent services</b>				
Appropriation Act	3 640.7	3 672.1	3 684.6	3 458.1
Reserved by Law	315.3	315.4	281.6	314.9
	<b>3 956.1</b>	<b>3 987.5</b>	<b>3 966.1</b>	<b>3 773.0</b>
<b>Works and services</b>				
Capital Investment Program	161.9	181.8	180.7	148.7
	<b>161.9</b>	<b>181.8</b>	<b>180.7</b>	<b>148.7</b>
<b>Total Expenses</b>	<b>4 118.0</b>	<b>4 169.3</b>	<b>4 146.9</b>	<b>3 921.7</b>
<b>CONSOLIDATED FUND SURPLUS/(DEFICIT)</b>	<b>129.1</b>	<b>137.7</b>	<b>197.1</b>	<b>344.9</b>

Table 3.2: Consolidated Fund Expenditure

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Education</b>				
Recurrent services	1 182.9	1 182.0	1 180.9	1 108.5
Works and services	24.6	32.5	32.3	13.1
	<b>1 207.4</b>	<b>1 214.4</b>	<b>1 213.2</b>	<b>1 121.5</b>
<b>Finance-General</b>				
Recurrent services	243.3	255.2	261.3	222.2
Reserved by Law	283.7	283.0	250.8	283.6
	<b>527.0</b>	<b>538.2</b>	<b>512.2</b>	<b>505.8</b>
<b>Health and Human Services</b>				
Recurrent services	1 165.0	1 196.8	1 197.0	1 146.9
Works and services	11.1	21.8	20.3	7.4
	<b>1 176.1</b>	<b>1 218.6</b>	<b>1 217.3</b>	<b>1 154.3</b>
<b>House of Assembly</b>				
Recurrent services	2.5	2.5	2.5	2.4
Reserved by Law	5.4	5.4	5.4	5.3
	<b>7.9</b>	<b>7.9</b>	<b>7.8</b>	<b>7.7</b>
<b>Integrity Commission</b>				
Recurrent services	2.4	2.5	2.4	2.4
	<b>2.4</b>	<b>2.5</b>	<b>2.4</b>	<b>2.4</b>
<b>Justice</b>				
Recurrent services	126.3	126.7	126.7	121.6
Reserved by Law	14.0	14.8	13.2	13.5
Works and services	0.5	2.5	2.5	6.0
	<b>140.8</b>	<b>144.0</b>	<b>142.4</b>	<b>141.1</b>
<b>Legislative Council</b>				
Recurrent services	3.4	3.4	3.4	3.5
Reserved by Law	3.1	3.1	3.2	3.2
	<b>6.5</b>	<b>6.5</b>	<b>6.7</b>	<b>6.7</b>
<b>Legislature-General</b>				
Recurrent services	6.1	6.1	6.4	6.1
	<b>6.1</b>	<b>6.1</b>	<b>6.4</b>	<b>6.1</b>
<b>Ministerial and Parliamentary Support</b>				
Recurrent services	18.2	18.2	18.2	17.8
Reserved by Law	0.8	1.0	1.0	0.7
	<b>19.0</b>	<b>19.2</b>	<b>19.2</b>	<b>18.5</b>
<b>Office of the Director of Public Prosecutions</b>				
Recurrent services	7.1	7.1	7.0	6.1
Reserved by Law	0.6	0.6	0.6	1.1
	<b>7.7</b>	<b>7.7</b>	<b>7.6</b>	<b>7.2</b>

Table 3.2: Consolidated Fund Expenditure (continued)

	2015-16 Original Budget	2015-16 Estimated Outcome	2015-16 Preliminary Outcome	2014-15 Actual
	\$m	\$m	\$m	\$m
<b>Office of the Governor</b>				
Recurrent services	2.9	3.2	3.1	3.0
Reserved by Law	0.6	0.6	0.5	0.4
	<b>3.5</b>	<b>3.8</b>	<b>3.7</b>	<b>3.4</b>
<b>Office of the Ombudsman</b>				
Recurrent services	2.1	2.5	2.5	1.7
	<b>2.1</b>	<b>2.5</b>	<b>2.5</b>	<b>1.7</b>
<b>Police, Fire and Emergency Management</b>				
Recurrent services	196.2	196.2	196.6	186.8
Works and services	12.1	10.6	11.4	....
	<b>208.4</b>	<b>206.9</b>	<b>208.0</b>	<b>186.8</b>
<b>Premier and Cabinet</b>				
Recurrent services	59.6	63.7	65.0	74.1
Reserved by Law	6.4	6.3	6.3	6.6
Works and services	0.8	0.8	0.7	1.0
	<b>66.7</b>	<b>70.7</b>	<b>72.0</b>	<b>81.8</b>
<b>Primary Industries, Parks, Water and Environment</b>				
Recurrent services	167.3	171.6	183.4	131.3
Works and services	18.9	14.4	14.3	4.5
	<b>186.2</b>	<b>186.1</b>	<b>197.7</b>	<b>135.8</b>
<b>State Growth</b>				
Recurrent services	389.1	367.8	358.4	359.3
Reserved by Law	0.1	0.1	....	....
Works and services	90.6	97.8	97.8	115.5
	<b>479.8</b>	<b>465.7</b>	<b>456.3</b>	<b>474.7</b>
<b>Tasmanian Audit Office</b>				
Recurrent services	1.8	1.9	1.9	1.7
Reserved by Law	0.6	0.6	0.6	0.4
	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>	<b>2.2</b>
<b>Tourism Tasmania</b>				
Recurrent services	25.9	25.9	25.9	24.6
	<b>25.9</b>	<b>25.9</b>	<b>25.9</b>	<b>24.6</b>
<b>Treasury and Finance</b>				
Recurrent services	38.9	38.9	41.8	38.3
Works and services	3.2	1.4	1.4	1.3
	<b>42.1</b>	<b>40.2</b>	<b>43.2</b>	<b>39.5</b>
<b>TOTAL CONSOLIDATED FUND EXPENDITURE</b>	<b>4 118.0</b>	<b>4 169.3</b>	<b>4 146.9</b>	<b>3 921.7</b>





Tasmanian  
Government