



# Our Finances



Our financial statements for 2014-15 were signed by our Secretary and submitted to the Auditor-General on 14 August 2015.

On 14 September 2015 we received an unqualified audit report from the Tasmanian Audit Office and a management letter from Auditor-General, Mike Blake, indicating no management issues to address.

The full audited financial statements and the independent audit report are presented in Appendix A in the Addendum to this Report.

## STATEMENT OF CERTIFICATION

The accompanying Financial Statements of the Department of Premier and Cabinet are in agreement with the relevant accounts and records and have been prepared in compliance with Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ending 30 June 2015 and the financial position as at end of the year.

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



**Greg Johannes**  
Secretary

14 August 2015



## **Independent Auditor's Report**

**To Members of the Tasmanian Parliament**

**Department of Premier and Cabinet**

**Financial Statements for the Year Ended 30 June 2015**

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Department of Premier and Cabinet (the Department), which comprise the statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Secretary of the Department.

### **Auditor's Opinion**

In my opinion the Department's financial statements:

- (a) present fairly, in all material respects, its financial position as at 30 June 2015 and its financial performance, cash flows and changes in equity for the year then ended
- (b) are in accordance with the *Financial Management and Audit Act 1990* and Australian Accounting Standards.

### *The Responsibility of the Secretary for the Financial Statements*

The Secretary of the Department is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and Section 27 (1) of the *Financial Management and Audit Act 1990*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan

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## INDEPENDENT AUDITOR'S REPORT (continued)

and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Secretary's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial statements.

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

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

### Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

### Tasmanian Audit Office



Jara K Dean  
**Assistant Auditor-General Financial Audit**  
**Delegate of the Auditor-General**

Hobart  
14 September 2015

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## FINANCIAL PERFORMANCE

Key indicators of DPAC's financial performance in 2014-15 and position as at 30 June 2015 include:

- A deficit for the financial year of \$4.862 million (compared with a deficit of \$2.551 million in 2013-14), which is expected as the revenue is based on cash from appropriation which does not account for accrued expenditure whereas the expenditure incurred does. Expenditure was higher than expected by \$6.938 million and the significant contributions to this were higher than expected employee benefits and superannuation (\$6.487 million), that resulted from payouts for Targeted Negotiated Voluntary Redundancies (TNVRs), Workplace Renewal Incentive Payments (WRIPs) and Senior Executive Service terminations, Grants, subsidies, donations and contributions plus transfer payments (including Service Tasmania) plus Other expenses (\$5.207 million) offset by lower than expected expenditure for Supplies and consumables (\$4.759 million).
- Revenue was higher than expected mainly due to revenue associated with receipt of grant funds from the Australian Government (\$727 000) and appropriation revenue was higher than budgeted as additional funds of \$2.263 million were provided to the Department to fund unplanned expenditures. These included the Hobart Pedestrian Bridge (\$1.2 million), payout to former CEO Integrity Commission (\$206 000), Ministerial and Parliamentary Support (\$950 000) and costs for State Funeral, Senior Executive recruitment and Chinese President's visit (\$168 000). Also revenue from sales of goods and services was below expectations by \$3.831 million but offset by an increase in other revenue by \$5.677 million.
- There is an increase of \$23.573 million in equity and net assets compared with the 2013-14 financial year, being the operating deficit for the year (\$4.862 million) offset by the transfer of assets from Sport and Recreation Tasmania (\$29.334 million), in particular the Silverdome, offset by increases in liabilities (\$2.078 million).
- From a day-to-day operations point of view, management of DPAC's net working capital is critical. Key components are cash and deposits, receivables, payables and revenue in advance, the net worth of which was \$9.901 million at 30 June 2015, \$12.095 million at 30 June 2014 and \$10.913 million in the budget for 2014-15.
- Total assets increased by \$25.561 million in 2014-15, of which \$2.180 million is the decrease in cash and receivables, and total liabilities increased by \$2.077 million made up of a decrease in payables of \$0.337 million offset by an increase in other liabilities of \$0.474 million and in employee benefits of \$2.506 million. Employee benefits increased as a result of the Sport and Recreation Tasmania staff transferred to the Department.

### Revenue

The following table details the movements in controlled revenue for the past five years and DPAC's budget for 2014-15:

	Actual					Budget
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
<b>Appropriation Revenue from Government</b>						
Appropriation revenue – recurrent	77 157	70 904	65 675	68 389	92 469	78 062
Appropriation revenue – works & services	250	250	250	250	995	756
Appropriation Section 8A(2) C/Fwd	561	674	864	278	791	725
<b>Total Appropriation Revenue</b>	<b>77 968</b>	<b>71 828</b>	<b>66 789</b>	<b>68 917</b>	<b>93 706</b>	<b>79 543</b>
<b>Revenue from Special Capital Investment Funds</b>	724	32	-	-	-	-
<b>Grants</b>	176	218	392	186	727	79
<b>Sales of Goods and Services</b>	30 333	29 538	31 166	32 828	31 630	32 308
<b>Other revenue</b>	996	2 655	5 844	3 309	8 076	1 978
<b>TOTAL REVENUE</b>	<b>110 797</b>	<b>104 271</b>	<b>104 191</b>	<b>105 240</b>	<b>134 139</b>	<b>113 908</b>

Our budget for appropriation revenue increased significantly as a result of the transfer of the budget for Sport and Recreation Tasmania from the former Department of Economic Development, Tourism, Heritage and the Arts and the funds provided for the election commitments assigned to us. This increase in funds was offset by the \$6.2 million budget savings we committed to make, DPAC (\$4.6 million) and MPS (\$1.6 million).

The following table summarises the appropriation revenue – recurrent by Output Group:

	Actual					Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	
Ministerial and Parliamentary Support	21 459	19 762	19 074	21 930	18 502	18 990	
Support for Executive Decision Making	9 773	10 020	11 818	10 736	7 707	5 306	
Government Processes and Services	15 369	12 158	9 638	9 728	9 568	9 891	
Electronic Services for Government Agencies and Community	17 066	14 572	12 083	12 445	12 890	14 244	
State Service Management	3 782	3 984	2 922	2 650	2 508	3 085	
Tasmanian Together Progress Board	1 151	973	903	-	-	-	
Security and Emergency Management	-	-	-	-	512	776	
Communities, Sport and Recreation	6 253	6 821	6 872	7 201	37 138	22 545	
Development of Local Government	2 304	2 614	2 365	3 649	3 644	3 224	
<b>TOTAL REVENUE</b>	<b>77 157</b>	<b>70 904</b>	<b>65 675</b>	<b>68 389</b>	<b>92 469</b>	<b>78 061</b>	

From the 1 July 2014 the Department took over the responsibility for Sport and Recreation Tasmania (SRT). As a result SRT has been merged with Community Development to create the output group Communities, Sport and Recreation. Also Security and Emergency Management has been removed from Development of Local Government to its own output group. The Tasmania Together Progress Board no longer exists.

Our other major revenue stream is Sales of Goods and Services of which 87 per cent is generated by TMD from different services provided. The following table provides details on the revenue generated:

	Actual				
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)
<b>TMD</b>					
TASINET charges	18 851	17 575	16 895	16 857	16 178
Computing services	2 634	2 784	4 016	5 078	5 184
Network Tasmania (NT) contract management	2 012	2 115	3 283	3 473	3 685
Human resources systems	1 632	1 602	1 529	1 581	1 747
Oracle licensing	629	693	648	636	691
<b>Total TMD</b>	<b>25 758</b>	<b>24 769</b>	<b>26 371</b>	<b>27 625</b>	<b>27 485</b>
<b>Service Tasmania transaction fees and contributions</b>	2 746	2 710	2 474	2 798	2 633
<b>Training services – The Training Consortium</b>	1 107	1 033	1 518	1 257	993
<b>Legislation drafting – Office of the Parliamentary Counsel</b>	317	542	407	78	-
<b>Other</b>	405	484	396	1 071	521
<b>TOTAL</b>	<b>30 333</b>	<b>29 538</b>	<b>31 166</b>	<b>32 829</b>	<b>31 632</b>

The majority of the revenue generated by TMD is the direct recovery from other agencies of their contribution towards whole-of-government contracts. The revenue generated by TMD for human resource systems and Oracle licensing has remained constant over the past five years in line with contractual arrangements with the supplier and the clients. TMD provides services related to managing the human resource systems, including hosting human resource systems for some agencies, and managing the whole-of-government contract for Oracle software. The fees generated by TMD are for recovery of annual licence costs associated with the software and providing contract management, system management and payroll services.

Revenue from the Networking Tasmania contract increased due to recovering costs from the Department of Education's increased use of AARNet. During 2014-15 the revenue generated from computing services and Networking Tasmania contract management increased significantly. Consolidation of email services as a whole-of-government service resulted in increased revenue for TMD on an ongoing basis with initial costs recovered in 2013-14.

The revenue generated from Service Tasmania is based on the number of over-the-counter transactions. The revenue generated in 2014-15 reflects an increase in the number of transactions.

As in previous years, the revenue generated by training services provided by The Training Consortium (TTC) has decreased as a result of decreased spending by agencies in response to budget management strategies.

The majority of the revenue for legislation drafting services by the Office of Parliamentary Counsel is generated from charging off-budget entities for drafting new legislation and amendments to existing legislation. The decrease in 2013-14 reflects a change in the charging policy and it was known it would impact on revenue for the next two subsequent years before a further review to be undertaken in 2015-16. As expected the revenue this year is nil following lower revenue last year.

## Expenditure

The funds provided or generated by us are spent in three broad expenditure categories; employee costs, supplies and consumables and grants.

	Actual					Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	
Employee benefits	40 452	40 462	41 902	44 018	49 885	43 949	
Superannuation	4 345	4 271	4 430	4 596	5 266	4 715	
Depreciation and amortisation	956	1 244	1 124	1 144	1 363	1 391	
Supplies and consumables	36 173	33 258	38 551	35 119	34 139	38 878	
Grants, subsidies, donations and contributions	8 896	5 540	5 985	8 962	33 725	39 186	
Finance costs	31	15	13	13	2	-	
Transfers to Service Tasmania lead agencies	11 202	11 420	11 458	11 536	12 042	-	
Other transfer payments	1 254	2 370	1 433	2 181	2 090	-	
Transfers to the Consolidated Fund	26	147	18	55	53	-	
Contributions provided	215	-	-	-	-	44	
Other expenses	2 820	2 208	940	167	444	3 908	
<b>TOTAL EXPENDITURE</b>	<b>106 370</b>	<b>100 935</b>	<b>105 854</b>	<b>107 792</b>	<b>139 009</b>	<b>132 071</b>	

Compared to last year total expenses increased by \$31.217 million, being higher Employee benefits and superannuation (\$6.537 million), Grants, subsidies, donations and contributions (\$24.763 million) and Transfers to Service Tasmania lead agencies (\$506 000), which was partially offset by lower Supplies and consumables (\$980 000). The majority of the increased expenditure relates to the transfer of Sport and Recreation Tasmania and election commitments.

### Employee costs

	Actual					Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	
Ministerial and Parliamentary Support	14 614	13 236	13 144	14 422	14 149	11 420	
Support for Executive Decision Making	4 516	4 621	5 023	5 282	5 290	4 788	
Government Processes and Services	6 578	5 425	6 411	6 710	8 276	6 179	
Electronic Services for Government Agencies and Community	7 909	8 464	9 043	10 131	9 343	10 147	
State Service Management	2 472	3 152	2 347	2 230	2 456	2 263	
Tasmanian Together Progress Board	562	453	363	-	-	-	
Security and Emergency Management	-	-	-	-	410	294	
Communities, Sport and Recreation	2 843	3 654	3 295	3 673	8 844	7 790	
Development of Local Government	1 048	1 457	2 276	2 224	1 117	1 068	
<b>TOTAL EMPLOYEE COSTS</b>	<b>40 542</b>	<b>40 462</b>	<b>41 902</b>	<b>44 672*</b>	<b>49 885</b>	<b>43 949</b>	

Employee costs at an Output level in 2013-14 are overstated by \$654 000 due to an incorrect allocation between Employee costs and Supplies & Consumables.

Employee costs expenditure increased by \$5.213 million compared with 2013-14. The majority of the increase is a result of employee costs for transferred Sport and Recreation Tasmania employees and payments for TNVRs, WRIPs and SES termination payments within the Department and MPS.

From an Output perspective, employee expenditure decreased for Ministerial and Parliamentary Support (\$237 000), Electronic Services for Government Agencies and the Community (\$788 000), Local Government (\$1.107 million), and was offset by increases in Government Processes and Services (\$1.566 million), State Service Management (\$226 000), Security and Emergency Management (\$410 000) and Community, Sport and Recreation (\$5.171 million). The reasons for the material variances in the DPAC Output Groups are:

- an increase for Government Processes and Services occurred primarily due to staff returning to the Department from secondment arrangements with Ministerial Offices as a result of the changeover of the Government and corporate staff transferring from DEDTA to support the Sport and Recreation Tasmania staff;
- a decrease for Electronic Services for Government Agencies and the Community occurred due to the employment of fixed term staff to undertake specific projects such as the Modern Communications Project managed by TMD in 2013-14;
- an increase for State Service Management occurred due to structural changes to manage vacancy control process across all government agencies;
- an increase for Communities, Sport and Recreation occurred as a result of the finalisation of the restructure of the Community Development Division into CSR as a result of the transfer of employees from Sport and Recreation Tasmania
- a decrease for Local Government and subsequent increase in Office of Security and Emergency Management is a result of the creating of a separate output for Security and Emergency Management.
- Employee costs across all Outputs was affected by costs associated with TNVRs, WRIPs and SES termination/resignation payments.

### Superannuation

	Actual					Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	
Ministerial and Parliamentary Support	1 348	1 209	1 236	1 195	1 297	1 087	
Support for Executive Decision Making	511	536	595	626	630	575	
Government Processes and Services	813	636	673	731	756	740	
Electronic Services for Government Agencies and Community	815	876	954	1 055	1 000	949	
State Service Management	300	360	267	257	305	229	
Tasmanian Together Progress Board	90	64	49	-	-	-	
Security and Emergency Management	-	-	-	-	50	33	
Communities, Sport and Recreation	246	435	396	452	1 085	980	
Development of Local Government	122	155	260	280	144	122	
<b>TOTAL SUPERANNUATION</b>	<b>4 245</b>	<b>4 271</b>	<b>4 430</b>	<b>4 596</b>	<b>5 267</b>	<b>4 715</b>	

The variances between 2013-14 and 2014-15 are a result of the impacts on employee benefits that were detailed above.

### Depreciation

	Actual					Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	
Ministerial and Parliamentary Support	-	59	59	59	-	17	
Support for Executive Decision Making	10	55	94	77	23	(56)	
Government Processes and Services	23	48	63	68	52	90	
Electronic Services for Government Agencies and Community	915	1 029	860	898	773	822	
State Service Management	4	16	14	-	6	23	
Tasmanian Together Progress Board	-	4	10	-	-	-	
Security and Emergency Management	-	-	-	-	-	-	
Communities, Sport and Recreation	2	26	9	28	507	490	
Development of Local Government	2	7	15	14	3	5	
<b>TOTAL DEPRECIATION</b>	<b>956</b>	<b>1 244</b>	<b>1 124</b>	<b>1 144</b>	<b>1 364</b>	<b>1 391</b>	



The decrease of \$220 000 compared to last year is explained as follows:

- an increase in depreciation of plant and equipment (\$92 000) due to the transfer of plant and equipment from DEDTA for Sport and Recreation Tasmania assets;
- a decrease in depreciation of computer hardware (\$30 000) resulting from the useful life of some assets being re-evaluated and new hardware purchased during the year;
- a decrease in depreciation of leasehold improvements (\$2 000) and infrastructure (\$20 000);
- a decrease in amortisation of intangibles (\$78 000) resulting from some intangibles (software) reaching its full written-down value during the year;
- a decrease in amortisation for lease make-good (\$129 000) in accordance with write-down schedule;
- an increase in depreciation of buildings (\$385 000) due to the transfer of buildings from DEDTA for Sport and Recreation Tasmania assets.

### Supplies and consumables

	Actual				Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
Ministerial and Parliamentary Support	5 530	5 159	5 176	5 217	4 840	5 610
Support for Executive Decision Making	2 655	2 277	2 861	1 838	1 674	1 378
Government Processes and Services	4 741	3 969	2 601	3 436	4 201	3 776
Electronic Services for Government Agencies and Community	19 230	18 602	20 815	20 386	18 797	21 453
State Service Management	1 612	1 252	1 969	1 421	1 539	1 945
Tasmanian Together Progress Board	525	390	337	-	-	-
Security and Emergency Management	-	-	-	-	92	181
Communities, Sport and Recreation	1 412	1 351	1 395	1 347	2 854	3 950
Development of Local Government	468	258	3 397	822	138	285
CIP	-	-	-	-	-	300
<b>TOTAL SUPPLIES AND CONSUMABLES</b>	<b>36 173</b>	<b>33 258</b>	<b>38 551</b>	<b>34 467*</b>	<b>34 135</b>	<b>38 878</b>

\* Supplies and Consumables at an Output level in 2013-14 are understated by \$652 000 due to a mis-allocation between Employee costs and Supplies & Consumables.

Planned expenditure on Supplies and consumables decreased by \$0.984 million compared with last year. While the decrease is moderate there were significant expenditure variations across expense categories. In particular:

- increased expenditure for:
  - property services (\$154 000);
  - information technology (\$678 000);
  - travel and transport (\$84 000);
  - building maintenance (\$571 000), this is one-off expenditure;
  - minor equipment (\$140 000), this is one-off expenditure.
- decreased expenditure for:
  - communications (\$894 000);
  - contractors (\$997 000);
  - consultants (\$113 000);
  - training (\$188 000);
  - office supplies and consumables (\$128 000);
  - board and committee meetings (\$232 000).

From an output perspective planned expenditure on Supplies and consumables increased for Government Processes and Services (\$765 000), State Service Management (\$118 000), Communities, Sport and Recreation (\$1.507 million) and Security and Emergency Management (\$92 000). The increases were offset by decreases in Support for Executive Decision Making (\$164 000), Electronic Services for Government Agencies and the Community (\$1.589 million), Ministerial and Parliamentary Support (\$377 000) and Development of Local Government (\$684 000). The reasons for the material variances in Output Groups are:

- a decrease for Support for Executive Decision Making is primarily due to less expenditure on Travel and transport (\$29 000), Boards (\$145 000) and Other supplies and consumables (\$254 000), offset by additional expenses for Other employee related expenses (\$140 000);
- an increase for Government Processes and Services is primarily due to more expenditure for Consultants (\$258 000), Maintenance (\$148 000), Property services (\$355 000) and Other supplies and consumables (\$175 000) offset by decreases in Advertising (\$44 000) and Communications (\$26 000).
- a decrease for Electronic Services for Government Agencies and the Community is primarily due to less expenditure on Advertising (\$57 000), Communications (\$853 000), Consultants (\$300 000), Rent (\$266 000), Travel and transport (\$36 000) and Other supplies and consumables (\$700 000) offset by increased expenditure on Information technology (\$536 000).
- an increase for State Service Management is primarily due to more expenditure on Information technology (\$51 000) and Other supplies and consumables (\$91 000) offset by Property services (\$41 000).
- an increase for Security and Emergency Management of \$92 000 as it is a new output.
- an increase for Communities, Sport and Recreation is primarily due to more expenditure on Communications (\$124 000), Consultants (\$40 000), Maintenance (\$362 000), Property services (\$527 000), Travel and transport (\$191 000), Information technology (\$63 000), Operating leases (\$87 000) and Other supplies and consumables (\$31 000), which reflects the merger with SRT
- a decrease for Development of Local Government is primarily due to less expenditure as a result of the disbanding of the Bushfire Recovery Unit and creation of the new output called Security and Emergency Management that formed part of this Output Group.

#### *Grants, subsidies, donations and contributions*

	Actual					Budget
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
Ministerial and Parliamentary Support	1	-	1	1	-	-
Support for Executive Decision Making	2 403	2 792	3 205	3 585	163	900
Government Processes and Services	2 768	721	721	1 025	657	(8)
Electronic Services for Government Agencies and Community	350	350	-	-	-	9 323
State Service Management	-	40	-	-	-	-
Tasmanian Together Progress Board	-	-	-	-	-	-
Security and Emergency Management	-	-	-	-	1 261	-
Communities, Sport and Recreation	2 054	1 595	1 497	1 737	30 184	26 806
Development of Local Government	596	10	561	2 614	1 460	2 165
<b>TOTAL GRANTS, SUBSIDIES, DONATIONS AND CONTRIBUTIONS</b>	<b>8 172</b>	<b>5 508</b>	<b>5 985</b>	<b>8 962</b>	<b>33 725</b>	<b>39 186</b>

Planned expenditure on grants and subsidies increased by \$24.763 million compared with last year. This is a result of the grants programs transferred with Sport and Recreation Tasmania and the election commitment grants. Also during the year all Departmental grants programs were centrally administered by Communities, Sport and Recreation (CSR). The full list of grant recipients can be found in Appendix C in the Addendum to this Report.

## Transfers to Service Tasmania lead agencies

	Actual					Budget
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
Electronic Services for Government Agencies and Community	10 952	11 200	11 208	11 286	11 792	-
CIP	250	250	250	250	250	-
<b>TOTAL TRANSFERS TO SERVICE TASMANIA LEAD AGENCIES</b>	<b>11 202</b>	<b>11 450</b>	<b>11 458</b>	<b>11 536</b>	<b>12 042</b>	<b>-</b>

The transfer payment to Service Tasmania lead agencies is forwarded to the Department of Primary Industries, Parks, Water and the Environment (DPIPWE) as the agency that manages the Service Tasmania shops (\$10.426 million) and a payment to the Department of Education for online payments (\$480 579). From 1 July 2015 the management of the Service Tasmania Shops will be our responsibility and therefore will not be a lead agency transfer payment to DPIPWE.

## Other transfer payments

	Actual					Budget
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
Ministerial and Parliamentary Support	4	8	-	-	-	-
Support for Executive Decision Making	217	427	173	249	149	-
Government Processes and Services	96	521	339	523	80	-
Electronic Services for Government Agencies and Community	-	32	46	285	93	-
State Service Management	415	316	100	60	60	-
Tasmanian Together Progress Board	-	3	10	-	-	-
Security and Emergency Management	-	-	-	-	146	-
Communities, Sport and Recreation	484	395	299	62	742	-
Development of Local Government	38	668	466	1 002	820	-
<b>OTHER TRANSFER PAYMENTS</b>	<b>1 254</b>	<b>2 370</b>	<b>1 433</b>	<b>2 181</b>	<b>2 090</b>	<b>-</b>

Sometimes funding provided to DPAC is transferred to other agencies or jurisdictions if they are the primary agency to implement the program or policy. Transfers made during 2014-15 were:

- Transfers to Tasmanian Government agencies (\$1 908 200)
  - DPIPWE – \$742 400 (King Island Freight Assistance Program – \$600 000, ITGCC Corporate Charge – \$89 900, 2104-15 Wallaby Management on King Island – \$50 000, Contribution to Rural Industries R&D – \$2 500)
  - State Growth – \$340 800 (Asia Institute – \$180 000, Bushfire funding – \$85 800, King Island Partnership – \$50 000, North Lyell Disaster Memorial – \$25 000)
  - DHHS – \$123 000 (Election Commitment for Phoenix House – \$120 000, Contribution for NDRGP Building Capacity in Tasmanian Aged Care Sector – \$3 000)
  - Tasmanian Fire Service – \$20 000 (Contribution to the 2014-15 Bushfire Natural Hazards CRC)
  - Education – \$10 000 (2014-15 Frank McDonald Memorial Prize costs)
  - Other Transfers – \$672 000 (TIS funding)
- Transfers to Australian government agencies (\$82 200)
  - Department of Social Services \$35 100 (2014-15 Contribution to ANROWS)
  - Department of Premier and Cabinet Victoria – \$26 700 (contribution to CAF – \$24 100, Contribution to 2014 Forum of Federations – \$2 600)
  - Department of Prime Minister and Cabinet – \$17 000 (COAG Reform Council)
  - Government of South Australia – \$3 400 (2014-15 Contribution to AUSGOAL)
- Other transfers and payments (\$100 000)
  - Sorell Council – \$40 000 (Bushfire Recovery Weed Control)
  - ANZSOG – \$60 000.

## Other expenses

	Actual					Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	
Ministerial and Parliamentary Support	973	733	257	48	56	103	
Support for Executive Decision Making	320	273	103	21	163	31	
Government Processes and Services	475	261	118	28	130	29	
Electronic Services for Government Agencies and Community	547	459	184	38	8	3 456	
State Service Management	175	156	83	8	10	-	
Tasmanian Together Progress Board	52	36	13	-	-	-	
Security and Emergency Management	-	-	-	-	6	3	
Communities, Sport and Recreation	204	208	62	14	39	34	
Development of Local Government	74	82	120	10	5	2	
CIP	-	-	-	-	27	250	
<b>TOTAL OTHER EXPENSES</b>	<b>2 820</b>	<b>2 208</b>	<b>940</b>	<b>167</b>	<b>444</b>	<b>3 908</b>	

The movement in expenditure for Other expenses is related to the change in Government policy on agencies paying payroll tax. From 1 October 2012, DPAC was no longer charged payroll tax and this produced savings of \$1.420 million for the year that was offset by increased expenditure for workers' compensation. The expenditure this year and last year is the premium for the Department's workers compensation premium.

## FINANCIAL POSITION

Our financial position is summarised in the following tables that indicates a decrease in the value of DPAC assets of \$2.768 million and liabilities of \$219 000 resulting in change in equity of \$2.549 million.

### Assets

	Actual					Budget	
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	
<b>Assets</b>							
<b>Financial Assets</b>							
Cash and deposits	10 278	15 171	12 419	10 012	7 832	8 442	
Receivables	4 770	4 419	5 290	5 029	4 678	5 250	
<b>Total Financial assets</b>	<b>15 048</b>	<b>19 590</b>	<b>17 709</b>	<b>15 041</b>	<b>12 510</b>	<b>13 692</b>	
<b>Non-financial Assets</b>							
Inventories	3	1	1	-	-	2	
Plant, equipment and leasehold improvements	2 435	2 240	2 258	1 902	1 782	1 646	
Infrastructure	822	631	515	319	143	763	
Intangibles	571	512	273	261	140	233	
Other non-financial assets	2 813	2 669	2 959	3 424	2 689	2 969	
Land	-	-	-	-	3 402	3 450	
Buildings	-	-	-	-	25 932	26 272	
<b>Total Non-financial assets</b>	<b>6 644</b>	<b>6 053</b>	<b>6 006</b>	<b>5 906</b>	<b>34 088</b>	<b>35 335</b>	
<b>TOTAL ASSETS</b>	<b>21 692</b>	<b>25 643</b>	<b>23 715</b>	<b>20 947</b>	<b>46 598</b>	<b>49 027</b>	

## Financial assets

The decrease in the closing balance for cash and deposits as at 30 June 2015 reflects expending funds on the implementation of the Modern Communications Project (MCP) managed by TMD and the payments for TNVRs, WRIPs and SES separation payments. DPAC operates four special deposit and trust funds for specific purposes:

- T520 – DPAC's operating account which has a balance of \$3.051 million (compared with \$6.621 million at 30 June 2014) and the decrease in the balance is related to the payments for TNVRs, WRIPs and SES resignation payments. The funds held in the operating account are primarily for projects yet to commence or commenced but not completed for which specific Australian Government or State funds were allocated. For projects yet to commence (\$725 000) under Section 8A(2) of the *Public Account Act 1986* is being held as a carried forward to 2015-16 for ITGCC Capital Funding, 2014-15 Teddy Sheehan Grants Program, 2014-15 Men's Shed Grants Program and the 2014-15 election commitment for the Latrobe Speedway Feasibility Study. Funding of \$1.311 million is being held for Australian and State government funded projects commenced but not yet completed. The retained revenue for the fees for service activities provided by the Office of Parliamentary Counsel, The Training Consortium, Office of eGovernment, State Service Management Office and Service Tasmania are held in the operating account.
- T631 – TMD operating account which has a balance of \$2.809 million (compared with \$2.404 million as at 30 June 2014) The funds held in the account include Australian Government and State funds allocated to projects yet to commence or commenced but not completed. These projects include the IT Transformation Project and funding for the Modern Communications Project. There is also a requirement to have reserves to meet normal operating liquidity requirements (\$2.0 million).
- T816 – Service Tasmania operating account which has a balance of \$1.589 million (compared with \$0.985 million as at 30 June 2014). The increase in the balance is due to retained earnings increasing with the balance being required to meet ongoing operational expenses.
- T773 – Sport and Recreation operating account which has a balance of \$420 000 has retained earnings for Sport and Recreation grants programs as well as meeting the ongoing the operational expenses of the Tasmanian Institute of Sport and the Silverdome.

The decrease in the closing balance for receivables is a result of the timing of invoicing for training services provided by The Training Consortium, drafting services provided by the Office of Parliamentary Counsel and new revenue streams for TMD.

## Non-financial assets

The increase in the closing balance for non-financial assets is due to primarily the increase in the depreciable values for buildings and land as a result of the transfer of assets from Sport and Recreation Tasmania, particularly the Silverdome.

The decrease in the closing balance for other non-financial assets is related to decreased prepaid expenditure in accordance with contracts (\$718 000) and the amortisation charge for the lease make-good provision (\$17 000).

## Liabilities

	Actual					Budget
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
Payables	2 522	2 878	2 488	2 946	2 609	2 779
Interest bearing liabilities	227	-	-	-	-	-
<b>Total Financial liabilities</b>	<b>2 749</b>	<b>2 878</b>	<b>2 488</b>	<b>2 946</b>	<b>2 609</b>	<b>2 779</b>
<b>Non-financial Liabilities</b>						
Employee benefits	10 416	10 933	11 776	10 625	13 131	12 843
Other non-financial liabilities	2 492	2 891	2 160	2 621	2 527	2 433
Provisions	-	647	660	673	676	766
<b>Total Non-financial liabilities</b>	<b>12 908</b>	<b>14 471</b>	<b>14 569</b>	<b>13 919</b>	<b>16 334</b>	<b>16 042</b>
<b>TOTAL LIABILITIES</b>	<b>15 657</b>	<b>17 349</b>	<b>17 084</b>	<b>16 865</b>	<b>18 943</b>	<b>18 821</b>

## Financial liabilities

The decrease in the closing balance for payables (\$640 000) is due to improved invoicing processes and no delays in receiving invoices like last year due to the change-over of Government offset by an increase in accrued expenses (\$303 000) which is consistent in value to last year (\$297 000).

### Non-financial liabilities

The increase in the closing balance for provisions recognises the annual adjustment for lease make-good. The increase in the closing balance for employee benefits (\$2.506 million) is due primarily to the transfer of the employee provision for the Sport and Recreation Tasmania staff transferred to the Department from 1 July 2014.

The increase in the closing balance for other non-financial liabilities arose from movements in the balances for the following non-financial liabilities:

- Revenue in Advance – Section 8A (2) Carry Forward – as at 30 June 2014 \$791 000 was carried forward to 2014-15, compared with \$725 000 being carried forward to 2015-16 from 2014-15. The difference is an increase of \$66 000.
- Other revenue in advance – the closing balance was \$1.122 million an increased by \$82 000 as a result of Sport and Recreation being transferred to the Department on 1 July 2015.
- Lease incentive liability – the closing balance decreased by the annual proportion of the lease incentive over the life of the lease for the ANZ building that TMD relocated to from Salamanca Square.

### Equity

	Actual					Budget
	2010-11 (\$'000)	2011-12 (\$'000)	2012-13 (\$'000)	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)
<b>Equity</b>						
Reserves	10	5	5	5	10	5
Accumulated Funds	6 025	8 289	6 626	4 075	(790)	1 914
Contributed Capital	-	-	-	2	28 436	28 287
<b>TOTAL EQUITY</b>	<b>6 035</b>	<b>8 294</b>	<b>6 631</b>	<b>4 082</b>	<b>27 655</b>	<b>30 206</b>

There is an increase of \$23.573 million in equity and net assets compared with the 2013-14 financial year, being the operating deficit for the year (\$4.862 million) offset by the transfer of assets from Sport and Recreation Tasmania (\$29.334 million), in particular the Silverdome, offset by increases in liabilities (\$2.078 million).