

THE TASMANIAN GOVERNMENT'S BUDGET

PRESENTATION TO A COMMUNITY ORGANIZATIONS 'MASTER CLASS'
SPONSORED BY THE AUSTRALIA INSTITUTE (TASMANIA)

HOTEL GRAND CHANCELLOR HOBART
12TH JUNE 2018

An overview of Tasmania's state public sector

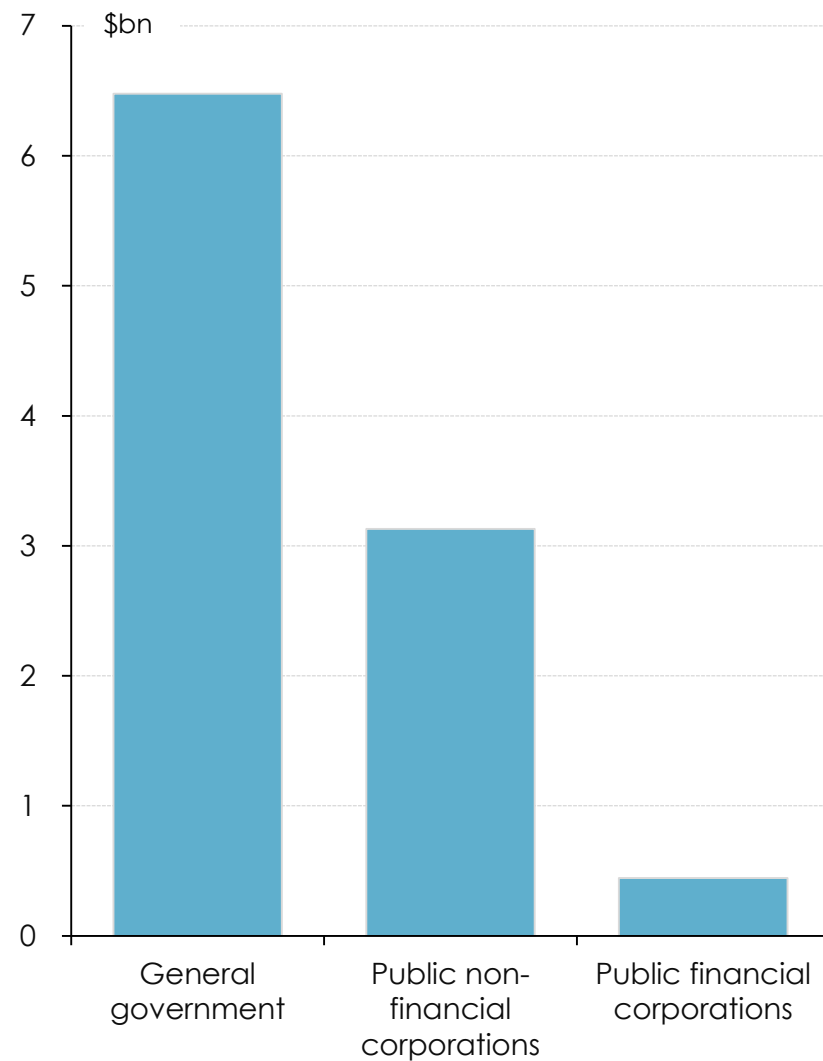
- The **'general government'** sector – departments and agencies which are funded primarily by taxes and grants (through the Public Account), rather than by revenue from the sale of goods or services
 - government departments (Education, Health, Police & Emergency Services, Premier & Cabinet etc)
 - agencies such as Parliament, Office of the Governor, Ombudsman, Tourism Tasmania, Audit Office etc
 - some statutory authorities such as TasTAFE, Botanical Gardens, State Fire Commission, MAST, Inland Fisheries

- The **'public non-financial corporations'** sector – government owned-entities which are funded primarily by revenue from the sale of goods and services
 - **Government business enterprises** (subject to their own enabling legislation and the *Government Business Enterprises Act 1998*) – Hydro Tasmania, Forestry Tasmania, Port Arthur Historic Site Management Authority, Public Trustee
 - **State owned companies** (subject to their own enabling legislation and the *Commonwealth Corporations Act 2001*) – Aurora Energy, TasNetworks, Metro Tas, Tas Irrigation, Tas Rail, Tas Ports, Tasracing, TT-Line

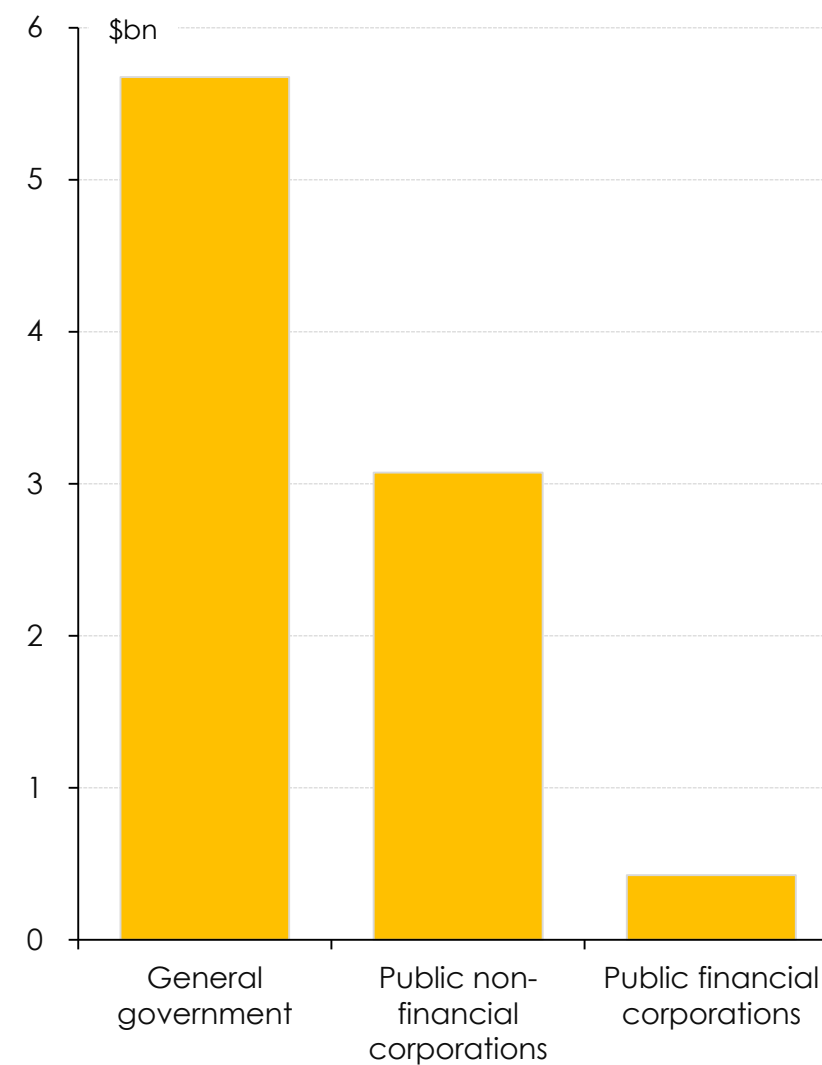
- The **'public financial corporations'** sector – government-owned entities which are funded primarily by revenue from selling financial services and/or investment income
 - the Tasmanian Public Finance Corporation (Tascorp) which borrows and invests on behalf of the general government sector, GBEs and SOCs, and
 - the Motor Accidents Insurance Board

Revenue and expenses of the Tasmanian public sector, 2016-17

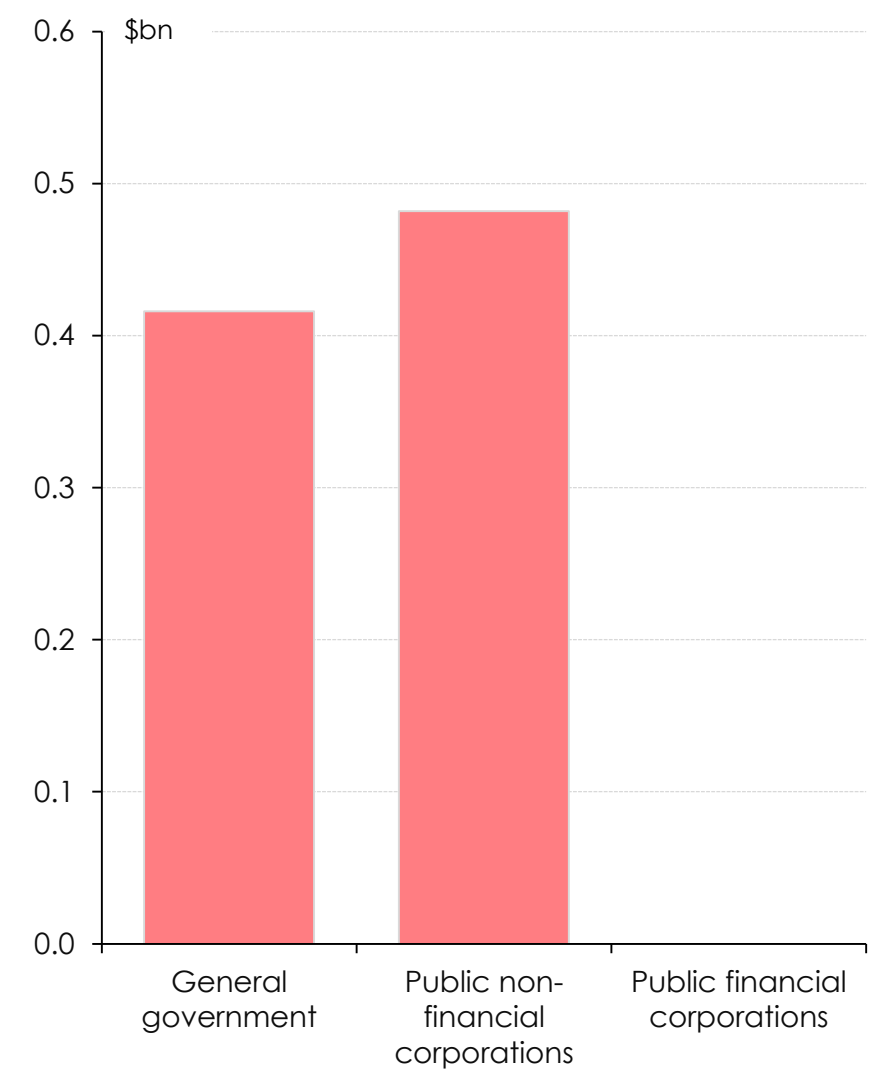
Revenue



'Operating' expenses



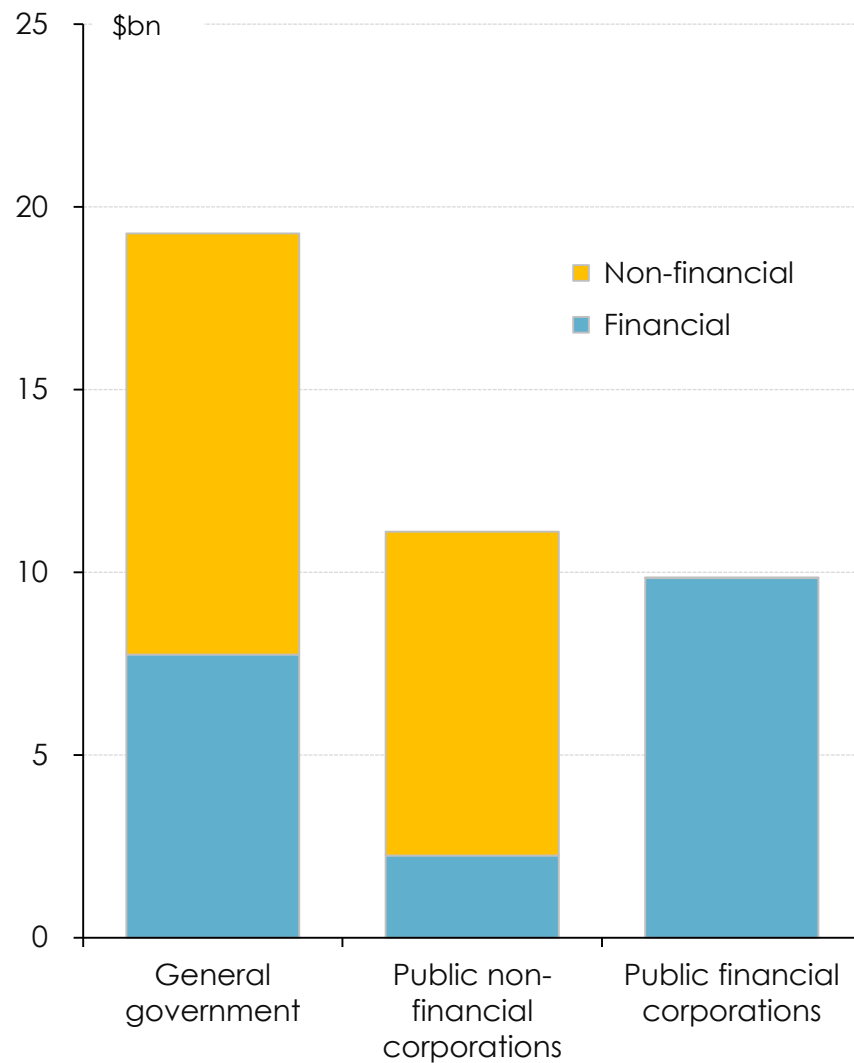
Capital expenditures



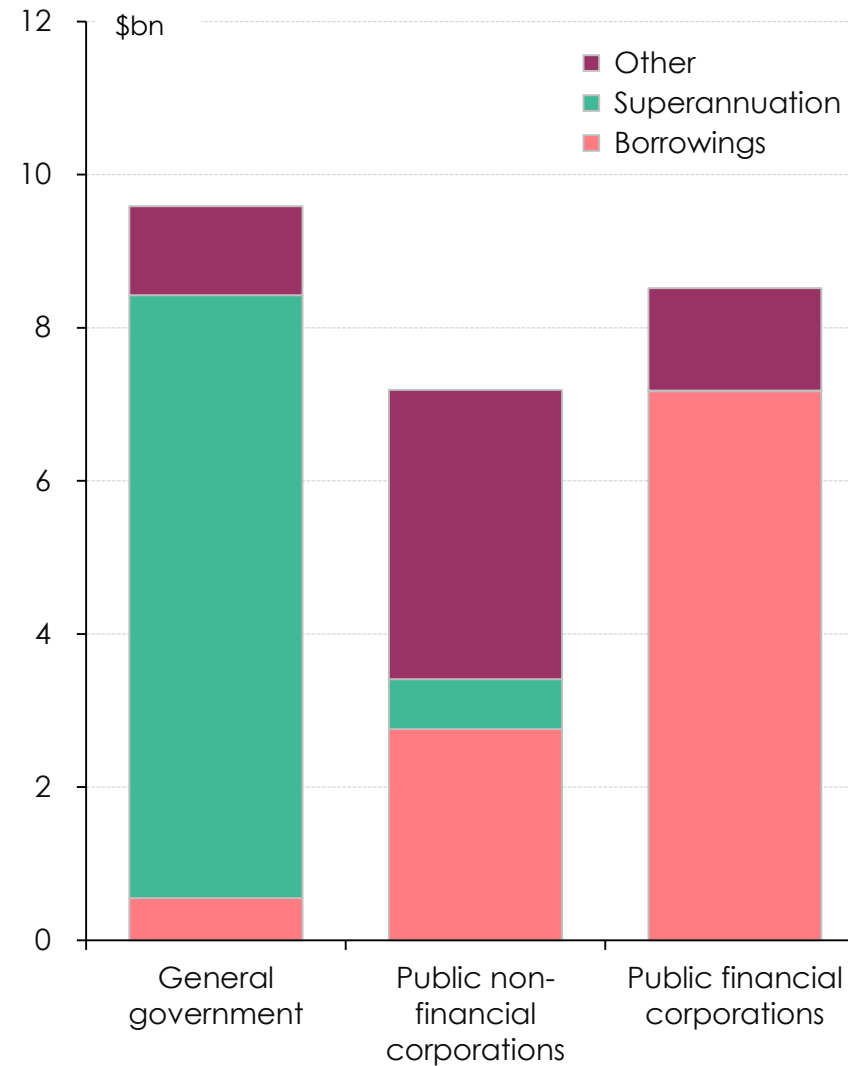
Source: Government of Tasmania, Treasurer's Annual Financial Report 2016-17.

Assets and liabilities of the Tasmanian public sector, 2016-17

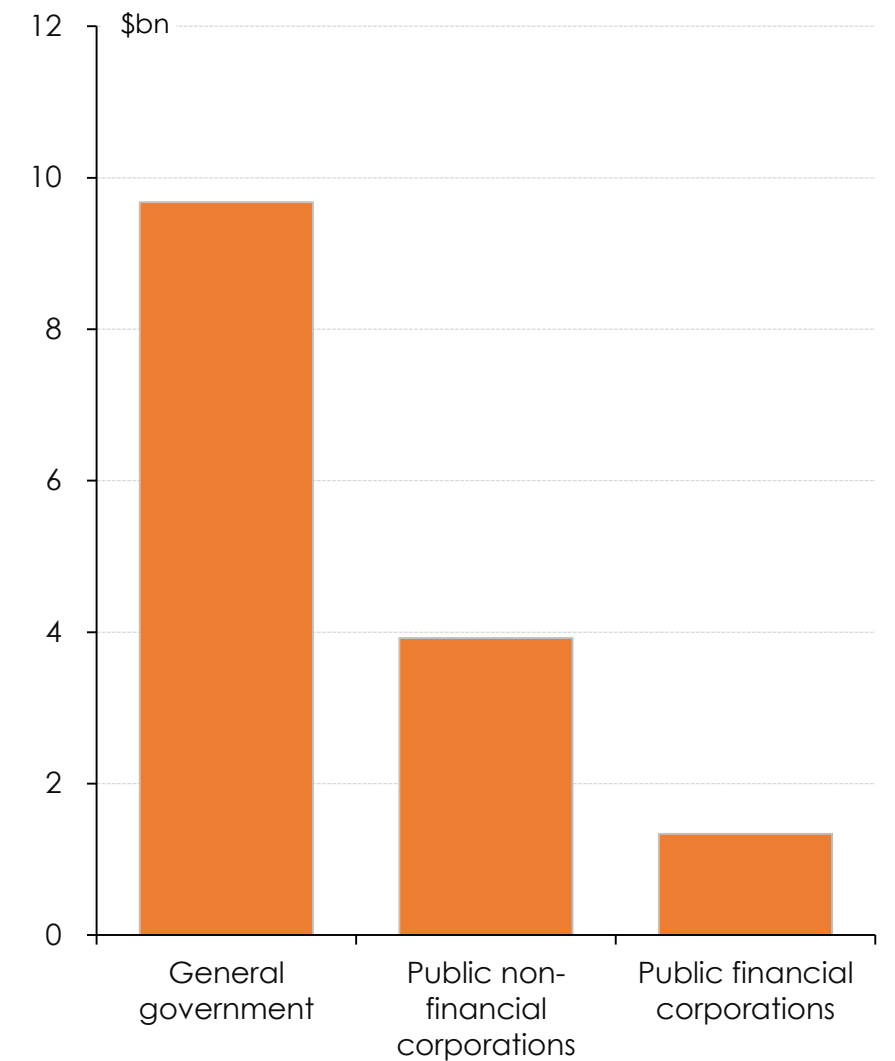
Assets



Liabilities



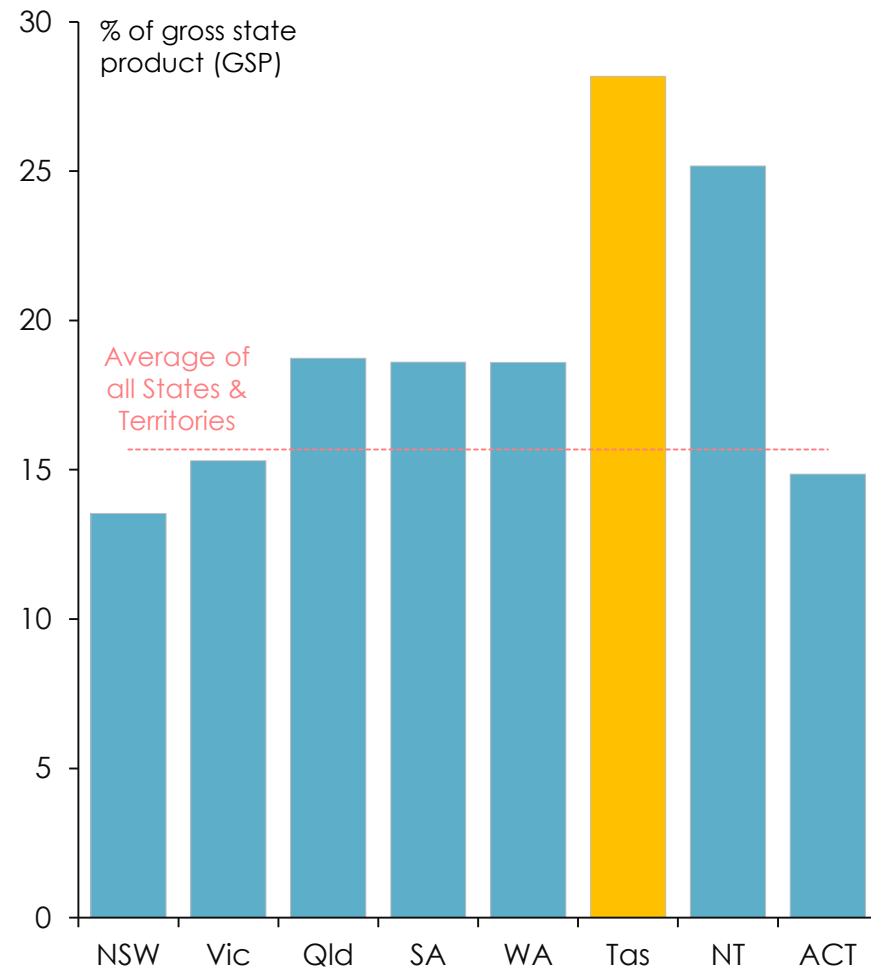
Net worth



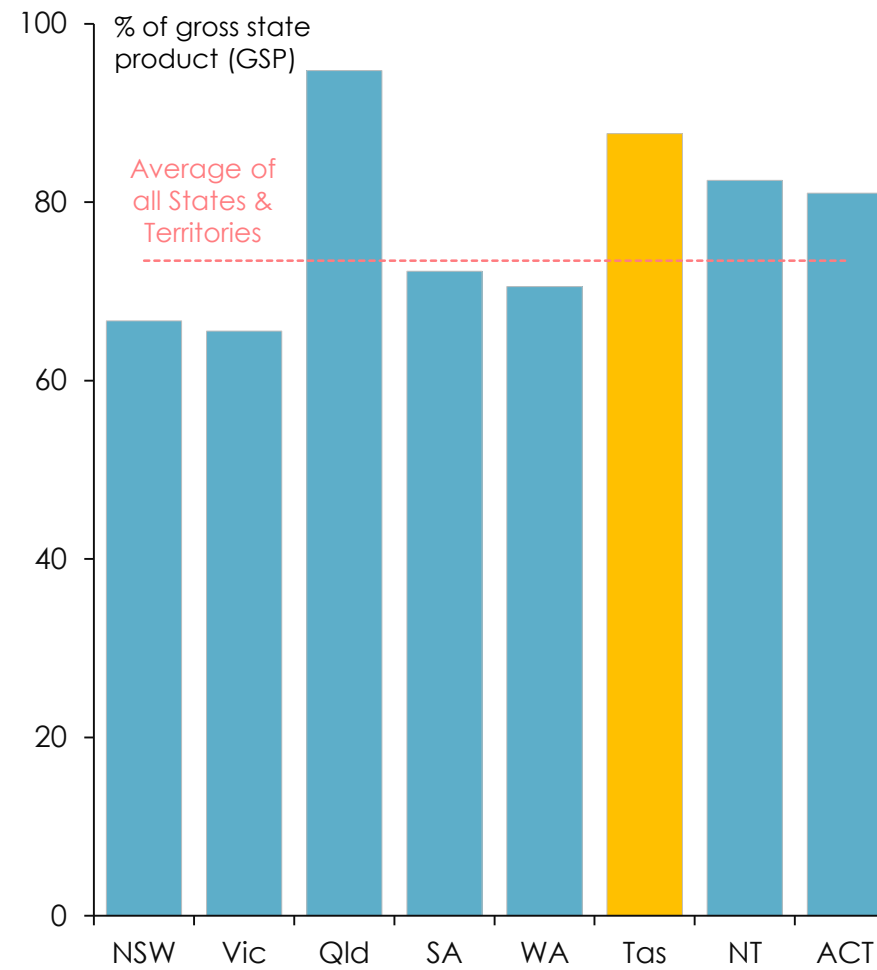
Source: Government of Tasmania, Treasurer's Annual Financial Report 2016-17.

Tasmania's state public sector is relatively larger than that of most other states and territories

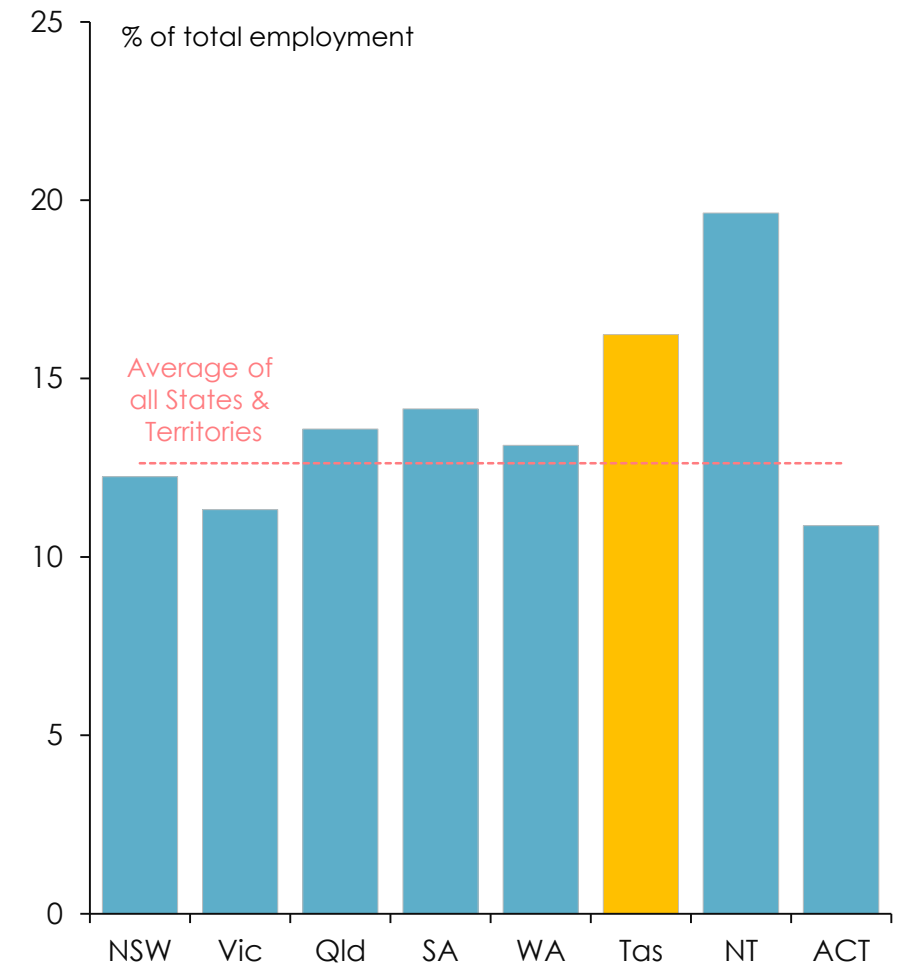
State non-financial public sector expenses, 2016-17



State non-financial public sector assets, 2016-17



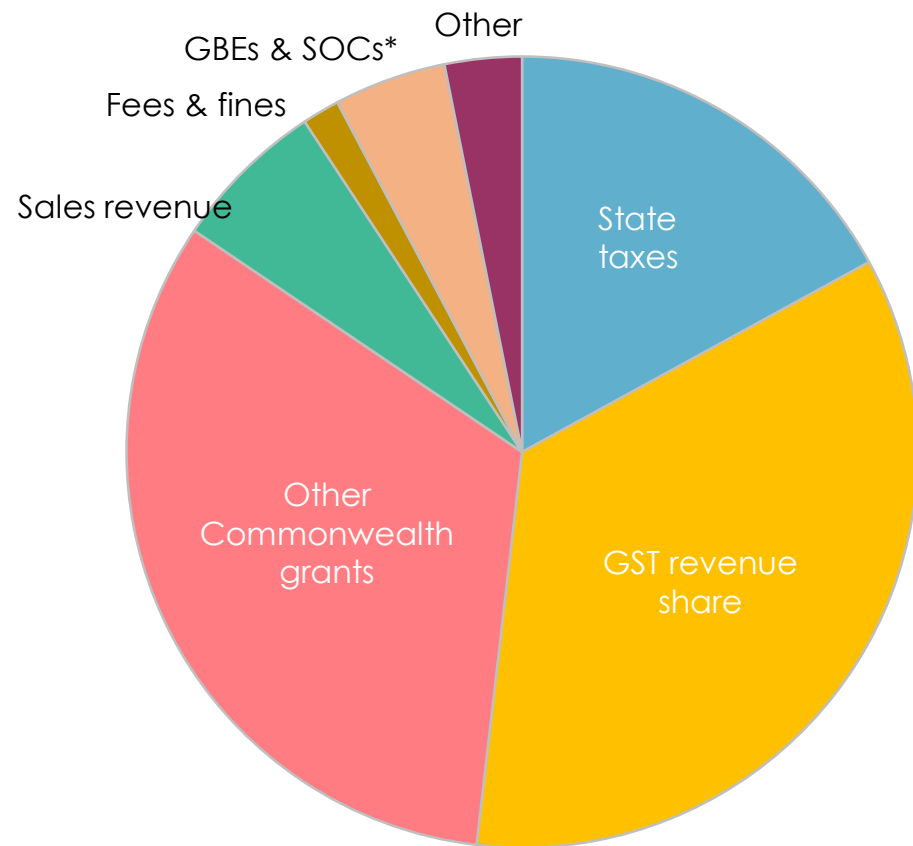
State public sector employment, 2016-17



Sources: State and Territory Governments, Treasurer's Annual Financial Report or equivalent documents, 2016-17.

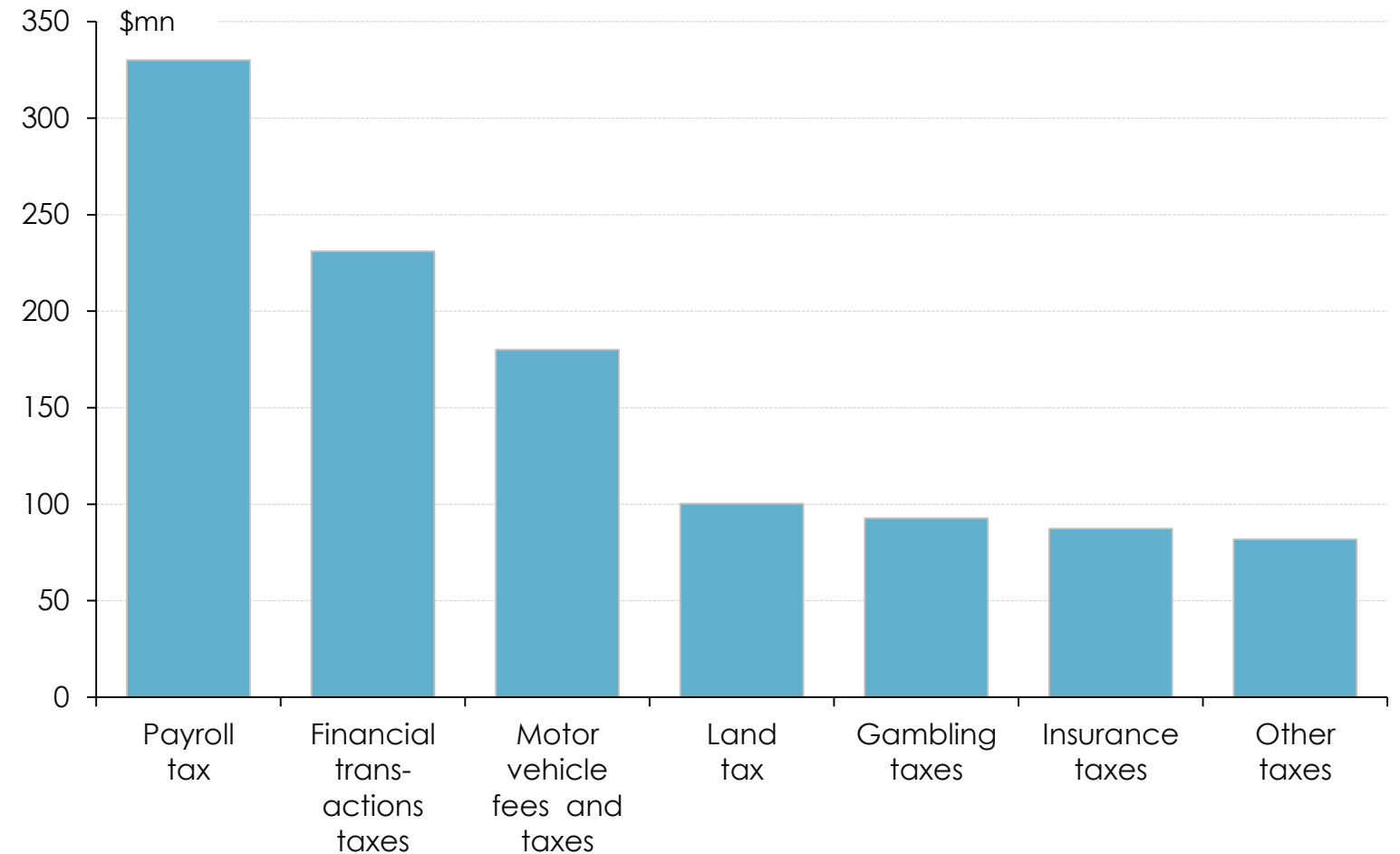
Tasmanian 'general government' sector revenues, 2016-17

Tasmanian general government 'operating' revenue, 2016-17



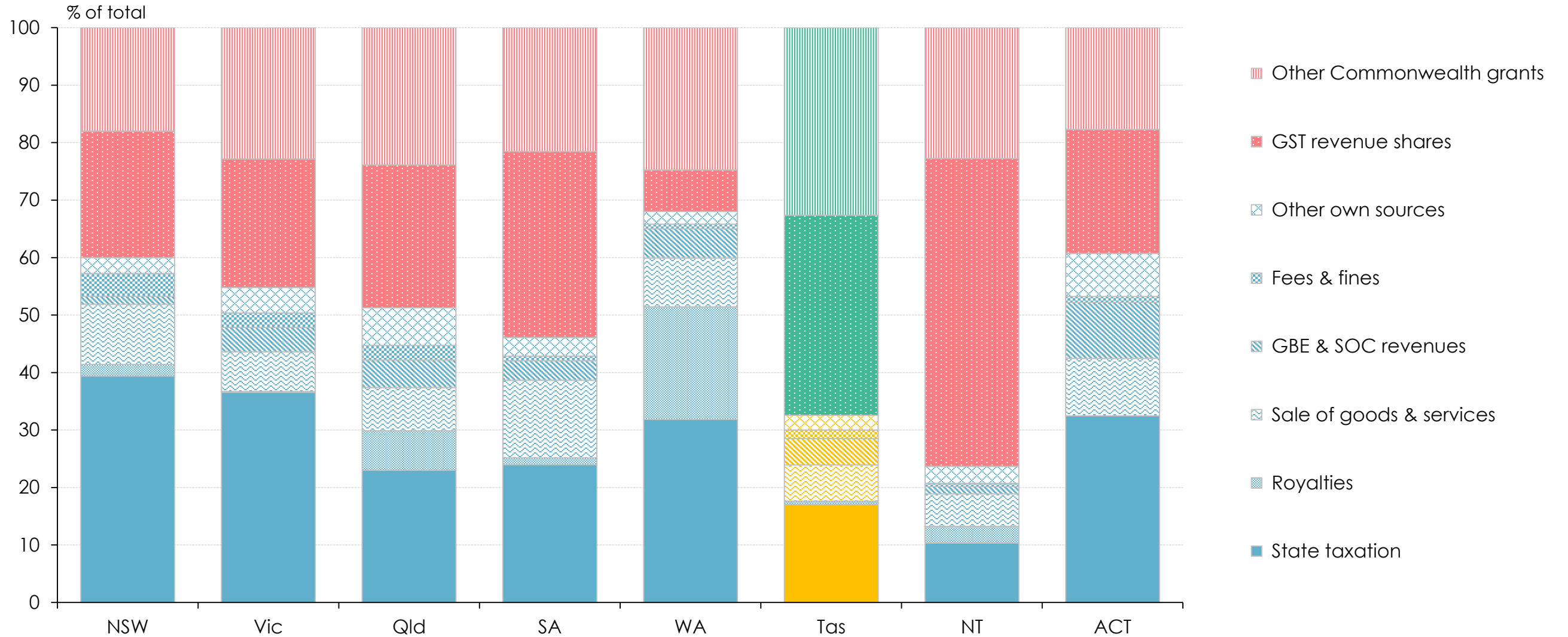
* Income tax and rates equivalents, and dividends, paid by government business enterprises and state owned companies

Tasmanian general government state taxation revenue, 2016-17



Tasmania gets a bigger share of its revenue from the GST and other Commonwealth grants than any other state or territory except the NT

'General government' revenue by source, States and Territories, 2016-17



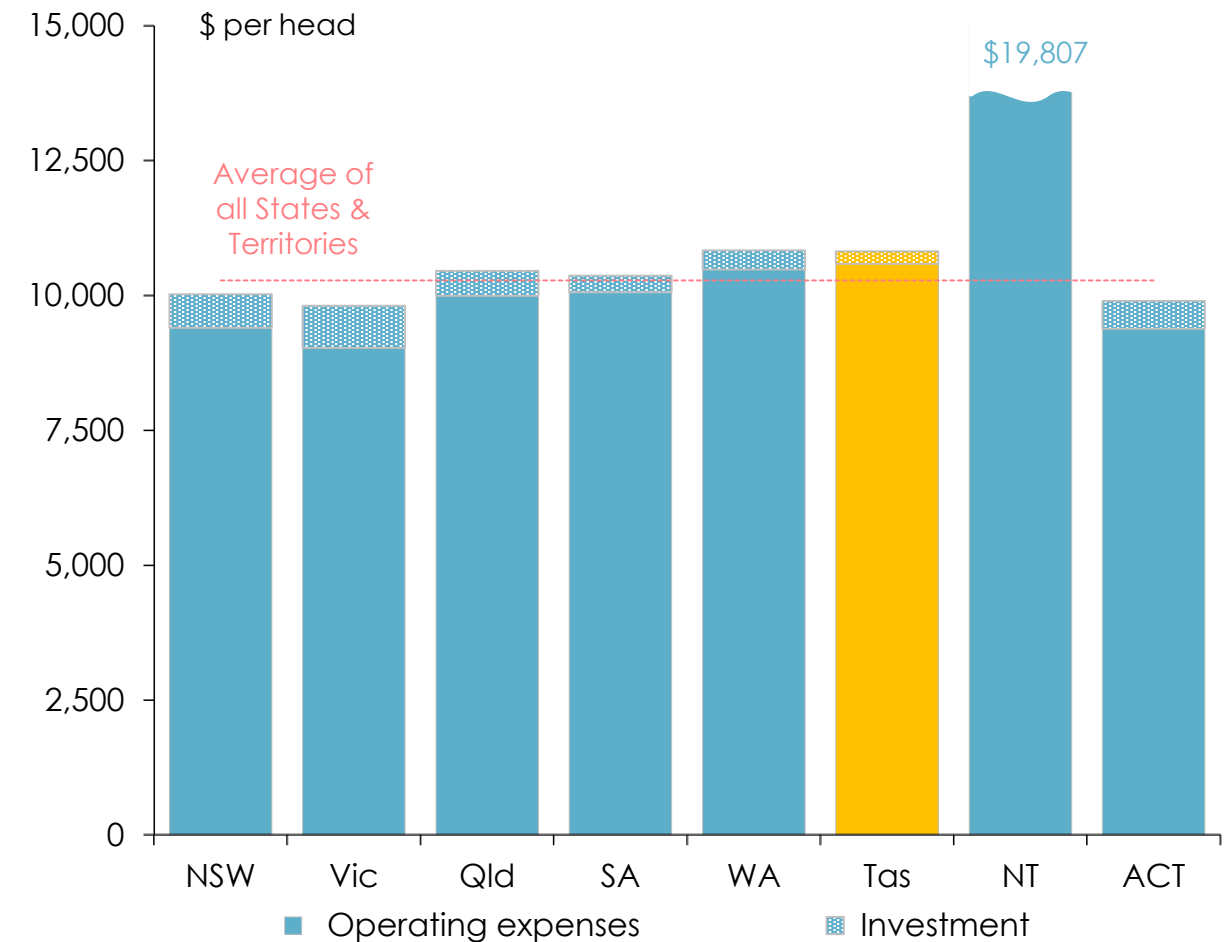
Sources: State and Territory Governments, Treasurer's Annual Financial Report or equivalent documents, 2016-17.

Tasmania's GST share reflects its below-average capacity to raise revenue and, to a lesser extent, an above-average requirement for spending

Assessed revenue per capita raised from average State tax regime, 2016-17



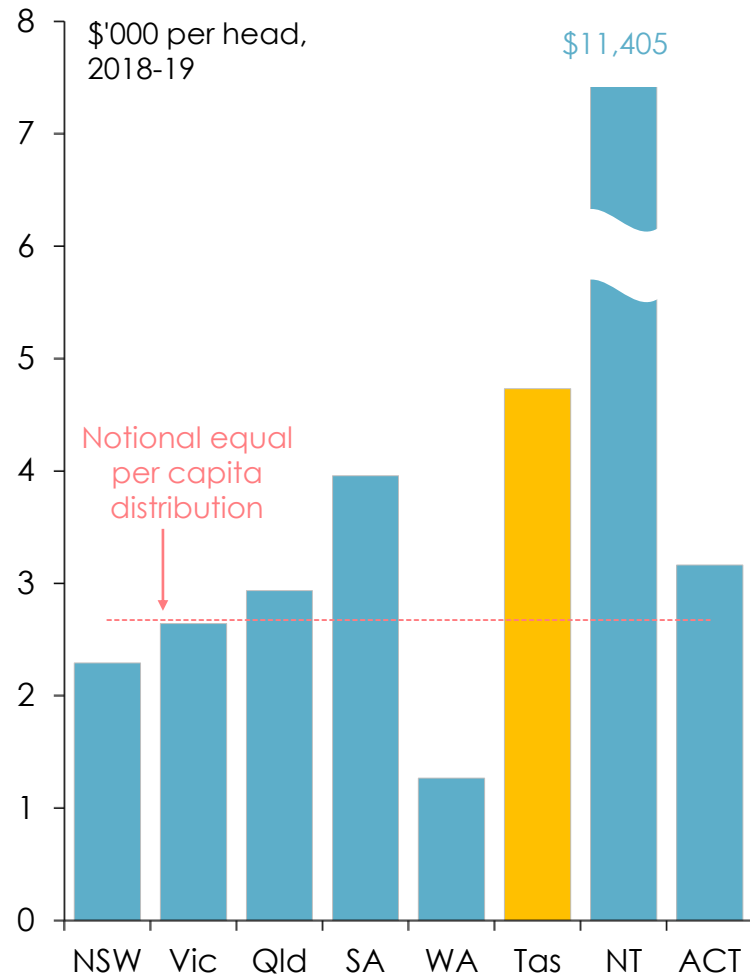
Assessed spending per capita required to provide average State services levels, 2016-17



Source: Commonwealth Grants Commission, 2018 Update Report, Tables S7-1 to S7-6.

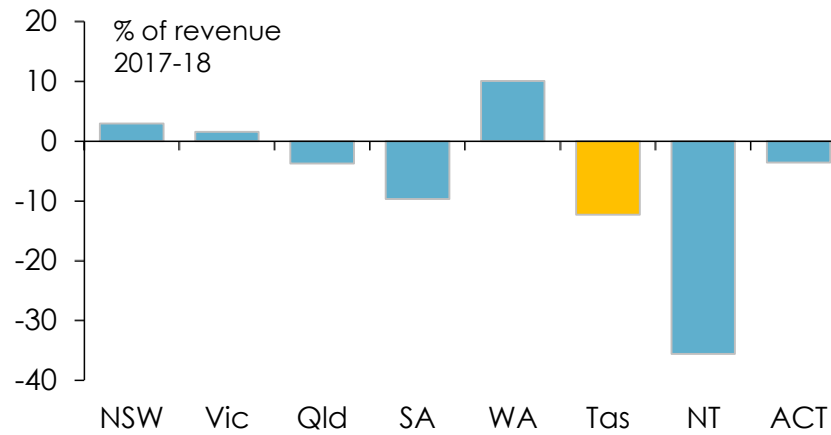
The possibility of major changes to the way in which GST revenue is carved up among States and Territories is a major threat to Tasmania

GST revenue shares per head of population

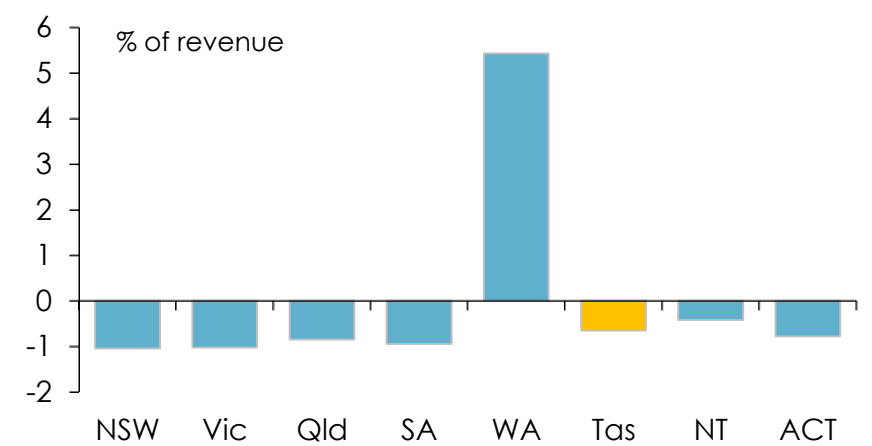


Revenue impact of alternative GST revenue-sharing schemes

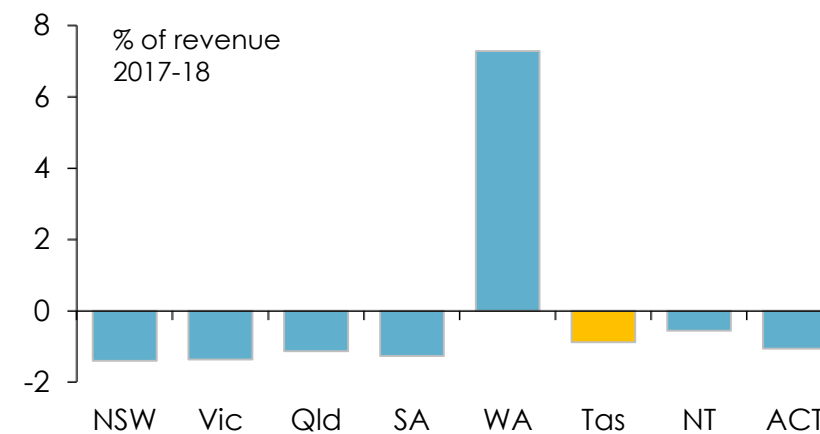
Equal per capita



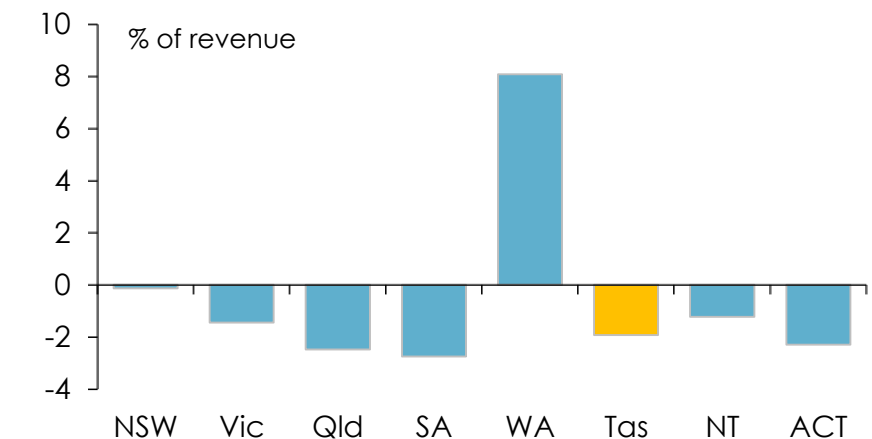
'70% of equal per capita floor'



Equalization to 2nd strongest state



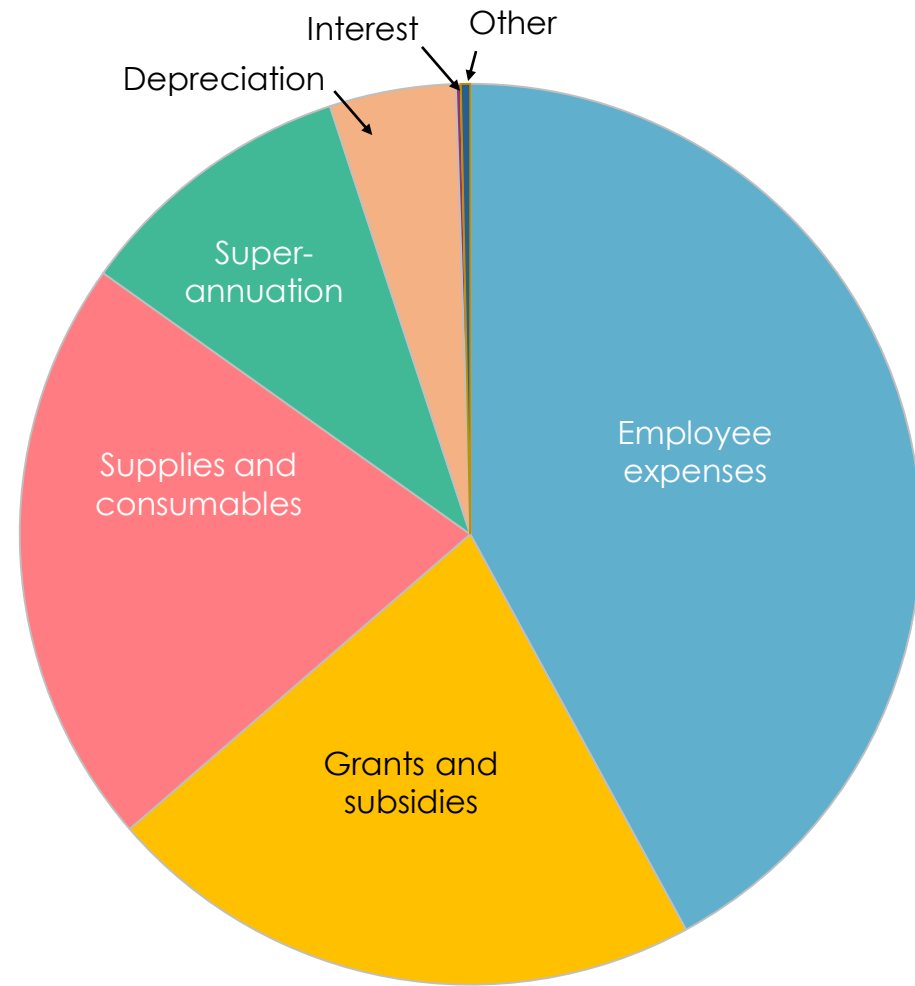
Equalization to all-state average



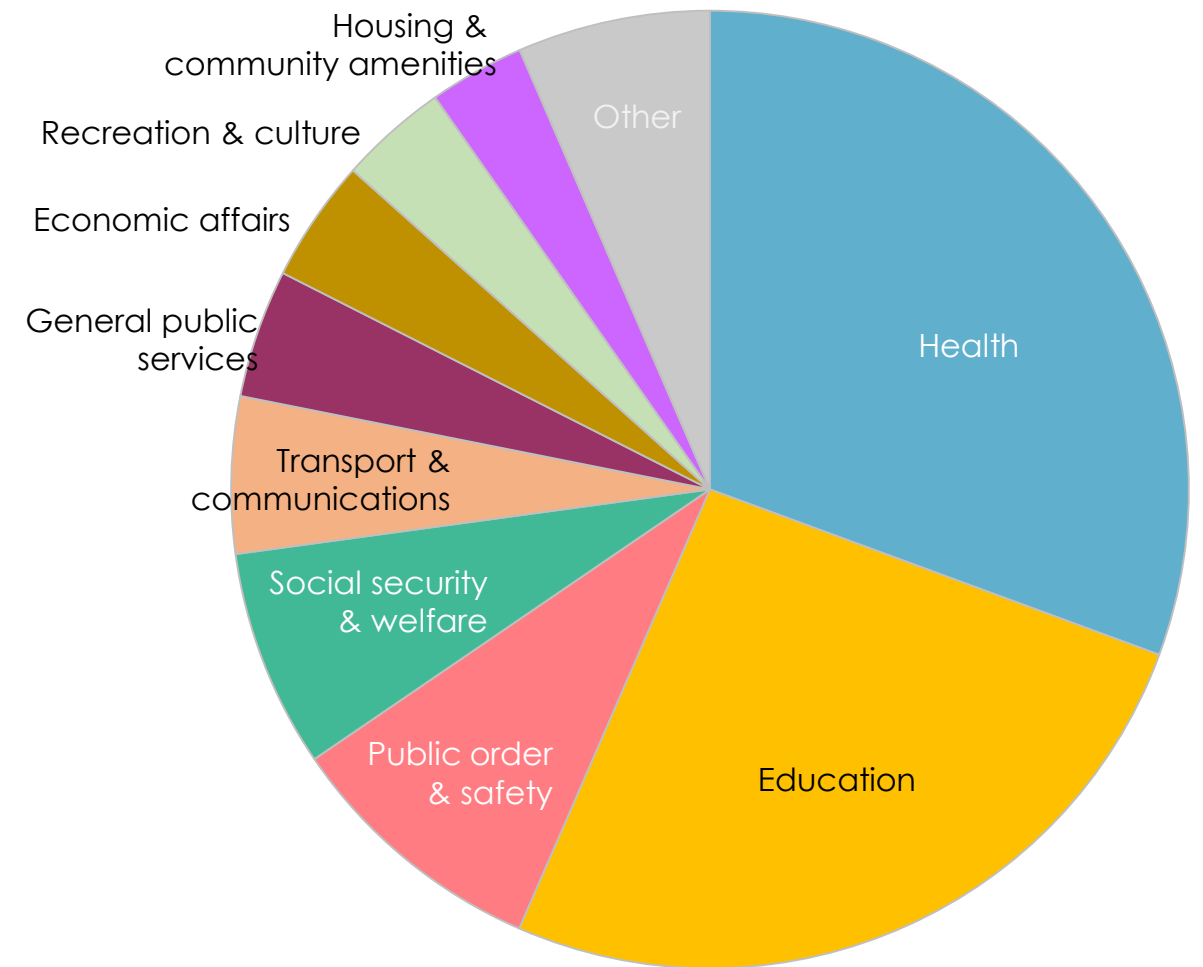
Sources: 2018-19 Australian Government Budget Paper No. 3, *Federal Financial Relations*; Productivity Commission, *Horizontal Fiscal Equalization – Draft Report*, October 2017.

Tasmanian 'general government' sector 'operating' expenses, 2016-17

'Operating' expenses by type



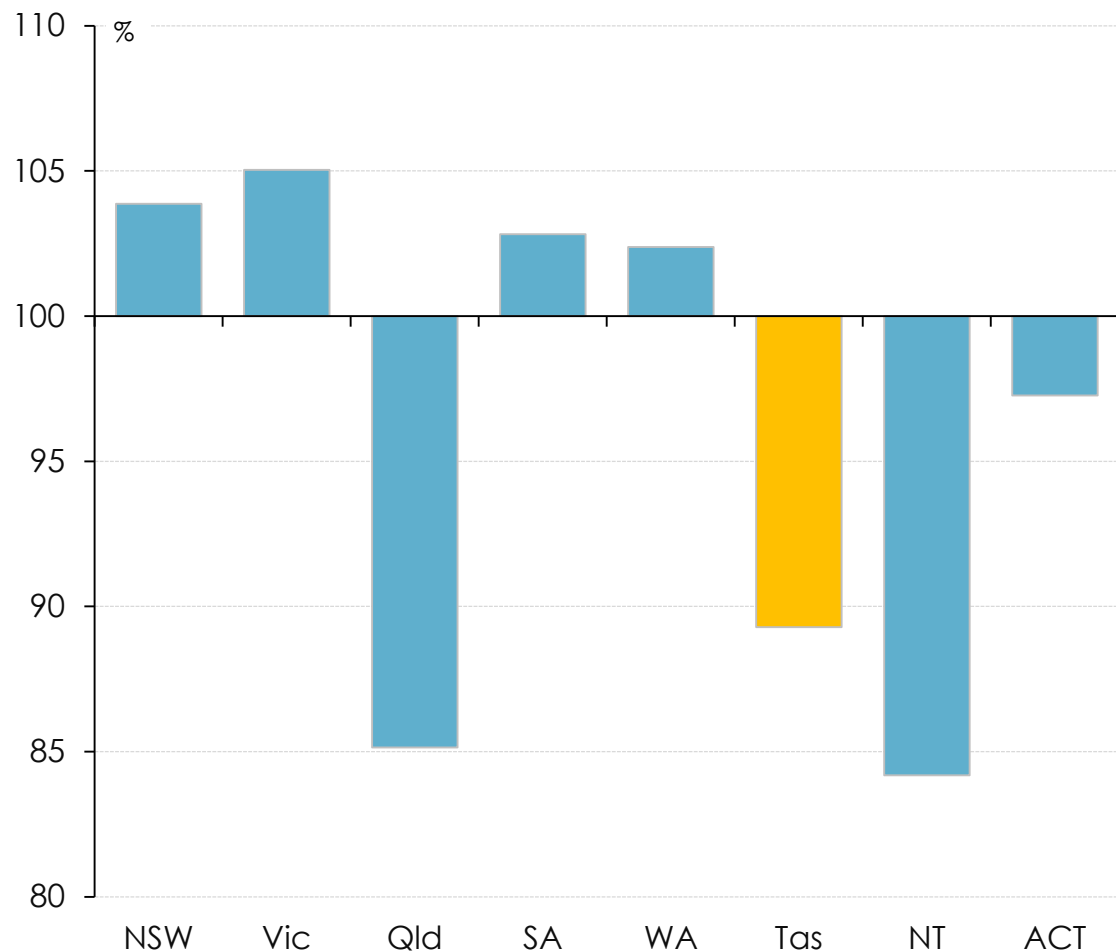
'Operating' expenses by function



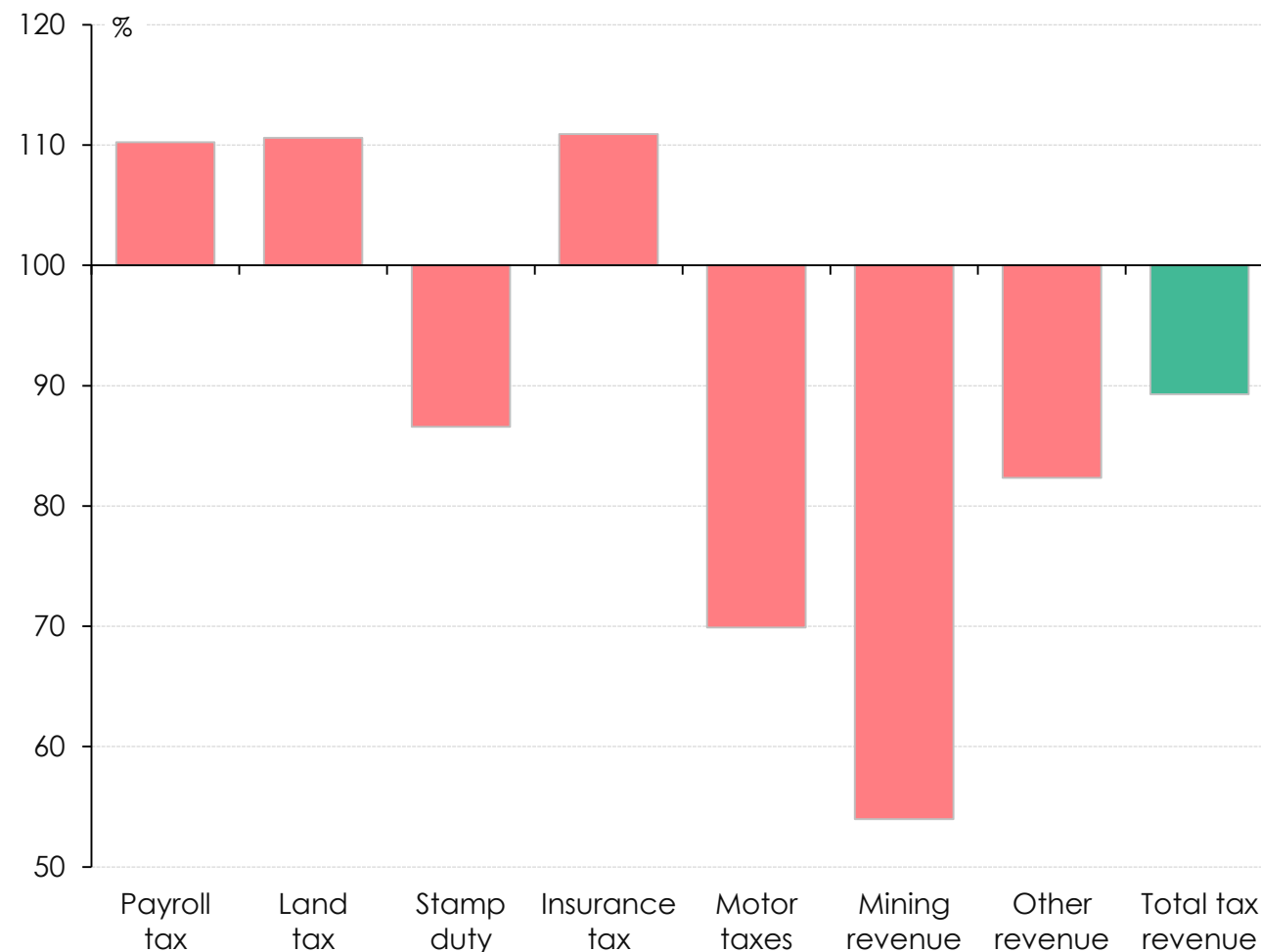
Source: Government of Tasmania, Treasurer's Annual Financial Report 2016-17.

Tasmania actually raises about 12% (\$250mn) less revenue than it would, if it levied State taxes at the average level of all States and Territories

'Tax severity ratios', States and Territories, 2016-17



'Severity ratios' for specific taxes, Tasmania, 2016-17

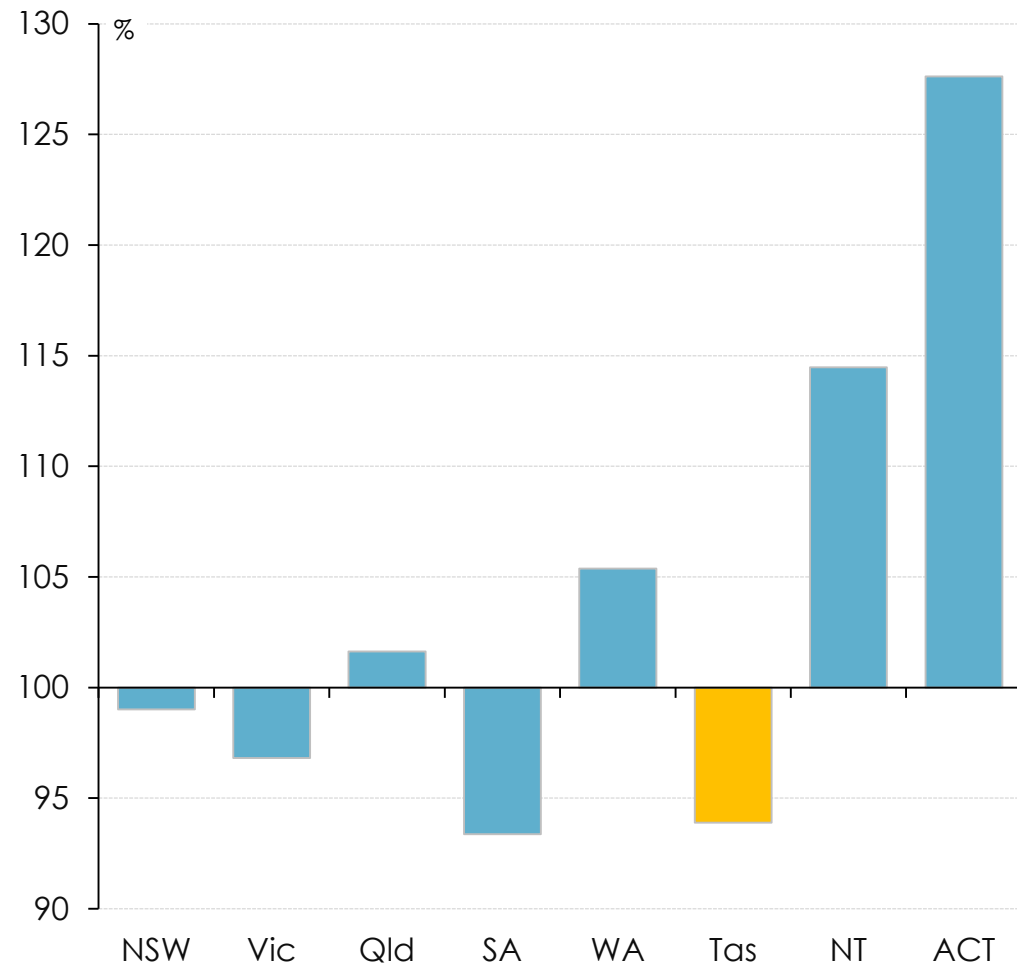


Note: 'The tax severity ratio' is the ratio of revenue actually raised by a State or Territory to the revenue which the Grants Commission assesses it would raise if it levied a particular tax or charge, or total taxes and charges, at the same rate over the same base as the average of all States and Territories, after taking into account differences between a particular State or Territory's capacity to raise revenue, and the average of all States and Territories.

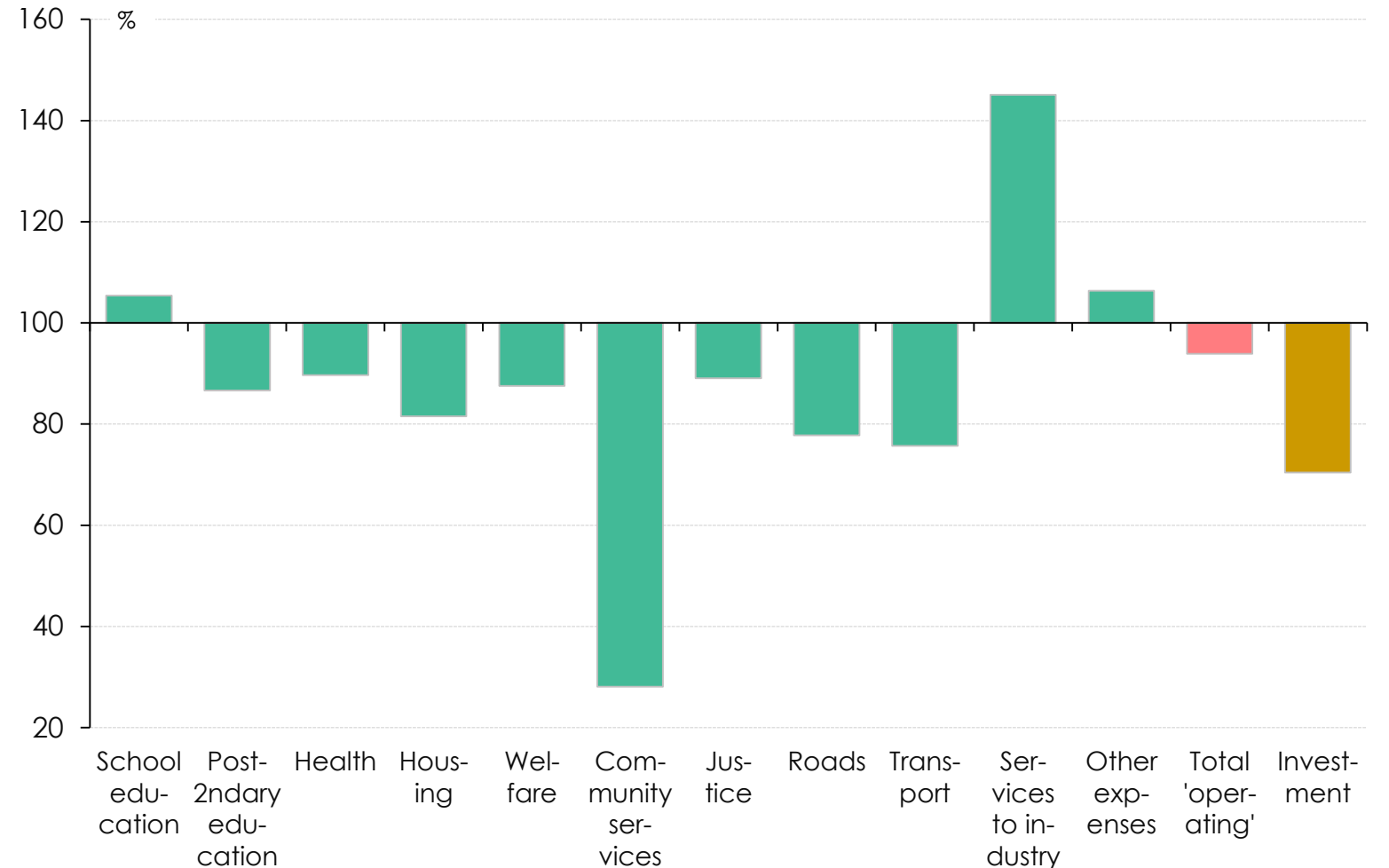
Source: Commonwealth Grants Commission, 2018 Update Report, Tables S7-1 to S7-6.

Tasmania spends about 6% (\$335mn) less on service provision than it would need to, to provide services at the all-States-and-Territories average level

‘Level of service provision ratios’, States and Territories, 2016-17



‘Level of service provision ratios’ for specific areas of ‘operating expenses’, Tasmania, 2016-17



Note: ‘The level of service provision ratio is the ratio of actual spending to the level of spending assessed by the Grants Commission as being required for a State or Territory to provide services at the same standard as the average of all States and Territories, taking account of differences in the demand for services and the unit cost of providing them between that State or Territory and the average. Source: Commonwealth Grants Commission, 2018 Update Report, Tables S7-1 to S7-6.

The Budget is the annual financial plan of the general government sector

- **Strictly speaking, the Budget is the instrument by which money is ‘appropriated’ by Parliament (that is, authorized to be spent) out of the Consolidated Fund, which is the principal account within the Public Account**
 - which is why the Treasurer’s ‘Budget Speech’ in Parliament is actually the ‘Second Reading’ speech on ‘a Bill for an Act for the appropriation of <an amount of money> out of the Consolidated Fund for the services of the Government for the financial year ending on 30 June 20xx’ and ‘a Bill for an Act for the appropriation of <another amount> for the services of the Parliament and Statutory Offices for the financial year ending on 30 June 20xx’

- **In practice, the Budget is a series of documents in which the Treasurer, on behalf of the Government**
 - defines or re-iterates the Government’s ‘fiscal strategy’ – its over-riding objectives for the management of the State’s public finances
 - sets out its view of the outlook for the State’s economy
 - announces and explains any changes in state taxes, fees or charges which the Government wishes to make
 - announces and explains any new spending programs, or increases or reductions in spending on existing programs, upon which the Government has decided
 - explains how the Government proposes to manage the public sector’s assets and liabilities
 - makes a detailed series of forecasts and projections of individual items of revenue and expenditure, and assets and liabilities, for individual departments and agencies, for the ‘general government’ sector, and for the public sector as a whole, for each of the next four financial years

The Budget Papers

The Budget Speech



2017-18 BUDGET SPEECH *'Building Tasmania's Future.'*

BY
THE TREASURER
HON PETER GUTWEIN MP

Delivered in the House of Assembly on 25 May 2017 on the
Second Reading of the Consolidated Fund Appropriation Bill
(No. 1) 2017

Presented to both Houses of Parliament by the Governor's
Command

Budget Paper No 1



PARLIAMENT OF TASMANIA

The Budget Budget Paper No 1

Presented by
Hon Peter Gutwein MP, Treasurer, for the Information of
Honourable Members, on the occasion of the Budget, 2017-18

CONTENTS

- 1 The 2017-18 Budget
- 2 Tasmanian Economy
- 3 The Fiscal Strategy
- 4 2017-18 Budget and Forward Estimates
- 5 General Government Revenue
- 6 Infrastructure Investment
- 7 Assets and Liabilities
- Appendix 1 Uniform Government Reporting
- Appendix 2 Consolidated Fund Estimates
- Appendix 3 2016-17 Estimated Outcome Including March Quarterly Report

Budget Paper No 2



PARLIAMENT OF TASMANIA

Government Services Budget Paper No 2 Volume 1

Presented by
Hon Peter Gutwein MP, Treasurer, for the Information of
Honourable Members, on the occasion of the Budget, 2017-18

VOLUME 1

- PART 1: DEPARTMENTS**
- 1 Introduction
 - 2 Department of Education
 - 3 Finance-General
 - 4 Department of Health and Human Services
 - 5 Department of Justice
 - 6 Ministerial and Parliamentary Support
 - 7 Department of Police, Fire and Emergency Management
 - 8 Department of Premier and Cabinet
 - 9 Department of Primary Industries, Parks, Water and Environment
 - 10 Department of State Growth
 - 11 Department of Treasury and Finance

VOLUME 2

- PART 2: AGENCIES**
- 12 House of Assembly
 - 13 Integrity Commission
 - 14 Legislative Council
 - 16 Legislature-General
 - 18 Office of the Director of Public Prosecutions
 - 17 Office of the Governor
 - 18 Office of the Ombudsman
 - 19 Tasmanian Audit Office
 - 20 Tourism Tasmania

[Bill 31]-XI

Appropriation Bills

TASMANIA

CONSOLIDATED FUND APPROPRIATION BILL (No. 1) 2017

CONTENTS

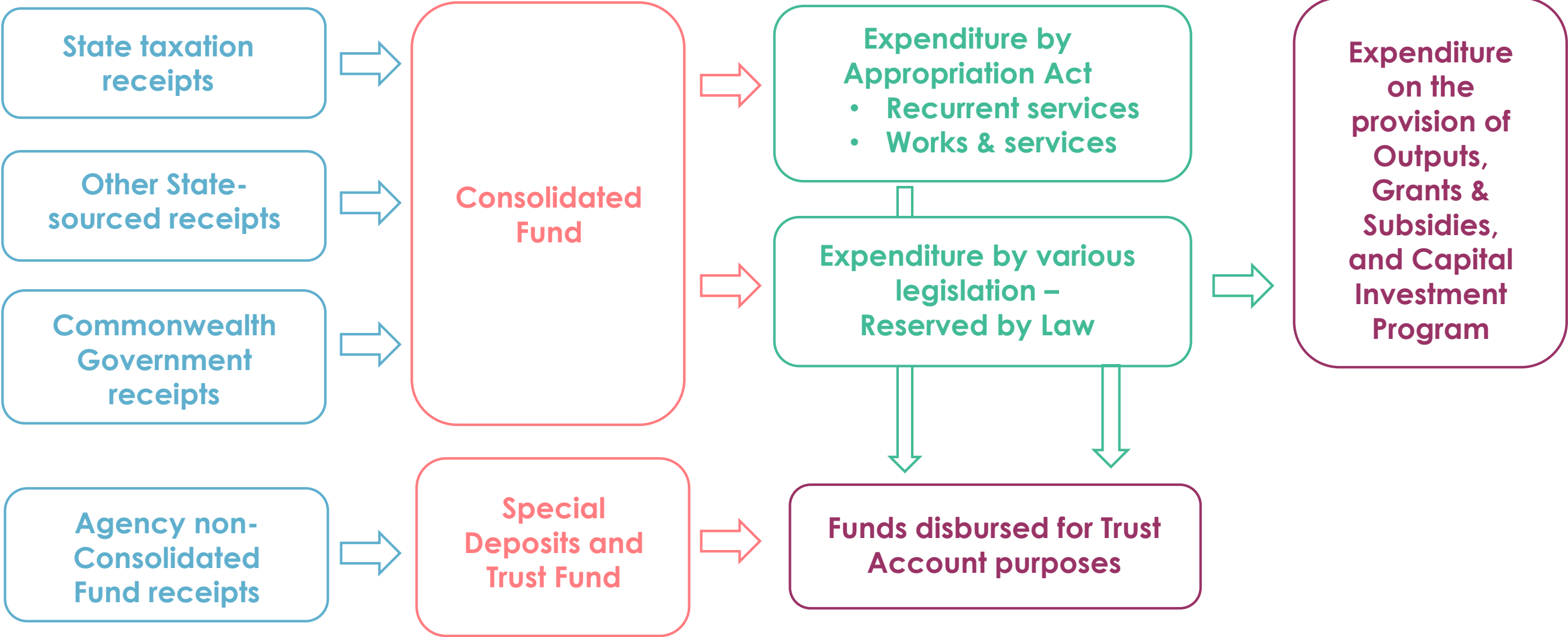
1. Short title
 2. Commencement
 3. Issue, application and appropriation of \$4 447 030 000
 4. Schedule
- TASMANIA

CONSOLIDATED FUND APPROPRIATION BILL (No. 2) 2017

CONTENTS

1. Short title
 2. Commencement
 3. Issue, application and appropriation of \$31 795 000
 4. Purposes of appropriation
 5. Expiry of Act
- Schedule 1 – Purposes of Appropriation

The operation of the Public Account



The core of Budget Paper No 1 is the three financial statements for the general government sector

- ❑ The **income statement** – which shows (for the budget year and the three following years)
 - revenue and expenses from transactions between the Tasmanian general government sector (on the one hand) and everyone else (businesses, individuals and households, community organizations, other parts of the Tasmanian public sector, the Commonwealth and local governments)
 - the difference between revenue and expenses – the **net operating balance**
 - ‘other economic flows’ arising from transactions in non-financial assets and changes in the value of the government’s investments in GBEs and SOCs, or holdings of non-financial assets
 - the government’s purchases and sales of non-financial assets, and
 - the sum of the net operating balance and net purchases of non-financial assets (less depreciation) – otherwise known as the **fiscal balance**

- ❑ The **balance sheet** – which shows (for the budget year and the three following years)
 - the value of general government sector’s assets and liabilities
 - and in particular the level of **net debt** (borrowings minus the sum of cash and deposits and investments)

- ❑ The **cash flow statement** – which shows (for the budget year and the three following years)
 - cash receipts from and payments for ‘operating activities’ (ordinary service provision)
 - net cash flows from purchases and sales of non-financial assets, and from transactions in financial assets (equity and debt) for policy purposes
 - net borrowing, and
 - the **cash surplus or deficit** (net cash flows from ‘operating activities’ plus net cash flows from transactions in non-financial assets)

Chapter 4 of Budget Paper 1 provides forward estimates of the Government's income statement

Table 4.1: General Government Income Statement

	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from Transactions ¹	5 573.7	5 874.0	5 863.0	5 984.8	6 048.7
Less Expenses from Transactions	5 496.3	5 819.8	5 812.3	5 933.6	6 003.4
Equals NET OPERATING BALANCE	77.3	54.3	50.7	51.3	45.3
Less Net Acquisition of Non-Financial Assets					
Purchases of Non-Financial Assets ^B	530.8	609.9	574.0	402.1	342.7
Less Sale of Non-Financial Assets	28.3	33.2	30.4	30.8	30.9
Less Depreciation	264.6	268.6	263.7	322.8	337.6
	237.9	308.2	279.9	48.5	(25.8)
Equals FISCAL BALANCE	(160.6)	(253.9)	(229.2)	2.8	71.1

Table A1.2: General Government Income Statement

	2016-17	2017-18	2018-19	2019-20	2020-21
	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from Transactions	6 499.6	5 874.0	5 863.0	5 984.8	6 048.7
Less Expenses from Transactions	5 687.6	5 819.8	5 812.3	5 933.6	6 003.4
Equals NET OPERATING BALANCE	812.0	54.3	50.7	51.3	45.3
Less Net Acquisition of Non-Financial Assets					
Purchases of Non-Financial Assets	495.3	609.9	574.0	402.1	342.7
Less Sale of Non-Financial Assets	29.4	33.2	30.4	30.8	30.9
Less Depreciation	267.1	268.6	263.7	322.8	337.6
	198.9	308.2	279.9	48.5	(25.8)
Equals FISCAL BALANCE	613.1	(253.9)	(229.2)	2.8	71.1

A 'trap for young players' – the numbers given in the main body of BP1 for the financial year that's about to end are *last year's Budget numbers*



The latest numbers for the financial year that's about to end are to be found in the 'Uniform Government Reporting' tables, in Appendix 1



Chapter 1 of BP 1 includes an important table, which shows the extent to which any predictions of a net operating surplus are reliant on 'one-off' capital grants from the federal government



Table 1.2: Underlying Net Operating Balance, 2016-17 to 2020-21

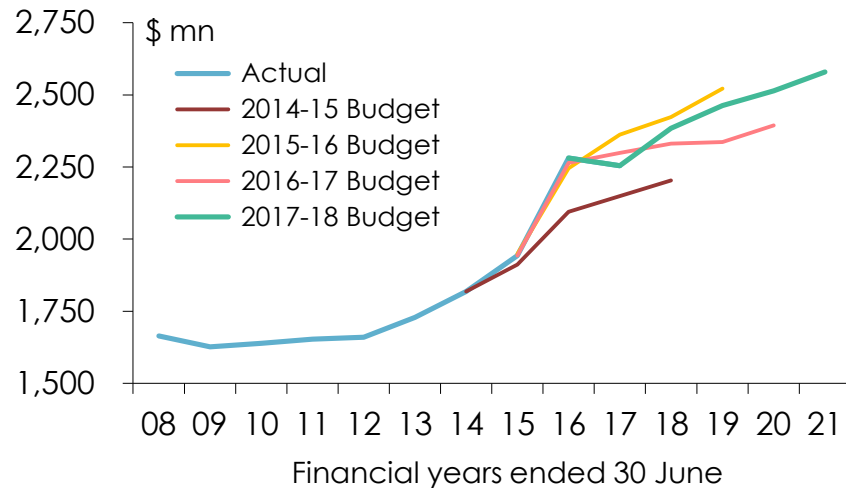
	2016-17	2017-18	2018-19	2019-20	2020-21
	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Net Operating Balance	812.0	54.3	50.7	51.3	45.3
<i>Less</i>					
One-off Australian Government Capital Funding					
Roads and Rail Funding ¹	119.8	116.1	49.2	60.0	60.0
Royal Hobart Hospital Redevelopment	25.0	15.0	10.0	....	....
Sustainable Rural Water Use and Infrastructure Program ²	22.0	19.0	14.0	....	....
Mersey Community Hospital Transfer					
Australian Government Payment	730.4	....	....	....	....
Asset Value Transfer	10.0	....	....	....	....
	907.2	150.1	73.1	60.0	60.0
Underlying Net Operating Balance	(95.2)	(95.8)	(22.4)	(8.7)	(14.7)

(Tasmania is at least more honest about this than other State Governments)

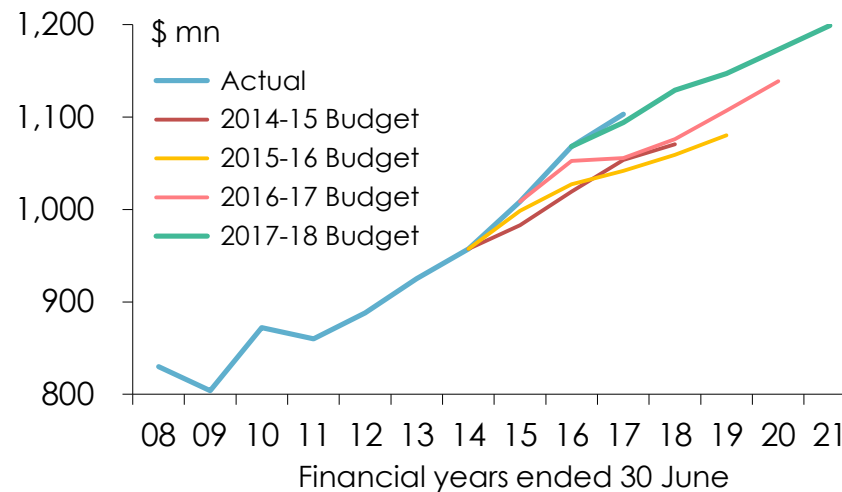
Key components of the general government sector income statement

Major income statement aggregates as shown in successive Budgets, 2014-15 to 2017-18

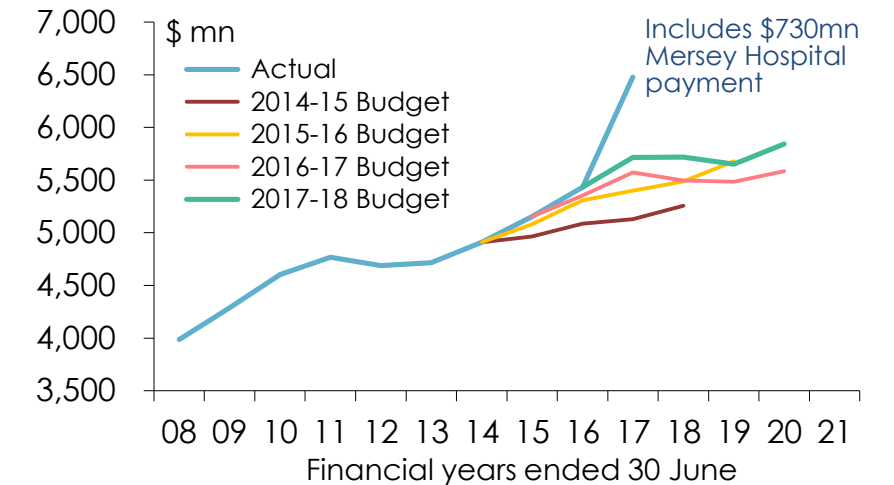
GST revenue



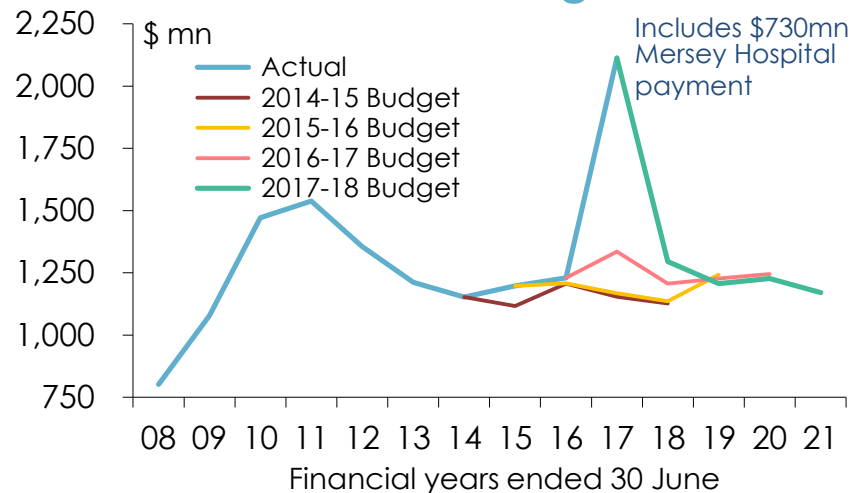
State taxation revenue



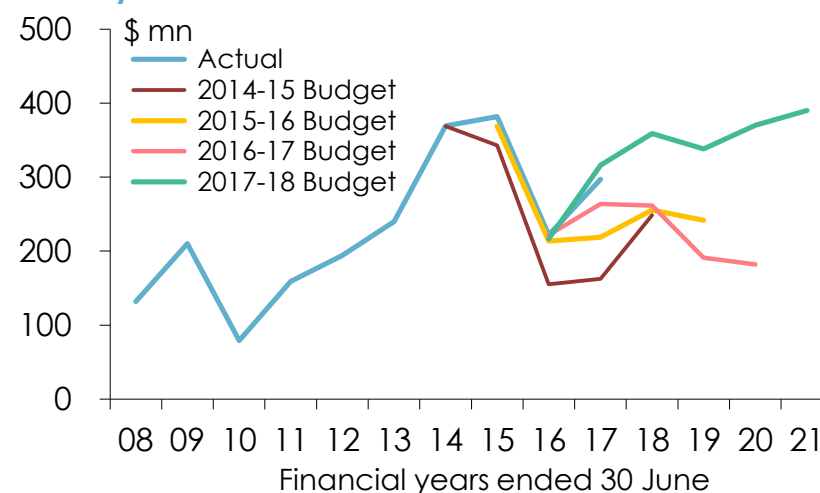
Total 'operating' revenue



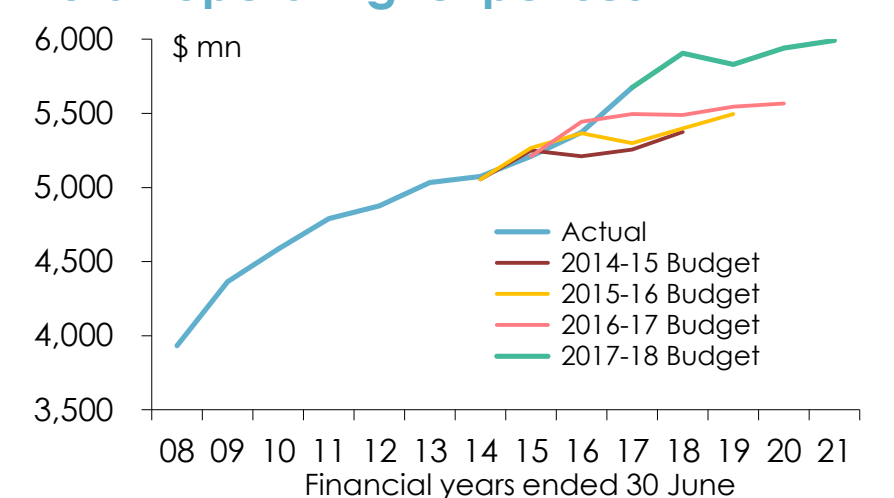
Other Commonwealth grants



GBE/SOC revenue



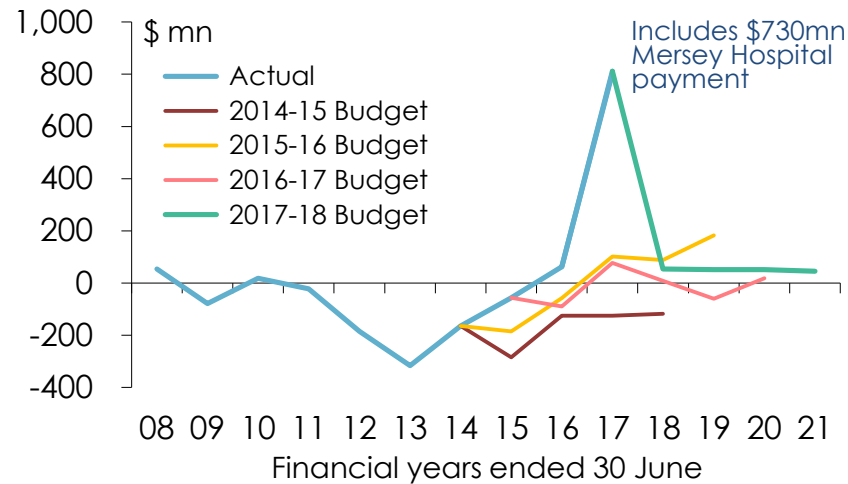
Total 'operating' expenses



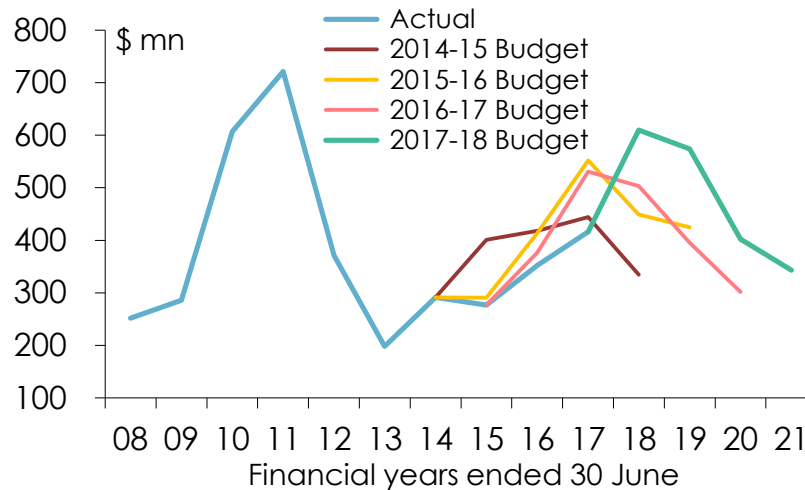
Key components of the general government sector income statement (continued), cash flow statement and balance sheet

Major financial statement aggregates as shown in successive Budgets, 2014-15 to 2017-18

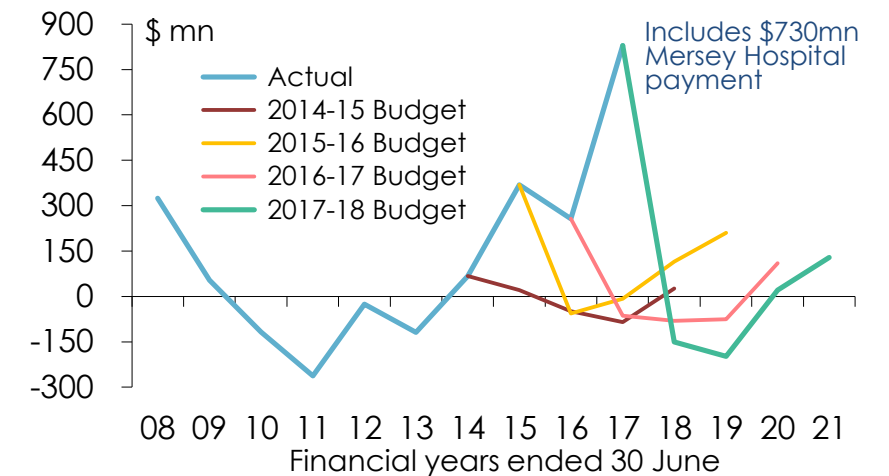
Net operating balance



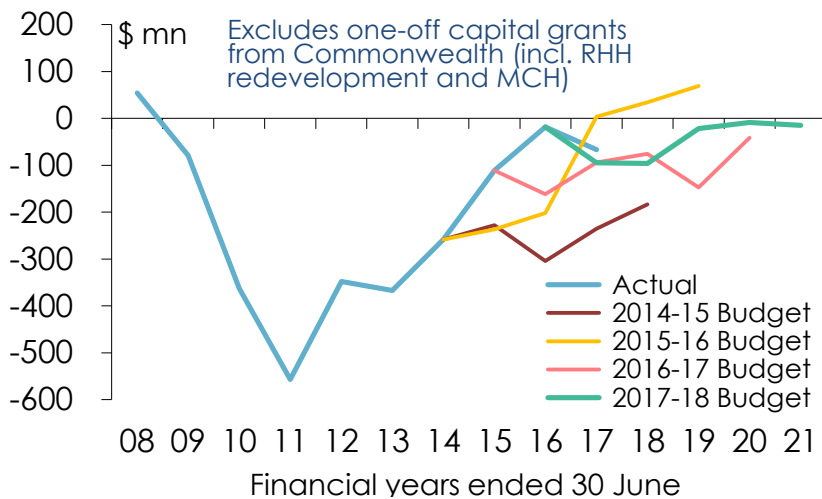
Purchases of non-financial assets



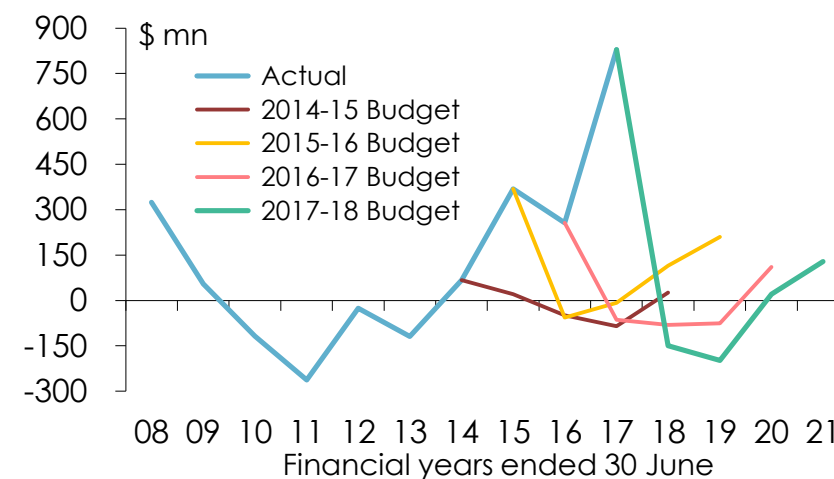
Cash surplus or deficit



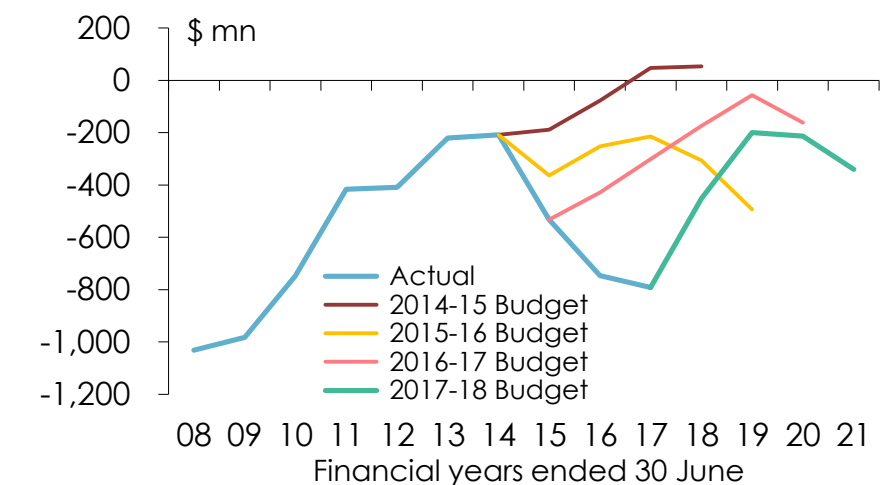
'Underlying' net operating balance



Fiscal balance

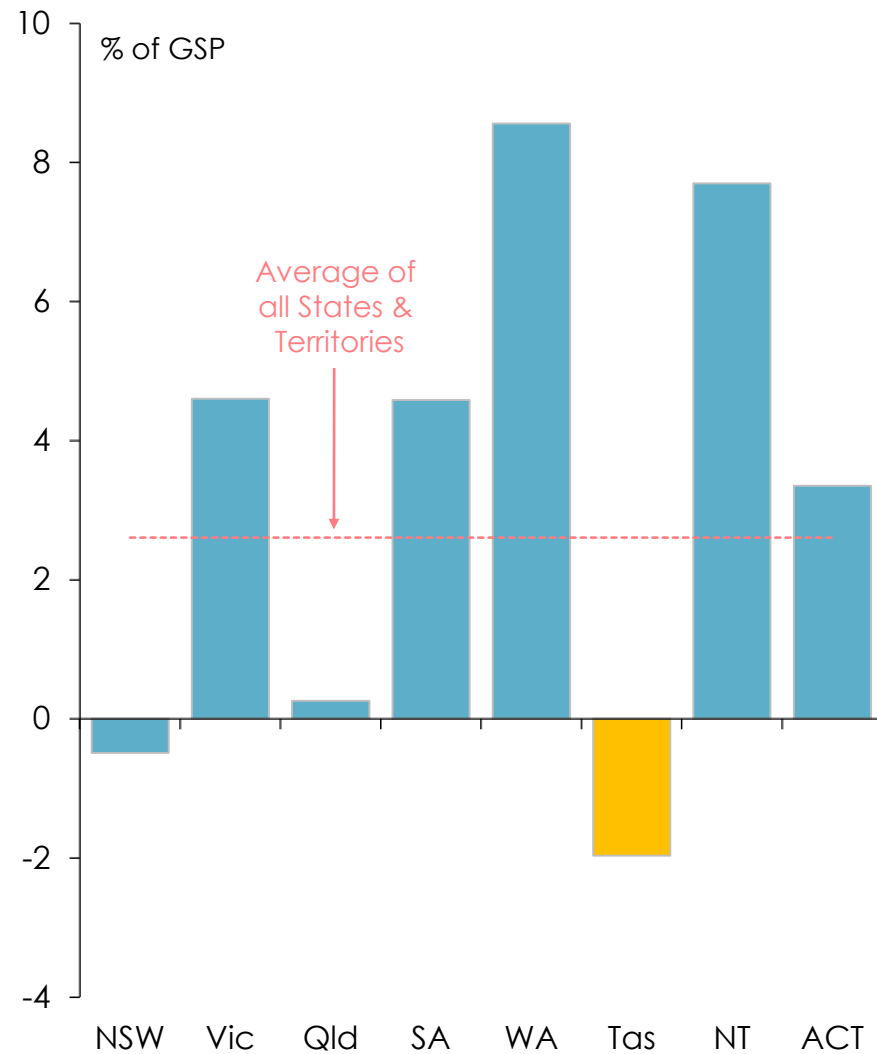


Net debt

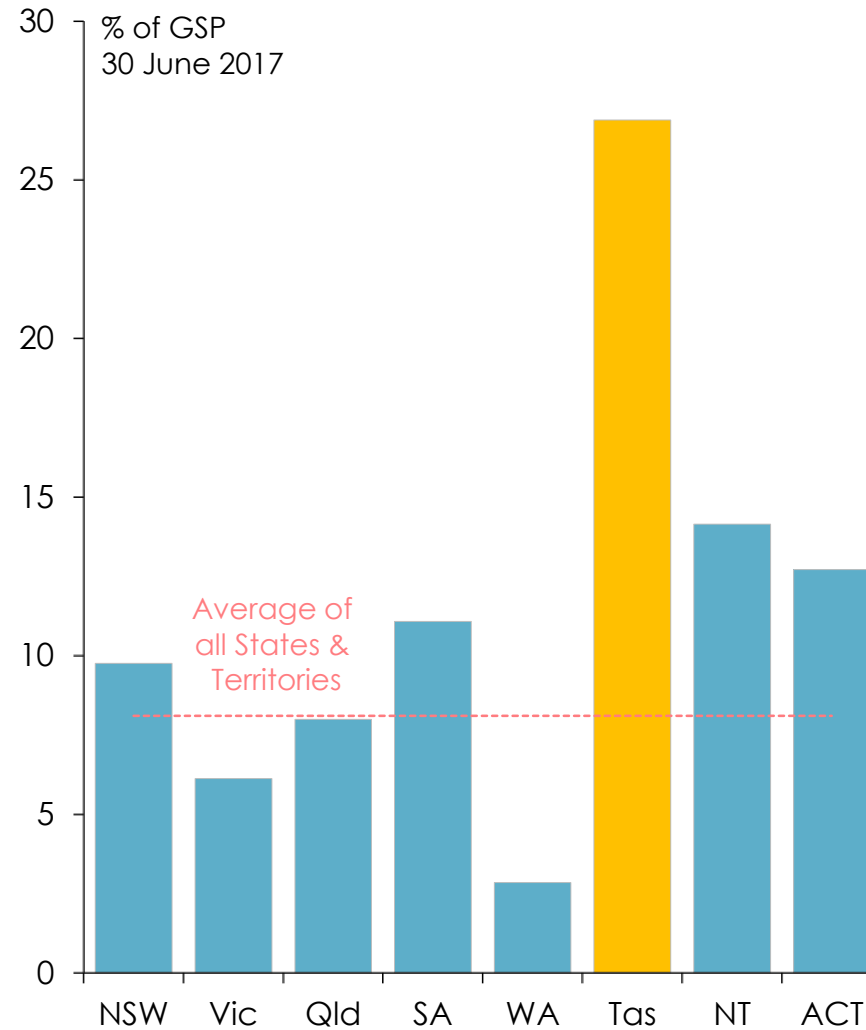


Tasmania has a very strong general government net debt position, but it has by far the worst unfunded public sector superannuation liability

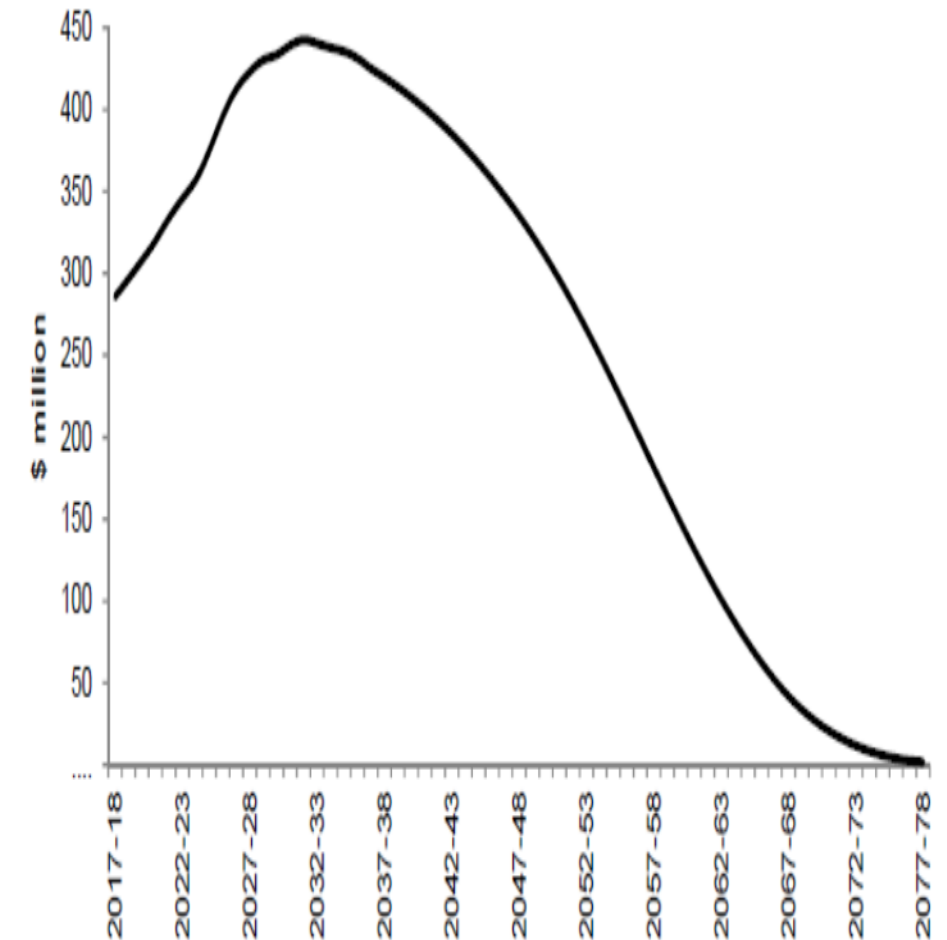
Net debt



Unfunded superannuation



Annual cost of Tasmanian superannuation payments



Note: Net debt and unfunded superannuation liabilities are for the general government sector of each State and Territory.

Sources: State and Territory Governments, Treasurer's Annual Financial Report or equivalent documents, 2016-17; Tasmanian Government, Budget Paper No. 1, 2017-8.

There's a two-way flow of causes and effects between the budget and the economy

The Tasmanian economy



'Parameter variations'

(changes in employment, property market etc, and changes in demand for or cost of services)

The State budget



'Policy decisions'

(intentional changes in state taxes & charges, spending programs etc)

'Parameter variations'

(changes in GST shares, specific purpose grants)

State Government

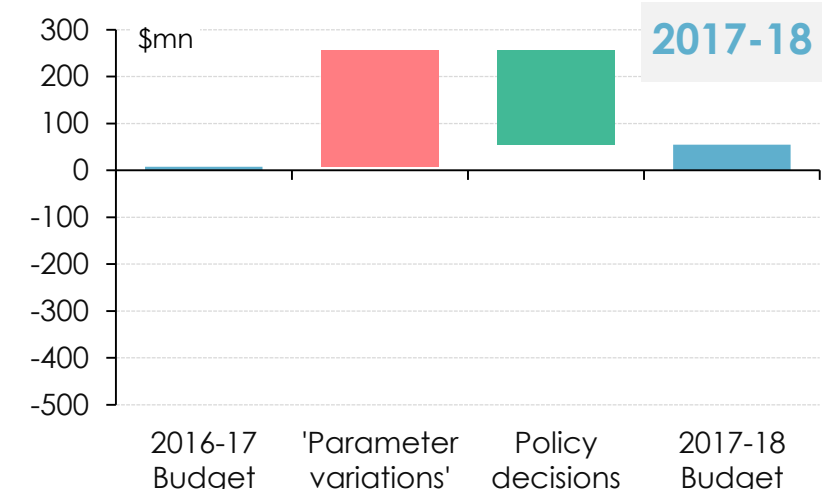
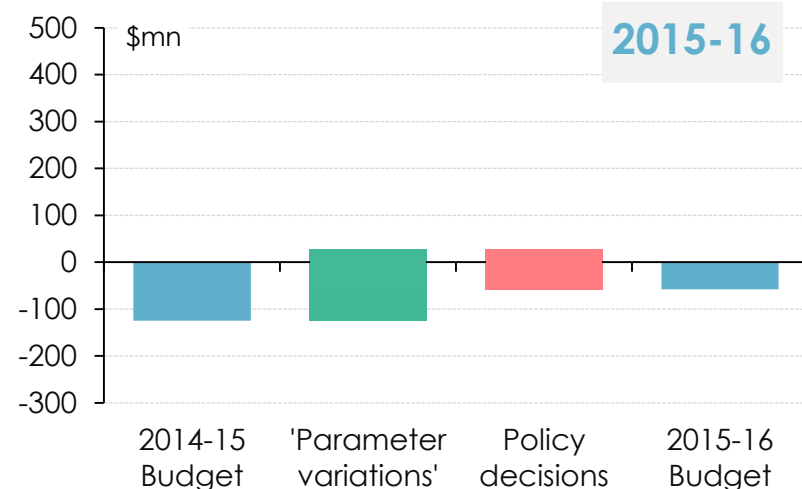
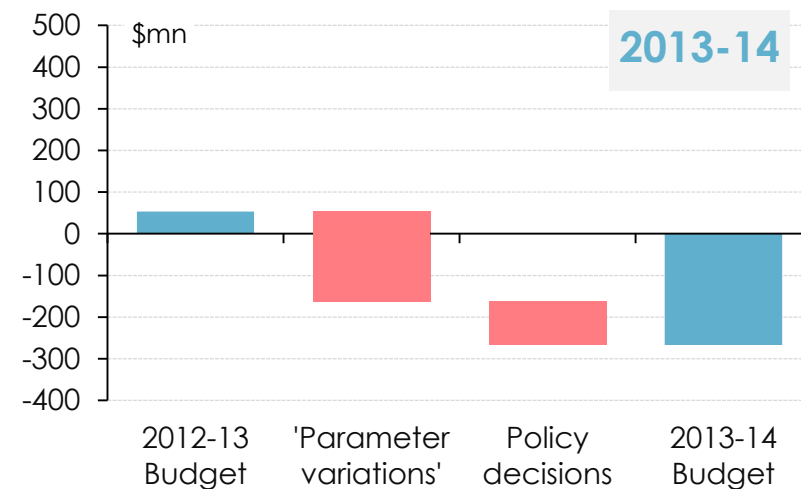
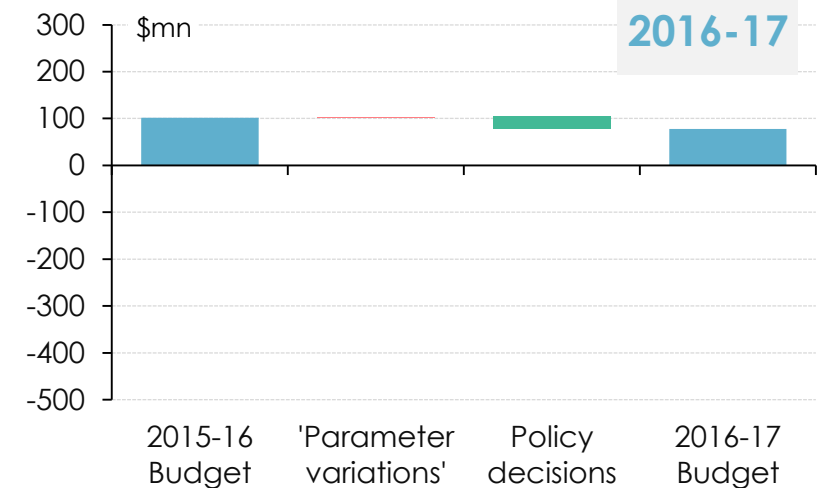
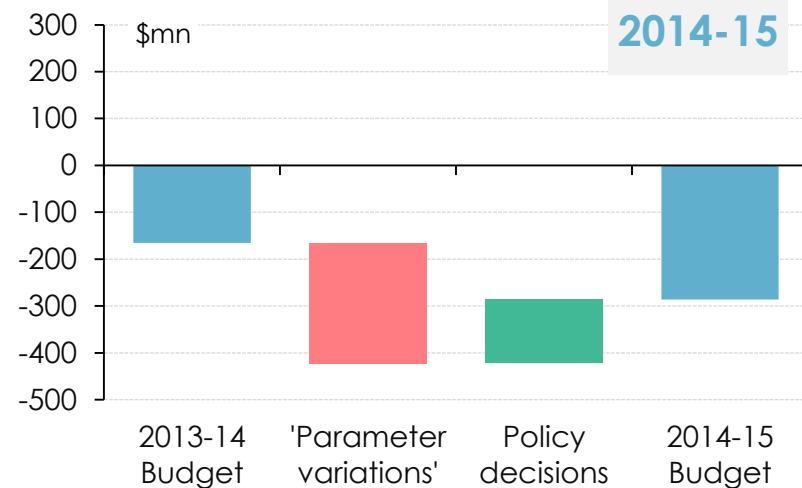
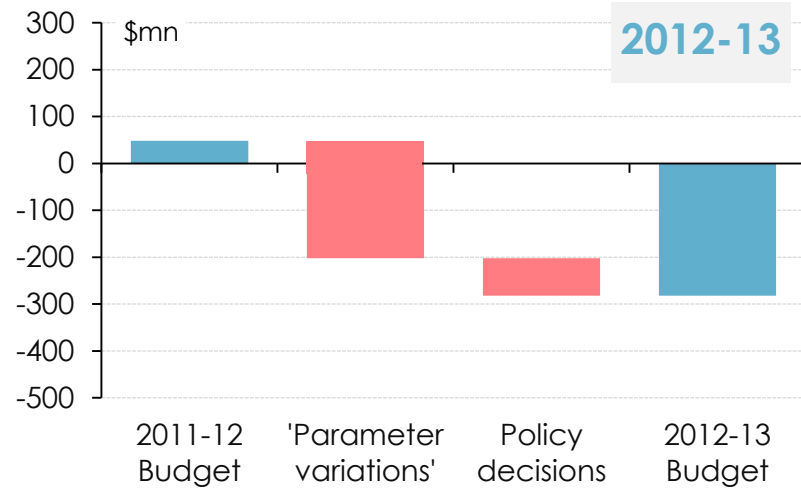


Federal Government



'Parameter variations' normally have a bigger impact on changes in the budget bottom line than 'policy decisions'

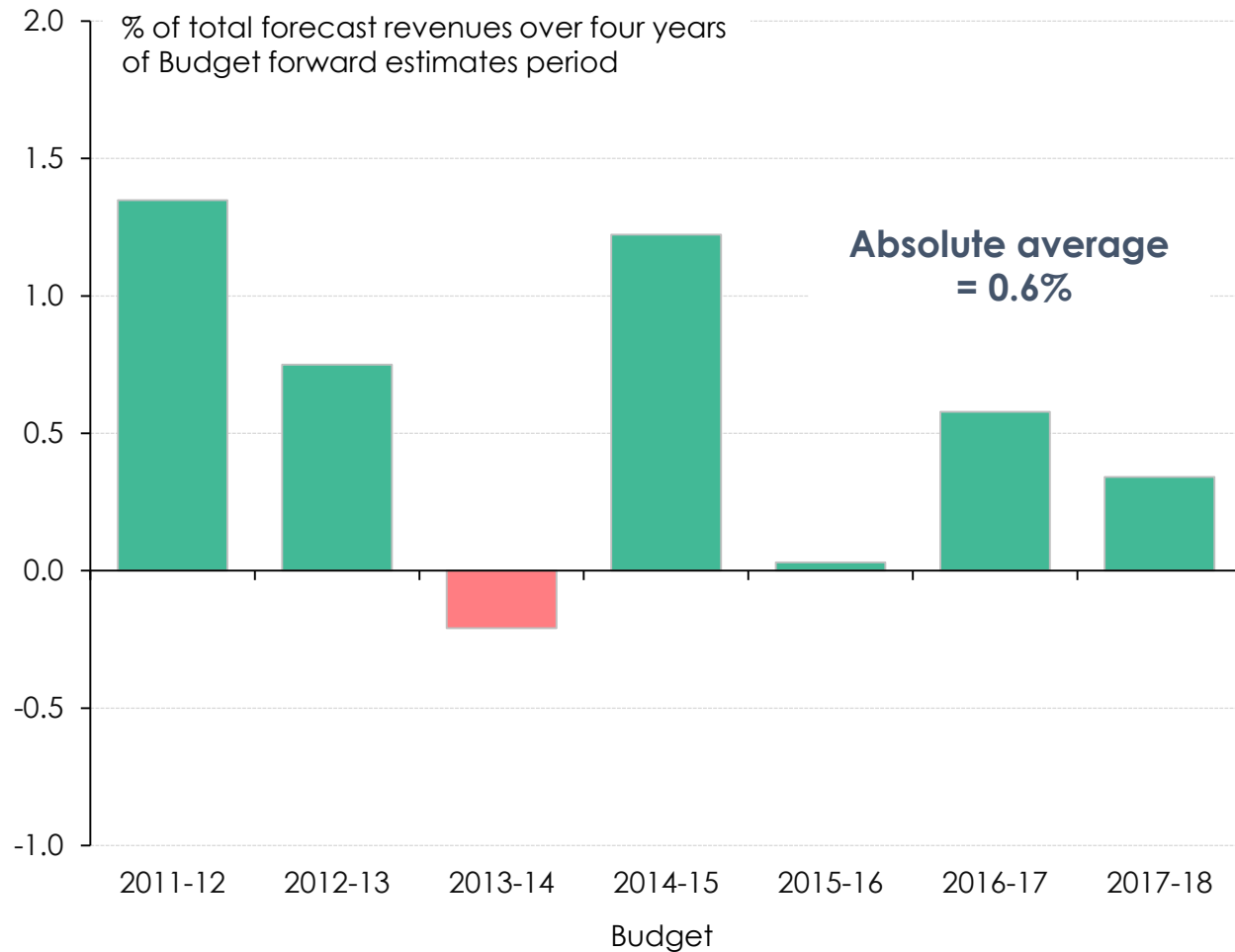
Impact of 'parameter variations' and 'policy decisions' on forecasts of the net operating balance for the budget year in the last six state budgets



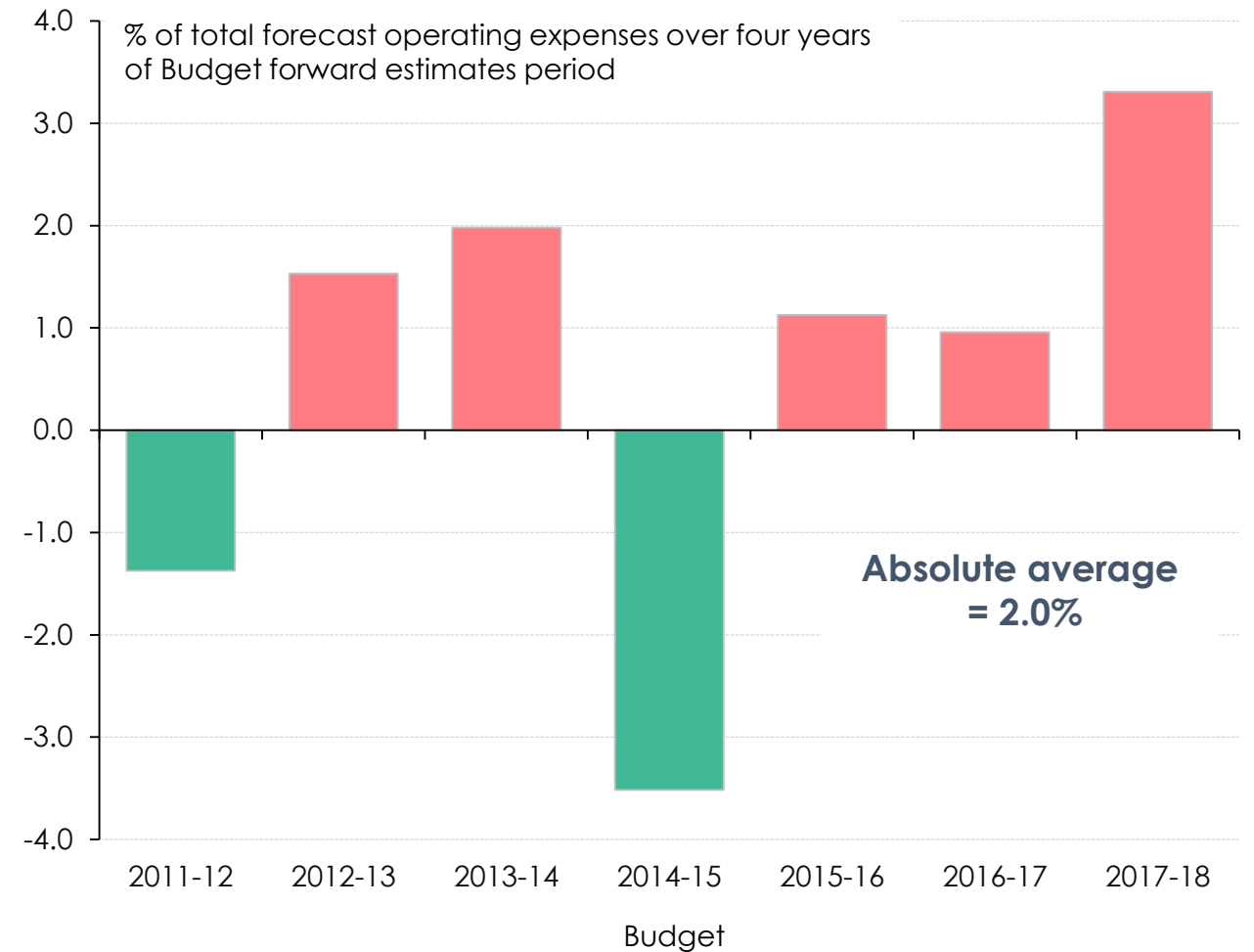
■ Deterioration in the net operating balance
 ■ Improvement in the net operating balance

'Policy decisions' typically change revenues and expenses by relatively small amounts

Impact of policy decisions on revenues over four-year forward estimates periods



Impact of policy decisions on expenses over four-year forward estimates periods



Source: Tasmanian Government, Budget Paper No 1, Policy and Parameter Statement, 2011-12 through 2017-18.

The first Chapter of Budget Paper No 1 summarizes the key details of the Budget

2017-18 BUDGET PRIORITIES

The 2017-18 State Budget is strongly focused on the delivery of the Government's priorities outlined in its *Plan for a Brighter Future: Deliverables 2017* document. These priorities are: health and education; jobs and economic growth; and supporting Tasmanians in need. Together with the effective implementation of the Government's Fiscal Strategy, the 2017-18 Budget delivers a comprehensive package of initiatives that will deliver better services to the Tasmanian community and continue to drive jobs and economic growth.

Key priorities being implemented as part of the 2017-18 Budget are detailed below. Further information on key deliverables for all Government agencies is provided in individual agency chapters of *Government Services Budget Paper No 2*.

Health and Education

The Government is committed to continuing its substantial investment in health and education. The 2017-18 Budget forecasts record health spending over four years of over \$7 billion, an increase of more than \$650 million compared with estimates in the 2016-17 Budget. Education spending is also at record levels over four years and will increase by more than \$250 million to total \$6.4 billion over the Budget and Forward Estimates period, compared with estimates in the 2016-17 Budget. The 2017-18 Budget includes significant additional funding that will improve the delivery of services to the Tasmanian community and support the development of service infrastructure that builds on the far-reaching investment that has already been made by the Government in these critical areas. This investment supports major Government reforms such as *One State, One Health System, Better Outcomes* and changes to the Education Act. Additional funding in the 2017-18 Budget includes the following new major initiatives:

Health

- \$100 million for key hospital initiatives;
- \$67.3 million to support Patients First - Stage 2 - New Hospital Beds and Staff;

Jobs and Economic Growth

Investing to support jobs and economic growth is a high priority for the Government. Notwithstanding the Government's achievements to date and the increasing strength of the Tasmanian economy, the Government is committed to driving further economic growth and job creation. Major initiatives in the 2017-18 Budget include:

- \$21.8 million to support the Cradle Mountain Visitor Experience;
- \$20 million to support business by reducing electricity costs;
- \$17.1 million for a payroll tax rebate to support the employment of new apprentices, trainees and youth;

2017-18 BUDGET ESTIMATES SUMMARY

The following sections provide a summary of the key Budget estimates included in the 2017-18 Budget. Further detailed information on these estimates is provided in this Budget Paper and, on an agency by agency basis, within *Government Services Budget Paper No 2*.

Table 1.1: Key Budget and Forward Estimate Aggregates

	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
GENERAL GOVERNMENT					
Revenue	5 573.7	5 874.0	5 863.0	5 984.8	6 048.7
Expenses	5 496.3	5 819.8	5 812.3	5 933.6	6 003.4
Net Operating Surplus/(Deficit)	77.3	54.3	50.7	51.3	45.3
Fiscal Surplus/(Deficit)	(160.6)	(253.9)	(229.2)	2.8	71.1
Net Debt at 30 June	(301.3)	(451.8)	(200.0)	(212.9)	(339.6)
Infrastructure Investment	534.9	657.0	604.8	420.6	359.5

CURRENT BUDGET RISKS AND SENSITIVITIES

The achievement of a Net Operating Balance Surplus in 2015-16 was an important step in the implementation of the Government's Fiscal Strategy. In the 2017-18 Budget, a further important step is taken with the forecasting of a Net Operating Balance surplus in 2016-17 (estimated outcome) and in each year of the current Budget and Forward Estimates period. Importantly there is also an estimated return to a Fiscal Surplus in 2019-20, which increases in 2020-21, and General Government Net Debt will improve by approximately \$177.6 million by the end of the current Forward Estimates period compared to the end of the 2016-17 Budget Forward Estimates period.

A number of current significant Budget risks and sensitivities are summarised below. Due to the changing nature of the budgetary and economic environment, other risks and sensitivities may arise or existing risks and sensitivities may assume greater importance during the course of the coming financial year.

The 'Policy and Parameters' Statement (within Chapter 4 of Budget Paper No 1) provides a detailed account of all the Budget policy decisions

Table 4.4: Summary Policy and Parameter Statement, 2016-17 to 2020-21

	2016-17 Estimated Outcome	2017-18 Budget	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate ¹
	\$m	\$m	\$m	\$m	\$m
Forward Estimates (Net Operating Balance) as per the 2016-17 Budget (A)	77.3	7.9	(61.0)	18.4	....
Forward Estimates (Fiscal Balance) as per the 2016-17 Budget (B)	(160.6)	(196.9)	(165.0)	17.4	....
REVENUE					
Policy Decisions	....	....	40.0	40.0	....
Parameter Adjustments	926.0	376.7	337.8	359.8	....
TOTAL REVENUE VARIATIONS (C)	926.0	376.7	377.8	399.8	....
EXPENSES					
Policy Decisions	41.2	202.3	188.0	186.4	204.2
Parameter Adjustments	150.1	128.0	78.1	180.6	....
TOTAL EXPENSE VARIATIONS (D)	191.3	330.3	266.1	367.0	....
NET OPERATING BALANCE (A+C-D)	812.0	54.3	50.7	51.3	45.3
Less NET ACQUISITION OF NON-FINANCIAL ASSETS					
Purchases of Non-Financial Assets					
Policy Decisions	21.1	74.6	69.7	58.5	57.4
Parameter Adjustments	(56.6)	32.1	109.1	42.0	....
	(35.5)	106.7	178.8	100.6	....
Less Sale of Non-Financial Assets					
Policy Decisions	....	2.5	....	....	....
Parameter Adjustments	1.0	2.2	1.6	2.0	....
	1.0	4.7	1.6	2.0	....
Less Depreciation - Total Parameter Adjustments	2.5	(1.4)	1.3	51.1	....
NET ACQUISITION OF NON-FINANCIAL ASSETS VARIATIONS (E)	(39.0)	103.4	175.8	47.4	....
FISCAL BALANCE (B+C-D-E)	613.1	(253.9)	(229.2)	2.8	71.1

Table 4.5: Policy and Parameter Statement, 2016-17 to 2020-21 (continued)

	2016-17 Estimated Outcome	2017-18 Budget	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate ¹
	\$m	\$m	\$m	\$m	\$m
Policy Decisions⁶					
Agency Expenditure					
Director of Public Prosecutions					
Corrective Services Package	0.4	0.4	0.4	0.4
Family Violence and Sexual Assault Unit	0.4	0.4	0.4	0.4
Reduction of Backlog of Criminal Cases	0.3	0.3	....	....
	1.0	1.1	0.8	0.8
Education					
Capital Assistance - Non-government Schools	1.5	1.5	1.5	1.5
Education Act - Implementation	12.6
Education Act - Refocusing Teaching and Learning in the Early Years	0.5	1.0	1.0	0.5
Education Act - Support for the Education and Care Sector	1.5	1.5	....	....
Education Infrastructure Planning Framework and Feasibility Study	0.3	....	....	....
Non-government Schools State Students First Contribution	1.2	1.4	1.6	3.5
Office of Tasmanian Assessment, Standards and Certification	0.6	0.4	0.2	0.2
Health and Human Services and Tasmanian Health Service					
Building a Joined Up Human Services Support System	0.6	0.4	....	....
Commissioner for Children and Young People Elder Abuse	0.5	0.5	0.5	0.5
Equal Remuneration Order (ERO) Costs	2.5
Frontline Staffing Costs - Supplementation	3.6	3.6	3.6	3.6
Housing Tasmania Property Modification Program	2.0	....	....	....
Investing in Ambulance Tasmania	2.1	2.5	2.5	2.5

Table 4.5: Policy and Parameter Statement, 2016-17 to 2020-21 (continued)

	2016-17 Estimated Outcome	2017-18 Budget	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate ¹
	\$m	\$m	\$m	\$m	\$m
less NET ACQUISITION OF NON-FINANCIAL ASSETS FROM TRANSACTIONS					
Purchases of Non-Financial Assets from Transactions					
Policy Decisions²³					
Education					
Boat Harbour Primary School	....	0.5	1.4	....	....
Education Act Implementation - Capital	....	....	6.0	12.0	....
Illawarra Primary School	....	0.5	2.4	....	....
Lansdowne Crescent Primary School	....	....	....	1.1	3.6
Molesworth Primary School	....	....	....	0.3	1.6
Northern Economic Stimulus Package	1.0	11.3	(4.2)	(8.1)	....
Queechy High School	....	2.0	....	....	....
Southern Support School	....	0.4	3.9	....	....
Spreyton Primary School	....	....	....	0.3	1.4
Taroona High School	....	1.1	3.9	....	....
Year 7-12 Implementation Plan - Capital	....	....	1.5	1.5	1.5
	1.0	15.7	14.9	7.1	8.1
Primary Industries, Parks, Water and Environment					
Biotoxin Testing Laboratory	....	1.2	....	....	....
Cradle Mountain Visitor Experience	....	8.8	10.0	3.0	....
June 2016 Floods - Parks Infrastructure	9.0	2.9	....	....	....
Maria Island Rediscovered	....	0.9	0.8	....	....
Orange-bellied Parrot Facility ²⁴	....	2.5	....	....	....
Tourism Infrastructure in Parks	....	4.0	4.0	....	....
	9.0	20.3	14.8	3.0	....
State Growth					
A Workforce for Now and the Future	....	0.1	0.1	0.1	0.1
Bonnet Hill Road	....	1.4	(1.4)	....	....
Flood Recovery - Roads Funding	....	4.7	....	....	....

Budget Paper No 2 provides details of the services and programs provided by each agency, and forecast financial statements at the agency level

Table 2.1: Key Deliverables Statement

	2017-18	2018-19	2019-20	2020-21
	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000
Capital Assistance - Non-Government Schools	1 500	1 500	1 500	1 500
Disability Taskforce	3 000	3 000	3 000	3 000
Education Act				
Education Act Implementation ^{1,2,3}	538	538	6 358	18 948
Capital	....	6 000	12 000	....
Project Implementation	4 250	....	....	....
Refocusing Teaching and Learning in Early Years	485	985	1 000	530
Support for the Education and Care Sector ⁴	2 250	3 000	....	....
Education Infrastructure Planning Framework and Feasibility Study	300	....	....	....
New Infrastructure Commitments for Government Schools	4 450	13 050	3 165	8 110
Office of Tasmanian Assessment, Standards and Certification	560	380	200	200

Child and Student Wellbeing

Funding of \$1.6 million over four years has been provided to establish a Child and Student Wellbeing Unit that will be responsible for implementing a new Child and Student Wellbeing Strategy for Government schools. The role of the Unit will be to support on-ground delivery through coordinating the development of the Department's strategy and associated professional learning and to develop targeted policies, programs, and initiatives to improve child and student wellbeing. Within this context, a review of the effectiveness of the current approach to allocating professional support resources will be undertaken. Funding of \$390 000 per annum has been allocated in 2017-18.

Stay ChatTY Grants

A grant payment of \$250 000 will be made, in 2017-18, to Stay ChatTY to work with Government schools to deliver its message to keep talking for suicide prevention and mental health awareness.

Table 2.2: Output Group Expense Summary

	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Minister for Education and Training					
Output Group 1 - Education					
1.1 In School Education ¹	973 477	995 595	1 007 478	1 024 219	1 056 256
1.2 School Support Services ²	14 034	12 794	12 580	12 815	13 193
1.3 Early Learning ³	6 269	11 598	12 703	9 872	10 221
1.4 Statutory Offices ⁴	2 486	4 379	4 023	3 907	3 973
	996 266	1 024 364	1 036 784	1 050 813	1 083 643
Output Group 2 - LINC Tasmania					
2.1 Information Services and Community Learning	34 722	35 738	36 130	36 593	37 455
2.2 Tasmanian Archives and Heritage Office	2 951	3 307	3 349	3 406	3 496
	37 673	39 045	39 479	39 999	40 951

1.1 In School Education

The services provided under this Output focus on the delivery of education to students in schools enrolled in classes from Kindergarten to Year 12. The purpose of this Output is to provide a range of educational services that will help students develop intellectually, socially, morally, emotionally and physically in a stimulating, inclusive and supportive environment. The services provided under this Output are crucial to ensure that Tasmania's young people obtain the knowledge, skills, behaviour and dispositions necessary to continue their education and training, become job-ready and lead happy and fulfilling lives. The Output has a strong focus on improving the transition of students from Year 10 and retaining them, so that they gain a meaningful Year 12 or equivalent qualification.

Table 2.3: Performance Information - Output Group 1

Performance Measure	Unit of Measure	2014-15 Actual	2015-16 Actual	2016-17 Target	2017-18 Target
Reading ^{1,2}					
Reading rates against national minimum standard (NMS) Year 3	% of students at or above the NMS	92.9	94.0	94.0	94.2
Reading rates against NMS Year 5	%	92.1	90.8	94.0	94.0
Reading rates against NMS Year 7	%	94.7	93.7	94.8	94.8
Reading rates against NMS Year 9	%	91.4	92.7	92.1	92.8

CAPITAL INVESTMENT PROGRAM

Table 2.5 provides financial information for the Department's Capital Investment Program (CIP). Further information on the CIP is provided in chapter 6 of *The Budget* Budget Paper No 1.

Table 2.5: Capital Investment Program

	Estimated Total Cost	2017-18 Budget	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
Minister for Education and Training					
Existing Infrastructure Commitments					
Austins Ferry Primary School	5 500	5 200	....	....	....
East Devonport Primary School	1 750	1 675	....	....	....
East Launceston Primary School	4 500	4 300	....	....	....
Education Act Implementation - Capital ¹	18 000	....	6 000	12 000	....
Hobart College	2 500	....	800	1 700	....
New Infrastructure Commitments					
Boat Harbour Primary School	1 800	450	1 350	....	....
Illawarra Primary School	2 900	500	2 400	....	....
Lansdowne Crescent Primary School	4 730	....	....	1 145	3 585
Molesworth Primary School	1 890	....	....	260	1 630
Queechy High School ²	2 000	2 000	....	....	....
Southern Support School	4 300	400	3 900	....	....
Spreyton Primary School	1 655	....	....	280	1 395
Taroona High School	5 000	1 100	3 900	....	....

Chapter 5 of Budget Paper No 1 provides more detail on the Government's revenue sources

Table 5.1: General Government Sector Revenue

	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Grants	3 634.6	3 682.9	3 673.5	3 735.4	3 748.3
Taxation	1 055.6	1 128.5	1 147.4	1 173.0	1 198.9
Sales of Goods and Services	352.9	408.0	417.0	424.8	428.7
Fines and Regulatory Fees	96.5	98.9	99.3	100.3	101.6
Interest Income	16.5	19.6	17.6	16.0	17.2
Dividend, Tax and Rate Equivalent Income	263.8	358.4	338.2	370.1	390.4
Other Revenue	153.8	177.7	170.1	165.2	163.5
	5 573.7	5 874.0	5 863.0	5 984.8	6 048.7

Table 5.5: State Taxation

	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Payroll tax	331.1	338.7	349.2	360.3	371.0
Taxes on property					
Land tax	93.8	105.2	107.9	111.4	114.8
Fire service levies ¹	59.4	60.3	62.6	65.1	67.6
Government guarantee fees	21.5	16.9	18.2	16.8	16.7
Conveyance duty ²	191.2	246.8	241.6	244.0	246.3
	365.9	429.2	430.3	437.3	445.4
Taxes on the provision of goods and services					
Gambling taxes					
Casino tax and licence fees	56.4	54.9	55.0	55.2	55.6
Betting exchange taxes and levies ³	3.4	....	....	....	....
Lottery tax	30.6	30.4	30.9	31.4	32.0
Totalizator wagering levy	7.3	7.3	7.5	7.7	7.8
Insurance duty	84.7	87.3	89.6	92.0	94.5
	182.5	179.9	183.0	186.3	189.9

This table and section will be especially important this year given the uncertainty over GST revenue sharing arrangements



Table 5.3: Tasmanian GST Revenue Estimates

	2017-18	2018-19	2019-20	2020-21
	Budget	Forward Estimate	Forward Estimate	Forward Estimate
National GST Collections (\$m) ¹	62 340	65 590	67 670	71 540
Tasmania's GST Share (%) ²	3.83	3.76	3.71	3.61
Tasmania's GST Revenue (\$m) ²	2 387	2 467	2 509	2 577

Notes:

1. The National GST Collections are preliminary 2017-18 Australian Budget estimates provided by the Australian Government, due to the need to finalise State estimates before the release of the Australian Government Budget.
2. 2017-18 Budget is based on the actual relativity that will apply in 2017-18 as recommended by the CGC.

Table 5.6: Estimated Major Tax Expenditures

	2016-17	2017-18
	\$m	\$m
Payroll Tax¹		
Tax-free threshold	215.0	191.9
Educational institutions exemption	1.2	15.3
Health care service provider exemptions	1.1	4.7
Employer payroll tax rebate for additional positions created	1.7	4.2
	219.0	216.1
Land Tax²		
Principal place of residence exemption	111.2	116.9
Primary production land exemption	79.8	95.4
Religious bodies, charitable institutions, or educational institutions exemption	6.7	6.6
Other ³	3.7	3.8
	201.4	222.7
Conveyance Duty⁴		
Ex gratia relief provided for corporate reconstructions	2.0	0.7
Family farm transfers	2.0	2.3
Transfer of public road or park/garden to council	1.8	2.4
Relationship breakdown or spouse and significant relationship transfers ⁵	11.2	13.2
Other ⁶	3.4	3.4
	20.4	22.0

This table provides estimates of the revenue which the Government doesn't collect because of concessions or exemptions to favoured groups



Chapters 6 and 7 of Budget Paper 1 provide detail on capital works programs, and the Government's balance sheet

Table 6.1: Infrastructure Expenditure by Agency¹

	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Education	56.2	48.9	32.9	24.4	8.1
Finance-General	....	27.7	18.2	15.0	15.0
Health and Human Services	181.4	243.3	234.0	84.5	45.2
Justice	1.9	2.1	3.7	1.7	....
Legislative Council	....	0.7	....	....	....
Legislature-General	0.9	....	....	....	....
Marine and Safety Tasmania	....	0.6	0.6	....	....
Police, Fire and Emergency Management	17.0	8.0	1.3	2.5	4.2
Premier and Cabinet	1.1	2.1	0.3	0.3	0.3
Primary Industries, Parks, Water and Environment	10.5	23.5	16.0	3.6	0.6
State Growth	262.7	294.6	217.9	98.7	96.1
TasTAFE	....	2.2	3.4	....	....
Treasury and Finance	3.2	3.1	1.5	....	....
ALLOCATED INFRASTRUCTURE EXPENDITURE	534.9	657.0	529.8	230.6	169.5
Provision for Future Infrastructure Investment ²	....	....	75.0	130.0	130.0
Estimated Future Australian Government Roads Funding ³	....	....	....	60.0	60.0
TOTAL INFRASTRUCTURE EXPENDITURE	534.9	657.0	604.8	420.6	359.5

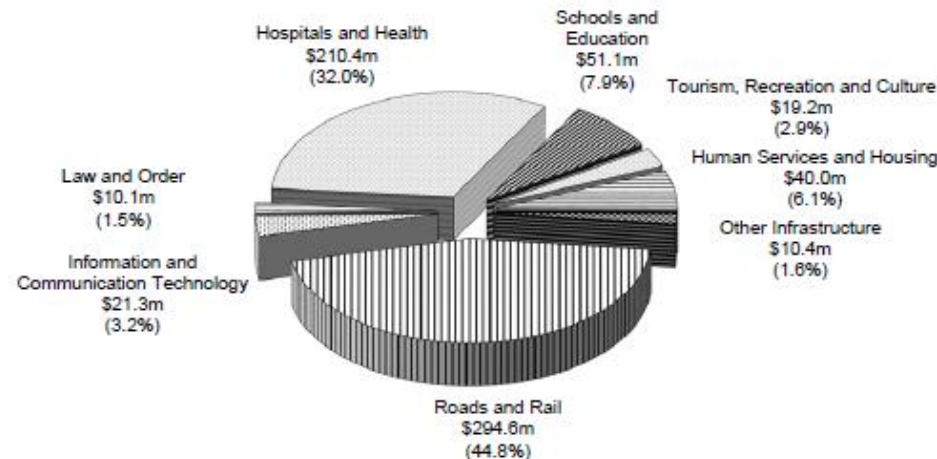
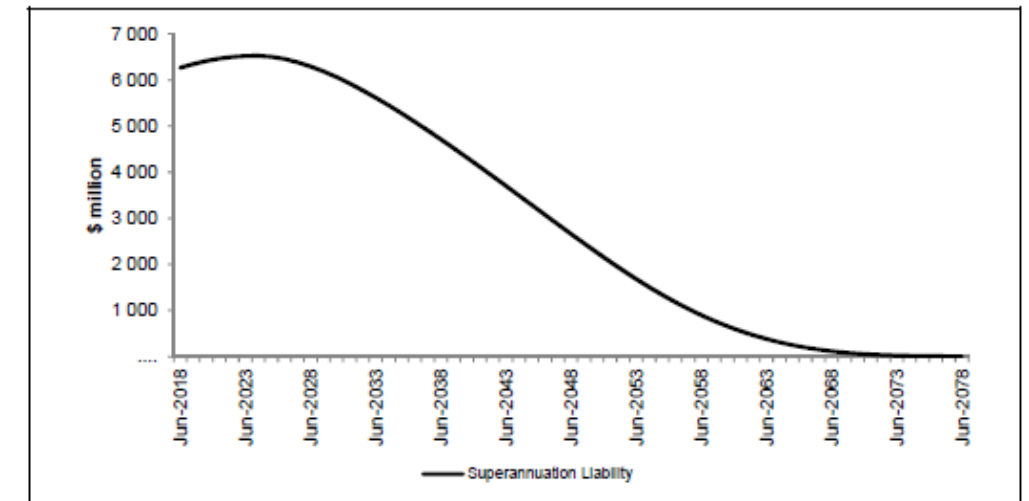


Table 7.1: General Government Balance Sheet as at 30 June

	2017	2018	2019	2020	2021
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Total Assets	18 304.9	19 863.8	20 481.9	20 928.8	21 288.2
Total Liabilities	8 055.7	8 140.3	8 423.4	8 483.7	8 444.4
NET ASSETS	10 249.2	11 723.5	12 058.5	12 445.0	12 843.8
NET WORTH³	10 249.2	11 723.5	12 058.5	12 445.0	12 843.8
NET FINANCIAL WORTH⁴	(1 446.7)	(164.6)	(391.0)	(353.0)	(231.7)
NET FINANCIAL LIABILITIES⁵	5 929.6	5 818.6	6 106.6	6 110.5	6 039.4
NET DEBT⁶	(301.3)	(451.8)	(200.0)	(212.9)	(339.6)

Chart 7.2: General Government Superannuation Liability Projection, 30 June 2018 to 30 June 2078



Chapter 2 of Budget Paper No 1 sets out Treasury's view of Tasmania's economy – although not in as much detail as most other states & territories

Table 2.1: Tasmanian Economic Estimates, Forecasts and Projections

	Budget 2017-18					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Estimate	Forecast	Projections		
Gross State Product ^{1,2}	1.3	1	2½	2	2	2
State Final Demand ^{1,2}	2.2	2¼	2½	2¼	2¼	2¼
Employment ²	-0.3	0	1¼	1	1	1
Labour Force Participation Rate ³	60.4	59%	60	60	60	60
Unemployment Rate ³	6.5	6¼	6¼	6	6	6
Consumer Price Index (Hobart) ²	1.4	2	2¼	2¼	2¼	2¼
Population ²	0.4	0.6	0.6	0.6	0.6	0.6

Risks to the Outlook

The outlook is for Tasmania's economic growth and employment growth over 2017-18 to be significantly stronger than in recent years and above the long-term trend. It appears that the balance of risks to the outlook for the Tasmanian economy is even, with no evident upside or downside bias.

Factors which may improve the outlook include a greater than expected recovery in private investment. To date, private investment levels have been subdued and have not fully reflected the improved economic conditions or the high business confidence levels. Business investment is typically volatile for small jurisdictions such as Tasmania and the timing of private sector projects could result in higher investment levels than forecast.

ECONOMIC FORECASTS
Western Australia, Annual Growth (%)

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Estimated Actual	Budget Estimate	Forward Estimate	Forward Estimate	Forward Estimate
Demand and Output (a)						
Household Consumption	1.1	1.75	2.25	3.25	3.5	3.5
Dwelling Investment	-22.5	-6.25	4.75	5.75	3.25	2.25
Business Investment	-28.5	-7.0	-14.0	6.0	7.0	6.0
Government Consumption	1.9	2.0	1.75	2.0	1.5	2.25
Government Investment	7.8	3.5	6.0	5.25	1.5	-1.0
State Final Demand	-7.2	-0.25	-0.25	3.75	3.75	3.75
Merchandise Exports	7.3	5.5	7.5	3.5	2.0	1.5
Merchandise Imports	-0.4	-3.5	-2.75	2.5	3.0	2.75
Net Exports (b)	14.6	10.0	12.5	4.0	1.75	1.25
Gross State Product (c)	-2.7	2.5	3.25	3.75	3.0	3.0
Labour market						
Employment	-0.9	2.25	1.5	2.0	2.25	2.25
Unemployment Rate (d)	6.2	5.75	5.75	5.5	5.25	5.0
Participation Rate (d)	67.3	68.1	68.4	68.6	68.8	68.7
Population						
Population	0.7	1.0	1.2	1.5	1.8	2.0
Working Age Population (15-64)	0.0	0.1	0.4	0.9	1.3	1.7
Prices						
Consumer Price Index	0.6	1.0	1.5	2.0	2.5	2.5
Wage Price Index	1.4	1.5	1.75	2.75	3.0	3.25
SFD Deflator	-0.3	1.2	1.7	1.9	2.3	2.3
GSP Deflator	6.2	3.1	-0.4	0.0	1.4	1.9
Perth Median House Price	-3.1	-0.1	1.4	1.8	3.2	2.6
Other key parameters (d)						
Exchange Rate \$US/\$A (US cents)	75.4	77.8	77.0	77.2	77.4	77.4
Iron Ore Price (\$US/t) cost and freight inclusive (CFR)	68.8	68.3	61.9	60.8	62.1	63.4
Crude Oil Price (\$US/barrel)	49.7	62.1	66.0	62.2	59.4	57.7

Forward estimates for the public non-financial and financial corporations sectors, and the public sector as a whole are in Appendix 1 of BP1

Table A1.5: Public Non-Financial Corporations Sector Income Statement

	2016-17 Estimated Outcome	2017-18 Budget	2018-19 Forward Estimate	2019-20 Forward Estimate	2020 Forw: Estim
	\$m	\$m	\$m	\$m	
Revenue from Transactions					
Grants	180.3	148.4	152.4	170.3	17
Sales of Goods and Services	2 904.2	2 901.5	2 986.2	3 143.7	3 26
Interest Income	7.2	6.3	6.5	6.6	
Other Revenue	33.7	33.4	41.3	35.8	3

Table A1.6: Public Non-Financial Corporations Sector as at 30 June

	2017 Estimated Outcome	2018 Budget	2019 Forw Estim	2020 Forw Estim	2021 Forw Estim
	\$m	\$m	\$m	\$m	\$m
Less Expenses from					
Employee Expenses					
Superannuation					
Depreciation					
Supplies and Consumables					
Nominal Superannuation					
Borrowing Costs					
Dividend and Interest					
Grant Expenses					
Other Expenses					
Equals NET OPERATING					
	1 849.5	1 695.4	1 638.4	1 630.8	1 630.8
Assets					
Financial Assets					
Cash and Deposits	279.2	222.4	173.6	163.1	163.1
Investments	84.9	1.3	0.6	0.3	0.3
Other Equity Investments	74.2	73.5	73.5	74.8	74.8
Receivables	558.9	521.9	522.3	523.5	523.5
Other Financial Assets	854.4	876.2	868.3	869.1	869.1
	1 849.5	1 695.4	1 638.4	1 630.8	1 630.8
Non-Financial Assets					
Land and Buildings	229.1	238.3	242.9	243.8	243.8
Infrastructure	7 877.6	7 981.4	8 060.7	8 118.3	8 118.3
Plant and Equipment	339.5	361.7	379.6	379.5	379.5
Biological Assets	200.6	201.1	201.5	202.0	202.0
Intangibles	123.3	129.0	134.8	129.6	129.6
Other Non-Financial Assets	136.2	96.2	99.9	99.7	99.7
	8 906.2	9 007.7	9 119.5	9 172.9	9 172.9

Table A1.13: Public Financial Corporations Sector Cash Flow Statement

	2016-17 Estimated Outcome	2017-18 Budget	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Cash Flows from Operating Activities					
Cash Received from Operating Activities					
Sales of Goods and Services	153.0				
Interest Received	224.9				
Dividend, Tax and Rate Equivalent Income	74.8				
Other Receipts	1.9				
	454.6				
Cash Payments for Operating Activities					
Employee Entitlements	(5.8)				
Superannuation	(0.8)				
Supplies and Consumables	(90.2)				
Borrowing Costs	(183.1)				
Grants and Subsidies Paid	(5.5)				
Other Payments	(6.9)				

Table A1.14: Total State Sector Income Statement

	2016-17 Estimated Outcome	2017-18 Budget	2018-19 Forward Estimate	2019-20 Forward Estimate	2020-21 Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Revenue from Transactions					
Grants	4 371.9	3 682.9	3 673.5	3 735.4	3 748.3
Taxation	1 050.5	1 087.6	1 104.7	1 131.2	1 156.7
Sales of Goods and Services	3 423.0	3 414.1	3 510.7	3 682.7	3 817.4
Fines and Regulatory Fees	95.9	98.9	99.3	100.3	101.6
Interest Income	132.8	150.5	140.8	145.9	140.2
	74.8	62.9	65.1	68.2	71.7
	27.4	215.3	215.8	205.3	204.6
	76.3	8 712.4	8 809.9	9 069.0	9 240.6

Table A1.15: Total State Sector Balance Sheet as at 30 June (continued)

	2017 Estimated Outcome	2018 Budget	2019 Forward Estimate	2020 Forward Estimate	2021 Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Equity					
Accumulated Funds	5 498.5	5 426.5	5 442.6	5 489.0	5 539.3
Asset Revaluation Reserve	5 985.2	6 287.0	6 605.8	6 945.9	7 294.5
Other Equity	10.0	10.0	10.0	10.0	10.0
Total Equity	11 493.7	11 723.5	12 058.5	12 445.0	12 843.8
KEY FISCAL AGGREGATES					
NET WORTH¹	11 493.7	11 723.5	12 058.5	12 445.0	12 843.8
NET FINANCIAL WORTH²	(8 740.7)	(9 189.7)	(9 528.5)	(9 544.5)	(9 478.9)
NET FINANCIAL LIABILITIES³	8 740.7	9 189.7	9 528.5	9 544.5	9 478.9
NET DEBT⁴	(324.6)	35.8	249.6	157.7	(35.3)

Different parts of Budget Paper No 1 provide information on tax and dividend payments by GBEs and SOCs to the Government

Table 5.9: Dividend, Tax and Rates Equivalent Income¹

	2016-17	2017-18	2018-19	2019-20	2020-21
	Budget	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$m	\$m	\$m	\$m	\$m
Dividends					
Aurora Energy Pty Ltd ²	20.9	18.9	19.3	17.5	16.8
Hydro Tasmania ³	....	....	12.0	30.1	73.6
Motor Accidents Insurance Board ⁴	43.8	58.9	46.4	38.1	32.5
Tasmanian Networks Pty Ltd ⁵	59.5	73.5	30.1	38.9	43.3
Tasmanian Ports Corporation ⁶	....	3.7	5.1	9.3	9.6
Tasmanian Public Finance Corporation ⁷	5.1	4.0	4.0	0.2	1.4
	129.4	155.0	116.9	134.1	177.2
Special Dividends					
TT-Line Company Pty Ltd ⁸	40.0	40.0	40.0	40.0	....
	40.0	40.0	40.0	40.0	....
Mersey Community Hospital Dividend					
Tasmanian Public Finance Corporation ⁹	....	78.1	80.9	83.7	86.6
	....	78.1	80.9	83.7	86.6
Taxation Equivalents					
Aurora Energy Pty Ltd	7.2	9.2	8.3	8.0	7.9
Hydro Tasmania ¹⁰	7.2	11.4	18.4	35.0	43.1
Motor Accidents Insurance Board	6.2	17.7	17.1	18.4	19.6
Public Trustee	....	0.1	....	....	....
Tasmanian Networks Pty Ltd ¹¹	56.2	31.8	35.8	37.9	41.7
Tasmanian Ports Corporation Pty Ltd ¹²	1.9	2.4	4.7	4.8	5.9
Tasmanian Public Finance Corporation ⁷	4.4	5.0	4.8	3.6	3.8
TT-Line Company Pty Ltd ¹³	7.0	3.4	6.8	0.1	....
	90.2	81.0	96.0	107.8	122.0
Rates Equivalents					
Hydro Tasmania	4.2	4.3	4.4	4.5	4.6
	4.2	4.3	4.4	4.5	4.6
TOTAL DIVIDEND TAX AND RATE EQUIVALENT INCOME	263.8	358.4	338.2	370.1	390.4



Chapter 5 of BP1 sets out estimates of different sources of revenue – including dividend and ‘income tax equivalent’ payments by GBEs and SOEs



The ‘Policy & Parameters’ Statement in Chapter 4 shows the reasons why those forecasts have changed since the previous Budget

Table 4.5: Policy and Parameter Statement, 2016-17 to 2020-21 (continued)

	2016-17	2017-18	2018-19	2019-20	2020-21
	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate ¹
	\$m	\$m	\$m	\$m	\$m
Dividend, Tax and Rate Equivalent Income					
Dividend income					
Aurora Energy Pty Ltd	6.1	1.7	5.5	5.4	....
Hydro Tasmania	....	....	12.0	16.5	....
Motor Accidents Insurance Board	5.9	14.2	15.0	15.6	....
Tasmanian Networks Pty Ltd	13.1	(10.0)	(20.0)	(7.1)	....
Tasmanian Ports Corporation Pty Ltd	1.4	0.3	(5.3)	(1.1)	....
Tasmanian Public Finance Corporation	(0.3)	77.5	79.2	82.0	....
	26.2	83.8	86.4	111.3	....
Income Tax Equivalents					
Aurora Energy Pty Ltd	0.7	2.6	2.5	3.4	....
Hydro Tasmania	4.6	14.7	11.9	24.7	....
Metro Tasmania Pty Ltd	....	....	....	....	....
Motor Accidents Insurance Board	23.4	11.0	10.4	11.8	....
Tasmanian Networks Pty Ltd	(3.7)	(10.0)	(5.6)	(2.7)	....
Tasmanian Ports Corporation Pty Ltd	0.1	(2.8)	(1.8)	(1.7)	....
Tasmanian Public Finance Corporation	1.5	1.7	1.7	0.9	....
TT-Line Company Pty Ltd	(0.4)	(4.2)	1.5	0.1	....
	26.1	13.1	20.7	36.5	....
Total Dividend, Tax and Rate Equivalent Income	52.3	96.9	107.1	147.8	....

A key focus of this year's Budget will be the impact of all of the Government's election promises on the 'bottom line'

	\$ million				
	2017-18	2018-19	2019-20	2020-21	Total
Mid-Year Review Net operating balance	21.3	138.2	110.0	67.9	337.4
<i>Recurrent spending promises -</i>					
Health		21.2	34.6	53.2	109.0
Education		10.0	21.0	29.6	60.6
Police & Emergency Services		4.5	7.8	11.4	23.7
Primary industries		4.1	7.3	8.0	19.4
Human services		9.2	9.4	9.1	27.7
Tourism & hospitality		8.4	7.1	5.9	21.4
Other	13.0	35.4	14.7	10.5	73.6
<i>Total recurrent spending promises</i>	13.0	92.8	101.9	127.7	335.4
<i>Tax cut promises</i>	2.0	13.0	7.5	8.1	30.6
<i>Total promises</i>	15.0	105.8	109.4	135.8	366.0
Less funding offsets	0.0	2.2	42.7	88.1	133.0
Total	15.0	103.6	66.7	47.7	233.0
Net operating balance after promises	6.3	34.6	43.3	20.2	104.4
Less one-off C/W grants for capital purposes	157.7	128.4	100.1	62.3	448.5
'Underlying' net operating balance -					
As at MYR	-136.4	9.8	9.8	5.6	-111.2
After promises	-151.4	-93.8	-56.9	-42.1	-344.2

	\$ million				
	2017-18	2018-19	2019-20	2020-21	Total
<i>Net new infrastructure commitments</i>	0.5	65.3	113.1	142.1	321.0
Mid-Year Review fiscal balance	-242.3	-269.1	27.4	86.1	-397.9
Less					
Net effect of promises on NOB	15.0	103.6	66.7	47.7	233.0
Net new infrastructure commitments	0.5	65.3	113.1	142.1	321.0
Total impact of promises	15.5	168.9	179.8	189.8	554.0
Fiscal balance after promises	-257.8	-438.0	-152.4	-103.7	-951.9
Mid-Year Review net debt	-599.4	-349.7	-392.0	-536.5	
Post-election net debt	-614.9	-196.3	-58.8	-13.5	
(assuming differences in fiscal balance funded by running down net cash and investments)					

Sources: Tasmanian Government, Revised Estimates Report 2017-18; Tasmanian Liberals pre-election fiscal strategy statement.

The Budget Papers are just one part of the annual budget cycle

Revised Estimates
Report 2017-18
(including December
Quarterly Report)

Preliminary
Outcomes Report
2016-17

Treasurer's Annual
Financial Report
2016-17



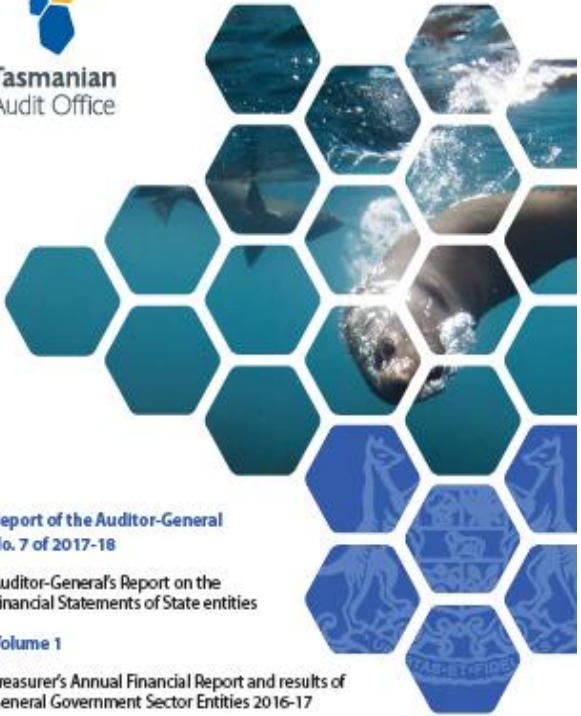
Department of Treasury and Finance



Department of Treasury and Finance



Department of Treasury and Finance



Report of the Auditor-General
No. 7 of 2017-18

Auditor-General's Report on the
Financial Statements of State entities

Volume 1

Treasurer's Annual Financial Report and results of
General Government Sector Entities 2016-17

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