



Our Finances

Our financial statements for 2017-18 were certified on 13 August 2018 and submitted to the Auditor-General on 14 August 2018.

Following the audit undertaken by the Tasmanian Audit Office, our financial statements were signed on 7 September 2018.

On 14 September 2018 we received an unqualified audit opinion from the Tasmanian Audit Office and a management letter from Auditor-General Rob Whitehead indicating there were no management issues to address.

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

Department of Premier and Cabinet **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 2018 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.

Jenny Gale
Secretary

7 September 2018

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Members of Parliament

Department of Premier and Cabinet

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Department of Premier and Cabinet (the Department), which comprise the statement of financial position as at 30 June 2018 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the Secretary of the Department.

In my opinion, the accompanying financial statements:

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

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

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INDEPENDENT AUDITOR'S REPORT

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

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

Responsibilities of the Secretary for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of Section 27 (1) of the *Financial Management and Audit Act 1990*. This responsibility includes such internal control as determined necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department's ability to continue as a going concern unless the Department's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary.
- Conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required

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INDEPENDENT AUDITOR'S REPORT

to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Secretary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Stephen Morrison
Assistant Auditor-General
Delegate of the Auditor-General

Tasmanian Audit Office

14 September 2018
Hobart

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FINANCIAL PERFORMANCE

Key indicators of DPAC's financial performance in 2017-18 and position as at 30 June 2018 include:

- There is a surplus for the financial year of \$4.863 million (compared with a deficit of \$1.747 million in 2016-17), which was due to revenue exceeding budget by \$18.495 million and expenditure exceeding budget by \$11.745 million.
- Revenue was higher than expected by \$18.495 million primarily due to increases in appropriation revenue (\$10.489 million); grant revenue (\$4.855 million); other revenue (\$2.238 million) and carried forward appropriation funds from 2016-17 of \$1.744 million.
- Expenditure was higher than expected by \$11.745 million due to: higher than expected employee benefits and superannuation (\$4.068 million); other transfer payments (\$11.173 million) and grants expenditure (\$7.386 million); offset by lower than expected expenditure for supplies and consumables (\$11.894 million).
- There is an increase of \$4.863 million in equity and net assets compared with the 2016-17 financial year, being the operating surplus for the year.
- 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, revenue in advance and interest bearing loans. The net worth of the working capital was \$15.648 million at 30 June 2018 compared to \$12.069 million at 30 June 2017 and estimated as \$9.444 million in the budget papers for 2017-18.
- Total assets increased by \$5.102 million in 2017-18, of which \$1.545 million is the increase in buildings and \$4.617 million in financial assets, which is offset by decreases in Infrastructure and Plant, equipment and leasehold improvements (\$0.099 million) and Other non-financial assets (\$1.016 million).
- Total liabilities stayed steady with a minor increase of \$0.240 million.

Revenue

The following table details the movements in controlled revenue for the past five years and DPAC's budget for 2016-17:

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Appropriation Revenue from Government						
Appropriation revenue – recurrent	68,389	92,469	82,597	85,111	100,623	90,134
Appropriation revenue - Works and services	250	446	420	327	1,237	2,119
Appropriation Carried Forward - Section 8A(2)	278	791	580	1,412	1,744	-
Total Appropriation Revenue	68,917	93,706	83,597	86,850	103,604	92,253
Revenue from Special Capital Investment Funds						
Grants	186	727	3,244	390	4,966	111
Sales of Goods and Services	32,828	31,630	34,332	34,931	34,729	34,678
Other revenue	3,309	8,076	3,902	5,500	4,852	2,614
TOTAL REVENUE	105,240	134,140	125,075	127,671	148,151	129,656

Our budget for appropriation revenue decreased as a result of a reduction in election commitments assigned to us compared to previous financial years.

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

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Ministerial and Parliamentary Support	21,930	18,502	19,174	20,241	22,105	20,226,
Support for Executive Decision Making	10,786	7,707	8,108	11,620	13,891	15,710,
Government Processes and Services	9,728	9,568	11,093	9,885	10,632	10,342,
Electronic Services for Government Agencies and the Community	12,445	12,890	14,085	13,624	14,221	14,251,
State Service Management	2,650	2,508	3,058	3,146	3,092	3,277,
Security and Emergency Management	,0	512	737	1,883	778	739,
Communities, Sport and Recreation	7,201	37,138	22,970	22,153	33,508	23,598,
Local Government	3,649	3,644	3,372	2,560	2,397	1,991
TOTAL REVENUE	68,389	92,469	82,597	85,112	100,624	90,134

From 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 Local Government to its own output group. The majority of the additional funding for government priorities was assigned to Communities, Sport and Recreation.

Our other major revenue stream is Sales of Goods and Services, of which 82 per cent is generated by TMD from different services provided. The following table provides details on the revenue generated:

	Actual				
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)
TMD					
TASINET charges	16,857	16,178	17,177	17,046	17,215
Computing services	5,078	5,184	5,158	5,174	4,852
Network Tasmania (NT) contract management	3,473	3,685	4,049	4,379	3,932
Human resources systems	1,581	1,747	1,768	1,722	1,850
Oracle licensing	636	691	706	456	,439
Total TMD	27,625	27,485	28,858	28,777	28,288
Service Tasmania transaction fees and contributions	2,798	2,633	2,971	3,013	3,335
Training services – The Training Consortium	1,257	993	853	1,122	1,417
Legislation drafting – Office of the Parliamentary Counsel	78	-	-	-	-
Other	1,071	521	1,650	2,019	1,689
TOTAL	32,829	31,632	34,332	34,931	34,729

The majority of the revenue generated by TMD is the direct recovery from other agencies of their contribution towards the whole-of-government contract payments undertaken by TMD on their behalf. 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.

During 2017-18 the revenue generated from the Network Tasmania contract management increased significantly for the third year in a row compared to 2014-15. Consolidation of email services as a whole-of-government service resulted in steady 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 2017-18 reflects an increase in the number of transactions.

The revenue generated by training services provided by The Training Consortium (TTC) has increased significantly for the second year in a row as a result of realigned focus on specific training programs for agencies and resurgence in the popularity of the training run by the TTC.

The majority of the revenue for legislation drafting services by the Office of Parliamentary Counsel was generated from charging off-budget entities for drafting new legislation and amendments to existing legislation. The revenue in 2013-14 reflects the last year of the charging policy which ceased in 2014-15 and as a consequence increased permanent appropriation funding was provided to compensate this revenue source.

Expenditure

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

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Employee Benefits	44,018	49,885	54,619	57,943	60,988	56,920
Superannuation	4,596	5,266	6,054	6,519	6,895	6,452
Depreciation and amortisation	1,144	1,363	1,150	1,145	1,168	801
Cost of Goods Sold	35,119	34,139	38,539	37,965	38,964	50,858
Supplies and consumables	8,962	33,725	14,588	13,234	23,793	16,407
Grants, subsidies, donations and contributions	13	2	8	46	22	14
Finance costs	11,536	12,042	-	-	-	-
Transfers to Service Tasmania lead agencies	2,181	2,090	8,349	10,271	11,173	-
Other Transfer Payments	55	53	53	6	17	-
Transfers to the Consolidated Fund	167	444	295	500	426	251
Other	107,791	139,009	107,792	127,629	143,445	131,703

Compared to 2016-17 total expenses increased by \$15.820 million, being employee benefits and superannuation (\$3.421 million); other transfer payments (\$0.902 million); supplies and consumables (\$0.999 million) and grants, subsidies, donations and contributions (\$10.559 million). The increase in grants, subsidies, donations and contributions and other transfer payments was due to government priorities post the 2018 election. The Department no longer transfers funds to Service Tasmania lead agencies as the Service Tasmania Centres were transferred to DPAC on 1 July 2015.

Employee costs

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Ministerial and Parliamentary Support	14,386	14,149	13,969	15,309	15,909	14,003
Support for Executive Decision Making	5,130	5,289	3,321	3,614	4,091	3,581
Government Processes and Services	6,496	8,276	7,344	6,588	7,381	6,670
Electronic Services for Government Agencies and the Community	10,002	9,341	17,974	19,104	19,356	20,173
State Service Management	2,189	2,456	2,547	2,855	3,251	2,689
Office of Security and Emergency Management		410	707	754	869	557
Communities, Sport and Recreation	3,630	8,844	7,125	8,028	8,461	7,805
Local Government	2,193	1,117	1,633	1,690	1,672	1,442
TOTAL EMPLOYEE COSTS	44,026	49,882	54,620	57,942	60,990	56,920

* Employee benefits at an Output level in 2013-14 are overstated by \$654,000 due to an incorrect allocation between employee costs and supplies and consumables.

Employee benefits expenditure increased by \$3.070 million compared with 2017-18. The majority of the increase is a result payments for separation payments within the Department (\$0.941 million) and MPS (\$1.079 million) and the other factors for the increase are salary indexation and progression for employees and additional staffing employed.

From an Output perspective, employee expenditure increased for Ministerial and Parliamentary Support (\$0.600 million); Support for Executive Decision Making (\$0.477 million); Government Processes and Services (\$0.793 million); Electronic Services for Government Agencies and the Community (\$0.252 million); State Service Management (\$0.396 million); Security and Emergency Management (\$0.115 million); Communities, Sport and Recreation (\$0.433 million); and was offset by a decrease in Local Government (\$0.018 million).

Superannuation

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Ministerial and Parliamentary Support	1,195	1,297	1,329	1,496	1,600	1,289
Support for Executive Decision Making	626	630	389	431	495	437
Government Processes and Services	731	756	723	764	895	808
Electronic Services for Government Agencies and the Community	1,055	1,000	2,104	2,212	2,238	2,325
State Service Management	257	305	317	308	322	322
Office of Security and Emergency Management		50	89	96	111	72
Communities, Sport and Recreation	452	1,085	886	1,001	1,027	1,024
Local Government	280	144	216	211	207	176
TOTAL SUPERANNUATION	4,596	5,267	4,596	6,519	6,895	6,453

The variances between 2016-17 and 2017-18 are a result of the impacts on employee benefits that were detailed above.

Depreciation and amortisation

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Ministerial and Parliamentary Support	59	0	18	18	22	0
Support for Executive Decision Making	77	23	24	43	77	54
Government Processes and Services	68	53	56	93	128	68
Electronic Services for Government Agencies and the Community	898	773	542	297	178	204
State Service Management		6	5	7	11	15
Office of Security and Emergency Management		0	3	3	5	0
Communities, Sport and Recreation	28	506	497	683	733	457
Local Government	14	2	4	2	15	3
TOTAL DEPRECIATION AND AMORTISATION	1,144	1,363	1,150	1,146	1,170	801

There is a minor increase of \$24,000 compared to 2016-17 and is explained by a decrease in depreciation charge (\$58,000) offset by an increase in amortisation charge for leasehold improvements (\$82,000).

Supplies and consumables

	Actual					Budget	
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)	
Ministerial and Parliamentary Support	5,253	4,839	4,695	5,036	5,547	5,750	
Support for Executive Decision Making	1,990	1,510	1,035	1,115	1,656	10,368	
Government Processes and Services	3,650	4,201	4,693	4,263	4,044	3,729	
Electronic Services for Government Agencies and the Community	20,521	18,797	22,439	21,218	21,657	24,081	
State Service Management	1,462	1,537	1,374	1,618	1,609	1,141	
Office of Security and Emergency Management	0	92	113	112	111	106	
Communities, Sport and Recreation	1,390	3,024	3,837	3,025	3,581	3,472	
Local Government	853	139	353	962	502	341	
CIP			331	616	257	1,869	
TOTAL SUPPLIES AND CONSUMABLES	35,119	34,140	38,539	37,965	38,964	50,857	

* Supplies and consumables at an Output level in 2013-14 are understated by \$654,000 due to a mis-allocation between employee costs and supplies and consumables.

- Expenditure on supplies and consumables increased by \$0.999 million compared with 2016-17.
- From an Output perspective, planned expenditure on supplies and consumables increased for: Ministerial and Parliamentary Support (\$0.511 million); Support for Executive Decision Making (\$0.541 million); Electronic Services for Government Agencies and the Community (\$0.439 million); Communities, Sport and Recreation (\$0.556 million); and CIP (0.359 million). The increases were offset by decreases in: Government Processes and Services (\$0.218 million); and Local Government (\$0.462 million). The reasons for the material variances in Output Groups are:
 - an increase for Ministerial and Parliamentary Support is primarily due to more expenditure for information technology (\$0.062 million) and other supplies and consumables (\$0.597 million); offset by a decrease in travel and transport (\$0.117 million);
 - an increase for Support for Executive Decision Making is primarily due to more expenditure for information technology (\$0.038 million); consultants (\$0.176 million); accommodation and property maintenance (\$0.184 million); and other supplies and consumables (\$0.047 million);
 - a decrease for Government Processes and Services is primarily due to less expenditure on consultants (\$0.092 million); information technology (\$0.066 million); communications (\$0.049 million); and advertising (\$0.062 million);
 - an increase for Electronic Services for Government Agencies and Community is primarily due to more expenditure on communications (\$0.073 million); information technology (\$0.177 million); office supplies and consumables (\$0.498 million); offset by less expenditure on travel and transport (\$0.087 million); accommodation and property maintenance (\$0.097 million); and communications (\$0.099 million);
 - an increase for Communities, Sport and Recreation is primarily due to more expenditure on consultants (\$0.202 million); information technology (\$0.577 million); and office supplies and consumables (\$0.060 million); offset by less expenditure on accommodation and property maintenance (\$0.149 million); and travel and transport (\$0.110 million).
 - a decrease for Local Government is primarily due to less expenditure on consultants (\$0.494 million) offset by more expenditure on accommodation and property maintenance (\$0.041 million). The reduction in consultants is directly related to the finalisation of the Boards of Inquiry for the Huon Valley Council and Glenorchy City Council.

The variance of budget to actuals for Support for Executive Decision Making is the funding provided to Safe Homes, Safe Families is costed to office supplies and consumables for the Department by Treasury but the majority of the funding is transferred to other agencies (see Other transfer payments below).

Grants, subsidies, donations and contributions

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Ministerial and Parliamentary Support	1	-	-	-	-	-
Support for Executive Decision Making	3,585	163	224	30	1,035	1,295
Government Processes and Services	1,025	657	410	494	765	770
Electronic Services for Government Agencies and the Community	-	-	-	-	-	282
State Service Management	-	-	-	-	-	166
Office of Security and Emergency Management	-	1,261	-	115	5	-
Communities, Sport and Recreation	1,737	30,184	12,779	12,295	21,985	13,895
Local Government	2,614	1,460	1,175	300	4	-
TOTAL GRANTS, SUBSIDIES, DONATIONS AND CONTRIBUTIONS	8,962	33,725	14,588	13,234	23,794	16,408

Expenditure on grants and subsidies increased by \$10.559 million compared with 2016-17. This is primarily the result of new government priorities assigned to us post the 2018 election totalling \$9.172 million that were paid in May and June 2018. Also, during the year the majority of the Department's grants programs were centrally administered by Communities, Sport and Recreation (CSR). The full list of grant recipients can be found in Appendix C.

Transfers to Service Tasmania lead agencies

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Electronic Services for Government Agencies and the Community	11,536	12,042	-	-	-	-
CIP	250	250	-	-	-	-
TOTAL TRANSFERS TO SERVICE TASMANIA LEAD AGENCIES	11,786	12,292	0	0	0	0

Up to 2014-15, the transfer payment to Service Tasmania lead agencies was forwarded to the Department of Primary Industries, Parks, Water and the Environment (DPIPWE) as the agency that manages the Service Tasmania shops, as well as a payment to the Department of Education for online payments. From 1 July 2015, the management of the Service Tasmania Shops was transferred to DPAC and therefore there was no lead agency transfer.

Other transfer payments

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Ministerial and Parliamentary Support	-	-	-	21	2	-
Support for Executive Decision Making	249	149	2,527	7,347	8,315	-
Government Processes and Services	523	80	23	54	38	-
Electronic Services for Government Agencies and the Community	285	93	1,821	541	464	-
State Service Management	60	60	40	10	76	-
Office of Security and Emergency Management	146	-	1,125	-	-	-
Communities, Sport and Recreation	62	742	3,938	1,173	2,196	-
Local Government	1,001	820	-	-	84	-
OTHER TRANSFER PAYMENTS	2,180	2,090	8,349	10,271	11,175	0

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 2017-18 were:

- transfers to Tasmanian Government agencies (\$9.129 million):
 - DPIPWE total \$0.42 million:
 - Service Tasmania IT Support – \$0.380 million;
 - enterprise suitability mapping – \$0.030 million;
 - online energy self-audit tool – \$0.010 million;
 - State Growth total \$0.880 million - Brand Tasmania Council and related projects
 - DHHS total \$4.002 million:
 - Safe Homes Safe Families funding - \$3.962 million;
 - energy efficiency audits - \$0.040 million;
 - Education total \$0.805 million:
 - Safe Homes Safe Families funding – \$0.701 million;
 - contribution to Devonport Living City Project Manager - \$0.069 million
 - energy efficiency audits - \$0.025 million;
 - contribution to Frank MacDonald Memorial Prize – \$0.010 million;
 - Department of Justice total \$1.067 million:
 - Safe Homes Safe Families funding – \$1.057 million;
 - energy efficiency audits - \$0.010 million;
 - Police, Fire and Emergency Management total \$1.182 million:
 - Safe Homes Safe Families funding - \$1.167 million;
 - energy efficiency audits - \$0.015 million;
 - Department of Health and Human Service totals \$0.035 million for Public Health Services Climate Change Round Table 2019; and
 - other transfers - total \$0.738 million for Silverdome funding and prepayments.
- transfer payments to Local Government (\$1.651 million):
 - Hobart City Council total \$1.636 million – Centenary Of Anzac Walkway; and
 - Devonport City Council total \$0.015 million – Living City Building Operations Support Officer;
- transfers to Australian Government agencies (\$0.259 million):
 - Department of Health and Human Services total \$0.190 million - Safe Homes Safe Families funding and Housing Action Funding; and
 - Department of Justice total \$0.069 million - Safe Homes Safe Families funding.
- other transfers and payments (\$0.102 million):
 - University of Western Australia total \$0.020 million – pathways to better health education outcomes for Tasmanian Children; and
 - other transfers - total \$0.082 million for Manager Essentials Program, State Service Graduate Program and prepayments;
- transfers to Government Business Enterprises (\$0.032 million):
 - Hydro Tasmania – Special Energy Bonus funding.

Other expenses

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Ministerial and Parliamentary Support	48	56	56	90	85	-
Support for Executive Decision Making	21	163	16	20	25	18
Government Processes and Services	28	130	92	134	42	32
Electronic Services for Government Agencies and the Community	38	35	68	135	166	121
State Service Management	8	10	13	16	15	11
Office of Security and Emergency management	6	-	3	5	3	
Communities, Sport and Recreation	14	39	50	50	77	37
Local Government	10	5	-	52	12	29
TOTAL OTHER EXPENSES	167	444	295	500	427	251

The 2017-18 expenditure has decreased in comparison to 2016-17 due to a decrease in the workers compensation premium.

FINANCIAL POSITION

Our financial position summarised in the following tables indicates an increase in the value of DPAC assets of \$5.102 million and an increase in liabilities of \$0.240 million, resulting in an increase in equity of \$4.863 million.

Assets

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Assets						
Financial Assets						
Cash and deposits	10,012	7,832	9,295	10,170	8,660	7,418
Receivables	5,029	4,678	5,305	4,724	10,851	5,475
Total Financial assets	15,041	12,510	14,600	14,894	19,511	12,893
Non-financial assets						
Plant, equipment and leasehold improvements	1,902	1,782	1,764	1,837	1,780	1,617
Infrastructure	319	143	50	42	-	368
Intangibles	261	140	294	804	861	508
Other non-financial assets	3,424	2,689	2,841	2,638	1,622	2,919
Land	-	3,402	3,820	3,120	3,120	3,820
Buildings	-	25,932	28,440	26,760	28,305	27,637
Total Non-financial assets	5,906	34,088	37,208	35,201	35,687	36,869
TOTAL ASSETS	20,947	46,598	51,808	50,096	55,198	49,762

Financial Assets

The decrease in the closing balance for cash and deposits as at 30 June 2018 mainly reflects the decrease in Section 8A2 Consolidated Fund Carry Forwards and planned operational and project spending of funds held as at 1 July 2017. DPAC operates four special deposit and trust funds for specific purposes:

- T520 – DPAC's operating account has a balance of \$2.906 million (compared with \$5.015 million at 30 June 2017) and the decrease in the balance is related to the reduction in Section 8A(2) Consolidated Fund Carry Forwards and planned operational and project spending of funds held as at 1 July 2017. 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 (\$0.837 million) under Section 8A(2) of the Public Account Act 1986 is being held as a carried forward to 2018-19 for Brand Tasmania; Cyber Security; SSMO State Service Employment; Local Government Governance; and Service Tasmania CIP. Funding of \$1.942 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 Training Consortium, Office of eGovernment, State Service Management Office and Service Tasmania are held in the operating account. The funds are committed.
- T631 – TMD's operating account has a balance of \$3.944 million (compared with \$3.049 million as at 30 June 2017). The funds held in the account include Australian Government and State funds allocated to projects yet to commence or commenced but not completed. The main project being undertaken is the Connect U Project. There is also a requirement to have reserves to meet normal operating liquidity requirements (\$2 million).
- T816 – Service Tasmania's operating account has a balance of \$1.628 million (compared with \$1.814 million as at 30 June 2017).
- T773 – Sport and Recreation's operating account has a balance of \$93,000 (compared with \$178,000 as at 30 June 2017) retained earnings for Sport and Recreation grants programs.

The increase in the closing balance for receivables is a result of a one-off \$4.545 million invoice raised for the Hobart Pedestrian Bridge. The funds were received in July 2018.

Non-financial assets

The increase in the closing balance for non-financial assets is primarily due to the capital improvements at the Silverdome offset by the decreased balances for prepayments and lease make-good as at 30 June 2018 compared to 30 June 2017.

Liabilities

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Liabilities						
Financial Liabilities						
Payables	2,946	2,609	2,78	2,116	3,524	3,110
Interest-bearing liabilities	-	-	1,109	709	339	339
Total Financial liabilities	2,946	2,609	3,891	2,825	3,863	3,449
Non-financial Liabilities						
Employee benefits	10,625	13,131	13,514	14,312	14,863	14,421
Other non-financial liabilities	2,621	2,527	2,686	3,027	1,719	1,320
Provisions	673	676	683	645	602	683
Total Non-financial liabilities	13,919	16,334	16,883	17,984	17,184	16,424
TOTAL LIABILITIES	16,865	18,943	20,774	20,809	21,048	19,873

Financial liabilities

There was an increase in the closing balance for Payables (\$1.408 million), due to a billing reconciliations at TMD.

Interest-bearing liabilities relates to a loan received for TNVRs, WRIPs and SES resignation payments, which is scheduled to be paid off next year (2018-19).

Non-financial liabilities

The increase in the closing balance for employee benefits (\$0.551million) is due primarily to the increasing leave liability of employees as a result of increasing balances and salaries.

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 2017 \$1.744 million was carried forward to 2017-18, compared with \$0.837 million being carried forward to 2018-19 from 2017-18. The difference is a decrease of \$0.907 million;
- other revenue in advance – the closing balance was \$0.816 million at 30 June 2017 an increase of \$62,000; and
- lease incentive liability – the closing balance decreased by \$467,000 to zero due to the lease incentive liability being written-off.

The decrease in the closing balance for provisions, recognises the write-off of a lease make-good liability for a rental lease ceased early.

Equity

	Actual					Budget
	2013-14 (\$'000)	2014-15 (\$'000)	2015-16 (\$'000)	2016-17 (\$'000)	2017-18 (\$'000)	2017-18 (\$'000)
Equity						
Reserves	5	10	3,686	3,666	3,300	3,666
Accumulated Funds	4,075	27,645	27,349	25,622	30,851	26,223
TOTAL EQUITY	4,080	27,655	31,035	29,288	34,151	29,889

There is an increase of \$4.863 million in equity and net assets compared with the 2016-17 financial year, being the operating deficit for the year (\$4.863 million).