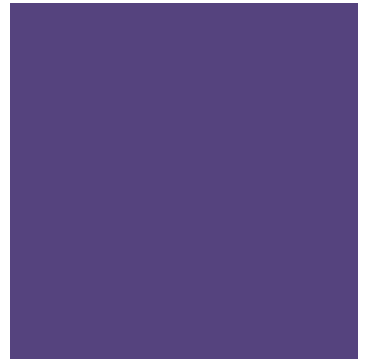


Annual Report 2017–18



Submission to Ministers



Will Hodgman
Premier
Minister for Tourism,
Hospitality and Events
Minister for Trade



Michael Ferguson
Minister for Science and
Technology



Elise Archer
Minister for Arts



Jeremy Rockliff
Deputy Premier
Minister for Infrastructure
Minister for Advanced
Manufacturing and Defence
Industries
Minister for Education and
Training



Guy Barnett
Minister for Energy
Minister for Resources



Peter Gutwein
Treasurer
Minister for State Growth

Dear Ministers

In accordance with the requirements of Section 36 of the *State Services Act 2000* and Section 27 of the *Financial Management and Audit Act 1990*, I submit to you, for presentation to Parliament, this report on the affairs and activities of the Department of State Growth for the financial year ended 30 June 2018.

Separate reports will be presented to you by the Tasmania Development and Resources Board and the Board of Trustees of the Tasmanian Museum and Art Gallery in accordance with state legislation.

Yours sincerely

Kim Evans
Secretary
Department of State Growth
October 2018

How to contact us

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www.stategrowth.tas.gov.au

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Message from the Secretary



The 2017-18 financial year has seen strong performances across the Department of State Growth to support growth and job creation, grow Tasmania's visitor economy, build Tasmania's brand as the best place in the country to live, work, invest and raise a family, and manage our infrastructure and transport systems.

This year saw a renewed focus on expanding our national and international export markets and trade, resulting in a number of records being set.

The continued strong demand for quality Tasmanian products and services has seen the total value of international goods and services exported exceeding \$4 billion for the first time, with international goods exports accounting for almost \$3.7 billion, and China becoming Tasmania's first \$1 billion market.

As a key Tasmanian industry sector, over 75 per cent of Tasmania's premium food and beverage exports went to Asian markets with a value of more than \$430 million.

To capitalise on this strength, in April 2018 we led a Tasmanian delegation of nine businesses to showcase our quality smoked salmon, honey, preserves and juices at one of Asia's largest international food shows, Food and Hotel Asia, in Singapore.

As an enabler of growth in our services export sector, we established a dedicated Global Education unit to support the University of Tasmania, TasTAFE and Tasmanian schools attract international students.

As a result the 2017 academic year saw the largest number of international students commence study in Tasmania on record, at more than 5 000.

In 2017-18 almost 1 650 skilled migrant visas were sponsored by State Growth and relationships were furthered with migration agents and key industry sectors.

The 2017-18 year also saw the start of work on Tasmania's first ever whole-of-government trade strategy focussing on supporting and growing Tasmania's international export activities with four industry roundtable sessions attracting more than 60 participants.

In 2017-18, through the establishment of a dedicated Defence Industries and Advanced Manufacturing portfolio and with the support of the Tasmanian Defence Advocate, we increased our focus on opportunities in the defence and manufacturing sectors to help businesses enter or grow their presence in these multi-billion-dollar markets.

In October, State Growth supported the participation of six Tasmanian defence ready businesses at the Pacific 2017 International Maritime Exposition in Sydney and in April 2018 we led a mission to the Sea Air Space Global Maritime Exposition in Washington DC, each attracting the world's top military buyers and decision makers.

Our administrative outcomes also remained strong with more than \$73 million in grants delivered including the Hawthorn Football Club partnership, support for the Tasmanian Symphony Orchestra, the operation of the West Coast Wilderness Railway, the development of The Hedberg, a creative industries and performing arts precinct, and the Kings Meadows Flood Protection project.

Almost \$8.5 million was provided for major event partnerships such as the V8 Supercars, Dark Mofo and Festival of Voices.

Nearly \$6.5 million went to 162 local projects through the Community Infrastructure Fund, and more than \$10 million was provided to councils for road improvements through the Australian Government's Black Spot and Bridge Renewal programs and the Road Safety Levy.

This year we managed a total of 56 new contracts or consultancies with a value of almost \$293 million.

These covered major projects such as works on the Midland Highway upgrade, Bass Highway safety improvements, state road network maintenance, the Hobart real-time traffic congestion management project, Project 2018 bus services, the new Bruny Island ferry service, a new advanced traffic management system and a range of environmental and heritage services.

At the corporate level, in September 2017 we consolidated around 500 Hobart-based staff into the new Salamanca Building within the Parliament Square precinct from five sites in the Hobart CBD, seeing an immediate increase in collaboration and business efficiency while reducing our physical and environmental footprint.

In October 2017 we launched our new departmental website aimed at improving our web presence, usability and consolidation of content to increase accessibility and user satisfaction.

We also rolled-out a new intranet consolidating the department's internal communication platforms into one channel.

This year we proudly continued our engagement with the White Ribbon initiative to demonstrate practical leadership that violence against women and families is never acceptable.

Since last year we have rolled out a dedicated White Ribbon manager/supervisor training program which was later opened to all staff, and achieved significant staff representation under the White Ribbon banner in the City to Casino, Launceston 10 and Burnie 10 fun runs.

We produced a whole-of-government White Ribbon leadership video, hosted a State Service White Ribbon night event and ran a range of ongoing awareness, educational and supporting activities.

We are confident we will receive our formal White Ribbon accreditation in the first half of 2018-19.

Our achievements this year would not have been possible without the dedication and effort of the staff of State Growth, and I thank and commend them for another successful year in 2017-18.

I also acknowledge the work of the chairs and members of our respective boards and our Ministers for their support.

Kim Evans
Secretary
Department of State Growth



Who we are

The Department of State Growth's role is to support economic growth and facilitate the creation of jobs and opportunities for Tasmanians.

The department is made up of four business areas each headed by a Deputy Secretary reporting to the Secretary.

We recognise and build on synergies that exist across government and work collaboratively to create opportunities for all Tasmanians.

Our structure includes the following business areas:

- » **Cultural and Tourism Development** – developing policy and programs to deliver economic and social outcomes through the cultural and creative sectors, encompassing Arts Tasmania, the Tasmanian Museum and Art Gallery, Screen Tasmania, Events Tasmania, and hospitality and tourism supply.
- » **Industry and Business Development** – a client-centric group that focuses on driving the development of industry capability and regional development for growth including small business support, workforce development, trade, resources and strategy, policy and coordination.
- » **Transport Services Group** – a key enabler for growth and services for the community that includes infrastructure delivery to support growth and an integrated customer service function for delivery and management of the all –important regulatory, road safety education and awareness services that underpins this. The Office of Energy Planning is also part of this division.
- » **Business Services** – working with our partners to deliver quality financial, communication, human, information, asset management and portfolio services and leading the development of organisational culture and business improvement.

The Department of State Growth also supports Infrastructure Tasmania and the Office of the Coordinator-General.

These key offices are important in providing a coordinated approach to the planning and delivery of all major economic infrastructure in Tasmania, and in attracting investment to Tasmania, facilitating major projects and cutting red tape.

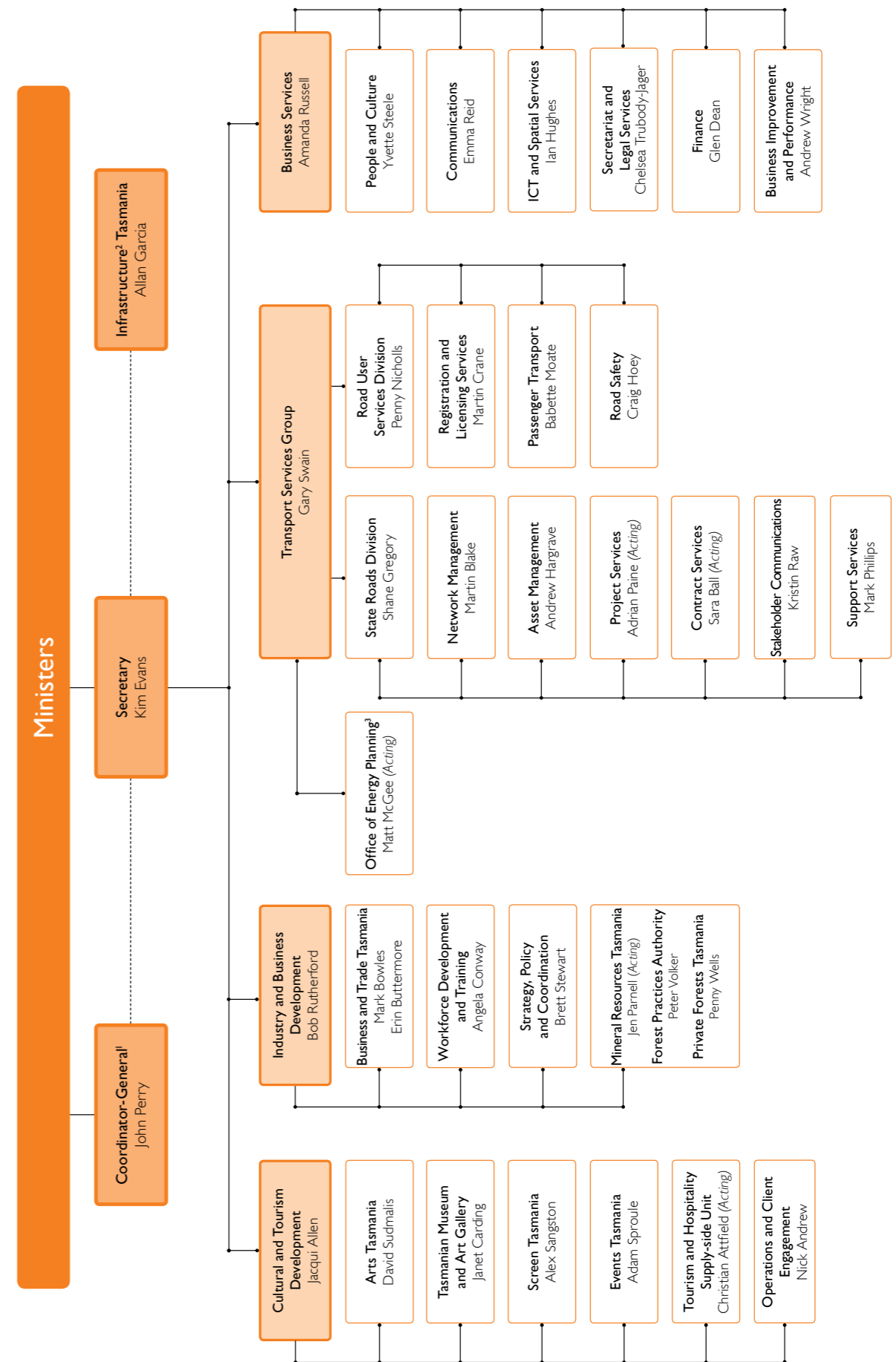
Our Corporate Plan

The Department of State Growth's Corporate Plan 2015–18 acknowledges the diversity of our activities and provides us with common objectives that we all contribute to.

For each of the following objectives there are also a number of priority actions.

1. Work with Tasmanian businesses and industry to support growth and job creation.
2. Grow and support Tasmania's visitor economy.
3. Build Tasmania's brand as the best place in the country to live, work, invest and raise a family.
4. Support industry and business growth by strategically managing our infrastructure and transport systems.
5. Build organisational capacity by developing our people, safety, systems and culture.

Department of State Growth – Organisational Structure as at 30 June 2018



¹The Coordinator-General reports directly to the Minister for State Growth and also reports to the State Growth Committee of Cabinet on major projects where appropriate.
²Chief Executive of Infrastructure Tasmania also reports to the Treasurer.
³Gary Swain assuming management of the Energy Policy team from May 2018 for 12 months

People and Culture

One of the five objectives in the department's Corporate Plan is to build organisational capacity by developing our people, safety, systems and culture, this includes creating a shared culture and values to build on our strengths as a department and improve the way we work together.

State Growth continues to make positive progress in building our culture. Development of our values and behaviours, the move into the Salamanca Building and other accommodation upgrades, an increased focus on flexibility@work and White Ribbon accreditation provide the environment for greater communication, collaboration and strengthening of a shared State Growth brand.

A range of initiatives have been implemented which are contributing to a positive culture including:

- » Adoption of the agency values and behaviours, which continue to be embedded into departmental policies and practices and guide how our people interact and perform their work.
- » The relocation of most of the Hobart-based staff into the Salamanca Building was an important change management project which supported the agency values in action. Feedback from our employees has highlighted greater opportunities for interaction across teams and divisions, including Executive members, as well as improved technology that has led to more effective communication between our different worksites.
- » Workplace protocols with a set of agreed behaviours to support the integration to a new working environment with the relocation to the Salamanca Building and other accommodation transitions.

The agency continues to place a high priority on culture enhancement and an internal qualitative review of organisational culture is underway to inform the next steps.

Staffing information

As at 30 June 2018 we employed 852 people (704 paid full-time equivalents – FTEs)



Total number of employees	852
Number of paid FTE employees	704

Paid FTEs include employees currently on the payroll and receiving salary as at 30 June 2018 including those on paid leave.

Excluded from paid FTEs are those employees who are absent on long-term unpaid leave, for example unpaid parental leave, secondment or leave without pay but who have an expected return date.

As at 30 June	Employees	Paid FTE
2016	807	686
2017	829	711
2018	852	704

The increase in headcount is largely due to the active recruitment of graduates, as well as additional resourcing to ensure government priorities are met.

At the same time, our paid FTE has decreased slightly due to a number of employees moving to part-time and taking leave without pay.

Employment profile

As at 30 June 2018, permanent employees represented 91 per cent of our workforce, with six per cent employed on fixed term contracts, with the remaining three per cent being Senior Executive Service employees. 32 per cent of our employees work part-time.

Age profile

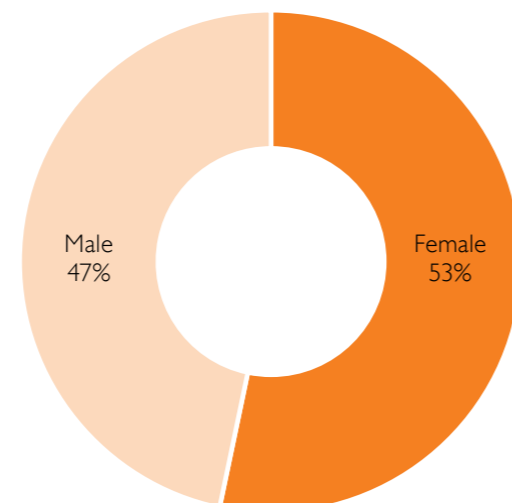
The average age of our staff in 2017–18 was 47 years of age, a slight decrease from 48 years of age for 2016–17.

Gender profile

Staff numbers by gender:

As at 30 June	Female	Male
2016	439	368
2017	446	383
2018	454	398

Our gender profile remains consistent with the 2016–17 period.



The table below shows our gender breakdown in the Senior Executive (and equivalent specialist) roles over the past three years.

	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
SES 1	2	7	4	5	3	6
SES 2	2	6	2	6	5	6
SES 3	3	1	3	1	3	1
SES 4	0	2	0	2	0	2
Total	7	16	9	14	11	15

In 2016, 30 percent of the Senior Executive was female. This has increased to 42 per cent this year.

Our Secretary and Deputy Secretaries participated in unconscious bias training in leadership and recruitment, arranged by the State Service Management Office. State Growth will be rolling out agency specific training, as well as incorporating unconscious bias information into our eLearning module for selection panels.

We remain committed to removing barriers to participation for women and other diversity groups. We will continue to educate our people on unconscious bias to help them understand their biases in decision-making that limit inclusion.

A key focus for 2018–19 is the creation of a Women in Leadership Action Plan that includes consultation to identify cultural barriers that exist and strategies to increase female representation in leadership. At 30 June 2018, 34 percent of females occupied senior roles that is those in General Stream Band 8 (and equivalent) or above.

Flexibility@Work

State Growth launched a new flexible work practices framework in September 2017.

It encouraged managers to engage regularly in discussions with their teams to examine what flexibility may look like in their work area and to consider openly requests for work flexibility.

The framework is underpinned by guides for managers and employees along with other supporting documents.

The framework is integrated into other agency initiatives, such as work health and safety, mentally healthy workplaces, diversity and inclusion, and recruitment and selection.

More recently a review of the department's annual performance cycle discussions has expanded to include a personal check in.

This is a structured opportunity for managers and their staff to have conversations about workplace flexibility and general employee engagement and wellbeing.

Induction

The department recognises that first impressions have a positive impact on new employees.

A key focus for 2017–18 has been the development and implementation of an integrated approach to induction to ensure our new employees feel welcomed and supported in their new roles.

Our induction process includes online modules to be completed in the first few weeks of starting, a manager's guide and checklists to support business area induction, and intranet and a face to face orientation sessions.

New employees also meet with the Secretary and other members of the Executive and hear first-hand their expectations of working in State Growth, and gain an understanding of the broad scope of work we do and importantly meet and form connections with people across the agency.

Developing capability

The implementation of the department's learning management system MyGrowth during 2017–18 provides our employees with access to an extensive library of online courses through Lynda.com, as well as specifically designed eLearning programs and targeted training opportunities.

Leadership and management capability continues to be a high priority area for the department with ongoing opportunities to develop leaders at all levels, through whole of government and department specific programs.

The department supported five Senior Executive Services (SES) officers to participate in the inaugural State Service Australia and New Zealand School of Government (ANZSOG) SES Leadership Development program, as well eight managers on the Tasmanian State Service Management Essentials program.

Building performance

Work has been completed on fine-tuning the department's performance management process with a renewed focus on ensuring everyone has a Personal Performance and Learning Agreement (PPLA) in place.

The changes provide a framework for managers to share their expectations, provide feedback and support development and engagement with work. The new PPLA template has a stronger focus on values and behaviours and a personal check-in to encourage a discussion about an employee's general engagement and experience at work.

It supports regular constructive conversations with managers which are key to establishing a mutual agreement about work and development plans. A guide for managers and employees has been produced to help understand the process, with information sessions and revised intranet content to support implementation.

Our health and wellbeing

The Executive takes an active leadership role in understanding and fulfilling their duty of care, legal and moral obligations.

The weekly Executive team meeting includes a standing agenda time of work, health safety and wellbeing to discuss and action priority areas and identify emerging issues.

The department has continued implementing its safety management system. Key focus areas have been: contractor management, occupational violence and aggression, alcohol and other drugs in the workplace and the development of the department's work health, safety and wellbeing risk assessment process and risk registers.

The department has adopted a proactive and integrated approach to employee wellbeing, encompassing four themes: physical, mental, social and financial wellbeing.

A range of programs have been delivered including, free of charge annual influenza vaccinations, skin cancer screening checks, online health assessments, heart health screenings, Ritualize/Healthy Tasmanian Workplaces initiative, a mindfulness research and training program, manager and employee mental health and wellbeing education sessions, as well as user-pays programs in yoga and massage.

Raising awareness of the issue of violence against women

The department has focussed heavily this year on building awareness of the issue of violence against women, joining the June 2017 intake of the White Ribbon Accreditation Program under the White Ribbon National Workplace campaign.

Through participation in the program, we have been able to educate, raise awareness, implement prevention programs, establish partnerships and highlight and support the positive role men play in the prevention of violence against women.

The campaign aligns to and further strengthens the department's workplace culture and values, and is a strong public acknowledgement of the commitment of zero tolerance of violence against women.

Our steps to prevent and respond to violence against women in 2017–18 included:

- » Establishing a governance structure to oversee the department's program, including a White Ribbon Steering Committee, chaired by the Secretary and a statewide working group.
- » Building staff awareness of the issue of violence against women through emails, presentations, newsletters, specific intranet pages and staff forums.
- » Promotion of activities to raise awareness such as participation in the White Ribbon Walk 2017, encouraging staff to enter fun runs and walks across the state in White Ribbon/State Growth branded t-shirts to visibly show their support.

- » Developing and implementing a Family Violence Support Policy, manager/supervisor fact sheets to respond to both victims and perpetrators in the workplace, and a Workplace Safety Plan. The policy and resources offer tangible support options for our employees affected by family violence and were widely consulted on internally and with a range of external organisations.
- » Developing a very successful training program for managers and supervisors, with nineteen workshops delivered in Hobart, Launceston and Burnie. The aim was to create a safe space for peer to peer reflection, and for managers to better understand the context for violence against women and the importance of their role in facilitating difficult conversations with staff and stopping violence against women in the workplace.
- » Leveraging relationships with external support organisations to engage staff and change attitudes and behaviours about violence against women and family violence in the broader community.
- » Taking the lead on the Tasmanian State Service White Ribbon night event for July 2018, which included producing a video statement of commitment from all State Service Heads of Agency.

The program has strong links with our work place values, our culture, diversity and inclusion, and will be further integrated into the way we do things in the department. Our White Ribbon Operational Plan 2018–2020 outlines how we will continue to keep the issue of prevention of violence against women alive in State Growth.

Diversity and inclusion

The department is committed to providing our employees with an inclusive workplace that supports diversity through employment practices that are accessible to everyone, a culture and values program that ensures employees are valued and respected, and working together to eliminate barriers.

In 2017–18, our focus has been on improving and supporting Aboriginal employment, providing opportunities for young people and supporting people with disability.

Supporting Aboriginal employment

During 2017–18, the department worked with the State Service Management Office and the Aboriginal community to develop the draft Aboriginal Employment Strategy which is due for release late in 2018.

The department supported and encouraged our Aboriginal employees to input into the strategy and facilitated their attendance at the whole of service Aboriginal network gathering in 2017, and nominated and supported Aboriginal employee participation in the consultation and drafting of the strategy.

The department recognises the continued importance of sharing stories, history and culture within the Aboriginal community and actively supports attendance at significant cultural events and celebrations by promoting our flexible work practices and providing access to cultural leave where appropriate.

Youth employment opportunities

The department is committed to creating opportunities for young people.

State Growth participated in the Tasmanian Government graduate program for the second year in a row.

Our graduates are employed across a range of business units and the program includes a series of training and learning experiences which builds on their academic achievement and transitioning into the public sector.

During 2017 and 2018, we employed six permanent and three fixed term graduates.

The department also runs a work experience placement program for high school and VET students which is available across the state.

It provides unpaid student placements with work-like experiences, giving them the opportunity to increase their knowledge and skills, build valuable relationships, and receive advice from experienced employees.

In 2017, the department supported four work experience placements in the south, expanding in 2018 to include a placement for the first time in the north of the state and a work experience placement for an English as an additional language student.

Increasing work opportunities for people with disability

The department continues to show its commitment to identifying and removing barriers to employment for people with a disability. A barrier identified as part of our consultation on the Flexibility@Work framework was people with a disability needing to 'tell their story' multiple times to ensure continued access to support.

In response the department has developed the Workplace Adjustment Passport which means that when an employee with a disability requires a workplace adjustment, they only need to tell their story once. The passport 'travels with them' throughout their employment.

To increase employment opportunities for people with disability, the department implemented an Unpaid Work Framework. This supports unpaid work placements and aims to break down negative preconceptions about employing people with disability and provide work-like opportunities, experiences and references to increase the chance of success for people with disability when they seek future paid work opportunities. In 2017–18, State Growth made two placements for people with disability.

In 2018, we will continue working with the disability employment sector to review our recruitment practices to identify any potential or actual barriers to employment and to develop alternate and supportive recruitment practices to increase the attraction of applicants with disability.





Industry and Business Development

Client Services

Key achievements

Advanced Manufacturing and Defence Industry

The Tasmanian manufacturing sector is a key contributor to our economy and is strategically supported through the Advanced Manufacturing Action Plan and the Tasmanian Defence Strategy.

Under the Action Plan the department has delivered numerous programs to support the industry's growth including the Tasmanian Advanced Manufacturing Market Expansion Program and Innovation and Growth Voucher System. In 2017–18, 29 projects have been approved across both programs, assisting manufacturers to expand their business interstate and overseas to a value of \$389 024 in total.

A key action of the Defence Strategy was the appointment of the Tasmanian Defence Advocate, Rear Admiral (Rtd) Steve Gilmore. Since commencing in 2017, the Advocate has worked with Tasmanian industry and senior defence decision makers and been invaluable in facilitating new introductions and commercial opportunities for Tasmanian businesses in Australia and overseas.

The past year saw significant efforts to grow Tasmania's defence industry profile with more than 16 major defence primes visiting Tasmanian industry. The department also had an active presence at major national and international expositions including Pacific 2017, Sea Air Space (USA) and Eurosatory (Europe) connecting industry to new supply contracts and other opportunities.

Antarctic Tasmania

The Tasmanian Government released its Tasmanian Antarctic Gateway Strategy in January 2018 which aims to grow Tasmania's capacity and reputation as a premier Antarctic gateway.

The key goals are to strengthen Antarctic and Southern Ocean research, education and training; facilitate international engagement, visitation and investment in Tasmania's Antarctic gateway infrastructure; facilitate polar innovation and expertise in the business community, and increase collaboration within Tasmania's Antarctic community.

The strategy signals the Tasmanian Government's commitment to support growth in the Antarctic sector, which is a significant contributor to the Tasmanian economy, generating 0.7 per cent of our GSP and directly employing over 750 Tasmanians, with another 450 employed indirectly.

The Tasmanian Antarctic Gateway (TAG) advisory committee was also established to provide high-level advice to the Tasmanian Government on Antarctic matters.

Antarctic Tasmania continued its longstanding partnership with the Tasmanian Polar Network to strengthen international relationships and pursue market opportunities including promotional work at COMNAP (Council of Managers of National Antarctic Programs) in Germany and SCAR (Scientific Committee on Antarctic Research) in Switzerland.

Antarctic Tasmania is also working to support Tasmanian business win tendering opportunities for Australian infrastructure development projects in Antarctica. A Tasmanian company has been appointed as the preferred tenderer for the construction of a new research station on Macquarie Island.

The Government continues to support the Integrated Marine Observing System, the Commission for the Conservation of Antarctic Marine Living Resources and the Agreement on Albatrosses and Petrels as cornerstone international scientific organisation within Tasmania.

Science and technology

Initiatives to enhance Tasmanians' digital inclusion saw the expansion of workshops and training activities to increase digital literacy. Planning is also underway for the first ICT Summit to be held in Hobart, with sector representatives, peak bodies, TasICT and the Australian Computer Society (Tasmanian branch).

The department continues to foster science engagement by supporting local Inspiring Australia activities including Science Week and Science Meets Parliament.

A Request for Tender to increase mobile phone coverage to at least 95 per cent of the state's Great Eastern Drive commenced with a call for Expressions of Interest that opened 23 June 2018.

The Digital Ready for Business program has been extended and since January 2018 five seminars on Leveraging the Tasmanian Visitor Economy have been held.

An updated Digital Ready website with a visitor economy microsite went live early in July 2018. The new microsite includes case studies and new content to assist businesses achieve tangible outcomes. In 2017–18, 1 617 registrations were received including 669 for seminars, and 285 one-on-one coaching sessions.

The Government's free Wi-Fi network included 170 access points across 71 locations around the state, and almost 594 000 users have accessed the service in just under 1.4 million sessions since the first hotspot went live at Bridport in December 2015.

Small business

Assisting Tasmania's 36 500 small businesses to grow and succeed has been a continued focus of the Small Business unit and Business Tasmania, with support offered to over 1 200 small businesses, and many more accessing free online resources via the Business Tasmania website.

Referrals to the Enterprise Centres Tasmania program increased by 65 per cent, with over 1 000 businesses accessing free, independent and one-on-one business advice from Enterprise Centres across the state.

Other initiatives such as Winning Government Business workshops and small business forums on topics including marketing, grant writing and business planning received 790 registrations statewide.

Small Businesses now have access to the latest conferences, workshops and industry development opportunities in Tasmania via the new Business Tasmania events calendar that was launched in June.

Industry and Business Development continued

In partnership with the Tasmanian Chamber of Commerce and the Tasmanian Small Business Council the department has commenced developing the new Business Growth Strategy 2018–23 in consultation with small businesses and industry around the state.

Financial assistance to business

State Growth has delivered a number of diverse and commercially complex assistance packages to Tasmanian businesses across all sectors of the Tasmanian economy, including support for expansion and development of agribusiness, tourism, advanced manufacturing and defence.

State Growth is actively engaged with the mining sector and is currently helping facilitate the industry's major mine restart projects including the Mt Lyell Copper Mine and Dundas Mining's Avebury Nickel Mine.

State Growth's support for Tasmanian agriculture is significant. Under the \$40 million AgriGrowth Concessional Loan Scheme, low interest loans are made available to Tasmanian farmers for projects which increase the value of our agriculture sector. As at 30 June 2018, in excess of \$15 million in loan assistance has been provided to farmers to promote investment and growth in Tasmanian agriculture.

Mineral Resources Tasmania

Key achievements

As the statutory authority for the *Mineral Resources Development Act 1995*, Mineral Resources Tasmania (MRT) works to ensure sustainable and fair management of the state's natural mineral resources.

Geoscience Initiative Program and Mining Sector Innovation Initiative

The Tasmanian Government has committed \$1.4 million over four years (2016–20) for a Geoscience Initiative Program that will reduce risk for mineral explorers and attract additional investment through the provision of improved geoscience information. In 2017–18 three new geological maps, Bluff, Keith, and Kenneth, were produced. Planning for airborne geophysical surveys was progressed and work on building 3D geoscience models derived from geological and geophysical data was started.

A further joint initiative, between MRT, the University of Tasmania and the Tasmanian Minerals and Energy Council commenced in July 2017. The Mining Sector Innovation Initiative provides funding of \$1 million over four years (2017–21) to improve environmental outcomes for mining operations, past and present, develop a better understanding of landslip risk and develop innovative techniques to use and present the geoscience data that MRT curates. Projects have commenced in the geoscience and mine rehabilitation areas and a landslide project officer has been recruited.

Mineral Exploration Investment Attraction Plan

MRT continues to directly market opportunities for mineral exploration and mining in Tasmania at a state, national and international level. It has joined with industry stakeholders on promotional opportunities including the Prospectors and Developers Association of Canada and China Mining conferences, investment seminars in Beijing, Seoul and Tokyo, an Austrade organised series of seminars and one on one meetings in four cities in India, and the Mining Indaba conference in South Africa.

Promotional activities within Australia included sponsorship, staffed booths, presentations, and displays at the Australian Earth Sciences Convention, National Women in Resources Awards and Business Forum, Tasmanian Geoscience Forum, the Hobart, Launceston, Devonport and Zeehan gem and mineral shows, the Tasmanian Mineral and Energy Conference, AUSIMM Student Meets Industry Day and the GSA Earth Sciences Student Symposium.

Relocation of MRT to Burnie

The relocation of MRT is an important component of the Tasmanian Government's Mining for Tasmania's Future policy. Staff and resources continue to be moved progressively, as part of a four stage plan. The Core Library and staff who utilise it will not be relocated. MRT staff have been fully consulted and informed during the implementation of the policy.

The approach is being implemented via a client focus model, whereby all front-end, non-core library related functions of MRT are relocated to Burnie, and the remaining back-end geoscientific and analytical functions that are linked to the Core Library, the University of Tasmania and Centre of Excellence in Core Deposits (CODES) are located at the Mornington Core Library facility.

Stages one, two and three of the relocation are complete and stage four is underway. Stage four of the plan involves the consolidation of remaining Hobart functions to the Core Library thereby vacating the Rosny office. This will result in significant operational and financial efficiencies.

Geological survey

Regional geological mapping programs in northern Tasmania resulted in updates to four 1:25 000 sheets, production of an updated 1:250 000 map of the north west, a 1:500 000 statewide radiometric map and a 1:500 000 infrastructure map.

3D modelling of the state's geology continues, with a semi-regional model of the gold-prospective Alberton–Mathinna area in the north east of the state ready for release in July 2018.

This model is the first to benefit from significant improvements to the state's gravity data implemented in 2018.

The Commonwealth National Disaster Resilience Grant Program funded south east Tasmania tsunami risk modelling has been completed, and work on the Mt Wellington Debris flow hazards is nearing completion. A new digital elevation model of the state has been compiled. All of this work will inform and improve planning and emergency response decisions in the state.

Mineral tenement management and regulation

The management and administration of mineral rights and regulation of exploration activities continued during the year, with approximately 529 mining leases and 119 Licences in force as at 30 June 2018.

Revenue from these tenements in the 2017–18 year was \$36.9 million in royalties and \$1.7 million in fees and rentals. This represents a slight decrease of \$2.5 million on the previous financial year.

During the year, MRT inspectors spent considerable time in the field, undertaking regulation work and liaising with industry and stakeholders. In total 428 inspections were conducted in 2017–18 of mining leases, licences and exploration work program applications.

Tasmanian exploration expenditure increased in 2017–18, however it was dominated by exploration in the vicinity of existing deposits (brownfields), while exploration expenditure for new deposits (greenfields) remained at a low level.

MRT continues to manage the Abandoned Mines Rehabilitation Trust Fund and completed a full program of data collection and on-ground rehabilitation works at Storey's Creek, Royal George, Dundas and South Mt Cameron, and minor works at several other sites.



Strategy Policy and Coordination

Key achievements

Industry and Reform

In 2017–18, the division continued to support other areas of the Department of State Growth with major reform projects.

The major focus for the year was the continued delivery of the Public Bus Re-procurement Project (Project 2018) and the Regulatory Review of the Taxi and Hire Vehicle Industry.

Infrastructure Policy

The Infrastructure Policy Branch has undertaken an extensive program of work in 2017–18.

This has included for the state's rail infrastructure, development of the Tasmanian Rail Access Framework Policy and the implementation of the *Strategic Infrastructure Corridors (Strategic and Recreational Use) Act 2016* to facilitate projects on non-operational rail lines.

The unit has also undertaken a survey of Tasmania's freight movements across the road and rail network, and provided representation and participation in national reform processes, including Heavy Vehicle Road Reform.

The unit has also been responsible for the development of the *Metro Tasmania Amendment Bill 2018*, to enable operation of ferry services by Metro Tasmania, in support of the Tasmanian Government's broader Hobart Transport Vision.

Policy and Coordination

The Policy and Coordination unit has continued to work with internal, inter-agency, inter-jurisdictional and external clients to resolve emerging issues, support and lead the delivery of key projects, negotiate agreements and processes, and provide a central coordination and liaison service for the agency, its Executive and portfolio Ministers.

Deliverables included:

- » progressing legislation including the *Cable Car (kunanyi/Mount Wellington) Facilitation Act 2017*
- » undertaking internal reviews such as revising performance reporting
- » negotiating across government to progress agreements such as the Hobart City Deal Heads of Agreement
- » designing and implementing funding programs such as the Population Growth Strategy Small Grant Fund
- » piloting initiative programs including the Tasmanian Employment Networks Service
- » managing and designing engagement and promotion mechanisms such as MakeItTasmania.com.au and You in a Year campaign, and
- » coordination of strategic service delivery such as the department's Disability Action Plan.

Resources Policy

In 2017–18, the Resources Policy unit continued to provide high quality advice to the Minister for Resources on a range of forestry and mining issues.

This included developing an extension to the Tasmanian Regional Forest Agreement (RFA), which was the first RFA extended in Australia, and ensures the ongoing efficient regulation of Tasmanian forest practices.

The unit also delivered statutory obligations under the *Forestry (Rebuilding the Forest Industry) Act 2014*, including the first Tasmanian Special Species Management Plan, and progressed actions in the Forestry Strategic Growth Plan, including the Wood and Fibre Innovation Program, the National Institute for Forest Products Innovation and communication and marketing activities.

The Tasmanian Timber strategic marketing campaign, run under a deed administered by Resources Policy, promotes the use of Tasmanian timber in building and construction in Australia for both its appearance and structural qualities, while the Take a Fresh Look campaign stressed the changes that have been occurring in the Tasmanian forest industry.

The Resources Policy unit also prepared amendments to the *Mineral Resources Development Act 1995*, and regulations to remove duplication between regulatory systems

Planning Policy

The division has played a key role in representing agency interests during the ongoing planning reform process, through the preparation of policy advice and submissions on land use planning policy and legislation, regional strategies, planning schemes and local area plans.

Working across the Department of State Growth, the Planning Policy area continues to advocate for strategic and informed land use planning frameworks and decision making, including through representation at the Tasmanian Planning Commissions and interagency forums.

The unit has a particular focus on assisting to improve planning outcomes in the following key areas:

- » protection of industry and resource land to ensure the potential for land use conflict is minimised;
- » efficient use of transport infrastructure and services; and
- » more strategic and considered settlement planning, particularly within urban areas.

Trade and International Relations

Key achievements

Facilitating international partnerships

The department supported the formation of a partnership between the Chinese Academy of Agricultural Sciences (CAAS), the Tasmanian Institute of Agriculture and NRM South. This partnership included the signing of a tripartite memorandum of understanding which will underpin cooperative research projects and a joint PhD program between CAAS and the University of Tasmania (UTAS). CAAS sent its largest ever overseas delegation to Tasmania for the Sustainable Agriculture Forum in April 2018, which was hosted by UTAS and supported by the Tasmanian Government.

Commenced development of Tasmania's first trade strategy

In March 2018, the Premier established the new portfolio of Minister for Trade and announced the development of a new Tasmanian Trade Strategy 2018–25, to be released by the end of the year. The trade strategy will aim to grow our international export capacity, sales and brand reputation. It will outline a coordinated range of support to meet the needs of new and emerging businesses as well as those that are already established and are well placed to expand their markets nationally or internationally.

The first stage of the strategy's development involved extensive consultation with business and industry from across Tasmania. This helped to identify industry issues and barriers impacting Tasmanian exporters and to articulate the role of government in how best to support industry growth into the future. Outcomes from this consultation will be central to the direction of the final strategy and the establishment of key markets where the Tasmanian Government will focus its efforts and support.

Domestic and international markets have continued to show strong demand for quality Tasmanian products and services with the total value of international goods and services exports exceeding \$4 billion in 2017–18 for the first time in Tasmania's history.

Supported Tasmania's premium food businesses to increase their exports

Over 75 per cent of Tasmania's premium food and beverage exports are destined for markets across Asia, valued at over \$430 million. In April 2018, the Tasmanian Government secured prominent exhibition space at one of Asia's largest international food shows: Food and Hotel Asia, in Singapore.

The department supported nine Tasmanian businesses to showcase the best of Tasmania's best, further introducing the world to our quality smoked salmon, honey, preserves and juices. The participating businesses secured several new orders and made important contacts in the food industry across Asia.

The international reputation of Tasmania's wine continues to grow and the department supported the industry to increase its brand profile through a range of market development activities.

These included Vin Diemen 2017, a sparkling wine masterclass hosted in New York City by respected wine writer Tyson Stelzer, an inbound visit by key wine buyers and influencers, and sponsorship of the Wine Awards 2018 enabling renowned USA wine judge Patrick Comiskey to attend as guest judge.

The continued presence of Tasmania in our key international markets is of critical importance to further growing our exports and the value proposition of the Tasmanian master brand.

Establishment of the Global Education unit

The Global Education unit was established in October 2017 within the Department of State Growth to deliver the goals of the Global Education Strategy. Leveraging Tasmania's brand as a study destination, strengthening industry partnerships and pathways, enhancing student experience, developing connected communities, supporting ongoing investment by the sector and deepening connections with the global alumni network were the main focus.

Joint overseas recruitment missions occurred with UTAS and the Department of Education to promote Tasmania as a study destination to over 350 agents and 400 students in South Korea, India, Nepal, Sri Lanka and China.

Other initiatives include a familiarisation tour for 10 education agents from Germany, Brazil, Malaysia, Hong Kong, China, Japan, South Korea and Taiwan to showcase Tasmania's education system, and \$150 000 grant towards the UTAS I-PREP program which helps international students to become work-ready.

The successful Ricky Ponting marketing campaign in India and Sri Lanka reached 166 000 people via social media and was viewed 29 000 times. New marketing collateral was also developed including a refreshed graphic device to appeal more widely to the target market.

Closer to home the SHINE awards celebrated the contribution of international students to our state and the unit personally welcomed over 1 900 new international students in 11 campuses across Hobart and Launceston during student orientation and Harmony Day activities.

Increased growth and support for skilled migration

The Boosting Business and Skilled Migration continues to support the growth of Tasmanian business and industry through selective nominations of potential migrations in targeted occupational groups.

Nationally, there have been significant policy changes to Australia's migrant intake program. While many of these changes had limited impact on Tasmania's Business and Skilled Migration Program, the Business and Skilled Migration unit continued to ensure that prospective applicants and local industry remained informed of how these changes may impact them.

This included publishing changes via the Migration Tasmania website, meeting with migration agents and presenting to key industry sectors.

Despite these changes, the department offered state nomination to a record number of business and skilled migrants in 2017–18: a total of 1647 applicants from 65 different nationalities.

Workforce Development and Training

Key achievements

Major initiatives and commitment to grow apprenticeships and traineeships

The Tasmanian Government is committed to growing the numbers of apprenticeships and traineeships in Tasmania, with over 7 500 in training throughout 2017–18.

Through TasTAFE and the Apprentice and Trainee Training Fund (User Choice) the department continues to subsidise over 95 per cent of apprentices and trainees, with a small number funded by employers.

In 2017–18 the department supported the employment of over 1 300 apprentices and trainees in small businesses through small business grants to support apprentices and trainees, which was fully subscribed within a short period of time.

Building on the success of that program the Targeted Apprentice and Trainee Grant for Small Business program was launched to continue incentives to small businesses who employ apprentices and trainees in identified industries.

Listening to our strategic community and industry partners

The department's engagement with 14 strategic community and industry partners ensures that its investment is targeted to the skills that Tasmania's employers and communities need.

This feedback guides investment in workforce development and training delivered by TasTAFE and through contestable programs, such as the Skills Fund.

These programs aim to build a productive and competitive workforce by subsidising a range of training for existing workers and job seekers primarily in priority industries.

Responsiveness to community and industry underpins the effectiveness of the Tasmanian training system. For example, responding to feedback from industry and community partners, Skills Tasmania changed its Workforce Development Grant Program to a rolling program, inviting submissions at any time through a simplified process.

Since it opened in September 2017 12 projects were funded. This includes projects aiming to increase the numbers of migrants employed in hospitality and youth employed in aged care.

Building pathways to training and employment

In 2017–18, the Training and Work Pathways Program supported 22 projects valued at \$2.375 million to assist Tasmanians facing disadvantage to more effectively participate in training and employment.

These projects have engaged with over 850 participants, and have a target of 412 employment outcomes.

In addition, \$225 000 was provided to Beacon Foundation to expand their work readiness programs into regional schools, and a further \$200 000 provided to Whitelion Tasmania to support Tasmanian youth at risk into training and employment.

During 2017–18, the job seeker stream of the Skills Fund program allocated \$4.98 million to support approximately 1 500 learners to train in a range of industry sectors.

As a result, job seekers gain the skills required to obtain employment in their career or industry of choice with the program delivering positive employment outcomes for many participants.

The program also provides a supply of appropriately trained potential employees for engaged employers.

Performance of the training and workforce development system

In 2017–18, the department (through Skills Tasmania) provided over \$100 million to support training and workforce development activity for Tasmanians.

TasTAFE received around 80 per cent of state training funding and in 2017 delivered 4.6 million hours of training to around 14 600 students in key subject areas including foundation skills (language, literacy and numeracy), community services, agriculture, traditional trades, tourism and hospitality and ICT.

Over 100 other private training providers (three quarters of these being Tasmanian or local), that were able to demonstrate quality outcomes and strong relationships with industry, received around \$30 million in new training commitments in 2017–18.

Trainees and apprentices continued to be a focus across a wide range of industries, resulting in a stabilisation of the national decline in numbers in Tasmania.

Apprentice and trainee trade commencements increased by 9.2 per cent over the 12 months to 31 December 2017.

FAST FACTS

Client Services

In 2017–18 more than 115 people participated in income diversification and market development workshops for farm businesses.

Improving telecommunications infrastructure and building the small business sector's digital capability has continued via further expansion of the Free Wi-Fi Network, the release of the first stage of the Great Eastern Drive Request for Tender process and the extended Digital Ready for Business Program.

Tasmania has hosted visits from more than 16 major defence primes in the last 12 months including Boeing, Navantia, Naval Group, Rheinmetall, BAE Systems, Northrop Grumman, Raytheon, Thales, Serco and Fincantieri significantly enhancing the reputation and profile of Tasmanian industry.

Continued support for growth in Tasmanian agribusiness saw the expansion of the AgriGrowth Concessional Loans Scheme by \$20 million to \$40 million.

Mineral Resources Tasmania

A new statewide digital elevation model was completed in June, for use in planned landslide and flood studies. This will be made publically available by the end of 2018.

Ongoing 1:25 000 scale regional geological mapping now covering 55 per cent of Tasmania's land mass, with a focus on highly prospective areas.

Collection of revenue from mineral tenements totalled \$36.9 million in royalties and \$1.7 million in fees and rent, a slight decrease of \$2.5 million on last financial year

Continued management and regulation of the state's mineral wealth through tenements, totalling 529 mining leases and 119 licences, including 428 onsite tenement inspections.

HyLogged core totalling 136 kilometres; received core totalling 9.54 kilometres; viewed core totalling 15.8 kilometres; and 488 visitors to the Mornington Core Library.

The MRT laboratories analysed the chemistry and/or mineralogy of 951 geological samples for a range of clients. Many of these analyses cannot be completed anywhere else in the state.

Amendments to the *Mineral Resources Development Act 1995* came into effect in October 2017, streamlining processes and removing regulatory duplication.

Strategy, Policy and Coordination

Tasmania's population growth rate is now 0.94 per cent (for the December quarter 2017), which is the highest it has been since June 2010.

Well over 1 000 000 hectares of old growth forest is protected in Tasmania.

Permanent Timber Production Zone (PTPZ) Land currently comprises 812 000 hectares, with 482 000 hectares being land available for wood production (including native forest and plantation).

Industry and Business Development continued

FAST FACTS

Trade and International Relations

The value of Tasmania's international goods exports for 2017–18 were \$3.67 billion.

China became Tasmania's first \$1 billion export market.

Over 3 019 international students commenced study in Tasmania from January – June 2018 academic year, the largest number on record.

Assisted nine businesses to participate in the Food and Hotel Asia trade show in Singapore.

Through the New Market Expansion Program, directly supported 11 businesses to further expand their export activities into international markets.

Workforce Development and Training

Over 27 670 working-age students received a Tasmanian Government subsidy in 2017 to undertake qualifications or skill sets. 39 per cent were apprentices and trainees.

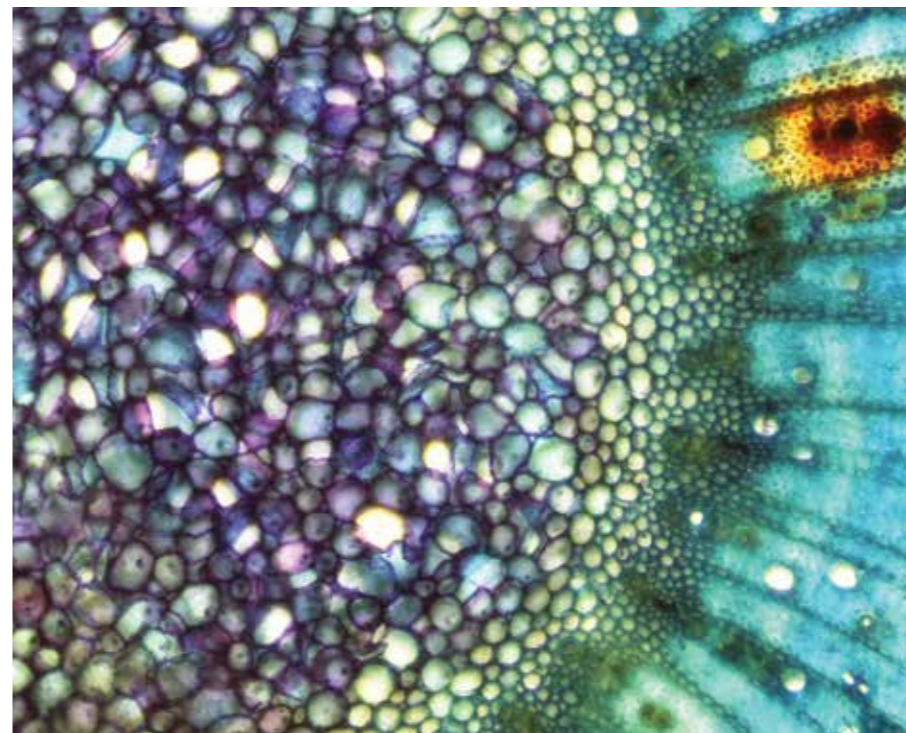
79 per cent of Tasmanian vocational education and training graduates were employed after their training (compared to 74 per cent Australia-wide). 71 per cent of graduates were employed before training. 46 per cent of those not employed before training were employed after training.

84 per cent of vocational education and training subjects studied in Tasmania are completed successfully.

The department's 14 industry, employer and community partners provide high-level strategic and operational advice on training and workforce development on behalf of employers.

Tasmanian apprenticeships and traineeships have the highest completion rate in the country at 58.1 per cent (compared with 52.7 per cent nationally).

The Training and Work Pathways Program assisted over 850 Tasmanians facing disadvantage to participate in training and employment.



Performance information Industry and Business Development

Performance measure ¹	Unit of measure	2016–17 actual	2017–18 actual	2018–19 target
International students commencing their studies in Tasmania ²	number	4 389	5 272*	5 500
Supporting access to a skilled workforce through state nomination of skilled migrants ²	number	934	1 626#	1 750
Grow the value of Tasmania's premium exports to international markets ^{2,3}	\$ million	2 341	3 167	3 400
Provision of information and advisory services to SMEs ^{1,2,4}	number	n/a	5 483	5 500
Policy, project and program advice and implementation meets the expectations of stakeholders ^{1,2,5}	stakeholder feedback survey	n/a	satisfied	satisfied
VET graduates employed after training ⁶	% of total	79.3	78.8	79.0
VET graduates with improved employment status after training ⁷	% of total	56.7	57.3	62.0
Apprentice/Trainee commencements ⁸	number	4 850	5 000	6 500
Apprentice/trainee in training ⁹	number	7 595	7 900	8 400
Total VET commencements ^{1,2,10}	number	N/A	N/A	25 000

Notes

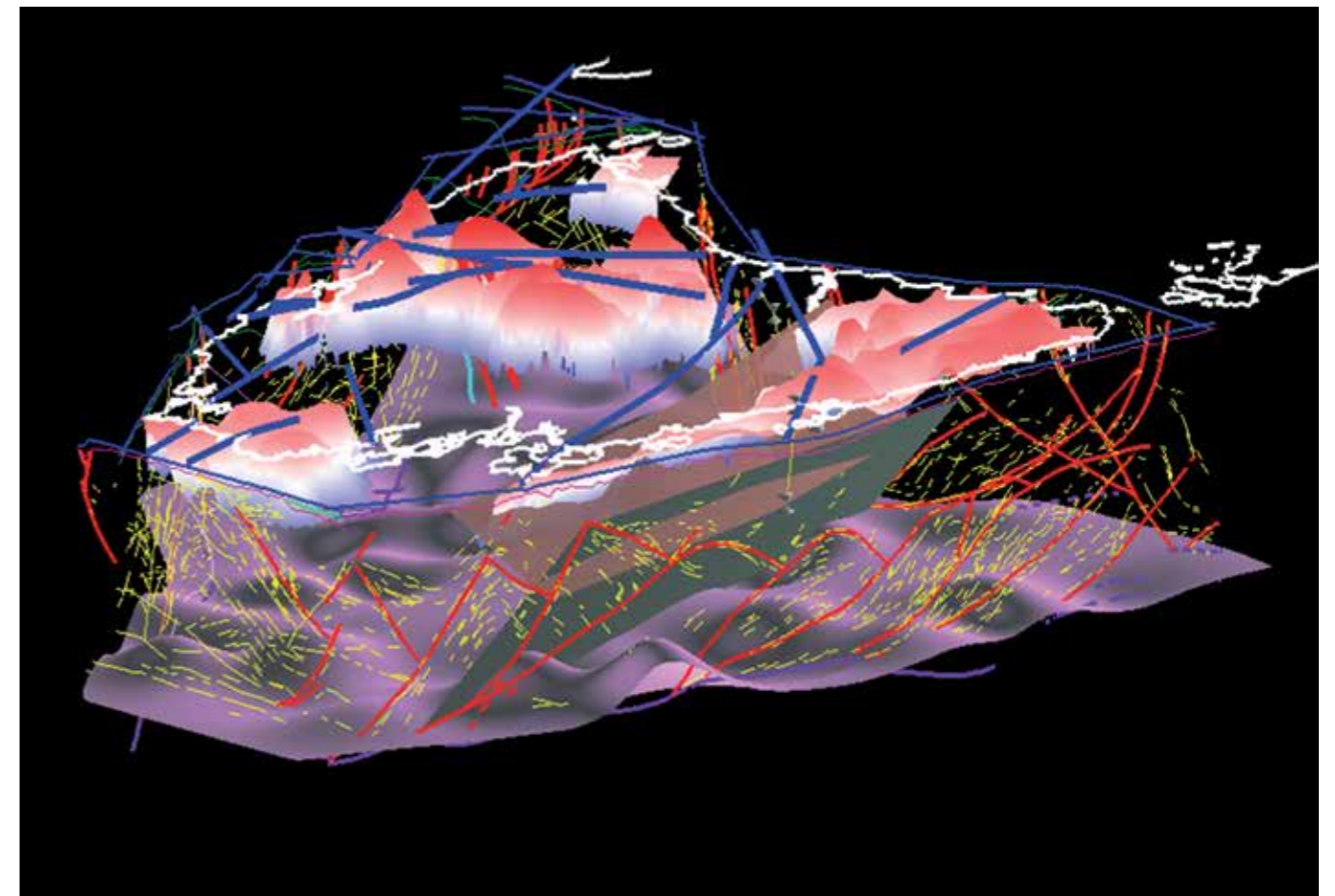
- n/a indicates that data is not available or measurement has not yet commenced.
- This is a new performance measure in 2018–19. *Denotes that Student Commencement Data is for the 11 month period of July 2017 to May 2018. June 2018 data is yet to be released. #Figure includes nominations under the 190 Skilled Nominated visa, 489 Skilled Regional visa and 187 Regional Sponsored Migration Scheme visa.
- Premium exports is calculated as total goods exports less iron ores and concentrates.
- This measure captures the number of advice services and assistance packages, provided by Business Tasmania, Enterprise Centres, Digital Ready and, targeted industry-specific grants programs.
- Satisfaction and outcomes are measured by feedback from the Minister's office and, where appropriate, colleagues and clients. The feedback focuses on the quality, relevance and timeliness of advice.
- Graduates employed after training data is sourced from National Centre for Vocational Education Research Limited (NCVER) Student Outcomes Survey 2017, released November 2017. This data relates to graduates from 2016.
- Graduates with improved employment status after training data is sourced from NCVER Student Outcomes Survey 2017, released November 2017. Improved employment status after training is employment status changing from not employed before training to employed after training, or employed at a higher skill level after training, or received a job related benefit as reported by the graduate.
- Apprentice/trainee commencements represents the number of Tasmanian trainees and apprentices who began their apprenticeship or traineeship in the 12 months to 30 June. Consistent with national trends (although not to the same extent in Tasmania), this number has been trending downward since 2012–13, but is now stabilising.
- Apprentice/trainee in training represents the number of Tasmanian apprentices and trainees undertaking training as at 30 June. Consistent with national trends (although not to the same extent in Tasmania), this number has been trending downwards since 2012–13, but is now stabilising.
- Total VET commencements represents the number of government-funded Tasmanian program enrolments in a VET course that commenced in the previous calendar year.

Performance information Mineral Resources Tasmania

Performance measure ¹	Unit of measure	2016–17 actual	2017–18 actual	2018–19 target
Minister	satisfaction	satisfied	satisfied	satisfied
Agency – Secretary / Deputy Secretary	satisfaction	satisfied	satisfied	satisfied
Tasmania's percentage of industry's mineral exploration expenditure in Australia ²	%	0.9	1.0	1.3
Area covered by modern geoscientific data collection techniques with subsequent 1:25 000 geological mapping coverage ³	%	73.7	63.8	64.7
Programmed abandoned mining lands rehabilitation projects completed	%	100	100	100

Notes

- A user satisfaction survey sought stakeholder feedback regarding the level of satisfaction perceived on such issues as quality, equity, efficiency and openness of the consultation process.
- Statistics derived from the first three quarters of each financial year from ABS exploration data.
- The method used to calculate this performance measure has been altered. The definition of modern remote sensing data is now defined as data created from 1996 onwards. The definition of modern mapping has also been changed to reflect this. Modern mapping is now defined as data produced or updated from 1996 onwards. Figures prior to and including '2016–17 actual' were calculated using a previous method of calculation. Figures for '2017–18 actual' and onwards have been calculated with the new definition and are not directly comparable with earlier figures.





Cultural and Tourism Development

The Cultural and Tourism Development division consists of four business areas including Events Tasmania, Screen Tasmania, Arts Tasmania and the Tourism and Hospitality Supply Unit, all of which are supported by the Operations and Client Engagement team for the bulk of their business support requirements.

The Tasmanian Museum and Art Gallery (TMAG) became a statutory authority in February 2018. It is managed by its own board but is also part of the division for the purposes of financial appropriation, staffing, strategic fit and reporting of government activity in the cultural sector.

In 2017-18, The Tasmanian Government released a number of policies which outline the priorities and programs to be managed by the division. Our work is founded in key plans including the Cultural and Creative Industries Strategy, T21 Tasmanian Visitor Economy Strategy and the Tasmanian Government Events Strategy 2015-2020.

As such the division's focus for 2017-18 was on strategic priorities aimed at increasing the visibility and capacity of the creative and tourism sectors in Tasmania. Business units in the division worked collaboratively with stakeholders in the provision of support including grants, investments, sector development, governance, strategic partnerships and business improvement.

Collaborative highlights

The Hedberg

The Hedberg, one of Tasmania's most ambitious cultural and arts infrastructure projects, is taking shape.

This \$96 million project is being delivered through a unique partnership between the Tasmanian Government, the University of Tasmania, and the Theatre Royal Management Board, with support from the Australian Government. The Tasmanian Government is providing \$30 million in support for the project.

In May 2018 the second floor concrete slab of the building was completed, bringing the project a small step closer to completion.

With a new purpose-built studio theatre and greatly enhanced patron and back-of-house facilities, the development will offer new performance venues for performers and audiences to enjoy. It will also house the University of Tasmania's new education and research facilities.

Creative and Cultural Industries Act 2017 and establishment of the Expert Register

The *Cultural and Creative Industries Act 2017* was enacted in December 2017 to ensure that the provision of assistance to Tasmania's cultural and creative industries sector continues to be contemporary, best-practice, competitive and peer-reviewed.

The Act has led to streamlined application processes for Arts Tasmania and Screen Tasmania programs that dramatically reduce the timeframe for decision making. It has also enabled the creation of expert panels to assess and provide recommendations to the Minister.

These expert assessment panels are drawn from a Cultural and Creative Industries Expert Register, which includes a broad range of creatives and people engaged within the arts, cultural heritage and screen sectors.

Tasmanian Museum and Art Gallery Act 2017

In October 2017 the *Tasmanian Museum and Art Gallery Act 2017* was passed, repealing the *Tasmanian Museum Act 1950* and beginning the establishment of the Tasmanian Museum and Art Gallery (TMAG) as a statutory authority.

This process which was completed in February 2018 was facilitated by the Cultural and Tourism Development division. The Minister for the Arts appointed a new Board of Trustees and provided clarity of responsibilities to them through a Ministerial Statement of Expectations.

This has modernised TMAG's system of governance, ensuring that accountability and responsibility for the management and operation of TMAG is clearly established.

Youth Arts Program

Arts Tasmania and Screen Tasmania's new Youth Arts Program supports young people to develop their creative skills and capacities, and enhance their social health and wellbeing.

In 2017-18 the program supported four artists to work in schools as artists-in-residence, and nine organisations to deliver engaged arts experiences and skills development programs to young people. Through the Tasmanian Aboriginal Arts Mentoring Scheme the program provided support for four young Tasmanian Aboriginal artists to be mentored by established Tasmanian Aboriginal artists or organisations that create opportunities for artists to share their work with audiences in Tasmania and nationally. In total, over \$351 000 in grants were awarded through the Youth Arts Program in 2017-2018.

Cultural and Creative Industries Strategy

The Cultural and Creative Industries Strategy 2015-18 provides a framework for growing investment and jobs in Tasmania's cultural and creative industries.

A key component of the strategy includes supporting Tasmanian Creative Industries Ltd. (TCI) as the peak industry body.

Through a \$60 000 grant from the Cultural and Tourism Development division, TCI hosted a symposium for the state's cultural sector in October 2017.

Entitled *Undisciplined*, the program showcased local talents, provided professional development opportunities and encouraged linkages between the cultural sector and related industries.

TCI also received a Research Services grant of \$60 000 to coordinate the analysis, preparation and delivery of two reports regarding the cultural and creative industries in Tasmania.

These were publicly released in June 2018.



Arts Tasmania

Key achievements

Competitive arts funding

Arts Tasmania supports the arts and cultural heritage sectors to deliver activities across the state that stimulate the cultural and creative life of Tasmania. Over \$2.8 million was allocated to the arts sector in funding through competitive programs in 2017-18.

New initiatives, such as Youth Arts Program, continue to increase this amount, providing a portfolio of support to the arts and cultural sector.

Arts funding is competitive by its nature, and built on the contest of ideas and practice. Arts Tasmania supported over 35 per cent of the applications received in 2017-18, and provides constructive feedback to all applicants upon request.

Red tape reduction

The introduction of the *Cultural and Creative Industries Act 2017* on 1 January 2018 gave Arts Tasmania an opportunity to improve processes.

The new legislation prompted Arts Tasmania to make application forms simpler, making sure they were written in plain English and included simple, straightforward criteria.

This allowed all applicants to argue for their proposals in ways that best suited their practices, concepts or opportunities.

Arts Tasmania has also streamlined its assessment process, improving peer assessment and reducing the time between application and notification by several months.

Identity and place: Aboriginal arts, cultural heritage

Culture, identity and place are linked. Arts Tasmania's Aboriginal Arts Program and the Tasmanian Aboriginal Arts Mentoring Scheme invest in the arts and culture of Tasmania's first people in a respectful, considered manner through the deliberations of the Aboriginal Arts Advisory Committee.

This has seeded important activities by Tasmanian Aboriginal artists to develop and share their practice.

Arts Tasmania supports museums, galleries and collections to deliver a range of high-quality activities that strengthen Tasmania's cultural heritage sector, engage and inspire audiences and preserve Tasmania's movable cultural heritage.

This takes the form of financial and professional development support. In 2017-18 Arts Tasmania allocated over \$490 000 and 113 days of Roving Curator time through its cultural heritage programs.

International activity

Arts Tasmania remains committed to securing opportunities for Tasmanian artists and arts organisations to present their work and undertake professional development outside of Australia. With Arts Tasmania's support, 19 Tasmanian artists and arts organisations presented their work overseas in 2017-18.

This included artists who participated in the Venice Biennale as team leaders for professional development, and others who participated in international residencies.

Arts Tasmania has also negotiated support with the German Ambassador to Australia and the Jeju Foundational for Arts and Culture (in partnership with the Department of Foreign Affairs and Trade) for new international opportunities to be delivered in 2018-19.

Building Tasmania's brand

The arts and cultural sector is a critical component of the Tasmanian brand.

Arts Tasmania provides opportunities for Australian art collectors to purchase artworks by Tasmanian artists through the COLLECT Art Purchase Scheme.

The scheme develops new markets for the export of Tasmanian art and enables a significant investment of money from interstate in Tasmanian arts businesses. Since its launch, the scheme has supported the purchase of over 4 500 works.

Arts Tasmania also administers Tasmanian Government support to the Tasmanian Symphony Orchestra, Ten Days on the Island, the Theatre Royal, and the Queen Victoria Museum and Art Gallery.

Each of these large cultural organisations enjoy national recognition as important ambassadors of Tasmania, and the vibrancy of Tasmanian cultural life.

Events Tasmania

Key achievements

Events Tasmania Grants Program

The Events Tasmania Marketing Tasmania Grant Program was successfully relaunched in October 2017.

The program offers up to \$10 000 in matched funding to event organisers.

It's open to organisations with a new or established event in Tasmania that introduces a specific project or activity that will bring people to Tasmania, get visitors and locals travelling to a regional part of the state, or get people hearing and talking about Tasmania through a variety of communication channels.

Fourteen events from around the state were awarded funding through the Marketing Tasmania Grant Program in 2017-18 to a total of \$66 050.

Australian Masters Games October 2017

The 16th Australian Masters Games were held on the North West coast of Tasmania in October 2017. This was the first time the games have been held in Tasmania since the first Australian Masters Games in Hobart, 30 years ago.

The Australian Masters Games is a biennial multi-sport tournament for competitors aged 30 years and over.

They are regarded as one of the premier and greatest sporting events in Australia.

The 16th Australian Masters Games attracted 3 435 interstate competitors to the region. The event received a total of \$1.5 million dollars with \$750 000 from the Tasmanian Government and \$750 000 from the Australian Government.

Event Attraction Fund

The Event Attraction Fund is a Tasmanian Government election commitment.

The commitment aims to ensure a broad ranging events calendar with regional and seasonal balance, bringing benefit to regional economies.

The fund offers \$4 million over four years to secure mass-participation events (namely, events that attract a substantial number of participants and spectators) that will bring the greatest return on investment to the state.

The fund, to be administered by Events Tasmania, will be launched in September 2018.

Screen Tasmania

Key achievements

Repeating series

In 2017-18 Tasmania hosted production of multiple repeating television series for the first time. Season two of *Rosehaven* completed production in 2017-18 while *Rosehaven* season three and the second season of *Little J & Big Cuz* both went into production in June 2018.

Repeating series are vital for screen industry development as they provide ongoing employment and increase industry skills, networks and contacts.

They also provide valuable consistent cash flow for local businesses.

The three seasons of *Rosehaven* and two of *Little J & Big Cuz* collectively represent an estimated \$7.5 million spend in Tasmania leveraged from Screen Tasmania's \$1.83 million investment.

Training and attachments

Screen Tasmania has prioritised training and industry development through its Emergence and Capacity programs. These programs fast-track crew members' development to becoming film industry professionals.

Five emerging Tasmanians attached on *Rosehaven* season one were professionally employed on season two, and two Tasmanians attached on season two went on to join the crew of *Wentworth* in Victoria.

In 2017-18, 60 Tasmanians were supported by Screen Tasmania to be attached or trained on sets, or to attend interstate or local training courses and events hosted by Screen Tasmania. These crew members are now well placed for careers in the production industry.

Development spend leveraging marketplace support

In 2017-18, Screen Tasmania approved 17 linear screen projects for development investment. Of these, nine projects had either matched funding from broadcasters or in-kind development support from marketplace entities like major Australian production companies.

This meant that Tasmanian writers and creative teams were able to work with broadcasters and highly experienced interstate production companies, producers and other key creatives. In several cases, the connections between Tasmanians and interstate investors were the result of introductions or pitches made by Screen Tasmania. Screen Tasmania provided \$246 152 in development in 2017-18, leveraging a further \$66 000 from broadcasters.

Increase in Tasmanian crew base and cast

Historically, screen productions shot in Tasmania imported the vast majority of crew and cast. Screen Tasmania's Capitalise program requires recipients of production investment to spend at least four times the investment (for scripted projects) and three times the investment (for non-scripted) on Tasmanian goods and services.

As crew and cast members become more experienced, Tasmanians are filling a greater proportion of roles on projects. For example, *Rosehaven* season two employed 60 Tasmanian crew (over 55 per cent of total), and 41 Tasmanian credited actors (77 per cent of total).

Non-financial assistance

Screen Tasmania provides a range of client services other than financial support. In 2017-18, Screen Tasmania fielded 89 location and crew enquiries from producers.

These included assisting a company seeking a boat wrangler, advising an advertising agency wanting shots of beaches for a car commercial, and touring a Hollywood star and producers around southern Tasmania.

Screen Tasmania also worked with the Department of Education to help the producers of *Project Planet* find a school to feature in the ABC Me children's factual program.

The production was ultimately shot at Taroona High School.

Tasmanian Museum and Art Gallery (TMAG)

Key achievements

New TMAG Board

Following the introduction of the *Tasmanian Museum and Art Gallery Act 2017*, a new skills-based Board of Trustees was appointed by the Minister for Arts and convened in February 2018.

The board is accountable to the Minister and must follow a set of corporate planning and reporting requirements to ensure that the objectives of TMAG and the strategic direction of the Minister are given effect to, and delivered.

Under the Act the Trustees have the function of stewardship of all artefacts, objects, specimens and records and other material that comprise the collection under the control and management of the board.

Capital works funded

In August 2017 the chiller unit which services TMAG's 1966 building was replaced with a new system, costing \$120 000.

This replacement was critical to enable TMAG to continue to offer quality exhibitions and programs into the future. The unit moderates humidity within the exhibition galleries, ensuring that the required environmental conditions for loaned exhibition works can be met.

The replacement of the chiller was identified in the Strategic Asset Management Plan and required additional funding from the Department of State Growth beyond the operational budget. A request for additional funds in 2017-18 was successfully approved to cover this expense.

Tourism and Hospitality Supply-side Unit

Key achievements

Cycle Tourism Strategy

The Tasmanian Cycle Tourism Strategy was released in September 2017 to guide the development of Tasmania's cycling tracks and trails, the growth and promotion of experiences and events, and improvements in safety for all cyclists.

To support the strategy, the \$6 million Tasmanian Cycle Tourism Fund was established to support the development of infrastructure, business support and education, and marketing and events. Eighteen projects will be supported through the fund across Tasmania.

Together these projects will support the Cycle Tourism Strategy and provide compelling reasons for local and visiting cyclists to explore regions throughout Tasmania and support the economies of these communities.

Destination Action Plans

Destination Action Plans (DAP) have been developed for regions and towns across Tasmania to identify the priority actions that can be undertaken to improve the experience of visitors on arrival and during their stay.

DAP leadership groups have worked closely with their Regional Tourism Organisation, and a grant funding program through the Tourism and Hospitality Supply-side Unit has supported the implementation of priority projects.

Matched by public and private funding, completed projects include Beauty Point Foreshore Beautification, the Bicheno Pedestrian Village Project, and improving visitor infrastructure on Bruny Island.

FAST FACTS

Arts Tasmania

Art Tasmania manages the commissioning process for public artworks located in State Government buildings and spaces across Tasmania. In 2016-17 and 2017-18, 41 public art projects (totalling over \$1.54 million) were underway, nearing completion or recently completed.

Arts Tasmania partners with the Tasmanian Parks and Wildlife Service to offer unique artist residencies in Tasmania's historic locations and wilderness settings. Six artists were supported to undertake residencies in 2017-18 at Rocky Cape, Lake St Clair, Cradle Mountain, Narawntapu National Park and Maria Island.

Arts Tasmania and Screen Tasmania supported nine organisations, four in-school residencies, and four young Tasmanian Aboriginal artists to develop their practice and engage deeply with young people across the state through the Youth Arts Program in 2017-18 with over \$351 000 in funding.

The Tasmanian Arts Guide is an established digital marketing platform managed by Arts Tasmania that promotes arts and cultural events, experiences and Tasmanian artists to locals and the cultural tourist market. In 2017-18 a total of 95 444 unique visitors accessed the guide, an increase of 25 per cent on the year before.

FAST FACTS

Events Tasmania

A total of 82 936 visitors attended events in 2017-18 funded by Events Tasmania equating to around \$82.5 million into the Tasmanian visitor economy.

The Australian Masters Games took place in October 2017 and attracted 3 435 interstate visitors to the state.

Events Tasmania successfully secured eight matches in the ICC World Twenty20 to be played in Hobart during 2020.

Events Tasmania secured a five year partnership with the Confederation of Australian Motorsport to hold a round of the National Rally Car Championships in Tasmania from 2018.

Screen Tasmania

Screen Tasmania approved production investment and games development investment of \$1 million in a record six linear and two interactive projects in 2017-18, leveraging over \$4.5 million of expenditure on Tasmanian goods and services. The six approved linear productions will total almost 60 hours of film and television content, another record.

Of the six linear productions approved for production investment in 2017-18, five had a Tasmanian key creative (producer, writer or director) and/or were produced or co-produced by a Tasmanian company.

Screen Tasmania supported the attachment of 18 people on seven productions during the year. Thirty-two of the 68 emerging filmmakers attached or trained through Screen Tasmania's programs in recent years worked professionally on Tasmanian film or television projects in 2017-18.

Games designer Giant Margarita's Party Golf was one of the first Australian-designed games released on the Nintendo Switch platform. It is also available on PlayStation 4 and Steam (PC), and is scheduled to be released on Xbox One. To date, the game has returned over 50 per cent of Screen Tasmania's investment of \$25 000.

NITV's landmark indigenous children's animated series Little J & Big Cuz, co-produced by Blue Rocket and supported by Screen Tasmania investment of \$180 000, won the 2018 Logie for Most Outstanding Children's Program.

Tourism and Hospitality Supply-side Unit

Building on the success of the Great Eastern Drive, the Tourism and Hospitality Supply-side Unit is leading the development of other Tasmanian journeys, and expended \$163 000 on the development of the Western Wilds concept and project in 2017-18. This will be further developed and implemented in 2018-19.



Performance information Cultural and Tourism Development¹

Performance measure	Unit of measure	2016–17 actual	2017–18 actual	2018–19 target
Arts industry development				
Attendance at selected cultural venues ²	number	282 456	319 274	324 000
Contribution to gross state product of selected arts industries ³	\$ million	61.752	61.752 ⁴	61.752 ⁴
Screen industry development				
Developed projects that advance into production ⁵	ratio	6:1	7.5:1	10:1
Leveraged spend in the state	ratio	5:67	4:73 ⁶	4:1

Notes

1. The Tasmanian Museum and Art Gallery (TMAG) became a statutory authority in February 2018 with the commencement of the *Tasmanian Museum and Art Gallery Act 2017*. Performance measures relating to TMAG previously covered in the department's annual report will be included in the TMAG annual report due to be released by November 2018.
2. Attendance at selected cultural venues includes only those organisations receiving assistance under Arts Tasmania's Cultural Heritage Program category.
3. Contribution to gross state product of selected arts industries in 2018-19 will be available upon release of the ABS publication 5220.0 Australian National Accounts: State Accounts scheduled for release in November 2018. The 2016-17 figure is the target.
4. This figure is taken from official ABS data. Expenditure, Income and Industry Components of Gross State Product, Tasmania, Chain volume measures and current prices: Arts and recreation services. Data for 2017-18 is not available from the ABS until November 2018, therefore current actual figures for this year and the 2018-19 target are based on 2016-17 ABS figures which result in the same target figures between years.
5. The industry standard ratio for developed projects advancing into production is 10:1. The ratio varies because of the time taken by some projects to go into production, and because of that time, this ratio has been taken over three years.
6. At the time of reporting several productions were yet to formally report.



Transport Services Group

Transport Services Group works to enable the safe, reliable and efficient transport of people and goods, to connect Tasmanian communities, promote freight efficiency and economic growth, and to improve the visitor experience.

The Group is made up of two divisions, Road User Services and State Roads which collaborate with other areas of the Department of State Growth (State Growth) to deliver the agency's Corporate Plan.

Road User Services

Road User Services provides the legislation, regulatory policies and practices to support the safety and efficiency of the Tasmanian land transport system.

The division includes Registration and Licensing Services, Passenger Transport, and Road Safety.

The major responsibilities of the Road User Services division include:

- » licensing of drivers, registration of vehicles and accreditation of commercial transport operators
- » roadworthiness, standards, dimensions, mass, loading and operation of vehicles
- » road safety awareness and education programs
- » research, development and implementation of road and rail safety related policy and legislation
- » regulation and investigation of safety issues relating to road operators
- » administering government services and programs that aim to ensure the community has adequate and equitable access to transport services, as well as developing and providing policy advice in relation to passenger transport.

The work done within the division enhances the safety of the Tasmanian community through targeted, evidence-based policy development, supported by efficient and effective programs.

Key achievements

Over the past year, Road User Services continued to work towards a transport system that is safer, innovative, and more connected.

A safer transport system

The *Towards Zero – Tasmanian Road Safety Strategy 2017–2026* and *Action Plan* are grounded in the best-practice Safe System approach of safe road users, safe roads and roadsides, safe vehicles, and safe speeds. During 2017–18, \$6.8 million was allocated from the Road Safety Levy to Safe System infrastructure on Tasmanian roads.

A new and significantly improved Motorcycle Training and Assessment Program was introduced, including a two day pre-learner course, a check ride and new pre-provisional test. State Growth progressed its Review of the Graduated Licensing System to improve safety for younger drivers, and to remove barriers to getting a licence.

A visiting drivers website in 20 languages was launched, providing practical road safety information for our many visiting drivers and riders: www.rsac.tas.gov.au/visitingdrivers.

The Vehicle Fleet Safety Policy was updated, and now requires a 5-star ANCAP safety rating for all passenger and light-commercial vehicles on the Tasmanian Government Vehicle Fleet Contract (effective from 1 July 2018).

The Motor Accidents Insurance Board renewed its funding agreement to deliver \$4 million of road safety marketing and associated activities over the next three years.

State Growth also worked closely with the Australian Competition and Consumer Commission to accelerate replacement of Takata airbags in Tasmania, in support of the Compulsory Recall Notice.

An innovative transport system

During 2017–18, State Growth progressed the regulatory review of taxi and hire vehicle industries, including ride-sourcing. This involved stakeholder consultation, market research, analysis of other jurisdictions, and a review of interim arrangements allowing operation of ride-sourcing in Tasmania. Findings will underpin development of a new framework for on-demand passenger transport that is safe, competitive, accessible and regulated appropriately. Implementation is anticipated to begin during 2019.

In October 2017, the Council of Australian Governments agreed to establish a national facial biometric matching capability. This will assist in preventing and detecting serious crime by matching images for key identity documents, including driver licences. State Growth worked closely with the Department of Home Affairs and other jurisdictions, and Tasmania is on track to implement this in late 2018, with strict security and privacy controls.

State Growth worked closely with the National Transport Commission, Austroads and Tasmanian stakeholders to assess the future implications of semi and fully automated vehicles, including impacts for safety, infrastructure and regulation. A national regulatory framework is expected by 2020.

A connected transport system

Re-procurement of public transport bus contracts (Project 2018) is a large and complex project, designed to improve services and streamline the existing 444 public passenger service contracts across Tasmania.

State Growth undertook extensive consultation with local communities, other key stakeholders, and bus operators to develop a contemporary school bus and general access network, and timetables. A number of operators were offered assistance in voluntarily exiting their school bus contracts early through grant payouts due to low or declining numbers on their services.

Passenger transport initiatives to reduce traffic congestion in Greater Hobart included repeat of the 'free before 7:00am' fares initiative in February 2018, during the back-to-school period; and commencement of bus priority measures at key intersections, such as peak-time clearways, adjusted traffic light timing, and investigation of bus-only priority lanes.

Transport Services Group continued

State Growth consulted extensively on optimising bus stop locations to reduce bus travel times, improve spacing, and upgrade accessibility.

October 2017 saw the commencement of a new bus service to connect the Kentish community to Latrobe and Devonport.

The service provides three return trips on weekdays and two return trips on Saturdays, between Sheffield and Devonport, stopping at Railton, Latrobe and the Mersey Community Hospital.

New arrangements for on-road regulatory services

State Growth prepared for the transfer of direct delivery of heavy vehicle compliance and enforcement from the Transport Inspectorate to the National Heavy Vehicle Regulator (NHVR) on 2 July 2018.

The goal is to deliver an improved and nationally-consistent service to the heavy vehicle industry.

Tasmania is the second jurisdiction to achieve this part of the national heavy vehicle reforms.

State Growth will continue to undertake authorised escorts for Over Size Over Mass (OSOM) loads, and a range of roles in relation to light vehicles and public passenger vehicles.

A casual pool for authorised escort drivers was established ahead of an anticipated increase in OSOM movements in 2018–19. In particular, this will support windfarm construction at Cattle Hill (Central Highlands) and Granville Harbour (West Coast).



FAST FACTS

Registration and Licensing

As at 30 June 2018, in Tasmania there were 390 682 licensed drivers (an increase of 1.9 per cent from the previous year), and 614 644 registered vehicles (up 2.4 per cent). As at 30 June 2018, over 600 ancillary certificates had been approved for ride-sourcing services in Tasmania, since their introduction in December 2016.

The Motor Registry System supports our road safety objectives in addition to collecting registration and licensing fees in excess of \$389 million (an increase of \$10 million over the previous year), with over 1.2 million financial transactions processed.

The number of Provisional (P1) driving assessments provided in 2017–18 was 11 222, which was four less than the previous year.

Passenger Transport

Over the October to March peak season 2017–18, patronage on Bruny Island ferry services was 99 235, an increase of 10.4 per cent compared to the same period in 2016–17.

In 2017–18, State Growth delivered subsidy payments for 614 398 taxi and wheelchair accessible taxi (WAT) trips, for eligible scheme members (up one per cent on 2016–17).

Road Safety

There were 303 serious casualties (serious injuries and fatalities) on Tasmanian roads in the calendar year 2017, a 4.7 per cent decrease from 2016, and a 0.2 per cent increase on the five year average.

In 2017, Tasmania had 34 road fatalities, compared to 36 in 2016, and Tasmania recorded 6.5 annual fatalities per 100 000 population, compared to the Australian national average of five fatalities per 100 000 population.

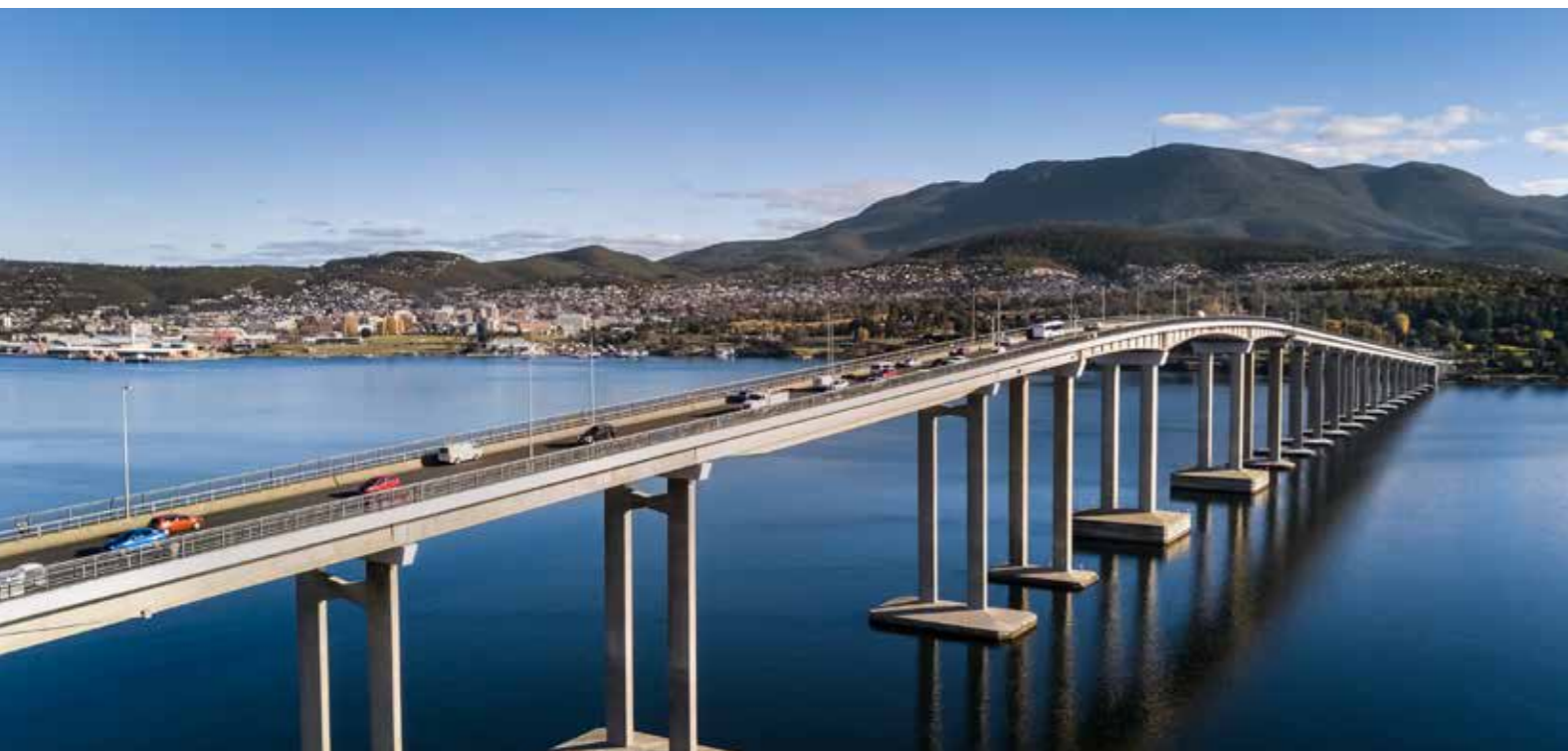
In 2017–18, to assist disadvantaged learner drivers gain essential on-road driving experience, the Government provided \$702 000 to fund 16 Learner Driver Mentor Programs throughout Tasmania, and has increased funding to \$1 million per annum from 2018–19 onwards.

Transport Compliance

In 2017–18, Transport Inspectors weighed 3 690 heavy vehicles using in-ground weighbridges and portable weighing devices, a decrease of 55 per cent.¹

254 OSOM loads were escorted by Transport Inspectors to various locations across the state, a decrease of 12.6 per cent from the previous year. These loads included prefabricated houses, bridge beams and girders, earth moving equipment, mining trucks and very large cranes.

1. The decrease in heavy vehicle weighing in 2017-18 is attributable in part to a number of vacancies within the Transport Inspectorate not being filled in preparation for transfer of direct delivery of this function to the National Heavy Vehicle Regulator (NHVR) on 2 July 2018. Of those heavy vehicles weighed, the proportion found overweight was 3.1 per cent, a marginal decrease from 2016-17 (see Performance information section). In future, the NHVR will provide performance information on heavy vehicle compliance and enforcement in Tasmania.



State Roads

Our state's roads are one of Tasmania's biggest infrastructure assets, linking our major population centres, moving people and freight and they underpin the economic growth and the creation of jobs and wealth for all Tasmanians.

The State Roads division monitors the whole-of-life management of the transport infrastructure asset ensuring the community can safely and efficiently use transport infrastructure, as well as planning and delivering transport infrastructure projects to meet community needs.

There are six groups within the State Roads division, these are:

- » Asset Management
- » Contract Services
- » Project Services
- » Network Management
- » Stakeholder Communications
- » Support Services.

Key achievements

Hobart Traffic improvement measures

The Greater Hobart Traffic Solution (2018–23) will assist with the management of the growing peak-hour traffic congestion in the Hobart CBD and beyond.

This year saw work start on a number of initiatives. These included:

- » Working with Hobart City Council to take over ownership of Davey and Macquarie Streets to put in place improvements to traffic flows and priority bus lanes.
- » Planning for building a fifth lane on the Southern Outlet leading into Hobart.
- » The installation of advanced traffic monitoring and management technologies to better manage traffic flow throughout the Hobart metropolitan area. Contracts have been awarded for the installation of Bluetooth travel-time detectors at 87 sites.

Midland Highway 10 Year Action Plan

In late 2014 the Australian Government and the Tasmanian Government committed \$500 million over 10 years to the Midland Highway 10 Year Action Plan.

This is the largest ever single investment in the Midland Highway and will result in a much safer highway for all road users.

The Action Plan will see an upgrade of 146 kilometres of the Midland Highway. In 2017–18 three upgrades were completed at White Lagoon to Mona Vale, Perth to Breadalbane and Symmons Plains to South of Perth taking the number of completed projects to 13.

Construction works are continuing at Epping Forest to Powranna, St Peters Pass to South of Tunbridge, York Plains to St Peters Pass and Mangalore to Bagdad (stage 2).

The preferred contractor for the Perth Link Roads project was announced.

By June 2018, 31 per cent of the works were completed. By June 2019, 50 per cent of the works will either be completed or under construction.

More detail on the plan is provided at www.midlandhighway.tas.gov.au

New North–West maintenance contract – stewardship model

A new type of contract was awarded for road maintenance work in Tasmania's North West.

The 10 year 'stewardship style' contract for Downer Edi Works Pty Ltd (Downer) means it will manage the North West road network through a holistic delivery model for the region, rather than under separate contracts.

The \$138 million contract will see more than half of the work subcontracted to local North West Tasmanian businesses. Downer will create 27 new jobs within its Tasmanian business with these positions filled locally in the North West.

The new contract begins on 1 July 2018.

Bruny Island neck improvements

This project improved the safety for road users, visitors and wildlife at the popular lookout and walkway.

It involved sealing the road, relocating and upgrading the car park and the creation of a dedicated wildlife zone that includes penguin tunnels under the road, fencing and improved signage.

The work began in July 2017 and was completed in December 2017.

Huon Highway Summerleas Road intersection upgrade

The Huon Highway is a key road link to and from the Huon Valley in southern Tasmania. It connects major industry sectors such as forestry, aquaculture and agriculture with Hobart and beyond.

The intersection with Summerleas Road is a major connection across the highway with a history of crashes.

The upgrade is a \$19.25 million joint investment between the Australian (\$15.4 million) and Tasmanian (\$3.85 million) Governments to improve safety on this key transport corridor.

Work started in February 2017 with project completion in July 2018.

Transport Services Group continued

Major projects wholly funded by the Tasmanian Government that were completed or commenced in 2017–18:

- » Bridge strengthening works – Esk and Tasman Highways.
- » Bruny Island neck improvements.
- » Channel Highway – Bonnet Hill safety improvements.
- » Esk Main Road – road reinstatement and shoulder widening.
- » Freight access bridge upgrades.
- » Grass Tree Hill Road – Shones Corner to Sugarloaf Road.
- » Huon Highway shoulder sealing – Fleurty's Road to Shipwrights Point.
- » Lyell Highway Ouse to Strickland – shoulder sealing.
- » Richmond Road Master Plan – Section 2.
- » Tasman Highway, Mornington interchange westbound off-ramp extension.

Major projects funded by the Tasmanian Government, in conjunction with the Australian Government as part of the Australian Government's National Partnership Agreement – completed or commenced in 2017–18 include:

- » Bass Highway – Latrobe junctions safety improvements.
- » Bass Highway – Wynyard junctions safety improvements.
- » Domain Highway interchange – long-term redevelopment planning Highland Lakes Road.
- » Hobart Airport interchange.
- » Huon Highway – Summerleas Road intersection upgrade.
- » Midland Highway 10 Year Action Plan (construction completed on three projects, construction continuing on four projects, planning underway on six projects).
- » Murchison Highway – road improvements.



FAST FACTS

\$120 million was spent on road construction or upgrades.

\$76 million was spent on road maintenance.

1 280 bridges across the state were maintained.

1 090 kilometres of line marking road carriageways was carried out.

589 electronic school speed signs were maintained.

302 signalised intersections were managed.

230 kilometres of road carriageways were resurfaced.

227 intelligent transport system sites were managed, including traffic monitoring technology, electronic warning signs and weather stations.

Performance information Transport Services Group

Performance measure ¹	Unit of measure	2016–17 actual	2017–18 actual	2018–19 target
Provision of effective support to the government by providing road safety and road policy advice and information to enable informed decision making ¹	satisfaction	satisfied	satisfied	satisfied
Motor Registry System availability	%	99	99	99
Vehicles found to be unregistered of those checked ²	%	0.60	0.63	0.65
Heavy vehicles found overweight	%	3.2	3.1	≤5
Speed limit reviews completed within 28 days of request ³	%	n/a	n/a	80
Safety reviews completed within 28 days of request ⁴	%	n/a	n/a	80
Wheelchair accessible taxis (WAT) licensed	number	74	76	76
Average bus age on contracted services ⁵	number	14.2	14.8	15

Notes

1. Satisfaction and outcomes are largely measured by feedback from the Minister's office, Secretary, relevant Deputy Secretary and, where appropriate, colleagues and clients.
2. This measure is based upon automatic number plate recognition cameras in accordance with the Memorandum of Understanding between the department and the Motor Accidents Insurance Board (MAIB).
3. Speed is a key factor in road safety and this measure ensures that requests for speed limit reviews are completed in a timely manner. "na" indicates that data is not available or measurement has not yet commenced.
4. The Department receives many requests for safety reviews at junctions and other road locations and this measure reports on the timeliness of the safety assessment and response to request process.
5. This is a measure of the effectiveness of government strategies to ensure that the average age of buses on government contracted services is appropriate. It is anticipated the average age will decrease once operators have contract certainty as part of the Project 2018 bus re-contracting process. The forecast bus age for 2018–19 is revised from that which was provided in the 2018–19 State Budget papers due to a better than expected result for 2017–18.

Report from the Director of Energy Planning

The Director of Energy Planning is a statutory position established under section 4 of the *Energy Co-ordination and Planning Act 1995*.

Section 13 of the Act requires that the Director of Energy Planning, not later than 31 October after the end of each financial year, prepare and provide to the Minister a report on the performance of the Director's functions and the exercise of the Director's powers under this Act in relation to that financial year.

This annual report is provided by the Director of Energy Planning in compliance with the Act.

Performance of Director's functions and exercise of powers

Project Marinus and Battery of the Nation

During 2017-18 two significant energy related projects with a high degree of interdependence commenced – Project Marinus and Battery of the Nation.

Project Marinus is the name that has been given to the work being undertaken by TasNetworks to consider the feasibility (and potential business case) for a second Bass Strait interconnector. A second interconnector is the catalyst for major investment in pumped hydro and wind projects in Tasmania. It will enable Tasmania to leverage off our renewable energy advantage and increase export of electricity to mainland states who are transitioning from more carbon-intensive forms of generation.

Under the banner of Battery of the Nation, Hydro Tasmania is progressing work in three areas:

- » assessing high-potential pumped hydro opportunities in Tasmania
- » modelling the future Tasmanian energy landscape and the expanded role that the state could play in the National Electricity Market
- » an assessment of projects with the potential to improve and optimise existing hydropower generation.

The Office of Energy Planning will continue to support and work closely with TasNetworks and Hydro Tasmania as these projects develop.

Legislation development

The year has seen a particularly strong focus on legislation development with a project team established to review the *Electricity Supply Industry Act 1995* and the *Energy Co-ordination and Planning Act 1995*. The purpose of the review is to create an up to date legislative structure that continues to promote efficiency and competition in the electricity supply industry and provide for a safe and efficient system of electricity generation, transmission and distribution while protecting the interests of consumers.

Work has also continued within the Office on replacing the *Gas Act 2000* and the *Gas Pipelines Act 2000* with the Gas Industry Bill, in cooperation with the Department of Justice. The new package of legislation effectively separates industry and safety provisions currently combined in the existing legislation.

Solar Feed in Tariff Review

The Director of Energy Planning was appointed to chair a committee (including representatives of the Department of State Growth and the Department of Treasury and Finance) to undertake a review of Solar Feed in Tariffs. The review commenced during 2017-18 and is due to report in the latter half of 2018.

Energy Security Taskforce

The final report of the Energy Security Taskforce, chaired by Mr Geoff Willis, was publicly released on 16 August 2017.

During 2015-16 Tasmania experienced a significant energy security challenge. This was a consequence of the record low rainfall over that spring/summer period combined with the first ever substantive outage of the Basslink cable.

In response, the Task Force was established as a committee under section 12 of the *Energy Co-ordination and Planning Act 1995* and was tasked with undertaking a comprehensive review of energy security in Tasmania under a delegation of the Director's powers. The Taskforce performed an independent energy security risk assessment for Tasmania, having regard to:

- » best practice water management including consideration of water requirements across a range of stakeholders
- » Tasmania's future load growth opportunities and risks and likely impact on projected energy supply and demand
- » the opportunity for further renewable energy development in Tasmania including in wind, solar, biomass and other renewable technologies considered in the context of anticipated transition of the national electricity market and the potential for a second interconnector
- » likely developments in technology, such as battery storage and electric vehicles
- » Tasmania's future exposure to gas price risk
- » the potential impact of climate change on energy security and supply
- » a review of energy security oversight arrangements.

The final report recommended five priority actions for the Tasmanian Government:

- » define energy security and responsibilities
- » strengthen independent energy security monitoring and assessment
- » establish a more rigorous and more widely understood framework for the management of water storages
- » retain the Tamar Valley Power Station as a backup power station for the present, and provide clarity to the Tasmanian gas market
- » support new on-island generation and customer innovation.

These priority actions are supported by a total of 36 recommendations in the Final Report, and have been designed to ensure households and businesses can have high confidence in their energy needs being met.

The recommendations of the Taskforce have been accepted by the Tasmanian Government and are being implemented in a way that ensures Tasmanians will enjoy secure and reliable electricity supply.

Functions and powers

The functions and powers as outlined in section 5 of the *Energy Co-ordination and Planning Act 1995* are broad. Past practice has seen many of these functions carried out through staff within the energy policy area of the Department of State Growth (and its predecessor agencies), with those staff reporting to a senior departmental officer who also holds the statutory position of Director of Energy Planning.

Importantly, in response to a recommendation of the Energy Security Taskforce, the Minister for Energy has appointed the Director of Energy Planning to undertake a new role as the Energy Security Coordinator.

This role will ensure that if hydro water storage levels fall below prescribed levels, mitigating actions will automatically be undertaken to plan and move towards a recovery of storage levels.

Energy-related activities in 2017-18 that relate to the Director's functions and powers included:

- » ongoing implementation of the Government's Energy Strategy
- » representing Tasmania's interests in intergovernmental policy forums, including under the auspices of the Council of Australian Governments (COAG) Energy Council
- » provision of advice to the Minister for Energy on emerging policy issues in Tasmania and nationally
- » working with the Tasmanian Government-owned energy businesses to ensure that government energy policy objectives are reflected and implemented in their corporate planning processes.

National events and reform agenda

It is important to note that since joining the National Electricity Market (NEM) in 2005 the market issues, regulatory settings, and policy implications of the NEM apply in, and have significant implications for, Tasmania.

There are significant benefits of physical interconnection, and this means that Tasmanian energy policy cannot be considered in isolation from national energy issues.

In October 2017 the Australian Government announced the National Energy Guarantee (NEG) as its preferred policy to ensure the reliability of the national electricity grid while also meeting emissions reduction obligations under the Paris agreement, at lowest overall costs.

During the year significant work was undertaken by the Office of Energy Planning to advise the Minister for Energy in decision making on Tasmania's position in relation to development of the design of the NEG.

The Office of Energy Planning is also continuing to monitor the development of market reforms generally, and is participating actively in those that hold particular promise for Tasmania.

The Office ensures that the Director of Energy Planning and the Minister for Energy are informed about the progress of the reform agenda, and the opportunities for Tasmania.



Matt McGee
Director of Energy Planning





Report from the Abt Railway Ministerial Corporation

Administration

The *Abt Railway Development Act 1999* (the Act) established the Abt Railway Ministerial Corporation (ARMC). Section 6 of the Act sets out the functions of the ARMC as to:

- » arrange for any necessary approval to undertake the railway development
- » construct or arrange for the construction of the railway development
- » operate, or to arrange for a person to operate the railway development
- » facilitate associated developments in the vicinity of the railway.

Under Section 31 of the Act, the Minister is required to make a report to Parliament on the activities of the ARMC within four months of the end of each financial year.

Section 31 also provides that the report may be by statement in an annual report from an agency for which the Minister is responsible.

The Tasmanian Government has continued to provide support to assist ongoing operations of the West Coast Wilderness Railway (WCWR) through the \$4.5 million in budget support made available over the 2017-18 year.

The railway is an iconic tourism experience and its continued and growing success is a testament to its staff.

2017-18 saw the General Manager Mr Anthony Brown continue to build the business along with taking on the role as Chair of the Local Tourism Association to drive tourism in the region.

The railway continues to operate in accordance with the requirements of the Rail Safety National Law (RSNL), with its operations subject to the ongoing audit and inspection requirements as provided for in the RSNL, as well as internal and external third party audits.

The WCWR again demonstrated a strong safety record across 2017-18.

Operations

Following on from the strong performance in 2015-16 and 2016-17 WCWR performed above expectations in 2017-18.

Total passenger numbers for the year were 32 818, while only slightly ahead of 2016-17, combined revenue and net results were both ahead of 2016-17 by around 15 per cent.

The excellence of the tourism experience was recognised with the railway taking out the Best Tourist Attraction Award at the 2017 Cradle Coast Regional Tourism Awards, for the third year running and taking out Best Tourism Attraction in the 2017 Tasmanian Tourism Awards.

A new Helisteam experience was introduced in the 2017-18 season in conjunction with Strahan Helicopters providing another unique way to enhance the wilderness journey.

The railway continued to partner with other regional tourism businesses to provide complementary offerings including its 'Raft and Steam' adventure with King River Rafting experiencing a 300 per cent increase in their business, and packages supplementing these experiences with RoamWild.

Tracks Café at Queenstown Station has proved very popular with visitors and locals, rated as the number one restaurant in Queenstown on TripAdvisor and continues to grow in popularity and profitability. The addition of an alfresco area proved popular in warmer months.

Retail areas took on a new look with in-house made Tasmanian timber products (many utilising disused railway paraphernalia), combined with packaged Tasmanian alcohol gift products, Tasmanian boiled lollies and ice-creams, with retail sales increasing by 29 per cent.

A number of environmental initiatives were implemented throughout the year and will continue to be adopted to reduce the carbon footprint and to enhance the environment in which the railway operates.

As WCWR grows it continues to provide additional employment opportunities, including appointing the first workshop apprentice in over a decade along with a trainee fireman, recognising the importance of training, development and providing opportunities for locals and those working for the railway.

Capital works

Works commenced on revitalising bridges along the 34.5 kilometre track, although the window for works is limited due to weather.

Construction of a new wilderness carriage and ongoing restoration of carriages kept the workshop team busy.

The need for the acquisition of the last Abt locomotive (#2) currently being housed at Tasmanian Transport Museum resulted in an agreement between the two organisations for the restoration of Abt #2 and to have it operate on the WCWR line once restoration is completed.



Business Services

The Business Services team of the Department of State Growth is focussed on the delivery of value added services and support that meet business and client needs.

Business Services is committed to providing advice and services that effectively support the agency to undertake its functions and meet its obligations.

The division works collaboratively across the department to understand business needs to assist our partners deliver outcomes, and to deliver policy advice and leadership that reflects a connected whole of agency approach and best practice.

The division consists of six branches.

- » **Business Improvement and Performance** works with business units across the department to identify process improvement and assist with implementation; with the Risk and Audit Committee on monitoring and implementing risk mitigation strategies; on the administration of the grants and loans portfolio and manages departmental property and facilities.
- » **Communications** delivers a range of communications services to the department as well as working closely with Ministers' offices. This includes the provision of strategic communication advice, media and issues management, corporate brand management and the production of a wide range of marketing and communications collateral, publications, DVDs, exhibition stands and promotional campaigns.
- » **Finance** is responsible for delivering compliant financial management services for the department. Key functions include budget management, financial reporting, accounting, transaction processing, taxation and other financial management administration and compliance and asset management.
- » **Information, Communication, Technology and Spatial Services** is responsible for the management of corporate ICT and spatial services.
- » **People and Culture** is responsible for providing quality and contemporary people services to ensure the current and future business needs of the department are met.
- » **Secretariat and Legal Services** is responsible for providing the ministerial interface and legal and legislative support services for the department.

In addition to leadership of the division and the organisational change and engagement efforts across the department, the office of the Deputy Secretary Business Services, provides policy support and advice to the Tasmanian Development and Resources Board and acts as Company Secretary to the Board.

The division also provides business service support to Tourism Tasmania and the Macquarie Point Development Corporation.

The office provides governance and advice to State Growth portfolio boards and committees.

Key achievements

The objectives of the division are to:

- » understand the business by building on existing capabilities to meet the agency's current and future business needs
- » develop the business through collaboration and continuous improvement
- » work in partnership by managing relationships to successfully deliver strategies and outcomes, and
- » lead by example by modelling agreed organisational culture and values.

The division's core functions support the department to deliver essential services to the Tasmanian community and further develop the department as a great place to work.

The following strategies reflect our progress towards delivery of business excellence and leadership in organisational development projects during the financial year.

Invest in our people

Work was completed on fine-tuning the department's performance management process to ensure everyone has a Personal Performance and Learning Agreement (PPLA) and with a stronger focus on values and behaviours.

Leadership and management capability continues to be a high priority. Opportunities continue to be provided to develop leaders with five Senior Executive Services officers participating in the inaugural State Service ANZSOG SES Leadership Development program and eight managers on the Tasmanian State Service Management Essentials program.

A key focus for 2017-18 has been the development and implementation of an integrated approach to induction to ensure new employees feel welcome and supported in their roles.

Our induction process includes online modules for completion in the first weeks of starting, a manager's guide and checklists to support business area induction, intranet site, and a face to face orientation session.

The implementation of MyGrowth, the department's learning management system provides our employees with access to an extensive library of online courses as well as eLearning programs and targeted training opportunities.

Business Services continued

Leadership in compliance, best practice and risk management

Business Services continued to review and revise State Growth Financial Management Policies and Guidelines, which were incorporated in the department's Finance Manual as required by Treasurer's Instruction T1102. This key compliance manual is stored electronically for all staff to view. Continual maintenance occurs to ensure the manual is up to date.

Business Services continued to build capability in legal education and legal risk management across the department. There was strong attendance at Crown Law's whole of government legal education sessions and at departmental specific sessions.

A key focus for the department was the establishment of its work health, safety and wellbeing risk register. This was developed following consultation with divisions and a whole of department workshop.

The risk register identifies both physical and psychological risks, and outlines the control measures in place to mitigate them.

The department continues to actively manage its duty of care obligations through its annual plan overseen by the Work Health, Safety and Wellbeing Management Committee.

A major focus for the year has been our participation in the White Ribbon Accreditation Program under the White Ribbon National Workplace campaign, and on building awareness of the issue of violence against women.

The campaign aligns to and further strengthens the department's workplace culture and existing values, and is a strong public acknowledgement of the commitment of zero tolerance of violence against women.

In conjunction with the department's Business Improvement Committee, Business Services commenced the first stage review of the department's grants management policies and procedures to ensure consistency across the many grants programs managed by the department. Following review of the recommendations from stage one, stage two has commenced.

Implementation of the electronic records management system continues across State Growth and supported Authorities.

The majority of business units have completed training and now use the records management system to capture corporate data. A major systems upgrade is expected to be completed in the next financial year.



Develop our business capability and use technology to best advantage

As part of the whole of government accommodation consolidation project, State Growth relocated approximately 500 people into the Salamanca building in the Parliament Square precinct in Hobart.

Led by Business Services, the majority of our staff consolidated from five sites to one in the Hobart CBD.

The project objectives were to integrate teams and shape the future direction of work through the use of technology to better serve the department's clients.

Financial savings were also achieved and the department significantly reduced its footprint. Teams were able to co-locate where this had not been previously possible.

The project's success, and in particular the communication and change management approach were recognised with a Best Practice in the Public Sector Award from the Institute of Public Administration Australia (IPAA).

The IT desktop hardware refresh and upgrade program has continued to support business improvement and greater electronic information management.

It has also increased the mobility of our workplace. 350 devices have been deployed over the last 12 months.

Business Services introduced technology improvements to drive business efficiency, increase collaboration and improve workplace flexibility requirements in our offices statewide. New Microsoft Surface Hubs have delivered immediate improvements with improved video conferencing capability which has increased business unit and work team efficiency and overall connectedness.

Business Services began scoping and development of a two-stage financial processing electronic workflow solution to improve the timeliness and efficiency of payments to creditors and suppliers and minimise paper-based processing. Stage one will be rolled out during 2018-19 along with the development of stage two.

A key business improvement was the extension of a secure electronic board papers management system to increase security and improve accessibility and management of board and committee administration across the department.

Develop our shared culture and leadership

The department's third leadership forum was held in November 2017, with a focus on values-based leadership, the important role of leaders with regard to White Ribbon, and to provide a networking opportunity.

The Secretary regularly updates staff via email, the intranet and in person at monthly State of Play forums.

During the year Business Services organised guests to speak on a range of topical issues with presentations from Infrastructure Tasmania, Business Tasmania, the Macquarie Point Development Corporation and an information session from the Secretary on State Budget day.

In October 2017 State Growth launched its new website which is part of the department's web strategy to improve our web presence through a quality interface design and consolidated content that improves accessibility, content value and user satisfaction.

The website's backend functionality also allows for more dynamic and interactive content to showcase the breadth and depth of the State Growth portfolio.

Over the past 12 months a revitalised State Growth intranet platform was developed and launched in May 2018. Stage one consolidated the internal communication platforms into one channel and improved access to information and business tools. Stage two will increase the functionality to improve collaboration and internal business efficiencies.

Develop client centric systems and processes

Service level agreements were developed to provide business services to external partners and to support continued service provision internally.

An agreement is in place to provide information management and technology, human resource and limited financial services to the Macquarie Point Development Corporation.

Business services are also provided to Tourism Tasmania and a service level agreement is under development with the Tasmanian Museum and Art Gallery Board of Trustees.

Since 2005 Passenger Transport Contracts have managed using the Bus Route Manager, a database and a number of interfaces that allows contracts to be updated. The Bus Route Manager maps routes and stops.

Work is well advanced on a replacement of the original interface with a faster and more modern mapping interface. This interface will be used by the Passenger Transport contracts staff and those creating new contracts as part of Project 2018.

Additional interfaces, primarily a web map viewer, have been created to allow bus operators to view proposed new routes.

A website map was created to allow heavy vehicle operators to find roads they can use without requiring a permit from the National Heavy Vehicle Regulator.

A similar site has been created for a select set of special purpose vehicles (cranes). Both State Growth and local government roads and bridges are included in the database, which provides for better information for the state's heavy vehicle operator.

Leadership in strategy and good decision making

Cyber security remains a key strategic issue in the current environment for the department. State Growth is addressing cyber security from a risk-based perspective, focussing on developing its cyber resilience based on a balance between protection, detection, response and recovery.

The State Growth ICT Strategic Plan 2017–2018 has progressed well against all identified objectives and the updating of the strategy will ensure that the department has a key blueprint for ICT capability and business improvement over the coming period.

The department develops a strategic risk register every two years. A new register was developed in 2017–18.

The register identified a number of key risks across the agency. A number of programs including the internal audit program are currently reviewing these risks and developing mitigation strategies.

The Office of the Coordinator-General



Report from the Office of the Coordinator-General



The Office of the Coordinator-General is Tasmania's principal entity to attract and support investment in the state. It is a fundamental part of the Tasmanian Government's agenda of promoting and developing Tasmania's attractiveness for investment and creating jobs.

Now in its fourth year of operation, the Office has achieved significant momentum by delivering outcomes that will also contribute to Tasmania's long range economic strengths.

Key achievements

Investment attraction

During 2017–18 the Office of the Coordinator-General continued to actively promote Tasmania's industry and location strengths to national and international investors.

Success stories where the Office has identified and facilitated a match between investor interest and viable opportunities within Tasmania include:

- » Hermal Group – in January 2018, the Tasmanian Government announced its support of a new \$190 million hardwood mill plant to be constructed in Burnie. This new mill will be Australia's largest plantation-based hardwood cross-laminated production plant and will create around 220 jobs on Tasmania's North West.
- » Dutch Mill – following the announced closure by Murray Goulburn of its Edith Creek dairy processing facility in 2017, the Tasmanian Government proactively facilitated the purchase of the facility by Thailand-based company, Dutch Mill. This will see up to 112 full time equivalent jobs created as the plant reaches full operational capacity over a two year start-up period.

- » Carlton and United Breweries (CUB) – in February 2018, the Tasmanian Government was pleased to announce a \$1 million grant for CUB to secure a \$10.3 million capital investment into Cascade Brewery as the location for the production of all of CUB small batch beer brands from across Australia.
- » Thomas Cook Money – following ongoing negotiations between the Office of the Coordinator-General and the Thomas Cook Group, Hobart was chosen for Thomas Cook Money to establish its new Australian headquarters. This is expected to inject approximately \$2 million each year into the local economy and create 40 new skilled jobs.

The Office of the Coordinator-General has also led a number of competitive bids during 2017–18 on behalf of Tasmania. Most recently, from a field of over 60 applicant cities, Launceston was one of nine regional cities shortlisted as a potential location for Qantas' planned Pilot Academy. Announcements are expected in the first half of 2018–19.

Tasmania is continuing to receive keen interest from proponents in the tourism industry. A key part of tourism is ensuring adequate and appropriate accommodation options exist across the state.

The Office has successfully engaged with industry, local councils and Tourism Tasmania and undertaken a range of regional tourism demand studies to provide an evidence basis for its targeted promotional and investment activities.

The Office of the Coordinator-General was instrumental in developing the \$20 million Tourism Accommodation Refurbishment Loan Scheme that was released in July 2017.

Applications of over \$5.5 million have been approved this year which will enable the refurbishment of properties in Devonport, Penguin, Longford, Scottsdale, Launceston, Scamander, Burnie, Rosevears and New Norfolk.

To further support investment in the visitor economy and following the success of the above refurbishment loan scheme, the Office has also played a key role in developing the \$10 million Heritage Places Renewal Loan Scheme which was launched for applications in June 2018.

Major projects

Investment attraction and the facilitation of major projects are closely aligned. Businesses located within Tasmania or those considering coming to the state, increasingly benefit from the specialist services provided by the Office of the Coordinator-General.

The Office's experienced project managers provide confidential case assistance to identify investment opportunities, help navigate multi-level government and other authorities, assist with site selection and linkages to industry, and provide other tailored project assistance services.

During 2017–18 the following highlights are examples of major projects assisted by the Office across Tasmania:

- » Ridley Corporation Limited (Ridley) – after attracting Ridley to Tasmania to construct an approximately \$50 million aqua feed manufacturing mill to be based at Westbury, and which will employ around 20 FTEs when fully operational, the Office has continued to work with Ridley to support it through its approvals processes. Earthworks have commenced at the site and it is expected that the mill will be operational early in 2020.
- » BioMar – in December 2017, BioMar announced that Tasmania had been successful with its efforts to attract its \$56 million Australasian-based aqua feed production facility. In addition to attracting BioMar, the Office has worked closely with BioMar to select an appropriate site to build its mill on, to provide the Tasmanian industry additional access to locally produced feed as well as producing product for export.

The Office has assisted with the remediation requirements for the Wesley Vale site, which included significant demolition of buildings and asbestos removal, and has negotiated with BioMar around its future research and development requirements leading to a commitment by BioMar to spend at least \$1.5 million on research and development in the state over the coming years.
- » Kangaroo Bay Hotel and Hospitality Management College – the Office is continuing to work closely on a range of matters to help progress the Kangaroo Bay redevelopment which will see the construction of a luxury boutique hotel and hospitality training facility. The investment value of this project is currently estimated to be worth up to \$100 million and will create around 130 jobs.
- » Cradle Mountain Master Plan – by collaborating across government and engaging with industry, the Office of the Coordinator-General continues to progress this highly significant project. The Office has helped undertake a range of key analysis studies, such as visitor forecasting, staff accommodation needs and cableway analysis. These will all help underpin the design of the future development and shape the strategic approach to the Cradle Mountain Precinct as one of the state's iconic locations. An Expression of Interest process is underway that will identify private investors that could partner with the Tasmanian Government to create a new high-quality alpine village precinct.

Northern Cities Major Development Initiative

During 2017–18 the Office of the Coordinator-General continued to work closely with the communities of Launceston, Burnie, and Devonport on maximising the investment into modern infrastructure and educational participation for continuous economic growth in revitalised, smart and innovative northern cities.

Key infrastructure projects under the Northern Cities Major Development Initiative include the relocation of the University of Tasmania's Launceston campus to Inveresk, the relocation of the University of Tasmania's Burnie campus to West Park and the Devonport Living City.

Moving the northern university campuses to central locations in Launceston and Burnie, will help position these localities as vibrant university cities.

The Office of the Coordinator-General has been integral in securing funding and providing oversight for these projects. With design processes underway, earthworks on the two university projects are anticipated to commence within the next 12 months.

The construction phase of stage one of the Devonport Living City project is on track for completion in 2018. The multi-storey car park servicing the whole of the central business district has been completed and regular markets are being held in the new food pavilion, Providore Place.

The multi-purpose civic building (Paranaple Centre) which will be home to a state-of-the-art LINC, Service Tasmania, café, Devonport City Council offices and an 800 seat convention centre, will be open to the public in September 2018.

The project has also attracted significant private investment with Tasmanian construction firm Fairbrother announced as the preferred proponent to develop the waterfront hotel associated with the project.

The value of the hotel development is estimated to be in the order of \$40 million and will likely take around two years to construct, with site works expected to start in 2019.

Each of these initiatives has also been successful in activating increased development activity in the respective cities. In Launceston increased business confidence has resulted in the development of projects such as the Silos Hotel, the CH Smith building and the Verge Hotel.

A number of small development applications for student accommodation have also been lodged with the City of Launceston and the Office of the Coordinator-General is working with developers in relation to a variety of different projects for the city.

The initiative also provides oversight for the Tasmanian Government's commitments in the Launceston City Deal. Signed in April 2017, the City Deal is a five-year commitment between the Australian and Tasmanian Governments and the City of Launceston that will deliver a coordinated approach for planning, reform and leveraging investment in Launceston.

The first 12 months of implementing the Launceston City Deal has delivered some outstanding results for the city.

Office of the Coordinator-General continued

The Tamar Estuary Management Taskforce was established in April 2017 under the Launceston City Deal to deliver better governance and planning, and reduce pollution to improve the health of the Tamar River.

Premier Will Hodgman, and former Prime Minister Malcolm Turnbull announced \$95 million in funding to enable 12 projects to be undertaken along the Tamar Estuary, focused on improving catchments and upgrading major infrastructure.

The Office of the Coordinator-General has developed a collaborative Smart Cities project with the City of Launceston, West Tamar Council, Meander Valley Council, George Town Council, University of Tasmania and Telstra under the Innovation and Digital Opportunities Domain of the City Deal.

The project has successfully secured \$1.58 million in matched funding from the Smart Cities and Suburbs Program.

The Tasmanian Government has provided the City of Launceston with \$5.8 million in funding for the City Heart Project under the City Deal to revitalise Launceston's historic CBD through improvements to the city's urban spaces and promoting better services for public and active transport.

The initiative has also supported the formation of the pioneering University College, which has delivered five new associate degrees to the Tasmanian market in 2018:

- » Associate Degree in Agribusiness
- » Associate Degree in Applied Business
- » Associate Degree in Applied Design
- » Associate Degree in Applied Science
- » Associate Degree in Applied Technologies

A further Associate Degree will be offered in Applied Health later in 2018 for commencement in 2019. Strong enrolments have been achieved to date, with evidence showing the majority of students are new to higher education.

Expression of Interest (EOI) for tourism investment opportunities in Tasmanian National Parks, Reserves and Crown Lands

This Expression of Interest (EOI) is an exciting opportunity for private operators to develop sensitive and appropriate tourism experiences and associated infrastructure and broaden the range of unique experiences on offer in our parks and reserves.

The Office of the Coordinator-General administers and promotes the EOI process, which includes administering the assessment process for submissions.

Tourism development in our natural areas not only supports the growing number of visitors to the state and their dispersal across the regions, it also creates jobs, stimulates our regional economies and provides new and exciting ways for visitors to engage with our incredible environment.

The initiative has attracted significant interest from investors. A total of 18 exciting ecotourism submissions have been made for Round 2 to the Office of the Coordinator-General.

If fully realised, all the projects in the EOI pipeline, will amount to approximately \$70 million in new investments and will create approximately 230 full time equivalent jobs.

Examples of 2017–18 proposals that will leverage tourism opportunities, stimulate regional economies, and have been approved to progress through the statutory approvals processes include:

- » A proposal by West Coast Yacht Charters was recommended to commence the lease and licence approval process. This new offering will deliver a multi-day cruise adventure experience by allowing visitors to immerse themselves deep into the picturesque Gordon River in West Tasmania.

Visitors would have the option to experience guided historical and cultural walks and kayaking, and be allowed to spend more time in the World Heritage Area to fully appreciate the cultural and natural values of the Franklin–Gordon Wild Rivers and Southwest National Parks.

- » The development of a South East Cape Walk has also been recommended to proceed to relevant statutory approvals and lease and licence negotiations.

The South East Cape Walk would see small groups of visitors, led by experienced guides, visit the tip of Australia's southern most accessible point in the rugged South West National Park.

The Lower Gordon River Cruise and the South East Cape Walk will bolster the tourism credentials of these regions. Once operational these two new projects will provide a much needed economic boost, attracting tourists to stay longer and spend more.

Enterprize Tasmania Ltd – innovation hubs

Now in its second year of operation, establishing Enterprize's innovation hubs in Launceston and Hobart has proven an essential resource for Tasmanian entrepreneurs and the start-up community.

The hubs provide co-working spaces and facilitate linkages to programs and networks to assist with developing and testing ideas, and for Tasmanian entrepreneurs to accelerate initiatives from viable concept to sustainable start-ups.

Examples of entrepreneurs that have benefitted from Enterprize during 2017–18 include:

- » Off the Table Tasmania, an agri-tourism experience platform, who were successful in their application to the SproutX Agtech accelerator.
- » Analytics company Bitwoke, which formed as a result of seeing opportunities in Internet of Things (IoT) from the LoRa pilot in Launceston, who were successful in their application to the Cicada Growlab accelerator.
- » Enterprize's first independent tenant, Giant Margarita, ran a successful 'kickstarter' campaign and launched the first ever Sony PlayStation game developed entirely in Tasmania, called 'Party Golf'.

- » Code Club who have recently signed 18 new clubs in Tasmania and trained over 20 teachers and librarians to teach digital technologies.

Enterprize also hosts numerous functions and events aimed at spurring innovation and encouraging the entrepreneurial mindset. Since opening, the two hubs have held over 200 events attracting well over 5 000 participants and partnered with industry and education institutions to build a culture of innovation.

The Office of the Coordinator-General and Enterprize recently supported the University of Tasmania to run the Big Idea Challenge, an early ideas competition for the north and north west of the state focusing on the Launceston and Cradle Coast campuses. The competition saw interest from over 240 students and recent alumni.

The ideas are to be judged early in 2018–19 in the three categories of Commercial, Community (social enterprise), and IoT.

Red tape reduction

Red tape reduction remains a strong focus of the Tasmanian Government.

Working on red tape issues at the coal face is an increasingly important function of the Red Tape Reduction Coordinator.

It represents an ongoing opportunity to refine the business environment in Tasmania and make it one of the best places in Australia to do business.

Each year, the Office of the Coordinator-General publishes the Red Tape Reduction Audit Report. In the most recent report there were 108 across-industry red tape reform issues identified by industry and key stakeholders. To date, the Tasmanian Government has addressed 85 of these red tape issues.

Recent examples of administrative improvements facilitated by the Red Tape Reduction Coordinator include:

- » A review of small passenger vehicle regulation to allow ride sharing providers such as Uber to gain market entry.
- » Work on the review of biosecurity legislation to develop a streamlined, coherent and integrated model. Presently biosecurity regulation is split across multiple Acts and subordinate legislation.
- » Removal of the planning duplication associated with building in bush fire prone areas by incorporating more comprehensive provisions for hazardous areas in the recently enacted Building Regulations 2016. This eliminated the requirement to also have separate fire mitigation plans.
- » Approval to allow industrial hemp seed to be consumed as food products.

John Perry
Coordinator-General

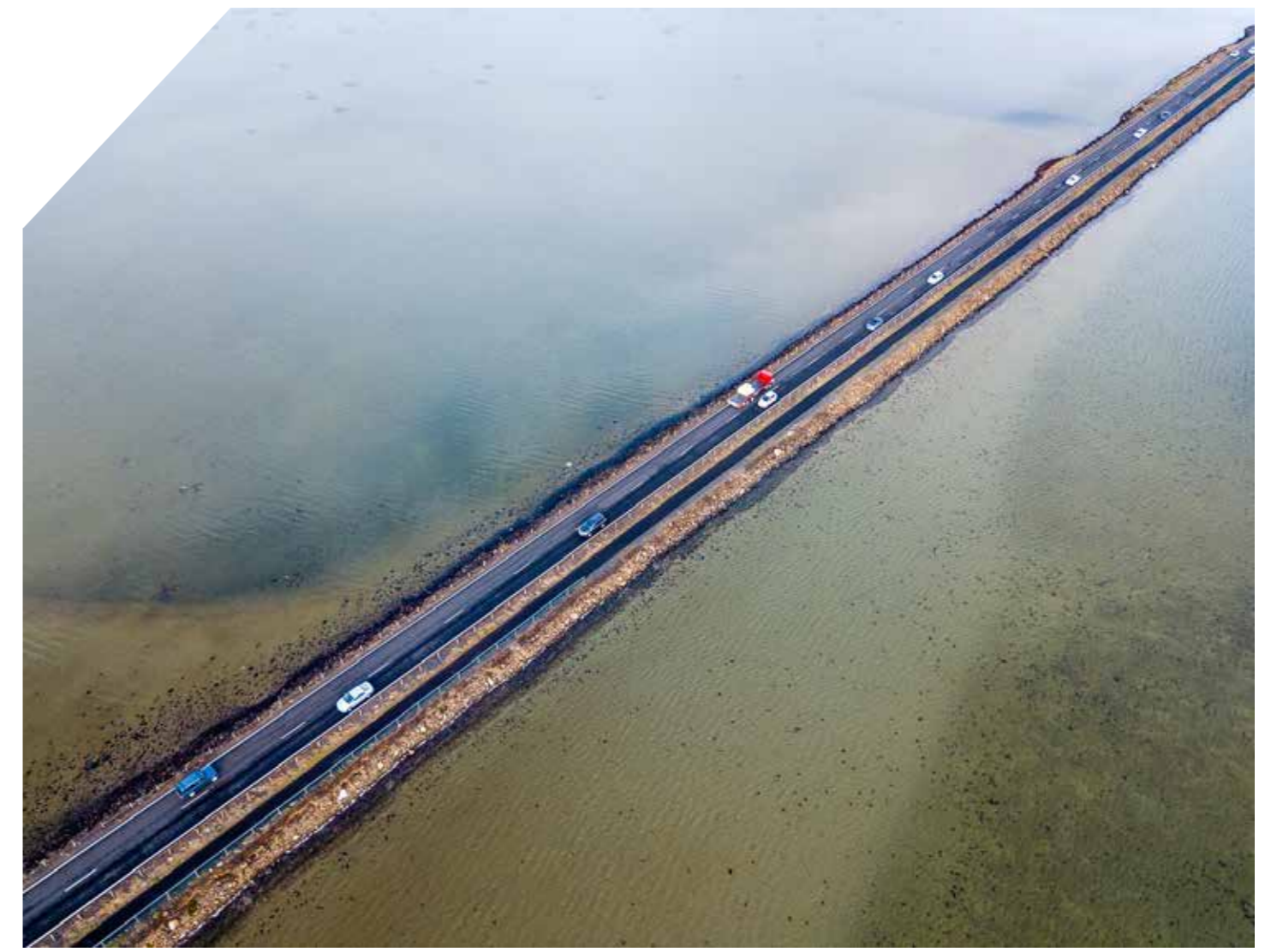


Performance information Office of the Coordinator-General

Performance measure	Unit of measure	2016-17 actual	2017-18 actual	2018-19 target
Continue to reduce red tape by progressing the resolution of the priority red tape issues identified in the Annual Red Tape Reduction Report ^{1,2}	Yes/No	Yes	Yes	Yes
Investment facilitated by the Office of the Coordinator-General ^{1,3}	\$ million	306.0	377.8	340.0

Notes

1. This is a new performance measure in 2018-19.
2. The Annual Red Tape Reduction Report produced and published each year lists all the red tape issues that have been identified for Government to take action on and the progress against these.
3. This measure includes investment where the Office of the Coordinator-General has: directly engaged with an entity to promote or support new, or to retain, investment in Tasmania; provided investment facilitation services including advice, process identification and navigation, and engagement with linked parties; or provided recommendations to Government resulting in financial or other support to a project.



Report from Infrastructure Tasmania



Key achievements

Development of the Tasmanian Infrastructure Pipeline

Infrastructure Tasmania compiled an up-to-date Tasmanian Infrastructure Project Pipeline of strategic infrastructure investments planned in the state over the next 10 years.

The pipeline is designed to provide information to inform decision making by developers and project proponents as they consider their own investments, but it is also expected to aid the resourcing decisions made by consulting and contracting firms.

The *Tasmanian Infrastructure Project Pipeline* was recently released by the Deputy Premier and Minister for Infrastructure, Hon. Jeremy Rockliff MP.

Release of the Hobart Transport Vision

During 2017–18, Infrastructure Tasmania worked with the Department of State Growth to develop a transport vision for Hobart, encompassing the Tasmanian Government's commitment to improving Hobart's traffic congestion and enhancing the liveability of the state's capital city.

The *Hobart Transport Vision* was released in January 2018, and provides a long-term view of the opportunities that could be realised to provide a more efficient transport network for Hobart and its surrounding transit corridors.

It has become a key component of transport initiatives within the Hobart City Deal.

Completion of River Health Action Plan for Tamar River

Under the auspices of the Tamar Estuary Management Taskforce, which is chaired by the CEO of Infrastructure Tasmania, the *River Health Action Plan* was developed with a focus on improving public health outcomes in the Launceston to Legana section of the Tamar River.

The *River Health Action Plan* was released in February 2018 and its recommendations include \$94.6 million worth of investments, including \$10 million of catchment actions and \$84.6 million of investment related to the combined system and sewerage treatment infrastructure.

The Prime Minister and Premier subsequently announced joint Commonwealth and state funding to support the full suite of recommendations in the plan.

Progressing business case for Bridgewater Bridge and securing funding announcement for project

During 2017–18, Infrastructure Tasmania continued to work with the State Roads Division of the Department of State Growth, specialist consultancy firms and the Australian Government to progress the state's business case for a new Bridgewater Bridge.

This included supporting negotiations between the Tasmanian and Australian Governments to secure Commonwealth funding for the construction of a new bridge.

The Australian Government subsequently announced a \$461 million contribution towards the construction of a new bridge in the 2018–19 Federal Budget, which represents 80 per cent of the expected total cost.

This will be supported by a Tasmanian Government contribution of \$115 million. The business case, to be lodged with Infrastructure Australia, is in the final stages of development.

Review of Water and Sewerage Accelerated Infrastructure Program

As part of the Tasmanian Government's proposed reforms to the state's water and sewerage sector, Infrastructure Tasmania provided a report assessing the plausibility of an accelerated infrastructure investment plan for the sector.

In July 2017, Infrastructure Tasmania completed its report, which includes a re-profiled version of TasWater's 10 year plan and an assessment of the potential risks and constraints to achieving the accelerated investment plan.

A subsequent Memorandum of Understanding between the Tasmanian Government and TasWater has been developed and will include new cooperative working arrangements, including the bringing forward of some strategic capital projects.

Allan Garcia
CEO
Infrastructure Tasmania

FAST FACTS

In March 2018, Infrastructure Australia released its updated Infrastructure Priority List, which includes five Tasmanian projects: Bridgewater Bridge, Burnie to Hobart Freight Corridor, Sewerage Infrastructure Upgrades, University of Tasmania STEM Precinct, and Tasmanian Energy Interconnector.

The Tasmanian Government's announcement of two new Spirit of Tasmania roll on/roll off ferries, to commence operation by 2021, represents one of the single biggest infrastructure investments made by the government at \$700 million.

At 70 kilometres long, the Tamar is one of the longest estuaries in Australia. The catchment that feeds the estuary is around 10,000km² in area and encompasses a number of uses such as grazing, dairying, forestry, mining, residential and industrial activities.

83 per cent of all journeys to work in Hobart are made by car, a higher proportion than any other Australian capital.

\$13.9 billion is forecast to be spent on infrastructure in Tasmania over the next 10 years.

Performance information Infrastructure Tasmania

Performance measure	Unit of measure	2016–17 actual	2017–18 actual	2018–19 target
Proposals assessed by Infrastructure Tasmania within required timeframes ¹	%	100	100	100
Reviews requested by the Tasmanian Government completed by Infrastructure Tasmania within required timeframes ¹	%	100	100	100

Notes

- Proposals are publicly-funded major economic infrastructure proposals. Timeframes will be developed on a case by case basis and documented in Infrastructure Tasmania's yearly work program.





Report from the Tasmanian Planning Reform Taskforce



Following the commencement of the second term of government, the Taskforce has provided advice to the Government on the draft Housing Supply Bill 2018 as well as providing advice on potential key priorities for the next four years within the planning portfolio.

In addition, the Taskforce has provided advice on the role and function of the Taskforce across this period.

Membership of the Taskforce continued to be comprised of the eight members, with management and direction provided by the independent chair:

- » Mr Michael Bailey, Tasmanian Chamber of Commerce and Industry
- » Mr John Dent, PDA Surveyors
- » Mr Michael Kerschbaum, Master Builders Association of Tasmania
- » Mr Frazer Read, All Urban Planning
- » Mr Rick Sassin, Housing Industry Association of Tasmania
- » Mr Nick Steel, Tasmanian Farmers and Graziers Association
- » Dr Katrena Stephenson, Local Government Association of Tasmania, and
- » Mr Andrew Walker, Barrister Tasmanian Bar.

The Tasmanian Planning Reform Taskforce (Taskforce) continued assisting in the progression of the Tasmanian Government's planning reform agenda through to the end of the first term of government.

A key focus for the Taskforce through to early 2018 was ongoing advice associated with the draft major projects legislation and the progression of the Tasmanian Planning Scheme, including participation in the Government's Local Planning Provisions Steering Committee.

The Taskforce continues to assist in the progression of this reform and has participated in the Government's Steering Committee that has been established to provide oversight for the efficient, coordinated and timely submission of draft Local Provisions Schedules to the Tasmanian Planning Commission.

The Taskforce has also participated in the review of the Reserve Activity Assessment process being undertaken by the Department of Primary Industries, Parks, Water and Environment.

The Review commenced following the introduction of the State Planning Provisions which provide for a permitted pathway for use and development on reserved land that is within the Environmental Management Zone and for which an authority has been granted under the National Parks and Reserved Land Regulations 2009. Involvement with this review is ongoing.

Emma Riley
Chair

Supporting information Department of State Growth

Right to Information

The department has a legal duty to respond to requests for information in accordance with the *Right to Information Act 2009* (the *RTI Act*), which commenced on 1 July 2010.

The *RTI Act*:

- » authorises and encourages disclosure of information without the need for formal requests or applications
- » gives members of the public an enforceable right to information
- » provides that access to information is restricted only in the limited circumstances defined in the *RTI Act*.

During 2017–18 the department dealt with 36 applications for assessed disclosure for information under the *RTI Act*.

A full statistical return is provided to the Department of Justice, which publishes a comprehensive annual report on the operation of the *RTI Act*. This report is available from the Department of Justice website.

The department has a policy to publish on its website information released in respect of applications for assessed disclosure, where it is determined that the released information may be of broader public interest.

The department is also committed to routinely publishing information covering a broad range of categories. In accordance with the Premier's recent direction, more information deemed of interest to the public will be routinely published.

For further information on how the department fulfils its obligations under the *RTI Act*, visit the department's website.

Public Interest Disclosures Act

The purpose of the *Public Interest Disclosures Act 2002* (the Act) is to encourage and facilitate the making of disclosures about the improper conduct of public officers or public bodies.

The Act provides protection to persons who make disclosures in accordance with the Act, and establishes a system by which the matters disclosed can be investigated and action to rectify any deficiencies can be taken.

The department is committed to the aims and objectives of the Act. It does not tolerate improper conduct or detrimental action by the department or members, officers or employees.

The procedures for reporting disclosures are available at www.stategrowth.tas.gov.au

The department did not receive any disclosures either directly or indirectly referred via the Ombudsman in the year to 30 June 2018.

Integrity Commission

The Integrity Commission is an independent body established on 1 October 2010 by the *Integrity Commission Act 2009* (the Act).

The three primary objectives of the Integrity Commission are to:

- » improve the standard of conduct, propriety and ethics in public authorities in Tasmania
- » enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with
- » enhance the quality of, and commitment to ethical conduct by adopting a strong, educative, preventative and advisory role.

The department is committed to upholding the aims and objectives of the Act. It strives to ensure that staff meet high standards of conduct and receive ongoing training in relation to ethical conduct in accordance with section 32 of the Act.

Legislation administered by the Department of State Growth 2017–18

Minister for State Growth

Cable Car (kunanyi/Mount Wellington) Facilitation Act 2017

Closer Settlement Act 1957

Copper Mines of Tasmania Pty. Ltd. (Agreement) Act 1999

Employment Incentive Assistance Act 1984

Farm Water Development Act 1985

Fire Damage Relief Act 1967

except in so far as it relates to the erection of dwellings for renting to eligible persons under the *Homes Act 1935* (see *Department of Health and Human Services under the Minister for Human Services*)

Goldamere Pty Ltd (Agreement) Act 1996

Iron Ore (Savage River) Arrangements Act 1996

Macquarie Point Development Corporation Act 2012

Pulp Mill Assessment Act 2007

Rural Adjustment Act 1995

Tasmanian Development Act 1983

Theatre Royal Precinct Redevelopment Act 2016

War Service Land Settlement Act 1950

Minister for Infrastructure

Abt Railway Development Act 1999

Aerodrome Fees Act 2002

Air Navigation Act 1937

Civil Aviation (Carriers' Liability) Act 1963

Common Carriers Act 1874

Commonwealth Powers (Air Transport) Act 1952

Damage by Aircraft Act 1963

Emu Bay Railway (Operation and Acquisition) Act 2009

Heavy Vehicle Accreditation Scheme Validation Act 2013

Heavy Vehicle National Law (Tasmania) Act 2013

Highways Act 1951

Marine and Safety Authority Act 1997

Marine Safety (Domestic Commercial Vessel National Law Application) Act 2013

Metro Tasmania Act 1997

Metro Tasmania (Transitional and Consequential Provisions) Act 1997

Passenger Transport Services Act 2011

Port Companies Act 1997

Rail Company Act 2009

Rail Infrastructure Act 2007

Rail Safety National Law (Tasmania) Act 2012

Roads and Jetties Act 1935

Strategic Infrastructure Corridors (Strategic and Recreational Use) Act 2016

Tasmanian Ports Corporation Act 2005

Taxi and Hire Vehicle Industries Act 2008

Traffic Act 1925

Transport Act 1981

TT-Line Arrangements Act 1993

Vehicle and Traffic Act 1999

Vehicle and Traffic (Transitional and Consequential) Act 1999

Minister for Energy

Electricity – National Scheme (Tasmania) Act 1999
Electricity Supply Industry Act 1995 except Part 2 and Divisions 3, 4, 4A, 5, 5A, 6 and 10 of Part 3, and in so far as it relates to contestable customers, price regulation and contracts and the making of regulations under section 122, in so far as those regulations relate to that Part, those Divisions and those matters (see *Department of Treasury and Finance under the Treasurer*); and except Part 8 and regulations that relate to Part 8 (see *Department of Justice under the Minister for Building and Construction*)
Electricity Supply Industry Restructuring (Savings and Transitional Provisions) Act 1995
Electricity Wayleaves and Easements Act 2000
Energy Co-ordination and Planning Act 1995

Gas Act 2000 except in so far as it relates to provisions relating to the appointment, functions, powers and duties of the Director of Gas Safety (see *Department of Justice under the Minister for Building and Construction*)
Gas Pipelines Act 2000 except in so far as it relates to provisions relating to the functions, powers and duties of the Director of Gas Safety (see *Department of Justice under the Minister for Building and Construction*)
National Energy Retail Law (Tasmania) Act 2012
National Gas (Tasmania) Act 2008
Petroleum Products Emergency Act 1994

Minister for Resources

Beauty Point Landslip Act 1970
Forest Management Act 2013
Forestry (Fair Contract Codes) Act 2001
Forestry (Rebuilding the Forest Industry) Act 2014
Lawrence Vale Landslip Act 1961

Mineral Resources Development Act 1995
Mining (Strategic Prospectivity Zones) Act 1993
Petroleum (Submerged Lands) Act 1982
Private Forests Act 1994
Rosetta Landslip Act 1992

Minister for the Arts

Cultural and Creative Industries Act 2017
Meteorites Act 1973
Museums (Aboriginal Remains) Act 1984

Plomley Trusts Act 1984
Tasmanian Museum and Art Gallery Act 2017
Theatre Royal Management Act 1986

Minister for Education and Training

Building and Construction Industry Training Fund Act 1990
Training and Workforce Development Act 2013 except Part 5, and except in so far as it relates to TasTAFE (see *TasTAFE under the Minister for Education and Training*)

Training and Workforce Development (Transitional Provisions) Act 2013 except Part 2, and except in so far as it relates to TasTAFE (see *TasTAFE under the Minister for Education and Training*)
Vocational Education and Training (Commonwealth Powers) Act 2011

Legislation enacted 2017–18

Cable Car (kunanyi/Mount Wellington) Facilitation Act 2017
Cultural and Creative Industries Act 2017
Mineral Resources Development Amendment Act 2017

Tasmanian Museum and Art Gallery Act 2017
Vehicle and Traffic Amendment (Offensive Advertising) Act 2017
Vehicle and Traffic (Probationary Licences) Act 2017



Policies to help manage our business

Asset management

The Department of State Growth's asset management ranges from land and buildings to collections and equipment.

The property portfolio of assets includes:

- » Abt Railway land, buildings and infrastructure
- » bridges
- » Core Store assets of Mineral Resources Tasmania
- » Princes Wharf I
- » rail corridor land
- » road infrastructure, including land under roads
- » Tasmania Development and Resources properties including Tasmanian Technopark
- » Tasmanian Museum and Art Gallery
- » various other land and buildings predominantly held for future roadworks.

The department manages land and buildings in accordance with its internal framework guidelines. This framework guides the sound and strategic acquisition, use and disposal of assets, the related risks and costs over their useful life, and alignment of assets with service demand, to achieve the best possible match of assets with the service delivery strategies.

The department maintains asset registers in accordance with the Treasurer's Instructions. Details of acquisitions, disposals and write-offs were recorded in the respective registers.

The Financial Statements for 2017-18 are reported on an accrual basis and contain details of policies in relation to recognition, valuation and depreciation of assets in notes of the statements.

Assets have been valued in accordance with the department's accounting policies and procedures. These values are disclosed in the statements together with appropriate notes on valuation methods.

Risk management

Risk management is integral to the management of the department and the delivery of the wide range of services and outputs provided by the department.

The department has implemented a number of mechanisms for the management of risks associated with its activities.

The department has established risk management policies and associated mitigation strategies that address high risk areas.

The Risk and Audit Committee undertakes a review of the department's strategic risks and ensures that internal audit program reflects these strategic risks.

These reviews enable the department to test and refine the adequacy of its controls to manage these risks and its response when risk incidents occur.

The department maintains a quality system for the development and maintenance of roads and bridges. This system comprises a significant proportion of the department's operations.

The system is designed to manage the risks associated with development and maintenance of roads.

It is also subject to external surveillance and incorporates:

- » clear definition of accountabilities
- » executive review of system effectiveness
- » management of risk within processes
- » feedback systems for improvement
- » audits of these activities
- » audits of the work of contractors to the department.

The department is a member of the Tasmanian Risk Management Fund (TRMF). The TRMF is a significant mitigation measure to ensure that there is adequate financial provision to insure the risks of the department.

Gifts, benefits and hospitality

The Department of State Growth adopted the whole of government Gifts, Benefits and Hospitality Policy from 1 December 2016.

The Policy sets out the broad principles to be applied to and by all Tasmanian State Service officers and employees in relation to the receiving or offering of a gift, benefit or hospitality.

The Department of State Growth adheres to the Policy that requires all officers and employees to decline offered gifts, benefits and hospitality in certain circumstances, and declare the acceptance and giving of gifts, benefits and hospitality in others.

In accordance with the Policy all declarations of gifts, benefits or hospitality to the value of \$100 or greater, or a declaration of token mementos and modest refreshments (reaching the annual threshold of \$100 from a single supplier that have been recorded in the agency's Gift Register in a financial year) must be published.

To view the Gifts, Benefits and Hospitality Policy or the Gifts and Hospitality Register, visit the department's website.

The register includes reporting from the Office of the Coordinator-General and Infrastructure Tasmania.

Major contracts and consultancies

The Department of State Growth ensures procurement is undertaken in accordance with the mandatory requirements of the Treasurer's Instructions relating to procurement, including that Tasmanian businesses are given every opportunity to compete for agency business.

It is the department's policy to support Tasmanian businesses whenever they offer best value for money for the Government.

Table A provides a summary of the level of participation by local businesses for contracts, tenders and/or quotations with a value of \$50 000 or over (excluding GST).

Tables B and C provide detailed information on new consultancies and other contracts with a value of \$50 000 or over (excluding GST).

Table C (2) provides detailed information on consultancies engaged under Contract No. 2220 Professional Services for Transport Infrastructure Civil Engineering, Planning and Design.

These totals have not been included in the value of contracts awarded as it has been reported on the Department of Treasury and Finance website with a zero value.

Table D (1) provides a summary of contracts awarded as a result of a direct/limited submission sourcing process approved in accordance with Treasurer's Instructions 1114 or 1217.

Table D (2) provides a summary of total payments made under Contract No. 2385 for services ordered up by the department from 1/7/2017 – 30/6/2018.

This total has not been included in the value of contracts awarded as it has been reported on the Department of Treasury and Finance website with a zero value.

Table E provides a summary of contract extensions approved in accordance with Treasurer's Instruction 1115(4).

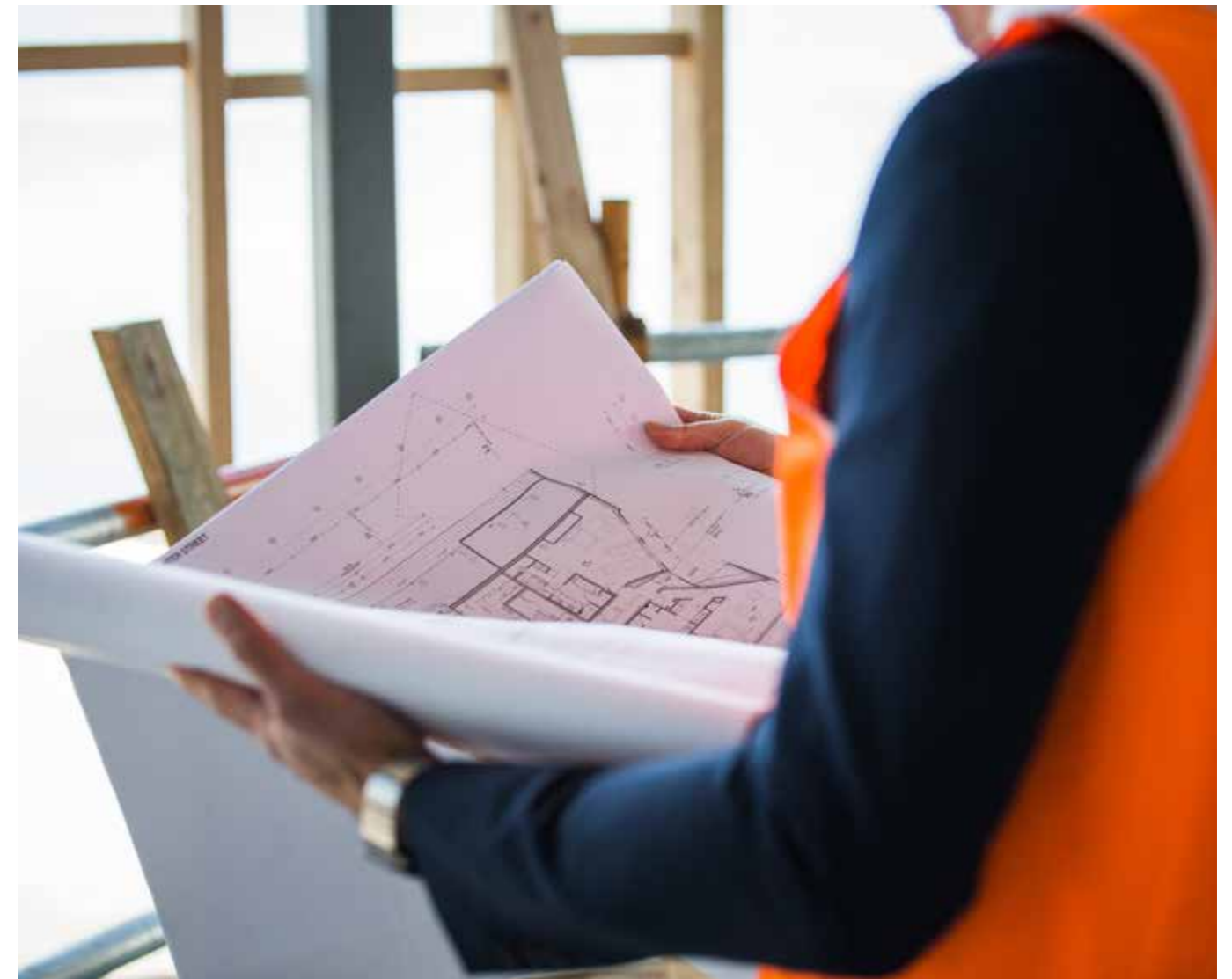


Table A

Summary of procurement including participation by local business (for procurement processes of \$50 000 or more excluding GST)	
Total number of contracts awarded	46
Total number of contracts awarded to Tasmanian businesses	35
Total value of contracts awarded with Option to Extend	\$290,542,001.06
Total value of contracts awarded to Tasmanian businesses	\$114,712,415.56
Total number of tenders called and/or quotation processes run	36
Total number of bids and/or written quotations received	106
Total number of bids and/or written quotations received from Tasmanian businesses	75
Total number of new consultancies awarded	10
Total number of new consultancies awarded to Tasmanian businesses	5
Total value of new consultancies awarded with Option to Extend	\$2,337,824.00
Total value of new consultancies awarded to Tasmanian businesses	\$1,130,499.00
Total number of tenders called and/or quotation processes run	10
Total number of bids and/or written quotations received	43
Total number of bids and/or written quotations received from Tasmanian businesses	26
Total number of consultancies awarded under Contract No. 2220 – Professional Services for Transport Infrastructure Civil Engineering, Planning & Design	38
Total number of consultancies awarded under Contract No. 2220 – Professional Services for Transport Infrastructure Civil Engineering, Planning & Design to Tasmanian businesses	38
Total value of consultancies awarded under Contract No. 2220 – Professional Services for Transport Infrastructure Civil Engineering, Planning & Design	\$7,336,302.00
Total value of consultancies awarded under Contract No. 2220 – Professional Services for Transport Infrastructure Civil Engineering, Planning & Design to Tasmanian businesses	\$7,336,302.00
Contract No. 2385 Standing Offer Contract for the Provision of Linemarking Services	
Total Payments from 1/7/2017 – 30/6/2018	\$5,128,342.04
Total number of contracts and consultancies awarded	56
Total number of contracts and consultancies awarded to Tasmanian businesses	40
Total value of contracts and consultancies awarded	\$292,879,825.06
Total value of contracts and consultancies awarded to Tasmanian businesses	\$115,842,914.56
Total number of tenders called and/or quotation processes run	46
Total number of bids and/or written quotations received	149
Total number of bids and/or written quotations received from Tasmanian businesses	101

Table B

Contracts with a value of \$50 000 or over (ex. GST) and excluding consultancy contracts						
Tender ID	Title	Supplier name	City	State	Period of contract	Value (\$)
Contract No. 2324	Management and Marketing of Personalised Plates	Plate Impressions Pty Ltd	Newstead	Queensland	1/12/2016 - 30/11/2022	\$0.00
Contract No. 2394	Urban Fringe Student Only Bus Service	O'Driscoll Coaches	New Norfolk	Tasmania	24/7/2017 - 22/12/2018	\$57,942.00
Contract No. 2407	Supply production and Distribution of Australian Disability Parking Permits	The De Saumarez Group Pty Ltd	Collingwood	Victoria	14/08/2017 - 13/8/2023	\$488,002.50
Contract No. 2421	Technopark Tech 2: Upgrade of Mechanical Plant Lower Floor	Masters Contracting Pty Ltd	Mornington	Tasmania	22/08/2017- 31/10/2017	\$134,700.00
Contract No. 2931	State Growth Internal Refurbishment	Stubbs Construction	Wivenhoe	Tasmania	1/10/2017 - 18/12/2017	\$444,865.00
Contract No. 2937	Road Safety Marketing and Advertising Services	The20 Pty Ltd	Hobart	Tasmania	1/01/2018 - 31/12/2021	\$4,000,000.00
Contract No. 2944	Forestry Community Awareness Campaign	Corporate Communications (TAS) Pty Ltd	Hobart	Tasmania	19/09/2017 - 30/06/2018	\$225,000.00
Contract No. 2961	Supply, installation and commissioning of an Advanced Traffic Management System for the Traffic Control Centre in Hobart Tasmania	Transmax Pty Ltd	Milton	Queensland	1/7/2018 - 30/12/2019	\$195,000.00
Contract No. 2934	Pavement Data Collection (TSD) Device	Australian Road Research Board (ARRB)	Vermont South	Victoria	1/10/2017 - 1/2/2018	\$167,430.00
Contract No. 2376	Midland Highway (A0087) - Epping Forest to Powranna - Road Improvements and Safety Upgrades	Fulton Hogan Construction Pty Ltd	Richmond	Victoria	18/10/2017 - 13/2/2019	\$22,807,925.00
Contract No. 2387	Tasman Highway - Mornington Interchange Westbound Off-Ramp Extension	DCS Civil Tas Pty Ltd	Blackmans Bay	Tasmania	9/10/2017 - 1/2/2018	\$554,683.11
Contract No. 2395	Pavement Resurfacing 2017-18 South	Roadways Pty Ltd	Glenorchy	Tasmania	4/8/2017 - 27/5/2018	\$9,778,676.30
Contract No. 2396	Pavement Resurfacing 2017-18 North	Fulton Hogan Industries Pty Ltd	Mowbray Heights	Tasmania	23/8/2017 - 27/5/2018	\$10,772,542.89
Contract No. 2405	Midland Highway - York Plains to St Peters Pass - Safety Upgrade	Hazell Bros Group Pty Ltd	Derwent Park	Tasmania	25/11/2018 - 12/6/2019	\$13,516,710.21

Supporting information Department of State Growth continued

Tender ID	Title	Supplier name	City	State	Period of contract	Value (\$)
Contract No. 2414	Environment and Heritage Specialist Services	Austral Tasmania Pty Ltd	North Hobart	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Southern Archaeology	Perth	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Enviro-dynamics Pty Ltd	Glebe	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	GHD Pty Ltd	Hobart	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Greening Australia (Tas) Ltd	Hobart	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Natural State	Ulverstone	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	North Barker Ecosystem Services	Hobart	Tasmania	04/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Pakana Services Ltd	Hobart	Tasmania	19/09/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Stephen Casey Ecology	West Hobart	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Urban Forest Consultancy	Latrobe	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2414	Environment and Heritage Specialist Services	Van Diemen Consulting Pty Ltd	Mangalore	Tasmania	09/10/2017 - 31/08/2020	\$105,000.00
Contract No. 2419	Midland Highway - St Peters Pass to South of Tunbridge - Safety Upgrades	Hazell Bros Group Pty Ltd	Derwent Park	Tasmania	25/11/2018 - 12/6/2019	\$25,609,433.82
Contract No. 2422	State Road Network Maintenance Services - North West Region	Downer EDI Works Pty Ltd	North Ryde	New South Wales	1/7/2018 - 30/6/2028	\$138,080,914.00
Contract No. 2424	Esk Main Road - Tullochgorum Creek to West of Mount Foster Road - Road Reinstatement and Shoulder Widening	Shaw Contracting (Aust) Pty Ltd	Whitemore	Tasmania	9/11/2017 - 20/4/2018	\$3,585,376.00
Contract No. 2428	Registration and Licencing Services Document Management (Printing, Personalisation, Warehousing and Distribution)	Print Media Logistics	Dowsings Point	Tasmania	1/09/2017 - 31/08/2020	\$1,000,885.00

Tender ID	Title	Supplier name	City	State	Period of contract	Value (\$)
Contract No. 2932	Midland Highway Safety Upgrades - Mangalore to Bagdad Stage 2 (Mangalore)	VEC Civil Engineering Pty Ltd	Ulverstone	Tasmania	4/1/2018 - 26/1/2019	\$16,029,768.00
Contract No. 2933	Lake Secondary Road - Liawenee to Haulage Hill Road Sealing	Andrew Walter Constructions Pty Ltd	Austins Ferry	Tasmania	19/12/2017 - 22/2/2019	\$4,476,487.79
Contract No. 2935	Sheffield to Devonport General Access Bus Service	Mersey Bus and Coach Pty Ltd	Wesley Vale	Tasmania	16/10/2017 - 31/12/2019	\$470,152.00
Contract No. 2941	Bass Highway - Wynyard Junction Safety Improvements	Shaw Contracting (Aust) Pty Ltd	Whitemore	Tasmania	30/1/2018 - 7/12/2018	\$3,512,038.55
Contract No. 2942	Huon Highway (A0168) Shoulder Sealing	Andrew Walter Constructions Pty Ltd	Austins Ferry	Tasmania	19/12/2017 - 23/4/2018	\$2,095,677.50
Contract No. 2947	Hobart Real-Time Traffic Congestion Management Project - Bluetooth Travel Time Detectors	Tyco Projects (Australia) Pty Ltd	Guildford	New South Wales	14/12/2017 - 14/12/2018	\$353,168.00
Contract No. 2948	Hobart Real Time Traffic Congestion Management Project - Bluetooth Travel Detectors and Traffic Signal Controller Communications with Scats	Sage Automation Pty Ltd	Tonsley	South Australia	15/12/2017 - 29/6/2018	\$150,281.00
Contract No. 2952	Ellendale Road (C608) - Dunrobin Bridge (B432) Bridge Strengthening	BridgePro Engineering Pty Ltd	Latrobe	Tasmania	8/2/2018 - 31/5/2018	\$1,774,600.00
Contract No. 2953	Strengthening of Blackman River, Flinders Creek and Prospect Vale Interchange Bridges	VEC Civil Engineering Pty Ltd	Ulverstone	Tasmania	5/2/2018 - 30/4/2018	\$2,133,381.00
Contract No. 2956	Bass Highway at Latrobe - Safety Improvements	Shaw Contracting (Aust) Pty Ltd	Whitemore	Tasmania	30/1/2018 - 7/12/2018	\$1,271,448.00
Contract No. 2957	Richmond Road (Colebrook Main Road A1154) - Cambridge to Richmond - Shoulder Sealing (Section 2)	Andrew Walter Constructions Pty Ltd	Austins Ferry	Tasmania	22/1/2018 - 31/10/2018	\$2,233,753.52
Contract No. 2975	Digital Ready Stage 5 - Strategy, Design & Development	Takeflight Pty Ltd	Hobart	Tasmania	06/03/018 - 18/08/2018	\$89,760.00
EOI 2374	Operation of the Ferry Service to Bruny Island	SeaLink Tasmania Pty Ltd	Adelaide	South Australia	28/6/2018 - 30/6/2038	\$9,320,000.00

Table C (1)

Consultancy contracts with a value of \$50 000 or over (ex. GST)						
Tender ID	Title	Supplier name	City	State	Period of contract	Value (\$)
Contract No. 2416	Hobart Traffic Efficiency	GHD Pty Ltd	Hobart	Tasmania	14/07/2017 - 18/12/2017	\$179,479.00
Contract No. 2943	Convention Centre Financial Feasibility Study	KPMG	Brisbane	Queensland	1/12/2017 - 27/04/2018	\$209,961.00
Contract No. 2945	Derwent River Crossing Capacity Benefit Analysis Business Case	Deloitte Access Economics Pty Ltd	Brisbane	Queensland	5/09/2017 - 8/12/2017	\$131,424.00
Contract No. 2967	Domain Highway Long Term Planning - Options Analysis and Business Case	WSP Australia Pty Limited	Southbank	Victoria	16/04/2018 - 14/12/2018	\$541,000.00
Contract No. 2971	North West Road Maintenance - Provision of Project Management Services for Contract Implementation, Provision of Change and Strategy Advice and Implementation Compliance	NGB Civil Consulting Pty Ltd	Margate	Tasmania	22/5/2018 - 30/6/2019	\$381,600.00
Contract No. 2988	Toward Infill Housing Development	Place Design Group Pty Ltd	Brisbane	Queensland	25/05/2018 - 31/10/2018	\$149,940.00
Contract No. 2968	Superintendent Services in relation to Road and Bridge Construction Contracts for Midland Highway - Mangalore to Bagdad Stage 2, St Peters Pass to Tunbridge and York Plains to St Peters Pass	GHD Pty Ltd	Hobart	Tasmania	8/5/2018 - 12/6/2019	\$437,250.00
Contract No. 2969	Superintendent Services in relation to Road and Bridge Construction Contracts for Bass Highway - Latrobe Safety Upgrades and Wynyard Safety Upgrades	Pitt & Sherry (Operations) Pty Ltd	Hobart	Tasmania	4/5/2018 - 14/12/2018	\$66,720.00
RFQ No. 504	Supply of Consultant Services - White Ribbon-related training for Managers and Supervisors of the Department of State Growth	Swinburne University of Technology	Hobart	Tasmania	16/4/2018 - 31/5/2019	\$65,450.00

Table C (2)

Consultancies engaged under Contract No. 2220 - Professional Services for Transport Infrastructure Civil Engineering, Planning & Design (comprising Pitt&Sherry (Operations) Pty Ltd, GHD Pty Ltd Pty Ltd, Jacobs Group (Australia) Pty Ltd, Johnstone McGee & Gandy and Burbury Consulting Pty Ltd) with a value of \$50 000 or over (ex. GST)				
Name of consultant	Location of consultant	Description of consultancy	Date awarded	Value of consultancy
Jacobs Group (Australia) Pty Ltd	Hobart, TAS	2220-1-50 Enhancing Tasmania's Bridge Infrastructure Emergency Management Plan	5/7/2017	\$114,880.00
Jacobs Group (Australia) Pty Ltd	Hobart, TAS	2220-1-53 Brooker Highway - Third Lane Concept Design	10/10/2017	\$102,994.00
Jacobs Group (Australia) Pty Ltd	Hobart, TAS	2220-1-54 Heavy Vehicle Network Development for Special Purpose Vehicles on Council owned roads in the Southern Region of Tasmania	14/11/2017	\$150,000.00
Jacobs Group (Australia) Pty Ltd	Hobart, TAS	2220-1-57 East Derwent Highway - Duplication at Geilston Bay	13/02/2018	\$99,485.00
Jacobs Group (Australia) Pty Ltd	Hobart, TAS	2220-1-59 Midland Highway Project Management Secondment	27/03/2018	\$97,060.00
Jacobs Group (Australia) Pty Ltd	Hobart, TAS	2220-1-62 West Tamar Highway and Batman Highway Laser Scanning and Infill Survey for Safety Improvements - Rosevears Drive to Gravelly Beach Road	20/04/2018	\$66,693.00
Jacobs Group (Australia) Pty Ltd	Hobart, TAS	2220-1-63 West Tamar Highway - Safety Improvements - Rosevears Drive (North) to Gravelly Beach Road	15/05/2018	\$225,968.00
GHD Pty Ltd	Hobart, TAS	2220-2-75 Invermay Traffic Study	9/08/2017	\$487,000.00
GHD Pty Ltd	Hobart, TAS	2220-2-77 Mowbray Connector Junction Upgrade	18/08/2017	\$207,500.00
GHD Pty Ltd	Hobart, TAS	2220-2-78 East Tamar Highway - Mowbray Connector Survey	11/07/2017	\$93,500.00
GHD Pty Ltd	Hobart, TAS	2220-2-80 Hobart Traffic Incident Management	25/08/2017	\$193,000.00
GHD Pty Ltd	Hobart, TAS	2220-2-81 Bass Highway - Wynyard Junction Safety Improvements - Detailed Design	5/09/2017	\$486,675.00
GHD Pty Ltd	Hobart, TAS	2220-2-83 Bass Highway - Latrobe Safety Improvements - Design	12/09/2017	\$254,000.00
GHD Pty Ltd	Hobart, TAS	2220-2-84 Epping Forest to Powranna - Construction Phase Support Proposal	5/09/2017	\$50,000.00
GHD Pty Ltd	Hobart, TAS	2220-2-85 Bonnet Hill Road Widening - Stage 3 & 4	18/09/2017	\$50,329.00
GHD Pty Ltd	Hobart, TAS	2220-2-88 Heavy Vehicle Network Development for Special Purpose Vehicles on Council owned roads in the Northern Region of Tasmania	14/11/2017	\$150,000.00
GHD Pty Ltd	Hobart, TAS	2220-2-94 Contract Administration for State Road Projects - Contract No. 2381, 2424, 2933 and 2942	14/12/2017	\$234,754.00
GHD Pty Ltd	Hobart, TAS	2220-2-95 Bass Highway - Leith Overpass	5/02/2018	\$93,425.00
GHD Pty Ltd	Hobart, TAS	2220-2-97 Secondment of Kathryn Easter	2/03/2018	\$56,832.00

Supporting information Department of State Growth continued

Name of consultant	Location of consultant	Description of consultancy	Date awarded	Value of consultancy
GHD Pty Ltd	Hobart, TAS	2220-2-98 Superintendent Services - Perth Link Roads and Epping Forest	31/05/2018	\$1,022,275.00
GHD Pty Ltd	Hobart, TAS	2220-2-99 Tasman Highway - Diana's Basin and St Helens - CDR	9/04/2018	\$125,216.00
GHD Pty Ltd	Hobart, TAS	2220-2-103 Freight Access Bridge Upgrade Program – 2017-2018 Project Development	12/06/2018	\$198,700.00
GHD Pty Ltd	Hobart, TAS	2220-2-104 Bass Highway - Cooee to Wynyard Planning Study	11/04/2018	\$373,535.00
GHD Pty Ltd	Hobart, TAS	2220-2-106 Railway (ABC) Roundabout Signals Renewal Project 2018	10/05/2018	\$115,774.00
GHD Pty Ltd	Hobart, TAS	2220-2-110 Tasman Highway - Midway Point Intersection Solution - Concept Design	25/06/2018	\$56,271.00
Pitt&Sherry (Operations) Pty Ltd	Hobart, TAS	2220-3-94 Heavy Vehicle Network Development for Special Purpose Vehicles on Council owned roads in the North Western Region of Tasmania	15/11/2017	\$300,000.00
Pitt&Sherry (Operations) Pty Ltd	Hobart, TAS	2220-3-99 Contract for Provision of Professional Services (Contract Administration) - Superintending Services	20/03/2018	\$51,510.00
Pitt&Sherry (Operations) Pty Ltd	Hobart, TAS	2220-3-100 Strengthening of Esk Main Road Rail Underpass (B1713) and North West Bay River Bridge (B42)	23/04/2018	\$68,726.00
Pitt&Sherry (Operations) Pty Ltd	Hobart, TAS	2220-3-101 Freight Access Bridge Upgrade Program 2017-18 Project Development	8/05/2018	\$315,181.00
Pitt&Sherry (Operations) Pty Ltd	Hobart, TAS	2220-3-106 Tasman Highway - Upgrades near Tasmania Golf Course	12/06/2018	\$98,744.00
Johnstone McGee & Gandy	Hobart, TAS	2220-4-10 Great Eastern Drive - Design	17/08/2017	\$640,010.00
Johnstone McGee & Gandy	Hobart, TAS	2220-4-13 Tasman Bridge Power Distribution Box	18/05/2018	\$135,000.00
Johnstone McGee & Gandy	Hobart, TAS	2220-4-14 Assessment and design services for the existing Batman Bridge A-Frame Working Platform	17/05/2018	\$50,000.00
Burbury Consulting Pty Ltd	Hobart, TAS	2220-5-25 Highland Lakes Road - Little Den Hill Embankment Stabilisation	11/12/2017	\$89,585.00
Burbury Consulting Pty Ltd	Hobart, TAS	2220-5-27 Bridge Assessments	13/02/2018	\$100,000.00
Burbury Consulting Pty Ltd	Hobart, TAS	2220-5-28 Junction Improvements - Arthur, East Derwent and Huon Highway	16/03/2018	\$178,810.00
Burbury Consulting Pty Ltd	Hobart, TAS	2220-5-29 Tasman Bridge Pathways Urban Design	9/03/2018	\$136,470.00
Burbury Consulting Pty Ltd	Hobart, TAS	2220-5-30 Freight Access Bridge Upgrade Program - 2017-2018 Project Development	22/05/2018	\$66,400.00

Table D (1)

Consultancies or Contracts awarded under an approved limited or direct sourcing process				
Name of supplier	Location of supplier	Description of contract	Reason for the Procurement Methodology	Total value of contract
3 Tier Technology Pty Ltd	Hobart, TAS	Contract No. 2429 – GITC Head Agreement T840 Official Order No. 2429 Software Development	Additional services from original supplier	\$195,000.00
DXC Eclipse Pty Ltd (formerly known as UXC Eclipse Pty Ltd)	Macquarie Park, NSW	Contract No. 2940 - GITC Head Agreement No. T826 Official Order No. 2940 Software Development	Additional services from original supplier	\$342,172.00
Wildlife Safety Solutions	Waverly, NSW	Contract No. 2962 - Supply and Delivery of Virtual Wildlife Safety Fencing	Single supplier	\$91,440.00
Various	Hobart, TAS	Project 2018 – Short Term Passenger Service Contracts	Other exceptional circumstances	\$13,427,787.87
AECOM Australia Pty Ltd	Fortitude Valley, QLD	Contract No. 2985 – Derwent River Crossing Capacity Benefit Analysis Business Case – Engineering Assessment	Additional goods/services from original supplier/ representative	\$175,000.00

Table D (2)

Contract No. 2385 Standing Offer for the Provision of Linemarking Services			
Name of supplier	Location of supplier	Description of contract	Total payments from 1/7/2017 – 30/6/2018
Statewide Linemarking Pty Ltd	Glenorchy, TAS	Contract No. 2385 Standing Offer for the Provision of Linemarking Services	\$1,570,937.59
Supalux Pty Ltd	Kewdale, WA	Contract No. 2385 Standing Offer for the Provision of Linemarking Services	\$3,557,404.45

Table E

Contract extensions approved in accordance with Treasurer's Instruction 1115(4)				
Name of supplier	Location of supplier	Description of contract	Period of extension	Total value of contract
Stornoway Maintenance Pty Ltd	North Hobart, TAS	Contract No. 2191 – State Road Network Maintenance Services – Southern Region	1/7/2019 – 30/6/2024	\$46,724,234.20
Stornoway Maintenance Pty Ltd	North Hobart, TAS	Contract No. 2192 – State Road Network Maintenance Services – North East Region	1/7/2019 – 30/6/2024	\$45,417,223.05

Disability Framework for Action 2018–21

The Department of State Growth supported the development of *Accessible Island: Tasmania's Disability Framework for Action 2018 – 2021* (Accessible Island), a whole-of-government approach and framework to guide government agencies in the implementation of appropriate policies and practices for Tasmanians with a disability.

Following this work, during 2017–18 State Growth also developed its *Disability Action Plan 2018 – 2021* to support the department's implementation of Accessible Island. In addition to the specific measures identified in the Disability Action Plan (DAP), a working group has been established, which will continue to proactively identify initiatives in addition to those already in the DAP.

The output areas covered by the action plan are:

- » inclusive and accessible communities;
- » economic security; and
- » learning and skills

The department will continue to participate in programs and initiatives that promote inclusiveness, support diversity and the benefits it brings and improve accessibility to the programs and services it provides.

Inclusive and accessible communities

To support the adoption of State Growth's Disability Action Plan, the department has commenced a re-design of Senior Executive Service performance agreements to include responsibilities linked to the plan.

To support accessibility, all department websites are Web Content Accessibility Guidelines (WCAG) 2.0 Level AA compliant. Training was also provided to relevant employees on creating accessible documents.

The department has actively utilised and promoted the use of the Tasmanian Government Accessible Events guidelines when working with and funding industry community events to ensure increased inclusion and accessibility for all Tasmanians.

Through a detailed accommodation review the department has been able to influence some design aspects of workspaces and processes through consultation with our employees.

This has resulted in the inclusion of hearing loops, relocation of taps and widening of access areas to ensure accessibility to all employees and a reduction in the need for individual adjustments.

State Growth's Tasmanian Arts Advisory Board now also includes an artist with a disability to provide a strong voice on the Board, sharing an understanding of the unique circumstances of artists with a disability.

State Growth has also completed the rollout of smart card technology for the Transport Access Scheme, which has enabled people with disability to access the scheme more easily.

A set number of wheelchair accessible taxi licences have also been made available at no cost.

Other initiatives to improve accessibility in transport services include:

- » Tasmanian Government transport programs and transport providers are working collaboratively to make a smooth transition to the National Disability Insurance Scheme.
- » Educational material for people with a disability who want to drive a car or ride a bike has been developed and is available on the Transport website, including information and fact sheets on: fitness to drive – physical disability, specialised equipment and modifications, occupational therapy driving assessments and the processes around assessing fitness to drive.

Economic security

The department has taken a lead role with the State Service Management Office to develop the Tasmanian State Service Flexible Work Policy. In line with this, a Flexibility@Work Framework has been launched. The framework aims to develop a supportive and enabling culture that understands individual needs for flexibility and includes a number of guidelines and supporting resources.

Implementation of the Workplace Adjustments Passport enables existing employees and successful job candidates, with a disability, to access individual reasonable adjustments to ensure they are able to contribute at work to their full potential. The passport concept means that the individual only has to disclose their disability needs once and this information will 'travel' with them throughout their employment within the department.

During 2017–18, State Growth recruited a graduate with a disability through the whole of State Service Graduate Program. It also supported the placement of two people with a disability through the department's Unpaid Work Framework, which supports people with a disability by providing unpaid work like opportunities to increase confidence and their capacity to win future paid work opportunities.

A Learning Management System (LMS) is also being developed. This system provides State Growth staff with online access to disability awareness training. The LMS will provide: training for recruitment and selection panels and will highlight potential biases that may influence recruitment decisions; and the opportunity to deliver a new online induction package for employees.

Learning and skills

The department has replaced previous equity programs with one key program, Training and Work Pathways Program (TWPP). The number of projects that are funded under TWPP and explicitly support Tasmanians with a disability have increased each year since its inception.

Projects funded under the TWPP must include some form of work placement or work exposure activity for the participant with the aim to increase post-VET employment opportunities for people with a disability. Results to date have shown an increase in employment outcomes and higher completion rates.

Publications

The department produced the following stakeholder publications in 2017–18.

A Combined Morphometric, Sedimentary, GIS and Modelling Analysis of Flooding and Debris Flow Hazard on a Composite Alluvial Fan, Caveside, Tasmania

Applying for Business Grants – Business Tasmania

Burnie to Hobart Freight Corridor Strategy (Infrastructure Policy)

Business Grants Writing Handbook

Circular Head Regional Economic Development Working Group Interim Report

Circular Head Regional Economic Development Working Group Final Report 2018

Department of State Growth Annual Report 2016–17

Draft 2017 Agri-tourism Strategy

Geochemistry and Chrome Spinel Compositions of Picritic Lavas, Breccias and Associated Cumulates from the Whyte River Complex, Waratah–Luina region, Northwest Tasmania

Hobart Transport Vision

Insider Guides International Student Guide

River Health Action Plan (Tamar Estuary Management Taskforce)

Tasmanian Antarctic Gateway Strategy

Tasmanian Cycle Tourism Strategy

Tasmanian Government Special Species Timber Management Plan

Tasmanian Red Tape Audit Report 2017–18

Tasmanian Training Awards 2017 Souvenir Booklet

TDR Board Annual Report 2016–17

The Caveside Flood Events of 2011 and 2016 – a Field Investigation and Modelling Analysis

Variation of the Tasmanian Regional Forest Agreement Water and Sewerage Accelerated Infrastructure Plan (Infrastructure Tasmania)

Also including a wide range of fact sheets, leaflets, brochures and flyers:

Business Tasmania information

Employer of Choice collateral

Enterprise Centres Tasmania flyer

Forestry fact sheet

Land Forces 2018 Expo collateral

Special species timber management plan fact sheet

Grants

Grants program review

In accordance with Treasurer's Instruction 709 *Grant Management Framework*, the following grant programs have been reviewed by the department and are considered to be meeting their intended objectives.

The department continues to improve grant program outcome key performance indicators to assist decision making and improve the effectiveness of grant programs in meeting government objectives.

Treasurer's Instruction 709 *Grant Management Framework* requires the Department to provide details, including purpose and intended outcomes, of each significant grant or grant program. Significant grants programs and grants are reported below:

Significant Grant Program	Paid 2017–18	Purpose and intended outcomes
Major Events Partnerships Program	\$8,479,459	<p>The Major Event Partnerships Program provides funding to significant events that return substantial economic outcomes for the state. The Program is aligned to Events Tasmania's strategic aims of attracting people to Tasmania, getting Tasmanians and visitors moving around the state and the ability of events to get consumers and the public talking about Tasmania as a destination.</p> <p>Examples of major events funded include V8 Supercars, Dark Mofo, Festival of Voices, Junction Arts Festival, Targa Tasmania, Australian Wooden Boat Festival and The Unconformity.</p>
Arts Tasmania Grants Funding Programs	\$3,825,245	<p>The objective of the Arts Tasmania's investment programs is to support, facilitate, and enable creativity, cultural excellence and quality arts practice in Tasmania. The programs also aim to broaden the engagement of Tasmanians in the arts, highlight the State's arts and cultural sector, and deepen Tasmanian cultural experiences.</p> <p>The program focuses on providing support to the arts and movable cultural heritage sectors in Tasmania through funding to individual artists, arts organisations and Tasmanian cultural institutions to plan and realise projects, and create new work.</p>
Museums, Art Galleries and Heritage Organisations Grants	\$1,462,635	<p>This is the State Government's contribution to the annual operating costs of the Queen Victoria Museum and Art Gallery (QVMAG) as negotiated between the Launceston City Council and the State Government.</p>
Grants to Councils - Road Works	\$10,237,142	<p>Black Spot Program (\$1,943,125) is an annual program for rectification of road accident black spots, whereby Local Councils submit applications to the Australian Government for assessment and approval. Funding for approved projects flows from the Australian Government to the respective States, who then enter into a funding deed with successful Local Councils and transfer funding when conditions are met and funding is received from the Australian Government.</p> <p>Bridge Renewal (\$2,241,525) program is funded by the Australian Government and initiated by calls for expressions of interest for funding of projects nominated by Local Councils. The Australian Government assesses and approves projects, and advises the conditions and milestones that will apply to the provision of funding. Funding for approved projects flows from the Australian Government to the respective States, who then enter into a funding deed with successful Local Councils and transfer funding when conditions are met and funding is received from the Australian Government.</p> <p>The Legana Local Road Project (\$1,665,000) and Bridport Western Access Road Project (2,115,000) were funded by the Australian Government. Various pedestrian facility improvement projects totalling \$479,992 were funded by the Road Safety Levy. The balance (\$1,792,500) comprises of various grants assisting Local Councils with road safety upgrades and essential bridge works.</p>

Significant Grant Program	Paid 2017–18	Purpose and intended outcomes
Community Infrastructure Fund	\$6,488,838	<p>The Government established a Community Infrastructure Fund to support community infrastructure initiatives throughout Tasmania. The objective of the infrastructure delivered by the fund was to enhance the liveability and cohesion of communities around Tasmania. The Community Infrastructure Fund consisted of two funding rounds being for minor grants of up to \$50 000 and major grants of over \$50 000.</p> <p>Both funding rounds were opened on the 18 November 2016 with the minor grants round closing on 3 February 2017 and the major funding round closing on the 31 March 2017. There were a total of 162 projects approved. To date there have been 75 projects fully acquitted with 89 percent of applicants strongly agreeing that the project objectives were met and 11 per cent who agreed the objectives had been met.</p>
Road Safety Grants	\$1,006,187	<p>"The provision of Road Safety Grants allows State Growth to continue to promote and support road safety in the community. The aim of the road safety grant program has been to promote the 'Safe Systems' approach to road safety in the community, foster key stakeholder relationships, raise awareness for localised road safety issues, and educating road users.</p> <p>There are a number of advantages of road safety programs that are initiated, managed and delivered at the local level. This includes: mobilising resources, generating support, informing and enhancing community understanding and encouraging action to address road safety issues. This kind of action generates greater support for Government's key messages regarding road safety and achieving its actions in the Tasmanian Government's Towards Zero – Tasmanian Road safety Strategy 2017-2026 (Towards Zero Strategy)."</p>
Greater Circular Head Enterprise Growth Program	\$1,145,359	<p>A business grants program targeted at fast-tracking investment in the region including expanding existing enterprise and attracting new industry, with a view to growing jobs.</p>
Tasmanian Demand Driver Infrastructure Program	\$1,675,600	<p>The Tasmanian Demand Driver Infrastructure Program is an Australian Government funded program managed by the Department of State Growth It was designed to support the delivery of infrastructure projects that contribute to the Tourism 2020 outcomes by driving demand, improving quality and increasing tourism expenditure.</p> <p>The Tasmanian Government, through the Minister for Tourism, Events and Hospitality make recommendations for funding to the Australian Government Minister for Tourism. Final approval of projects rests with the Australian Government and the Department monitors and reports regularly on project progress and outcomes.</p>

Supporting information Department of State Growth continued

Significant non-program grants	Paid 2017-18	Purpose and intended outcomes
AFL Agreement - Hawthorn Football Club	\$3,884,750	The Hawthorn Football Club AFL games in Tasmania make a significant impact to our state economy, delivering substantial on-the-ground benefits to businesses as well as enhancing community engagement. Independent reports by PriceWaterhouseCoopers and Repucom have valued Hawthorn's presence generating a total direct expenditure of \$20.4 million for the state. The current partnership runs from the 2017 to 2021 AFL seasons inclusive, and is valued at \$19 million plus CPI.
Tasmanian Symphony Orchestra	\$2,154,503	The Tasmanian Symphony Orchestra (TSO), one of the world's finest small orchestras, continues to receive Tasmanian Government support. The TSO plays to audiences throughout the Tasmania and its award-winning recordings are heard throughout the world. A versatile orchestra, the TSO is renowned for its expertise in music of the classical and early romantic periods and is recognised internationally as a champion of Australian music.
Tasmanian Railway Pty Ltd	\$8,100,000	This payment represents the Government's ongoing grant contributions to Tasmanian Railway Pty Ltd. The payments allow Tasmanian Railway Pty Ltd to manage, maintain and operate the Tasmanian rail network on a sustainable basis and it also provides for critical annual maintenance of rolling stock assets.
West Coast Wilderness Railway	\$5,234,409	The Tasmanian Government supports the Railway's operations by way of funding of \$4.5 million per annum until 2017-18. In 2012-13, the Australian Government committed \$6 million to fund capital, maintenance and operational activities on the Railway. The final instalment of \$734,409 was drawn down in 2017-18.
National Road Transport Commission: Local Government Contribution	\$1,500,000	Under the reform measures that abolished local road tolls in favour of national heavy vehicle charges, \$1.5 million is provided annually from motor tax receipts to local government to compensate for loss of revenues from heavy vehicles.
Kings Meadows Flood Protection	\$1,000,000	To assist the Launceston City Council to undertake identified works to minimise flooding in the Kings Meadows commercial areas.
Academy of Creative Industries and Performing Arts (The Hedberg)	\$9,075,000	The Tasmanian Government entered into a Development Agreement with the University of Tasmania and the Theatre Royal Management Board for the construction of a new Creative Industries and Performing Arts precinct, since named 'The Hedberg'. The Government is providing \$30 million in support for the project. The \$96 million project will comprise improvements to the Theatre Royal, a new home for the University Conservatorium of Music, and will include performance venues and public spaces. Once complete, the project will provide the Theatre Royal access to improved front-of-house patron spaces and modern back-of-house technical facilities. In addition, the Backspace Theatre will be replaced by a modern, purpose-built Studio Theatre.
Biomar	\$2,300,000	The purpose of this grant funding is to assist Biomar to establish and commission an aqua feed processing facility on 329 Mill Road, Wesley Vale with an on-site employment level of at least 55FTE. Grant fund have been provided on the basis of BioMar achieving certain agreed outcomes.
Copper Mines of Tasmania (CMT)	\$5,577,513	The grant funding to date is part of a \$9.5 million assistance package to CMT. The purpose of the package is to assist CMT in doing the preparatory work ahead of the decision to commence mining. This critical work at the Mount Lyell mine site is part of the activity ahead of demonstrating technical and economic feasibility. Three of the sub-projects being funded have been completed satisfactorily. The fourth project is currently being rescoped.

Statutory and non-statutory bodies

Statutory bodies

Energy Security Taskforce
Electricity Technical Advisory Committee
Tasmanian Arts Advisory Board¹
Tasmanian Building and Construction Industry Training Board
Tasmanian Development Board
Tasmanian Museum and Art Gallery Board of Trustees²
Tasmanian Traineeships and Apprenticeships Committee
Theatre Royal Management Board
Water Storage Advisory Committee

Non-statutory bodies

- Screen Tasmania Board
1. With the commencement of the *Cultural and Creative Industries Act 2017* from 1 January 2018, the *Tasmanian Arts Advisory Board Act 1975* repealed, the Tasmanian Arts Advisory Board and the Screen Tasmania Advisory Board ceased.
 2. *The Tasmanian Museum Act 1950* has been repealed with the commencement of the *Tasmanian Museum and Art Gallery Act 2017* on 14 February 2018.

Superannuation certificate

I, Kim Evans, Secretary of the Department of State Growth, hereby certify that the department met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of those employees of the department who were members of complying superannuation schemes to which the department contributed.



Kim Evans
Secretary
Department of State Growth

Compliance index

The compliance index has been compiled in response to the Auditor-General's Special Report No. 4 of May 1993, Standard of Annual Reporting by Government Departments.

This index complies with the statutory disclosure requirements for annual reporting of the:

- » *Financial Management and Audit Act 1990*
- » *State Service Act 2000*
- » *Right to Information Act 2009*
- » *Public Interest Disclosures Act 2002*
- » *State Service Regulations 2001*
- » various Treasurer's Instructions.

The four columns in the index have the following meanings.

- 1 and 2. Section and compliance – these columns refer to the statutory disclosure requirements in Tasmanian public sector legislation.
3. Page number – this states where in this Annual Report the requirement is satisfied. In some instances, the requirement is complied with by the report in its entirety.
4. Details – this is a brief statement of the instruction, clause, section or subsection of the corresponding statutory disclosure requirement.

Key	
FMAA	<i>Financial Management and Audit Act 1990</i>
PSSRA	<i>Public Sector Superannuation Reform Act 1999</i>
RTI	<i>Right to Information Act 2009</i>
SS	<i>State Service Act 2000</i>
SSR	<i>State Service Regulations 2001</i>
TI	Treasurer's Instructions



Section	Compliance	Page	Details
General			
		2	Table of contents
		Annual Report	Alphabetical index
		82	List of acronyms
Overview			
Strategic plan	SSR s9(a)(i)	N/A	An overview of the department's strategic plan, including its aims, functions and related program
Performance	SS s36(1)(a)	Annual Report	
	FMAA s27(1)(a)	Annual Report	A report on the performance of the functions and exercises of the power of the Secretary under any written law
Major initiatives	SSR s9(a)(v)	Annual Report	Details of major initiatives taken by the department to develop and give effect to government policy
Major changes during the year	SSR s9(a)(iv)	Annual Report	Details of – and reasons for – any major changes which have taken place in relation to the programs, aims, functions or organisational structure of the agency
Operational structure			
Department organisational chart	SSR s9(a)(ii)	6	An organisational chart illustrating the department's administrative structure, including regional offices, showing officers of the agency
Why we are structured in this way	SSR 9(a)(iii)	Annual Report	A description of the relationship between the organisational structure and the program management structure of the agency
Performance measurement			
Performance summary	TI 701 (1)(a)(e)	12-47	A narrative summary, together with quantitative measure where relevant, of the objectives and functions of the programs or activities, including significant outcomes, key efficiency measures, targets, proposed plans and any ministerial objectives
	TI 201 (1)(b)	3-4	Economic and other factors that have affected the achievement of operational objectives
Legislation administered and major documents published			
Legislation administered	SSR s9(d)	60-62	A list of legislation administered by the department
Legislation enacted	SSR 9(d)	62	A list of legislation enacted during the year for which the department is responsible, including details of significant changes to legislation previously administered by the department
Public access and awareness of services provided			
Key contact	SSR s9(c)(ii)	1	List of contact officers and points of public access in relation to services provided by the department
Community awareness report	SSR s9(c)(i)	12-47	Details of activities undertaken to develop community awareness of the department and the services it provides
Agency publications	SSR s9(c)(i)	74	List of major documents published by any internal or external body of the department during the year
Right to Information	RTI s23	59	Right to Information details for 2017-18

Supporting information Department of State Growth continued

Section	Compliance	Page	Details
Human resources management			
Recruitment and selection	SSR s9(b)(i)	7-10, 44-47, 73	Details of recruitment policies and programs, including statistical information
Staff development	SSR s9(b)(ii)	7-10, 44-47	Information relating to employee training and development activities, including statistical information for 2017-18
Equal employment opportunities	SSR s9(b)(iii)	7-10, 44-47	A description of the department's workplace diversity program, including statistical information for 2017-18
Industrial democracy	SSR s9(b)(iv)	7-10, 44-47	Details of the processes established to ensure employee participation in industrial relations matters within the department
Internal grievance procedures	SSR s9(b)(v)	7-10, 44-47	Summary of internal grievance procedures
Occupational health and safety	SSR s9(b)(vi)	7-10, 44-47	Outline of occupational health and safety strategies
Appeals process	SSR s9(c)(iii)	7-10, 44-47	An outline of the processes available for appeals against decisions made by the department
Superannuation contribution	PSSRA s13	78	Certification by the relevant department manager relating to contributions to non-RBF superannuation funds, including a report that the department has met its obligations under the <i>Superannuation Guarantee (Administration) Act 1992</i>
Asset management and risk management policies			
Major capital projects	TI 201 (1)(d)	Annual Report	Information on major capital projects or undertakings
Asset management	TI 201 (1)(g)	Annual Report	Statement of asset management policies and an outline of asset management strategies and initiatives
Risk management	TI 201 (1)(f)	Annual Report	Statement of risk management policies and an outline of significant risk management activities and initiatives
Pricing policies	TI 201 (1)(c)	Annual Report	Pricing policies of goods and services provided, the last review date, and reference to documents that contain the pricing information, with details of cost-recovery policies and their application, as appropriate
Government procurement			
Support for local businesses	TI 1110 6(a)	Annual Report	A narrative statement in the introduction by the Secretary regarding the department's support for local business
	TI 1110 6(b)(i)	Annual Report	Summary of the department's support for local business, including the number of procurement contracts awarded, the number of tenders called and the number of bids received and the extent of local participation in procurement activities
Contracts awarded during the year	TI 1110 6(b)(ii)	64-72	Detailed information on all contracts awarded, including consultancy contracts, including a description of the contract, the total value of the contract and the name and locality of contractors
Other matters	TI 201 (i)(i)	N/A	Any other matters deemed relevant by the Secretary
Financial Statements			
Financial Statements	FMAA s27 (1)(c), FMAA s27 (2),(3) and (4)	84-184	Financial Statements of the department for the year including financial statements of any statutory or public body not required to report under any other Act
	TI 201 (i)(j)	190-206	Abt Railway Ministerial Corporation
Audit opinion	FMAA s27 (1)(c)	185-188	Auditor-General's report on the department's financial statements
	TI 201 (1)(k)	207-209	Auditor-General's report on the Abt Railway Ministerial Corporation

List of acronyms

AASB	Australian Accounting Standards Board	NEM	National Electricity Market
ABC	Australian Broadcasting Corporation	NCVER	National Centre for Vocational Education Research Limited
ANZSOG	Australian and New Zealand School of Government	NHVR	National Heavy Vehicle Regulator
ARMC	Abt Railway Ministerial Corporation	OSOM	Over Size Over Mass
CCRESE	Committee to Coordinate the Response to Energy Supply Emergencies	PCMS	Port and Coastal Marine Service
COAG	Council of Australian Governments	PVEAC	Premier's Visitor Economy Advisory Council
CODES	Centre of Excellence in Core Deposits	RACT	Royal Automobile Club of Tasmania
DAP	Destination Action Plan	RFA	Regional Forest Agreement
DAP	Disability Action Plan	RSNL	Rail Safety National Law
DPIPWE	Department of Primary Industries, Parks, Water and Environment	RTI	Right to Information
EOI	Expression of Interest	SES	Senior Executive Service
ERTO	Endorsed Registered Training Organisations	TAG	Tasmanian A Gatw
FTE	Full-time equivalent	TCI	Tasmanian Creative Industries Ltd
GSP	Gross State Product	TDR	Tasmania Development and Resources
GST	Goods and Services Tax	TICT	Tourism Industry Council of Tasmania
ICT	Information Communication Technology	TFS	Tasmania Fire Service
KPI	Key Performance Indicator	TMAG	Tasmanian Museum and Art Gallery
LoRa	Long Range	TRMF	Tasmanian Risk Management Fund
IoT	Internet of things	TSO	Tasmania Symphony Orchestra
MAGNA	Museums and Galleries National Awards	TWPP	Training and Work Pathways Program
MAIB	Motor Accidents Insurance Board	VET	Vocational Education and Training
MONA	Museum of Old and New Art	WAT	Wheelchair Accessible Taxis
MRT	Mineral Resources Tasmania	WCWR	West Coast Wilderness Railway
NEG	National Energy Guarantee	WDP	Workforce Development Plan

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Images courtesy of the Tasmanian Government, Tourism Tasmania, UTAS, Roger T Wong, Alastair Bett, Joshua Lamont, Peter Whyte, Brad Harris, Oliver Berlin. Page 23: Tasmanian Symphony Orchestra, *Little J and Big Cuz*, animated for Ned Lander Media and NITV by Blue Rocket Productions, Rob Burnett, Lusy Productions, *To Attempt to Become Other, Secretly or Not* by James Newitt, installation view *Ar Sólido*, Lisboa, 2016. Page 29: Keyboard by Mairi Ward, Photographer: Jonathan Wherrett, *The Riddle of Washpool Gully*, Terrapin Puppet Theatre, 2018 Photographer: Peter Mathew, Haydn Cattach and Dressein, *Back to Burra Bee Dee Series* by Richard Griffiths, 2016, Savage Media by Adam Gibson. Loic Le Guilly, John Howard, Nick Osborne, Hobart City Council, TasRail, Rob Burnett.

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Financial Statements

for the year ended 30 June 2018

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Certification of Financial Statements

The accompanying Financial Statements of the Department of State Growth are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 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.



Kim Evans

Secretary
27 September 2018

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Continuing operations				
Revenue and other income from transactions				
Revenue from Government				
Appropriation revenue – recurrent	6.1	318,047	288,416	281,459
Appropriation revenue – works and services	6.1	128,038	109,784	108,698
Other revenue from Government	6.1	...	8,859	11,023
Grants	6.2	160,612	91,701	116,345
Sales of goods and services	6.3	4,255	11,236	10,489
Fees and fines	6.4	13,644	14,157	13,690
Interest	6.5	2,380	1,237	1,005
Contributions received	6.6	...	4,646	702
Other revenue	6.7	1,972	2,497	5,417
Total revenue and other income from transactions		628,948	532,533	548,828
Expenses from transactions				
Employee benefits	7.1	63,390	62,959	62,035
Depreciation and amortisation	7.2	88,860	92,866	87,089
Supplies and consumables	7.3	101,802	101,047	105,433
Grants and subsidies	7.4	251,045	248,533	234,272
Finance costs	7.5	1,670	1,094	1,095
Other expenses	7.6	7,752	2,340	1,749
Total expenses from transactions		514,519	508,839	491,673
Net result from transactions (net operating balance)		114,429	23,694	57,155
Other economic flows included in net result				
Net gain/(loss) on non-financial assets	8.1	4	(22,623)	(14,356)
Net gain/(loss) on financial instruments and statutory receivables/payables	8.2	...	(1,120)	(876)
Total other economic flows included in net result		4	(23,743)	(15,232)
Net result from continuing operations		114,433	(49)	41,923
Net result		114,433	(49)	41,923
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in physical asset revaluation reserve	12.1	149,947	794,505	261,517
Total other comprehensive income		149,947	794,505	261,517
Comprehensive result		264,380	794,456	303,440

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

Statement of Financial Position as at 30 June 2018

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and deposits	13.1	73,176	95,219	99,754
Receivables	9.1	5,577	6,388	6,633
Loan advances	9.2	36,282	54,328	37,315
Equity investments	9.3	50	...	...
Other financial assets	9.4	114	146	125
<i>Non-financial assets</i>				
Inventories	9.5	331	332	329
Property, plant and equipment and artwork	9.6	170,483	177,759	177,686
Heritage and cultural assets	9.6	428,159	408,706	408,464
Infrastructure	9.7	4,498,194	5,113,095	4,313,715
Intangibles	9.8	3,002	293	2,044
Other assets	9.9	1,873	12,737	12,299
Total assets		5,217,241	5,869,003	5,058,364
Liabilities				
Payables	10.1	10,916	10,394	8,861
Interest bearing liabilities	10.2	47,586	67,072	61,222
Employee benefits	10.3	18,227	20,095	19,215
Provisions	10.4	3,678	4,541	2,594
Other liabilities	10.5	8,091	23,928	17,955
Total liabilities		88,498	126,030	109,847
Net assets		5,128,743	5,742,973	4,948,517
Equity				
Contributed capital		417,334	417,334	417,334
Reserves	12.1	1,871,018	2,627,146	1,832,641
Accumulated funds		2,840,391	2,698,493	2,698,542
Total equity		5,128,743	5,742,973	4,948,517

This Statement of Financial Position should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018	2018	2017
		Budget	Actual	Actual
		\$'000	\$'000	\$'000
		Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts – recurrent		318,047	292,730	288,808
Appropriation receipts – works and services		75,324	68,157	63,869
Other revenue from Government		...	(255)	(580)
Grants		33,836	33,753	39,409
Sales of goods and services		4,260	11,408	6,210
Fees and fines		13,644	14,061	13,757
GST receipts		16,898	34,934	33,145
Interest receipts		2,380	1,212	808
Other cash receipts		1,972	6,321	9,899
Total cash inflows		466,361	462,321	455,325
Cash outflows				
Employee benefits		(63,010)	(62,843)	(60,890)
Grants and subsidies		(250,970)	(248,574)	(235,004)
Supplies and consumables		(102,008)	(100,919)	(110,427)
Interest payments		(1,760)	(1,096)	(1,077)
GST payments		(16,899)	(34,265)	(34,000)
Other cash payments		(7,752)	(1,055)	(1,133)
Total cash outflows		(442,399)	(448,752)	(442,531)
Net cash from (used by) operating activities	13.2	23,962	13,569	12,794
Cash flows from investing activities				
Cash inflows				
Proceeds from the disposal of non-financial assets		4	5	...
Receipts from non-operational capital funding - recurrent		...	26	55
Receipts from non-operational capital funding - works and services		52,714	51,043	46,539
Receipts from Australian Government funding		126,776	57,889	76,535
Repayment of loans by other entities		...	12,481	9,536
Total cash inflows		179,494	121,444	132,665
Cash outflows				
Payments for acquisition of non-financial assets		(206,767)	(115,428)	(137,300)
Loans made to other entities		(2,500)	(29,465)	(13,548)
Payments for investments		...	(1,166)	(877)
Total cash outflows		(209,267)	(146,059)	(151,725)
Net cash from (used by) investing activities		(29,773)	(24,615)	(19,060)

Statement of Cash Flows for the year ended 30 June 2018 (continued)

	Notes	2018	2018	2017
		Budget	Actual	Actual
		\$'000	\$'000	\$'000
		Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)
Cash flows from financing activities				
Cash inflows				
Proceeds from borrowings		...	10,140	25,000
Trust receipts		...	1,022	1,195
Total cash inflows		...	11,162	26,195
Cash outflows				
Repayment of borrowings		(5,470)	(4,290)	(18,521)
Trust payments		...	(361)	(420)
Total cash outflows		(5,470)	(4,651)	(18,941)
Net cash from (used by) financing activities		(5,470)	6,511	7,254
Net increase (decrease) in cash and cash equivalents held		(11,281)	(4,535)	988
Cash and deposits at the beginning of the reporting period		84,457	99,754	98,766
Cash and deposits at the end of the reporting period	13.1	73,176	95,219	99,754

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 4 of the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2018

	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total Equity \$'000
Balance as at 1 July 2017		417,334	1,832,641	2,698,542	4,948,517
Net result		(49)	(49)
Other comprehensive income – revaluation reserve		...	794,505	...	794,505
Total		...	794,505	(49)	794,456
Balance as at 30 June 2018		417,334	2,627,146	2,698,493	5,742,973

	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2016		417,334	1,571,124	2,656,619	4,645,077
Adjustment to opening balance	19.5(c)	...	...	739	739
Restated balance as at 1 July 2016		417,334	1,571,124	2,657,358	4,645,816
Net result		...	...	41,184	41,184
Other comprehensive income – revaluation reserve		...	261,217	...	261,217
Adjustment to changes in physical asset revaluation reserve, recognising increase in valuation	19.5(c)	...	300	...	300
Total		...	261,517	41,184	302,701
Balance as at 30 June 2017		417,334	1,832,641	2,698,542	4,948,517

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Note I: Administered Financial Statements

The Department of State Growth (the Department) administers, but does not control, certain resources on behalf of the Government as a whole. It is accountable for the transactions involving such administered resources, but does not have the discretion to deploy resources for the achievement of the Department's objectives.

I.1 Schedule of Administered Income and Expenses

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Administered revenue and other income from transactions				
Revenue from Government				
Appropriation revenue – recurrent	16.2	66,771	55,327	77,500
Grants	16.3	310	8,668	2,880
State taxation	16.4	42,100	43,158	41,104
Sales of goods and services	16.5	5,220	5,468	5,360
Fees and fines	16.6	9,821	10,295	9,840
Other revenue	16.7	42,333	42,192	39,393
Total administered revenue and other income from transactions		166,555	165,108	176,077
Administered expenses from transactions				
Employee benefits	16.8	230	1,970	1,884
Depreciation and amortisation		...	1	...
Supplies and consumables	16.9	136	2,040	1,481
Grants and subsidies	16.10	66,635	59,400	78,927
Transfers to the Consolidated Fund		99,554	94,865	94,383
Other expenses	16.11	...	41	38
Total administered expenses from transactions		166,555	158,317	176,713
Administered net result from transactions attributable to the State		...	6,791	(636)
Administered net result		...	6,791	(636)
Administered comprehensive result		...	6,791	(636)

This Schedule of Administered Income and Expenses should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 16.1 of the accompanying notes.

I.2 Schedule of Administered Assets and Liabilities

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Administered assets				
<i>Administered financial assets</i>				
Cash and deposits	16.20	3,515	11,069	3,910
Receivables	16.12	1,855	137	112
Other financial assets	16.13	81	83	72
<i>Administered non-financial assets</i>				
Plant and equipment	16.14	...	14	...
Other assets	16.15	6	8	12
Total administered assets		5,457	11,311	4,106
Administered liabilities				
Payables	16.16	644	1,134	1,173
Employee benefits	16.17	272	339	386
Other liabilities	16.18	2,635	1,777	1,277
Total administered liabilities		3,551	3,250	2,836
Administered net assets		1,906	8,061	1,270
Administered equity				
Accumulated funds		1,906	8,061	1,270
Total administered equity		1,906	8,061	1,270

This Schedule of Administered Assets and Liabilities should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 16.1 of the accompanying notes.

1.3 Schedule of Administered Cash Flows

	Notes	2018	2018	2017
		Budget	Actual	Actual
		\$'000	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Administered cash flows from operating activities				
Administered cash inflows				
Appropriation receipts - recurrent		66,771	55,327	77,500
Taxation		42,100	42,874	41,302
Grants		310	8,669	2,878
Sales of goods and services		5,220	5,531	5,431
Fees and fines		9,821	10,271	9,859
Other cash receipts		42,333	42,224	39,459
Total administered cash inflows		166,555	164,896	176,429
Administered cash outflows				
Employee benefits		(230)	(2,077)	(1,766)
Grants and subsidies		(66,635)	(59,877)	(78,463)
Transfers to the Consolidated Fund		(99,554)	(94,865)	(94,383)
Other cash payments		(136)	(2,135)	(1,747)
Total administered cash outflows		(166,555)	(158,954)	(176,359)
Administered net cash from (used by) operating activities	16.20	...	5,942	70
Administered cash flows from investing activities				
Administered cash outflows				
Payments for acquisition of non-financial assets		...	(15)	...
Total administered cash outflows		...	(15)	...
Administered net cash from (used by) investing activities		...	(15)	...
Administered cash flows from financing activities				
Administered cash inflows				
Trust receipts		...	1,232	325
Total administered cash inflows		...	1,232	325
Administered cash outflows				
Trust payments		...	...	...
Total administered cash outflows		...	...	...
Administered net cash from (used by) financing activities		...	1,232	325
Net increase (decrease) in administered cash held		...	7,159	395
Administered cash and deposits at the beginning of the reporting period		3,515	3,910	3,515
Administered cash and deposits at the end of the reporting period	16.20	3,515	11,069	3,910

This Schedule of Administered Cash Flows should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 16.1 of the accompanying notes.

1.4 Schedule of Administered Changes in Equity

	Accumulated surplus / deficit \$'000	Total Equity \$'000
Balance as at 1 July 2017	1,270	1,270
Total comprehensive result	6,791	6,791
Balance as at 30 June 2018	8,061	8,061

	Accumulated surplus / deficit \$'000	Total Equity \$'000
Balance as at 1 July 2016	1,906	1,906
Total comprehensive result	(636)	(636)
Balance as at 30 June 2017	1,270	1,270

This Schedule of Administered Changes in Equity should be read in conjunction with the accompanying notes.

Note 2: Departmental Output Schedules

2.1 Output Group Information

Comparative information has not been restated for external administrative restructures.

Budget information refers to original estimates and has not been subject to audit.

Output Group I – Industry, Skills Development and Business Growth

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation	145,243	144,717	147,286
Other revenue from government	...	6,391	...
Grants	7,452	15,031	9,331
Sales of goods and services	...	1,443	1,855
Interest	2,380	991	943
Other revenue	1,730	450	915
Total revenue and other income from transactions	156,805	169,023	160,330
Expenses from transactions			
Employee Entitlements	17,088	19,903	19,114
Depreciation and Amortisation	3,047	940	280
Grants and subsidies	150,072	142,253	134,134
Supplies and Consumables:			
Consultants	1,578	940	1,855
Property Services	2,488	755	837
Maintenance	319	426	359
Communications	720	373	344
Information Technology	862	1,467	1,350
Travel and Transport	1,181	897	932
Operating Lease costs	...	1,179	1,542
Advertising and Promotion	803	910	910
Other Supplies and Consumables	9,259	1,398	773
Finance costs	1,670	1,082	1,081
Other expenses	(4)	201	(100)
Total expenses from transactions	189,083	172,724	163,411
Net result from transactions (net operating balance)	(32,278)	(3,701)	(3,081)
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets	...	(566)	...
Net result	(32,278)	(4,267)	(3,081)
Other comprehensive income			
Changes in physical asset revaluation reserve	3,604	...	...
Total other comprehensive income	3,604	...	...
Comprehensive result	(35,882)	(4,267)	(3,081)
Expense by output			

Output Group I – Industry, Skills Development and Business Growth (continued)

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
I.1 Coordinator-General	18,562	6,707	14,238
I.2 Industry and Business Development	61,644	55,267	42,903
I.3 Skills Development	108,877	110,750	106,270
Total	189,083	172,724	163,411
Net Assets			
Total assets deployed for Output Group I		102,759	102,251
Total liabilities incurred for Output Group I		75,228	71,708
Net assets deployed for Output Group I		27,531	30,543

Output Group 2 – Infrastructure

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from appropriation	21,550	25,213	26,542
Other revenue from government	75	655	...
Grants	1,069	6,939	5,910
Sales of goods and services	2,845	8,604	8,324
Fees and fines	6,585	4,193	3,020
Other revenue	4	782	471
Total revenue and other income from transactions	32,128	46,386	44,267
Expenses from transactions			
Employee Entitlements	19,492	24,051	20,748
Depreciation and Amortisation	1,349	2,894	5,596
Grants and subsidies	1,300	3,630	2,933
Supplies and Consumables:			
Consultants	1,690	994	757
Property Services	1,363	451	532
Maintenance	4,371	862	2,171
Communications	735	1,360	1,348
Information Technology	1,533	2,282	2,754
Travel and Transport	495	981	786
Operating Lease costs	...	1,779	2,498
Advertising and Promotion	636	1,720	1,432
Other Supplies and Consumables	(1,531)	3,134	140
Other expenses	168	829	4,413
Total expenses from transactions	31,601	44,967	46,108
Net result from transactions (net operating balance)	527	1,419	(1,841)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	...	(787)	(3,520)
Total other economic flows included in net result	...	(787)	(3,520)
Net result	527	632	(5,361)
Other comprehensive income			
Changes in physical asset revaluation reserve	136,211	(12)	16,467
Total other comprehensive income	136,211	(12)	16,467
Comprehensive result	136,738	620	11,106

Output Group 2 – Infrastructure (continued)

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Expense by output			
2.1 Infrastructure Tasmania	800	672	910
2.2 Infrastructure Strategy	2,168	10,118	10,711
2.3 Land Transport Safety	21,151	24,922	24,184
2.4 Passenger Transport	3,316	4,071	4,729
2.5 Traffic Management and Engineering Services	4,166	5,184	5,574
Total	31,601	44,967	46,108
Net Assets			
Total assets deployed for Output Group 2		185,393	177,456
Total liabilities incurred for Output Group 2		5,672	7,238
Net assets deployed for Output Group 2		179,721	170,218

Output Group 3 – Energy Policy and Advice

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from appropriation	1,970	1,912	1,524
Other revenue from government	...	203	...
Grants	...	785	1,866
Sales of goods and services	...	2	26
Fees and fines	475	...	...
Other revenue	1	23	13
Total revenue and other income from transactions	2,446	2,925	3,429
Expenses from transactions			
Employee Entitlements	1,255	1,281	1,043
Depreciation and Amortisation	...	62	3
Grants and subsidies	475	788	1,095
Supplies and Consumables:			
Consultants	658	21	592
Property Services	27	16	21
Maintenance	...	7	4
Communications	14	11	15
Information Technology	...	67	79
Travel and Transport	19	76	58
Operating Lease costs	...	80	108
Other Supplies and Consumables	...	706	500
Other expenses	...	8	12
Total expenses from transactions	2,448	3,123	3,530
Net result from transactions (net operating balance)	(2)	(198)	(101)
Other economic flows included in net result			
Net gain/(loss) on non financial assets	...	(5)	...
Total other economic flows included in net result	...	(5)	...
Net result	...	(203)	...
Comprehensive result	(2)	(203)	(101)
Expense by output			
3.1 Energy Policy and Advice	2,448	3,123	3,530
Total	2,448	3,123	3,530
Net Assets			
Total assets deployed for Output Group 3		105	233
Total liabilities incurred for Output Group 3		213	228
Net assets deployed for Output Group 3		(108)	5

Output Group 4 – Resources Policy and Regulatory Services

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
<i>Continuing operations</i>			
Revenue and other income from transactions			
Revenue from appropriation	10,533	9,411	9,092
Other revenue from government	...	...	250
Other revenue	776	490	513
Total revenue and other income from transactions	11,309	9,901	9,855
Expenses from transactions			
Employee Entitlements	5,200	6,782	6,674
Depreciation and Amortisation	352	405	95
Grants and subsidies	175	491	891
Supplies and Consumables:			
Consultants	233	49	56
Property Services	607	145	126
Maintenance	(13)	75	21
Communications	565	93	91
Information Technology	259	480	312
Travel and Transport	81	373	146
Operating Lease costs	...	465	123
Advertising and Promotion	...	93	83
Other Supplies and Consumables	3,588	450	348
Other expenses	...	53	84
Total expenses from transactions	11,047	9,954	9,050
Net result from transactions (net operating balance)	262	(53)	805
Other economic flows included in net result			
Net gain/(loss) on non financial assets	...	(26)	...
Total other economic flows included in net result	...	(26)	...
Net result	...	(79)	...
Comprehensive result	262	(79)	805
Expense by output			
4.1 Forest Policy and Reform	1,500	2,194	1,797
4.2 Minerals Resources	9,547	7,760	7,253
Total	11,047	9,954	9,050
Net Assets			
Total assets deployed for Output Group 4		12,262	13,542
Total liabilities incurred for Output Group 4		8,589	8,345
Net assets deployed for Output Group 4		3,673	5,197

Output Group 5 – Cultural and Creative Industries

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation	32,692	35,303	33,851
Grants	...	1,313	51
Sales of goods and services	700	1,008	800
Other revenue	...	4,778	2,620
Total revenue and other income from transactions	33,392	42,402	37,322
Expenses from transactions			
Employee Entitlements	13,002	12,559	11,890
Depreciation and Amortisation	496	955	515
Grants and subsidies	17,693	19,512	17,247
Supplies and Consumables:			
Consultants	850	110	110
Property Services	592	1,150	1,071
Maintenance	590	610	586
Communications	207	317	205
Information Technology	152	591	775
Travel and Transport	285	470	368
Operating Lease costs	10	683	930
Advertising and Promotion	469	617	354
Other Supplies and Consumables	868	602	1,323
Other expenses	14	74	77
Total expenses from transactions	35,228	38,250	35,451
Net result from transactions (net operating balance)	(1,836)	4,152	1,871
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	...	(132)	...
Net gain/(loss) on financial instruments and statutory receivables/payables	...	(1,122)	(874)
Total other economic flows included in net result	...	(1,254)	(874)
Net result	(1,836)	2,898	997
Other comprehensive income			
Changes in physical asset revaluation reserve	10,140	...	...
Total other comprehensive income	10,140	...	...
Comprehensive result	8,304	2,898	997
Expense by output			
5.1 Tasmanian Museum and Art Gallery	10,530	11,575	12,209
5.2 Arts Industry Development	8,157	8,219	7,257
5.3 Screen Industry Development	2,084	2,183	1,703
5.4 Events and Hospitality	14,457	16,273	14,282
Total	35,228	38,250	35,451
Net Assets			
Total assets deployed for Output Group 5		451,848	448,437
Total liabilities incurred for Output Group 5		2,698	1,693
Net assets deployed for Output Group 5		449,150	446,744

Output Group 6 – Transport Subsidies and Concessions

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation	73,468	71,800	71,055
Reserved by Law	52	...	...
Other revenue	...	273	227
Total revenue and other income from transactions	73,520	72,073	71,282
Expenses from transactions			
Grants and subsidies	73,130	71,738	69,801
Supplies and Consumables:			
Consultants	...	37	...
Property Services	...	...	5
Maintenance	...	133	59
Advertising and promotion	...	1	14
Other Supplies and Consumables	390	306	1,275
Other expenses	...	8	...
Total expenses from transactions	73,520	72,223	71,154
Net result from transactions (net operating balance)	...	(150)	128
Comprehensive result	...	(150)	128
Expense by output			
6.1 Shipping and Ferry Subsidies	1,100	881	1,562
6.2 Metropolitan General Access Services	40,110	38,307	36,959
6.3 Rural and Special Needs School Bus Services	24,432	19,405	19,085
6.4 Non-Metropolitan General Access Services	7,826	13,630	13,548
6.5 Construction of Streets in Towns	52	...	...
Total	73,520	72,223	71,154
Net Assets			
Total assets deployed for Output Group 6		18	213
Total liabilities incurred for Output Group 6		223	251
Net assets deployed for Output Group 6		(205)	(38)

Output Group – Capital Investment Program

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from appropriation	128,038	109,844	111,829
Other revenue from government	...	1,610	...
Grants	152,091	67,082	98,938
Sales of goods and services	100	259	371
Fees and fines	6,584	10,138	10,844
Other revenue	...	1,888	155
Total revenue and other income from transactions	286,813	190,821	222,137
Expenses from transactions			
Employee Entitlements	7,694	2,237	4,347
Depreciation and Amortisation	83,616	87,610	80,599
Grants and subsidies	8,200	10,106	8,169
Supplies and Consumables:			
Consultants	...	1,706	906
Maintenance	63,905	60,028	62,188
Property Services	...	151	191
Communications	...	385	321
Information Technology	...	558	406
Travel and Transport	...	159	1,392
Operating Lease costs	...	24	21
Advertising and Promotion	...	189	73
Other Supplies and Consumables	944	5,126	3,864
Other expenses	7,233	317	52
Total expenses from transactions	171,592	168,596	162,529
Net result from transactions (net operating balance)	115,221	22,225	59,608
Other economic flows included in net result			
Net gain/(loss) on non financial assets	...	(21,106)	(11,068)
Net gain/(loss) on financial assets	...	...	(4)
Total other economic flows included in net result	...	(21,106)	(11,072)
Net result	...	1,119	48,536
Other comprehensive income			
Changes in physical asset revaluation reserve	...	794,518	245,049
Total other comprehensive income	...	794,518	245,049
Comprehensive result	...	795,637	293,585
Net Assets			
Total assets deployed for Output – Capital Investment Program		5,108,015	4,310,896
Total liabilities incurred for Output – Capital Investment Program		27,066	11,029
Net assets deployed for Output – Capital Investment Program		5,080,949	4,299,867

Output Group – Capital Investment Program (continued)

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Expense by output			
Asset Management	5,529	5,589	5,229
Bass Highway – Birralee to Exton	2,413	1,584	(8)
Bass Highway - Wynyard	2,625	1,297	...
Bridge renewal program	1,850	2,742	1,625
Bridge Strengthening on Esk and Tasman Highways	4,100	(400)	508
Bridport Western Access Road	2,900	1,000	...
Brooker Hwy – Elwick, Goodwood, Howards Roads	1,000	1,083	18,226
Bruny Island Main Road	2,394	3,681	233
Colebrook Main Road	4,298	1,755	572
Community Road 2 Planning	...	61	1,022
Domain Highway planning	4,312	441	117
Environmental Management	571	...	556
Esk Main Road	4,208	4,129	3,276
Freight Access Bridge Upgrades	4,800	3,564	...
Grants to Local Government	8,200	...	...
Great Eastern Drive	300	323	...
Heavy Vehicle Safety and Productivity	1,030	...	243
Highland Lakes Road	4,300	5,142	1,427
Hobart Airport Roundabout	6,500	1,915	(185)
Huon Highway / Summerleas Rd	15,936	12,131	4,370
Huon Highway Upgrade - Glendevie	4,000	3,021	763
Infrastructure Development	942	...	...
Infrastructure Maintenance	72,055	53,740	36,911
Launceston Northbank	675	...	...
Midland Highway	113,294	48,587	69,518
Mowbray Connector	1,500	375	...
Murchison Highway (Roads for our future)	2,800	4,746	2,781
Northern Cities Major Development Initiative	...	...	2,000
North East Freight Roads	200	31	1,609
Program Management	1,180	1,101	1,677
Real-Time Traffic Congestion Management in Hobart	1,800	590	...
Road Safety and Traffic Management	15,618	8,096	7,268
South Arm Highway/Rokeby Main Road Stage 2	...	4	34
Strategic Planning and Policy	2,905	2,090	2,523
Tasman Ramps	327	118	(7)
Tasmanian Museum and Art Gallery Building Roof Maintenance	...	...	125
West Coast Roads, Strahan	...	60	116
A Workforce for Now and the Future	50	...	...
Total	294,612	168,596	162,529

2.2 Reconciliation of Total Output Groups Comprehensive Result to Statement of Comprehensive Income

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Total comprehensive result of Output Groups	264,380	794,456	303,440
Reconciliation to comprehensive result			
Revenues unallocated to Output Groups (overheads)	...	...	...
Expenses unallocated to Output Groups (accruals)	...	...	...
Comprehensive result	264,380	794,456	303,440

2.3 Reconciliation of Total Output Groups Net Assets to Statement of Financial Position

	2018 Actual \$'000	2017 Actual \$'000
Total net assets deployed for Output Groups	5,740,711	4,952,536
Reconciliation to net assets		
Assets unallocated to Output Groups (overheads)	8,603	5,334
Liabilities unallocated to Output Groups (overheads)	(6,341)	(9,353)
Net assets	5,742,973	4,948,517

2.4 Administered Output Schedule

Comparative information has not been restated for external administrative restructures. Budget information refers to original estimates and has not been subject to audit.

Output Group – Grants and Subsidies

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Administered revenue and other income from transactions			
Revenue from appropriation	65,121	55,327	77,500
Grants	230	10,141	2,880
Sales of goods and services	...	915	904
Fees and fines	...	39	10
Other revenue	...	95	71
Total administered revenue and other income from transactions	65,351	66,517	81,365
Administered expenses from transactions			
Employee Entitlements	230	1,794	1,630
Depreciation and Amortisation	...	1	...
Grants and subsidies	66,635	55,953	79,385
Supplies and Consumables:			
Consultants	...	241	181
Property Services	...	29	33
Maintenance	...	2	1
Communications	...	29	23
Information Technology	...	77	56
Travel and Transport	...	142	106
Operating Lease costs	...	81	81
Advertising and Promotion	...	2	...
Other Supplies and Consumables	136	318	255
Other expenses	...	97	6
Total administered expenses from transactions	67,001	58,766	81,757
Administered net result from transactions (net operating balance)	(1,650)	7,751	(392)
Total administered comprehensive result	(1,650)	7,751	(392)
Administered expense by output			
91.580 Government contribution to Tasmanian Symphony Orchestra	1,519	1,655	1,632
91.595 Student-Only Passenger Services	26,415	14,377	14,661
91.598 National Road Transport Commission: Local Government Contribution	1,500	1,500	1,500
91.621 Payments on behalf of Forest Practices Authority	1,473	4,171	3,809
91.624 Conveyance Allowance	1,630	1,068	1,261
91.625 Pensioner Air Travel Subsidy	10	10	14
91.626 Transport Access Scheme	4,518	5,964	5,143
91.643 Contribution to Marine & Safety Authority	1,603	1,603	1,892
91.739 Private Forests Tasmania	1,550	1,550	1,520
91.750 Tasmanian Icon Program - Tasmanian Symphony Orchestra	500	500	500
91.751 Ten Days on the Island	1,275	675	1,855
91.786 Tasmanian Forestry Agreement	...	...	1,426

Output Group – Grants and Subsidies (continued)

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
91.787 Exporter Assistance	230	...	...
91.878 Theatre Royal	178	359	178
91.882 Tasmanian Railway Pty Ltd	8,100	8,100	41,866
91.883 West Coast Wilderness Railway	4,500	5,234	4,500
91.884 Sustainable Timber Tasmania Community Service Obligation	12,000	12,000	...
Total	67,001	58,766	81,757
Net Assets			
Total assets deployed for Output – Grants and Subsidies		1,357	1,328
Total liabilities incurred for Output – Grants and Subsidies		372	423
Net assets deployed for Output – Grants and Subsidies		985	905

2.5 Reconciliation of Total Administered Output Groups Comprehensive Result to Schedule of Administered Income and Expenses

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Total administered comprehensive result of Output Groups	...	7,751	(392)
Reconciliation to administered net surplus (deficit)			
Administered revenue collections	99,554	95,978	94,712
Transfers to the Consolidated Fund	(99,554)	(94,865)	(94,382)
Other administered transactions (ie unallocated to Output Groups)	...	(2,073)	(574)
Administered comprehensive result	...	6,791	(636)

2.6 Reconciliation of Total Administered Output Groups Net Assets to Schedule of Administered Assets and Liabilities

	2018 Actual \$'000	2017 Actual \$'000
Total administered net assets deployed for Output Groups	985	905
Reconciliation to administered net assets		
Assets unallocated to Output Groups	9,954	2,777
Liabilities unallocated to Output Groups	(2,878)	(2,412)
Administered net assets	8,061	1,270

Note 3: Expenditure under Australian Government Funding Arrangements

	State Funds 2018 Actual \$'000	Australian Government Funds 2018 Actual \$'000	State Funds 2017 Actual \$'000	Australian Government Funds 2017 Actual \$'000
National Partnership Payments				
Infrastructure				
Black Spot Projects	177	2,267	57	4,615
West Coast Wilderness Railway	4,500	734	7,690	...
Nation Building program- Road	37,715	64,896	37,259	84,267
Nation Building program - Heavy Vehicle Safety	...	...	2,575	523
Regional Infrastructure Fund - Eco Infrastructure Projects	...	330	...	14
Asset Recycling Fund - New Investments	214	1,294	...	...
Asset Recycling Fund - National Highway Upgrade Programme	...	...	70	380
Bridges Renewal Programme	500	2,241	82	2,270
Murchison Highway	3,782	951	...	...
Education				
Building Australia's Future Workforce - Vocational Education	...	6,335	...	6,800
Industry and Indigenous skills centre	...	228	...	38
Skills and Workforce				
Productivity places program	...	...	...	301
Other				
Tasmanian Forest Contractors Financial Support	5,130	1,146	...	1,437
Developing Demand Driver Infrastructure for the Tourism Industry	...	1,676	...	412
Regional Tourism Infrastructure and Innovation Fund	...	992	...	1,087
Tourism Growth Package	...	357	...	25
Total	52,018	83,447	47,733	102,169

Additional details of capital expenditures included in the above note are included within Note 13.4.

Note 4: Explanations of Material Variances between Budget and Actual Outcomes

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$500,000.

4.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue - works and services	(a)	128,038	109,784	(18,254)	(14%)
Appropriation revenue - other revenue from Government	(b)	...	8,859	8,859	100%
Grants	(c)	160,612	91,701	(68,911)	(43%)
Sales of goods and services	(d)	4,255	11,236	6,981	164%
Interest revenue	(e)	2,380	1,237	(1,143)	(48%)
Contributions received	(f)	...	4,646	4,646	100%
Other revenue	(g)	1,972	2,497	525	27%
Finance costs	(h)	1,670	1,094	(576)	(34%)
Other expenses	(i)	7,752	2,340	(5,412)	(70%)
Net gain/(loss) on non-financial assets	(j)	4	(22,623)	(22,627)	(100%)
Net gain/(loss) on financial instruments and statutory receivables/payables	(k)	...	(1,120)	(1,120)	100%
Changes in physical asset revaluation reserve	(l)	149,947	794,505	644,558	430%

Notes to Statement of Comprehensive Income variances

(a) Original budget subsequently revised downwards by \$8.5M, including major variations to Midland Hwy -\$2.2M, Bridge Strengthening -\$4.1M and Colebrook MR -\$2.3M. \$9.4M funding carried forward to 2018-19, including \$2.8M for Road Safety and Traffic Management, \$1.9M for Infrastructure Maintenance, \$1.1M for Freight Access Bridges, \$1.3M for Huon Hwy Glendevie passing lane, and \$2.3M for a number of smaller projects.

(b) Unanticipated (in original budget) appropriation carried forward from 2016-17 under section 8A of the *Public Account Act* \$9.1M, less \$0.25M unexpended and returned to the Consolidated Fund.

(c) Original budget revised down by \$48.0M due to delays and re-prioritisation of Commonwealth funded infrastructure projects. Most significant variances to original budget were Midland Highway (-\$45.3M), Domain Hwy planning (-\$3.9M), Bass Hwy Birralee to Exton (-\$1.8M), Hobart Airport interchange (-\$3.6), Bass Hwy - Wynyard (-\$2.0), partly offset by increase to Brooker Hwy (+\$2.2M), and rescheduling of various smaller projects.

(d) Variation reflects unanticipated (in original budget) rental revenue from Technopark and other properties (+\$2.1M), and Abt Railway ticketing and sales revenue (\$4.7M).

(e) Variance reflects diminishing interest earning loan balances. A large proportion of new lending is in Commonwealth funded programs, where interest is paid direct to the Commonwealth.

(f) Variance represents unbudgeted receipts of donations of money and cultural assets to TMAG (\$0.73M), various sponsorship of Departmental and TMAG activities (\$0.47M), and the consolidation of assets previously held by the TMAG Trustees outside the State Growth consolidated entity.

(g) Variation mainly reflects the corporate support fee \$1.0M charged to Tourism Tasmania not included in the original budget.

(h) Borrowing costs below budget due to TDR having sufficient cash to fund existing borrowings and therefore additional borrowings were not necessary during the financial year.

(i) Original budget was subsequently reduced by \$5.9M reflecting the deferral of the Domain Highway planning project to future years (-\$3.9M) and the carry forward of expenditure related to road safety and traffic management to 2017-18 (-\$2.0M).

(j) Unanticipated (in original budget) write-off of replaced road, bridge and traffic signals assets (\$9.4M), roads, bridges and land under roads transferred to Local Councils during the year for nil consideration (\$12.0M), and write off of leasehold improvements resulting from the move to new premises at Salamanca Place (\$1.0M)

(k) Variation reflects the impairment of Screen Tasmania investment in various film productions (\$1.1M).

(l) Variance reflects the higher than expected revaluation of road infrastructure (+\$740M), in addition to annual indexation of bridges (+\$54.6M).

4.2 Statement of Financial Position

Budget estimates for the 2017-18 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2017-18. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2017-18. The following variance analysis therefore includes major movements between the 30 June 2017 and 30 June 2018 actual balances.

	Note	Budget \$'000	2018 Actual \$'000	2017 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(a)	73,176	95,219	99,754	22,043	(4,535)
Receivables	(b)	5,577	6,388	6,633	811	(245)
Loan advances	(c)	36,282	54,329	37,315	18,047	17,014
Infrastructure	(d)	4,498,194	5,113,094	4,313,715	614,900	799,379
Intangibles	(e)	3,002	293	2,044	(2,709)	(1,751)
Other assets	(f)	1,873	12,737	12,299	10,864	438
Interest bearing liabilities	(g)	47,586	67,073	61,222	19,487	5,851
Employee benefits	(h)	18,227	20,095	19,215	1,868	880
Provisions	(i)	3,678	4,541	2,594	863	1,947
Other liabilities	(j)	8,091	23,928	17,955	15,837	5,973
Reserves	(k)	1,871,018	2,627,146	1,832,641	756,128	794,505

Notes to Statement of Financial Position variances

(a) Variance to budget reflects unanticipated cash increases during 2017-18 including: \$10M from the Commonwealth in funding for an extension of the Farm Business Concessional Loan scheme, the assumption of TMAG deposit holdings \$3.3M previously designated as Trustee funds, and \$13.7M of appropriation revenue held for carry forward to 2018-19 under section 8A of the *Public Account Act*, partly offset by higher than anticipated loan funding in predominantly Commonwealth funded schemes (-\$8.0M).

(b) Variation reflects higher than expected GST receivable at year end, reflecting high payment activity in June 2018, particularly in road contractor payments.

(c) Variance reflects higher than anticipated drawdowns of Commonwealth funded loans, noting that the Commonwealth provided an additional \$10M in 2017-18 for this purpose.

(d) Variance reflects the higher than expected revaluation of road infrastructure (+\$740M), in addition to annual indexation of bridges (+\$54.6M).

(e) Original budget underestimated the depreciation of the Motor Registry System (MRS) over its 10 year life.

(f) Original budget did not anticipate the capitalisation of an \$11.0M grant provided to Devonport City Council as a deposit on a future Government building asset.

(g) Original budget under-estimated Commonwealth funding of loan schemes, including the additional \$10M received for Farm Business Loan scheme late 2016-17 and another \$10M during 2017-18 (not included in the original budget).

(h) Increase in liability from 2017 is the result of a combination of factors including 2% pa wage increase, 24 staff moving into unconditional LSL category, a small increase in the aggregate number of LSL days accrued, and the transfer of State service officers into the department who have accrued LSL and annual leave.

(i) Provisions for compulsory land acquisitions increased by \$3.9M primarily related to Midland Highway roadworks, offset by \$2.0M in acquisition settlements during 2017-18.

(j) Variance primarily due to unanticipated revenue received in advance for funding carried forward to 2018-19 under s8A of the *Public Account Act* (\$13.7M), growth in monies held in trust such as Mining Bonds +\$1.0M, PAYG tax payable \$0.7M, and various accrual items \$0.9M.

(k) Variance reflects the larger than expected road infrastructure revaluation increment \$740M, and the increment (\$54.6M) from the annual indexation of bridges based on the higher than expected Road and Bridge Construction Index 3.8%.

4.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts - works and services	(a)	75,324	68,157	(7,167)	(10%)
Receipts from Australian Government Funding (investing)	(b)	126,776	57,889	(68,887)	(54%)
Sales of goods and services	(c)	4,260	11,408	7,148	168%
GST receipts/payments (net)	(d)	(1)	669	670	100%
Interest receipts	(e)	2,380	1,212	(1,168)	(49%)
Other cash receipts	(f)	1,972	6,321	4,349	221%
Interest payments	(g)	(1,760)	(1,096)	664	(38%)
Other cash payments	(h)	(7,752)	(1,055)	6,697	(86%)
Repayment of loans by other entities	(i)	...	12,481	12,481	100%
Payments for acquisition of non-financial assets	(j)	(206,767)	(115,428)	91,339	(44%)
Loans made to other entities	(k)	(2,500)	(29,465)	(26,965)	1,079%
Payments for investments	(l)	...	(1,166)	(1,166)	(100%)
Proceeds from borrowings	(m)	...	10,140	10,140	100%
Repayment of borrowings	(n)	(5,470)	(4,290)	1,180	(22%)
Trust receipts/payments (net)	(o)	...	661	661	100%

Notes to Statement of Cash Flows variances

(a) \$5.3M operational funding carried forward to 2018-19, including \$2.8M for Road Safety and Traffic Management, \$1.9M for Infrastructure Maintenance, \$0.6M for traffic management. Remainder of budget variance due to reallocation of funds and project start delays.

(b) Original budget revised down by \$48.0M due to delays and re-prioritisation of Commonwealth funded infrastructure projects. Most significant variances to original budget were Midland Highway (-\$45.3M), Domain Hwy planning (-\$3.9M), Bass Hwy Birralelee to Exton (-\$1.8M), Hobart Airport interchange (-\$3.6), Bass Hwy - Wynyard (-\$2.0), partly offset by increase to Brooker Hwy (+\$2.2M), and the rescheduling of various smaller projects. Delays in infrastructure project starts further delayed drawdown of Commonwealth funding, which is held over for future years.

(c) Variation reflects unanticipated (in original budget) rental revenue from Technopark and other properties (+\$2.1M) and Abt Railway ticketing and sales revenue (\$4.7M). Abt Railway revenue is not included in the original budget as it does not return to the consolidated fund but is used for its own operations.

(d) Variance reflects timing differences of the receipt of GST refunds over the end of financial years.

(e) Variance reflects diminishing interest earning loan balances. A large proportion of new lending is in Commonwealth funded programs, where interest is paid direct to the Commonwealth.

(f) Variation reflects corporate support fee charged to Tourism. During 2017-18 TMAG became a Statutory Authority, resulting in the consolidation of assets that were previously held by the Trustees outside the State Growth consolidated entity. The variance represents the inflow of the Trustees' bank account, which is now consolidated.

(g) Borrowing costs below budget due to TDR having sufficient cash to fund existing borrowings and therefore additional borrowings were not necessary during the financial year.

(h) Original budget was subsequently reduced by \$5.9M reflecting the deferral of the Domain Highway planning project to future years (-\$3.9M) and the carry forward of expenditure related to road safety and traffic management to 2017-18 (-\$2.0M).

(i) & (k) Budget is set on a net basis and anticipated net outflow of funds through lending. The actual net outflow of funds was \$16.9M, reflecting strong lending activity in Commonwealth funded schemes, as well as State funded schemes such as Agrigrowth and Tourism Accommodation Refurbishment Loan Scheme.

(j) Variance reflects delays and re-prioritisation of infrastructure projects. Most significant variances to original budget were Midland Highway (-\$62.4M), Domain Hwy planning (-\$3.9M), Huon Hwy - Summerleas Rd (-\$4.3M), Bass Hwy Birralelee to Exton (-\$1.2M), Hobart Airport interchange (-\$4.8), Bass Hwy - Wynyard (-\$1.0), Bridge Strengthening (-\$4.1M), Colebrook MR (-\$2.3M), Bridport Western Access (-\$1.9M).

(l) Variance reflects Screen Tasmania investments in various film productions.

(m) Variance reflects the receipt of an additional (unanticipated in original budget) \$10M from the Commonwealth for funding of the extended Farm Business Loan scheme.

(n) Variance reflects lower than expected repayment of TDR borrowings (on a cash basis).

(o) Variance reflects unbudgeted movements in monies held in trust, such as Mining Bonds (+\$1.0M).

Note 5: Underlying net operating balance

Non-operational capital funding is the income from transactions relating to funding for capital projects and equity contributions to Tasmanian Railway. This funding is classified as income from transactions and included in the net operating balance. However, the corresponding capital expenditure is not included in the calculation of the net operating balance. Accordingly, the net operating balance will portray a position that is better than the true underlying financial result.

For this reason, the net operating result is adjusted to remove the effects of funding for capital projects.

	Notes	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Net result from transactions (net operating balance)		114,429	23,694	57,155
Less impact of Non-operational capital funding				
Revenue from Government – works and services	6.1	53,318	51,003	46,510
Revenue from Australian Government	6.2	127,806	57,889	76,290
Contributions received	6.6	...	215	702
Total		181,124	109,107	123,502
Underlying Net operating balance		(66,695)	(85,413)	(66,347)

Note 6: Income from transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

6.1 Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Department gains control of the appropriated funds. Except for any amounts identified as carried forward, control arises in the period of appropriation.

Revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law.

Section 8A(2) of the *Public Account Act* allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance (refer note 10.5). The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

The Budget information is based on original estimates and has not been subject to audit.

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Appropriation revenue – recurrent			
Continuing operations	318,047	292,756	288,863
Non-operational capital funding	...	...	...
Less: Revenue received in advance	...	(4,340)	(7,404)
Appropriation revenue – recurrent	318,047	288,416	281,459
Appropriation revenue – works and services			
Continuing operations	74,720	68,197	63,898
Non-operational capital funding	53,318	51,003	46,510
Less: Revenue received in advance	...	(9,416)	(1,710)
Appropriation revenue – works and services	128,038	109,784	108,698
Other revenue from Government			
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year:			
Recurrent	...	7,404	8,472
Works and services	...	1,710	3,131
Unexpended from prior year – returned	...	(255)	(580)
Other revenue from Government	...	8,859	11,023
Total revenue from Government	446,085	407,059	401,180

6.2 Grants

Grants payable by the Australian Government are recognised as revenue when the Department gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant.

Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

	2018 \$'000	2017 \$'000
Continuing operations		
Grants from the Australian Government	8,804	28,944
Grants from the Tasmanian Government	12,061	9,130
Industry contributions	2,630	1,981
Total	23,495	40,055
Non-operational capital funding		
Grants from the Australian Government	68,199	76,290
Grants from the Tasmanian Government	7	...
Total	68,206	76,290
Total revenue from Grants	91,701	116,345

6.3 Sales of goods and services

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

	2018 \$'000	2017 \$'000
Goods	1,823	1,685
Services	2,853	2,687
Abt Railway ticketing sales and retail revenue	4,677	4,239
Rental revenue	1,883	1,878
Total	11,236	10,489

6.4 Fees and fines

Revenue from fees and fines is recognised when obligation to pay arises, pursuant to the issue of an assessment.

	2018 \$'000	2017 \$'000
Road Safety Levy	13,989	13,482
Other	168	208
Total	14,157	13,690

6.5 Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method. Interest revenue includes interest received by the Department on loan advances.

	2018	2017
	\$'000	\$'000
Interest – loan advances	1,237	1,005
Total	1,237	1,005

6.6 Contributions received

Services received free of charge by the Department, are recognised as income when a fair value can be reliably determined and at the time the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the Department obtains control of the asset, it is probable that future economic benefits comprising the contribution will flow to the Department and the amount can be measured reliably. However, where the contribution received is from another government agency as a consequence of restructuring of administrative arrangements, they are recognised as contributions by owners directly within equity and in these circumstances, book values from the transferor agency have been used.

	2018	2017
	\$'000	\$'000
Fair value of additions to TMAG Collections at no cost	215	585
Road Safety campaign contributions	55	25
Training Award contributions/sponsorships	62	53
TMAG Trustees contribution	3,439	...
Other contributions and sponsorship received	875	39
Total	4,646	702

During 2017-18 TMAG became a Statutory Authority, resulting in the consolidation of assets that were previously held by the Trustees outside the State Growth consolidated entity.

6.7 Other revenue

Revenue from sources other than those identified above are recognised in the Income Statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Other revenue includes sundry fee revenues and other income received relating to *War Service Land Settlement Act 1950*, and rural properties.

	2018	2017
	\$'000	\$'000
Corporate support fee – Tourism Tasmania	1,000	1,214
Recoveries and contributions received	957	1,338
Miscellaneous revenue	540	2,865
Total	2,497	5,417

Note 7: Expenses from transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

7.1 Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(a) Employee expenses

	2018	2017
	\$'000	\$'000
Wages and salaries	45,746	44,584
Annual leave	4,945	4,109
Long service leave	1,705	2,370
Superannuation	6,769	6,580
Other post-employment benefits	1,088	1,514
Other employee expenses	2,307	2,465
Other employee benefits – Fringe Benefits Tax	399	413
Total	62,959	62,035

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an agency contribution rate determined by the Treasurer, on the advice of the State Actuary. The current agency contribution is 12.95 per cent (2017: 12.85 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.5 per cent (2017: 9.5 per cent) of salary. In addition, departments are also required to pay into the Consolidated Fund a "gap" payment equivalent to 3.45 per cent (2017: 3.35 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

2018	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Super-annuation	Other Benefits & Long-Service Leave	Termination Benefits	
<i>Key management personnel</i>						
Office of the Coordinator-General:						
John Perry, Coordinator-General	403	15	39	13	...	470
Department of State Growth:						
Kim Evans, Secretary	343	40	51	(12)	...	422
Bob Rutherford, Deputy Secretary Industry and Business Growth	254	2	38	4	...	298
Gary Swain, Deputy Secretary Transport Services	203	35	19	(8)	...	249
Amanda Russell, Deputy Secretary Business Services	193	29	24	(3)	...	243
Jacqui Allen, Deputy Secretary Cultural and Tourism Industry Development	198	20	19	5	...	242
Allan Garcia, Chief Executive Officer Infrastructure Tasmania	269	43	26	9	...	347
Total	1,863	184	216	8	...	2,271

2017	Short-term benefits		Long-term benefits			Total
	Salary	Other Benefits	Super-annuation	Other Benefits & Long-Service Leave	Termination Benefits	
<i>Key management personnel</i>						
Office of the Coordinator-General:						
John Perry, Coordinator-General	394	4	37	13	...	448
Department of State Growth:						
Kim Evans, Secretary	341	24	51	11	...	427
Bob Rutherford, Deputy Secretary Industry and Business Growth	249	21	37	15	...	322
Gary Swain, Deputy Secretary Transport Services	193	23	18	8	...	242
Amanda Russell, Deputy Secretary Business Services	175	22	23	7	...	227
Jacqui Allen, Deputy Secretary Cultural & Tourism Industry Development	193	23	18	11	...	245
Allan Garcia, Chief Executive Officer Infrastructure Tasmania	263	23	25	8	...	319
<i>Acting Key management personnel</i>						
Chrissie Berryman, acting Deputy Secretary Industry and Business Development, 4/7/2016 to 5/8/2016	20	20	2	16	...	58
<i>Joint acting arrangements in the following periods held by:</i>						
Adam Sproule, acting Deputy Secretary Cultural and Tourism Development, 6/2/2017 to 31/5/2017	28	17	2	14	...	61
Alexander Sangston, acting Deputy Secretary Cultural and Tourism Development, 6/2/2017 to 31/5/2017	27	...	2	3	...	32
Alison Turner, acting Chief Executive Officer Infrastructure Tasmania, 29/5/2017 to 4/7/2017	6	8	1	1	...	16
Angela Conway, acting Chief Executive Officer Infrastructure Tasmania, 29/5/2017 to 4/7/2017	6	18	1	7	...	32
Total	1,895	203	217	114	...	2,429

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

Remuneration during 2017-18 for key personnel is set by the *State Service Act 2000*. Remuneration and other terms of employment are specified in employment contracts. Remuneration includes salary, motor vehicle and other non-monetary benefits. Long term employee expenses include long service leave, superannuation obligations and termination payments. Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year, any FBT attributable to key management personnel is reported on that basis.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

(c) Related party transactions

AASB 124 *Related Party Disclosures* requires related party disclosures to ensure that the financial statements contain disclosures necessary to draw attention to the possibility that the Department's financial results may have been affected by the existence of related parties and by transactions with such parties.

This note is not intended to disclose conflicts of interest for which there are administrative procedures in place.

The extent of information disclosed about related party transactions and balances is subject to the application of professional judgement by the Department. It is important to understand that the disclosures included in this note will vary depending on factors such as the nature of the transactions, the relationships between the parties to the transaction and the materiality of each transaction. Those transactions which are not materially significant by their nature, impact or value, in relation to the Department's normal activities, are not included in this note.

The aggregate value of related party transactions and outstanding balances (if any) is as follows:

	2018	30 June 2018
	Aggregate value of transactions	Total Amount Outstanding or Committed
	\$'000	\$'000
Consulting services	16	...

7.2 Depreciation and amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land and the earthworks component of major roadworks, being assets with an unlimited useful life, are not depreciated.

The following table details the asset lives, and depreciation rates and the methods for the various classes of assets employed in the current and previous reporting periods. Asset useful lives depreciation methods are reviewed annually and adjusted according to the expected rate and/or pattern of consumption, asset condition, and industry best practice.

Asset	Estimated Useful Life (years)	Depreciation Rate (per annum)	Method
Road Infrastructure:			
Earthworks	Unlimited	Nil	NA
Pavement – category 1	40	2.50%	Straight Line
category 2	45	2.22%	Straight Line
category 3	60	1.67%	Straight Line
category 4	65	1.54%	Straight Line
category 5	70	1.43%	Straight Line
(Note: road categories are determined by freight carrying task, ie category 1 the highest freight task, category 5, the lowest)			
Pavement sub-base – categories 1 to 3	70	1.43%	Straight Line
categories 4 and 5	80	1.25%	Straight Line
Surface, seal – category 1	12	8.33%	Straight Line
category 2	15	6.67%	Straight Line
category 3	15	6.67%	Straight Line
category 4	18	5.56%	Straight Line
category 5	20	5.00%	Straight Line
category 5 unsealed	15	6.67%	Straight Line
Bridge Infrastructure:			
Bridges over water	25 - 100	1.00% - 4.00%	Parabolic
Bridges over roads, pedestrian bridges, culverts	70 - 100	1.00% - 1.43%	Parabolic
Truss bridges	83 - 250	1.20% - 0.40%	Parabolic
Masonry Arch structures	250	0.40%	Parabolic
Major structures	70 - 100	1.00% - 1.43%	Parabolic
Retaining walls and gantries	50 - 70	1.43% - 2.00%	Parabolic
Traffic Signal Installations: (Residual value 10% applies to all traffic signals assets)			
Cable	50	2.00%	Straight Line
Above and below ground	30	3.33%	Straight Line
Electronics	25	4.00%	Straight Line
Site Hardware	10	10.00%	Straight Line
Buildings	20 - 80	1.25% - 5.00%	Straight Line
Leasehold improvements	5 - 12	8.33% - 20.00%	Straight Line
Electrical, technical and office equipment	5	20.00%	Straight Line
Plant	5 - 25	4.00% - 10.00%	Straight Line
Computer Hardware	3	33.33%	Straight Line
Marine Vessels and Equipment (Residual value 10%)	4	25.0%	Straight Line
Abt Railway Infrastructure:			
Tracks, bridges, structures, culverts and station buildings	20 - 100	1.00% - 5.00%	Straight Line
Railway carriages	30 - 75	1.33% - 3.33%	Straight Line
Locomotives	25	4.00%	Straight Line
Buildings	20 - 30	3.33% - 5.00%	Straight Line
Rail wagons	5	20.00%	Straight Line

Road Infrastructure

The identifiable components of the road infrastructure have been grouped into three major components for the purpose of assessing and of assigning an estimated useful life. Useful lives are based on analysis of historical data, road condition surveys, and best practice employed by other State Road Authorities.

The components that have a limited useful life (ie pavement, surfacing) are systematically depreciated over their useful lives in a manner that reflects the consumption of service potential embodied in those components. Earthworks, representing the cut and fill activity associated with major roadworks, is similar to land in that its useful life is unlimited, therefore is not depreciated.

Bridge Infrastructure

Bridges are depreciated systematically over their useful life having regard to their unique rate of deterioration. Bridge values are depreciated parabolically to reflect the greater depreciation towards the end of a bridge's life, i.e.:

$$\text{Present Value} = \text{Replacement Cost} \times (1 - (\text{age}/\text{life})^2)$$

Intangible Assets

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Department.

Major amortisation rates applicable to intangible assets appear in the table below:

Asset	Estimated Useful Life (years)	Depreciation Rate (per annum)	Method
Motor Registry System	10	10.00%	Straight Line
Other computer software	3	33.33%	Straight Line

The Motor Registry System is computer software developed internally over a four year period and is essential for the collection of motor registry and driver licensing revenues and data maintenance. The system was implemented on 25 August 2008 and its useful life is estimated at 10 years.

(a) Depreciation

	2018 \$'000	2017 \$'000
Plant and equipment	651	859
Marine vessels and equipment	426	1,207
Traffic signal installations	693	751
Buildings	698	763
Aerodromes	1	...
Road infrastructure	57,262	56,180
Bridges	30,348	24,419
Other infrastructure	885	832
Total	90,964	85,011

(b) Amortisation

	2018 \$'000	2017 \$'000
Intangibles	1,750	1,770
Leasehold improvements	152	308
Total	1,902	2,078
Total depreciation and amortisation	92,866	87,089

7.3 Supplies and consumables

Supplies and consumables, including audit fees, advertising and promotion, communications, consultants and contracted services, information technology, operating lease costs, property expenses, purchase of goods and services, travel and transport, and legal expenses, are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

	2018 \$'000	2017 \$'000
Audit fees – financial audit	211	223
Audit fees – internal audit	89	55
Operating lease costs	4,210	5,723
Consultants	3,857	4,277
Property services	2,668	2,784
Maintenance	62,141	66,449
Communications	2,540	2,325
Information technology	5,445	6,076
Travel and transport	2,956	3,882
Advertising and promotion	3,530	2,865
Contractor payments (non-roadworks)	5,428	5,583
Other supplies and consumables	7,972	5,191
Total	101,047	105,433

7.4 Grants and subsidies

Grant and subsidies expenditure is recognised to the extent that:

- » the services required to be performed by the grantee have been performed; or
- » the grant eligibility criteria have been satisfied.

A liability is recorded when the Department has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

Program / project commitments discloses amounts approved to clients payable over a period of one year or greater, where the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases in Note 11.1.

	2018	2017
	\$'000	\$'000
Academy of Creative Industries and Performing Arts	9,075	...
Advanced Manufacturing Action Plan	384	164
AFL Agreement - Hawthorn Football Club	3,885	3,793
Arts Grants	3,825	3,259
Australian Masters Games	91	450
Biomar	2,300	...
Brand Tasmania	400	550
Business & Jobs Attraction and Population Growth Initiative - other	541	1,410
Business and Industry Assistance	2,765	1,393
Business Enterprise Centres	851	894
Caterpillar Transition Taskforce	...	525
CCAMLR	184	173
Community Infrastructure Fund	6,489	2,169
Copper Mines of Tasmania	5,578	...
Creative Industry Policy	48	72
CSIRO ICT funding	...	745
Cycle Tourism Fund	970	...
Development of the Derwent Valley Marina	...	250
Energy Policy and contributions	798	1,094
Enterprise development	297	293
Enterprise Hubs	278	...
Former Devonport Maternity Hospital	918	...
Global Education Strategy	190	...
Grants to Councils - road works	10,237	6,252
Greater Circular Head Enterprise Growth Program	1,145	403
Growing the Visitor Economy	455	...
Hospitality Industry Policy	300	450
Kings Meadows Flood Protection	1,000	1,000
Learner Driver Mentoring program	691	764
Major events	8,479	7,578
Menzies ICON	500	750
Museums and Art Galleries	1,463	1,383
Northern Cities Major Development	...	12,000
Other contributions	852	465
Other grants	636	611
Qantas Industry Assistance package	...	747
Regional Events Startup Program	58	92

Regional Revival Fund	900	2,900
Regional Tourism Infrastructure & Innovation Fund	992	1,087
Regional Tourism Organisations	230	230
Road Safety Grants	1,006	586
Screen Grants	228	204
Serco Contact Centre Industry support	...	222
Tamar River Dredging	322	312
Tasmanian Demand Driver Infrastructure Program	1,676	412
Tasmanian Hospitality Association	245	...
Tasmanian Innovation, ICT & Science Agenda	210	220
Tasmanian Jobs and Investment Fund (Cadbury)	...	8,000
Tasmanian Polar Network	25	225
Tourism Growth Package	95	25
UXC Support	648	470
Vodafone	(40)	360
West Coast - Tourism Infrastructure	400	...
Wood & Fibre Processing Initiative	...	851
Total grants	72,620	65,833
Subsidies		
Apprentice and trainee subsidies	1,857	1,594
Metropolitan and general access regular passenger transport services	38,241	36,766
Non-Metropolitan and general access regular passenger transport services	13,279	13,138
Rural and special needs school bus services	19,404	19,085
Shipping and ferry subsidies	814	590
Vocational Education Training (VET) delivery	102,318	97,266
Total subsidies	175,913	168,439
Total grants and subsidies	248,533	234,272

7.5 Finance costs

All finance costs are expensed as incurred using the effective interest method.

Finance costs include:

- » interest on bank overdrafts and short term and long term borrowings;
- » unwinding of discounting of provisions;
- » amortisation of discounts or premiums related to borrowings;
- » amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- » finance lease charges.

	2018	2017
	\$'000	\$'000
Interest expense		
Interest on loans	1,075	1,074
Total	1,075	1,074
Other finance costs		
Penalty interest on late payments to creditors	19	21
Total	19	21
Total finance costs	1,094	1,095

7.6 Other expenses

Expenses from activities other than those identified above are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

	2018	2017
	\$'000	\$'000
Workers compensation	405	404
Other employee expenses (including training/development, OH&S, recruitment)	878	761
Miscellaneous expenses	1,057	584
Total	2,340	1,749

Note 8: Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

8.1 Net gain/(loss) on non-financial assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

Key Judgement

All impairment losses are recognised in Statement of Comprehensive Income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the Estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	2018	2017
	\$'000	\$'000
Write off of replaced road assets	(8,960)	(6,809)
Write off of replaced bridge assets	(180)	(4,259)
Roads transferred to Central Coast Council	(7,200)	...
Land under roads transferred to Central Coast Council	(3,675)	...
Bridges transferred to Central Coast Council	(746)	...
Roads transferred to Hydro	(336)	...
Land under roads transferred to Meander Valley Council	(3)	...
Land under roads transferred to Hydro	(2)	...
Net gain/(loss) on non-financial land transferred to DPIPWE	...	(1,100)
Net gain/(loss) on disposal of assets sold	(203)	(136)
Net gain/(loss) on disposal of land assets utilised for roadworks	...	(2,217)
Write off of traffic signals replaced/upgraded	(365)	(67)
Revaluation decrement of Abt Railway land applied to statement of comprehensive income	...	(2)
Net loss on disposal of Leasehold Improvements on vacation of 22 Elizabeth Street Hobart premises	(953)	...
Net gain on the write-off of the provision to make good on vacation of 22 Elizabeth Street Hobart and derecognition of Cornwall Square Launceston premises	...	234
	(22,623)	(14,356)

8.2 Net gain/(loss) on financial instruments and statutory receivables/payables

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Key Judgement

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the Statement of Comprehensive Income and Schedule of Administered Income and Expenses.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

	2018 \$'000	2017 \$'000
Impairment reversals/(losses) of:		
Loans advances	67	160
Equity investments	(1,122)	(875)
Statutory receivables	22	2
Impairment of Statutory receivables	2	(3)
Loan advances written off during the year	(67)	(160)
Receivables written off during the year	(22)	...
Total net gain/(loss) on financial instruments	(1,120)	(876)

Note 9: Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

9.1 Receivables

Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

	2018 \$'000	2017 \$'000
Receivables	6,413	6,683
Less: Provision for impairment	(25)	(50)
Total	6,388	6,633
Sales of goods and services (inclusive of GST)	223	193
Fees and fines (inclusive of GST)	645	58
Tax assets	4,675	5,252
Other receivables (inclusive of GST)	845	1,130
Total	6,388	6,633
Settled within 12 months	6,290	6,446
Settled in more than 12 months	98	187
Total	6,388	6,633

	2018 \$'000	2017 \$'000
Reconciliation of movement in provision for impairment of receivables		
Carrying amount at 1 July	(50)	(48)
Amounts written off during the year	22	...
Amounts recovered during the year	3	3
Increase/(decrease) in provision recognised in profit or loss	...	(5)
Carrying amount at 30 June	(25)	(50)

9.2 Loan advances

Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of loan advances are reviewed on an ongoing basis. Impairment losses are recognised when there is an indication that there is a measurable decrease in the collectability of loan advances. Loan advances that are known to be uncollectable are written off. Loan advances include financial assistance provided by the government to the private sector in the form of loans.

	2018 \$'000	2017 \$'000
Renewable Energy Loan Scheme	104	420
Section 35 Loans Administered by TDR	5,234	10,567
<i>Tasmanian Development Act 1983</i>	2,522	2,046
<i>Fire Damage Relief Act 1967</i>	19	19
Bushfire Recovery Loan Program	...	204
Farm Finance Loan Scheme	10,922	11,181
Agrigrowth Loan Program	8,628	5,130
Drought Relief Loans	304	304
Pacific Oyster Mortality Syndrome	1,504	1,254
Drought Dairy Recovery Concessional Program & Drought Recovery – NON DEBT	2,108	2,997
Flood Recovery Rural	1,093	785
Flood Recovery Small Business	200	121
Farm Business Concessional Loan scheme - Dairy Recovery & Drought Assistance	17,435	536
Tourism Accommodation Refurbishment Loan Scheme	651	...
Farm Business Concessional Loan scheme - Dairy Recovery - JUL 2017 & Drought Assistance - JUL 2017	1,748	...
Screen Tasmania Loans	230	229
Arts Loans	1,102	1,056
No Interest Loan Scheme	824	833
Less: Provision for impairment	(300)	(367)
Total	54,328	37,315
Settled within 12 months	5,964	12,527
Settled in more than 12 months	48,364	24,788
Total	54,328	37,315

Loan advances include financial assistance provided by the government to the private sector in the form of loans.

Under the provisions of the *Tasmanian Development Act 1983*, the Department (through TDR) has the power to provide loans to clients that assist in the development and expansion of the Tasmanian economy. Generally, these loans are provided on the basis of commercial terms, conditions, interest rates and security.

	2018 \$'000	2017 \$'000
Reconciliation of movement in provision for impairment of other financial assets		
Carrying amount at 1 July	367	527
Increase/(decrease) in provision recognised in net result	(67)	(160)
Carrying amount at 30 June	300	367

Tasmanian Development Act 1983 loan advance impaired in previous years relate to J & A Gretschmann (\$300,000).

Loan advances written off related to a Section 35 Loans Administered by TDR to Vision 35 Pty Ltd (\$67,420).

9.3 Equity investments

Equity investments are initially recorded at cost and at net recoverable value subsequent to initial recognition determined as follows:

- » Listed companies - the share's current market value for listed public companies; and
- » Unlisted companies – based on estimated recoverable amount.

Changes in the value of equity investments are accounted for as net increases or reversals of impairment losses.

The Department's investment in equity investments was made for the purpose of achieving industry development outcomes consistent with the goals and objectives of the Department, not for the purpose of achieving a commercial investment return or other standard commercial objectives.

As such, the Department considers that it would be inappropriate to apply the equity method of accounting. The incorporation into the Department's Financial Statements of financial information relating to these equity investments could provide users of the Department's Financial Statements with a misleading indication of its financial performance.

	2018 \$'000	2017 \$'000
Listed shares – at cost	...	...
Listed shares – converted	...	...
Unlisted equity instruments	12,450	11,328
Less: Provision for impairment	(12,450)	(11,328)
Total	...	...
Settled within 12 months	...	...
Settled in more than 12 months	...	...
Total	...	...
Reconciliation of movement in provision for impairment of equity investments		
Carrying amount at 1 July	11,328	10,454
Increase(decrease) in provision recognised in net result	1,122	874
Carrying amount at 30 June	12,450	11,328

The Provision for Impairment movement is the result of the revaluation of Screen Tasmania's equity portfolio.

9.4 Other financial assets

Other financial assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

Other financial assets consist mainly of accrued revenue such as Commonwealth funding expended not claimed from Treasury at year end to be redeemed in the next twelve months.

	2018 \$'000	2017 \$'000
Accrued interest	12	...
Accrued revenue	134	125
Total	146	125
Settled within 12 months	146	125
Total	146	125

9.5 Inventories

Inventories held for distribution are valued at cost adjusted, when applicable, for any loss of service potential. Inventories acquired for no cost or nominal considerations are valued at current replacement cost.

	2018 \$'000	2017 \$'000
Inventory held for sale – Tasmanian Museum and Art Gallery (TMAG)	178	181
Inventory held for sale – Abt Railway	154	148
Total	332	329
Consumed within 12 months	332	329
Total	332	329

9.6 Property, plant and equipment, artwork, heritage and cultural assets

Property, plant and equipment and artwork

(i) Valuation basis

Land, artwork, heritage and cultural assets are recorded at fair value. Infrastructure, buildings and other long lived assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment such as exhibitions.

The value of exhibitions is included in plant and equipment and represents capitalisation of the development and establishment costs of exhibitions that will continue to generate revenue or provide a community service beyond the financial year or years in which these costs were incurred.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or build occupied.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Department and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Department is \$10,000. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

Assets are revalued at least once in every 5 years with the following exceptions:

- » plant and equipment having a cost or revaluation less than the threshold of \$50,000;
- » land and buildings that are to be utilised for future roadworks (as required);
- » land remaining after the completion of the relevant roadworks project which is regarded as non-saleable due to, for example, limited or no access (as required).

Assets are grouped on the basis of having a similar nature or function in the operations of the Department.

Those assets that are restricted by government directives or legislation are disclosed in the Statement of Financial Position as administered assets. The restriction on these assets includes the inability of the Department of State Growth to benefit from the asset in the pursuit of its objectives and to deny access of others to that benefit.

Heritage and cultural assets

(i) Valuation basis

Heritage and cultural assets are recorded at fair value. Acquired items exceeding the recognition threshold are added to the collections initially at cost. Where an item is acquired at no cost, or for nominal cost, the cost is its estimated fair value at acquisition. The value is recognised as a contribution (income) in the Statement of Comprehensive Income in the year of acquisition.

(ii) Asset recognition threshold

The asset capitalisation threshold adopted by TMAG is \$10,000 for all assets. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase.

(iii) Revaluations

Heritage and cultural assets are revalued every five years unless management or the Board consider the carrying amount of an asset or collections materially differ from attributed fair value, then it shall be revalued regardless of when the last valuation occurred. Only items registered in the collections are recognised for valuation purposes. Collections are valued on the following basis:

Icons – valued by an appropriately qualified independent valuer, based on market values of similar items;

Cultural heritage collections – valued under a statistical valuation model by an appropriately qualified independent valuer, dependent upon the stratification of the collection;

Natural history collections - estimated recollection cost, ie the cost of mounting an expedition to collect similar specimens, together with the costs associated with their documentation and preparation;

Numismatics collections – valued at either fair value or market rate for weight of precious metals.

(iv) Highest and best use

A characteristic of many heritage and cultural assets is that they have few or no alternative uses because there are natural, legal and financial restrictions on their use and disposal. Therefore the highest and best use is the current existing use, in combination with other related heritage assets or on a stand-alone basis. Where an alternative use is feasible within the existing socio-political environment, then the asset may be valued at a higher alternative use.

(a) Carrying amount

	2018	2017
	\$'000	\$'000
Land holdings		
Land (including land under buildings) - at fair value (30 June 2018)	42,294	40,466
Rural properties - at fair value (30 June 2018)	1,422	1,777
Rail Corridor land - at fair value (30 June 2014)	66,568	66,598
Total	110,284	108,841
Buildings		
At fair value (30 June 2018)	42,302	42,070
Less: Accumulated depreciation	(2,340)	(1,642)
Total	39,962	40,428
Aerodromes		
At fair value (30 June 2015)	150	150
Less: Accumulated depreciation	(10)	(9)
Total	140	141
Plant and equipment (including computer equipment)		
At cost	8,109	7,086
Less: Accumulated depreciation	(5,939)	(5,147)
	2,170	1,939
Work in progress (at cost)	161	24
Total	2,331	1,963
Marine vessels and equipment		
At fair value (30 June 2017)	3,131	3,130
Less: Accumulated depreciation	(517)	(90)
Total	2,614	3,040
Abt Railway rolling stock		
At fair value (30 June 2017)	4,770	4,571
Less: Accumulated depreciation	(166)	...
Total	4,604	4,571
Traffic Signal installations		
At fair value (30 June 2017)	17,181	16,834
Less: Accumulated depreciation	(678)	...
Total	16,503	16,834
Leasehold improvements		
At cost	1,456	4,339
Less: Accumulated depreciation	(423)	(2,759)
Total	1,033	1,580
Artwork		
At fair value (30 June 2014)	288	288
Total	288	288
Heritage and cultural assets		
At fair value (30 June 2016)	408,706	408,464
Total	408,706	408,464
Total property, plant and equipment, artwork, heritage and cultural assets	586,465	586,150

Rural properties

Rural properties are valued as at 30 June 2018 at fair value. Fair value of these properties equates to the option prices deemed on the individual properties. These option prices are the amounts receivable should the tenants exercise the option to purchase the freehold title.

Rail Corridor land

Rail Corridor Land (ie the land beneath the State's rail lines) was transferred to the control of the Department by the *Crown Lands (Railway Land) Order 2006* on 1 December 2009, as part of the purchase of the Tasmanian Rail operation and the Melba Line by Tasmanian Railway Pty Ltd, the associated corridor land was also transferred to the control of the Department.

The land is valued at either current Valuer-General valuation where one exists, or at the average rate per land area in each Municipality according to adjacent land zoning. Every 5 years the Valuer General provides average values per hectare or square metre for the urban and non-urban sectors in each Municipality, from the most recent valuations of land titles adjoining and within a 200 metre corridor of the rail lines. The most recent update of average values was provided by the Valuer-General as at 30 June 2014.

Other properties and buildings

Other land and buildings are valued at either the most recent Valuer-General valuation as available on LIST, or valuations as at 30 June 2014 undertaken by independent valuers Brothers and Newton Opteon. The independent valuations were prepared in accordance with the International Valuation Standards (IVS) 2011 which are endorsed by the Australian Property Institute and in accordance with the International Financial Reporting Standards (IFRS) 13 Fair Value Measurement.

Marine vessels and Traffic Signals installations

Marine vessel and Traffic Signals assets last valued in 2017 by Australian Valuation Solutions on a current replacement cost basis. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight line basis on the expired proportion of the estimated useful life of the asset.

Abt Railway rolling stock

The latest revaluation of ABT Railway rolling stock as at 30 June 2017 was completed by Australian Valuation Solutions on a current replacement cost basis. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight line basis on the expired proportion of the estimated useful life of the asset.

Heritage and cultural assets - Tasmanian Museum and Art Gallery (TMAG) Collections

An independent valuation of heritage and cultural assets was last undertaken by an independent specialist valuer RHAS Chartered Valuers and Brokers as at 30 June 2015. The valuation was undertaken in accordance with accounting standards for fair value applicable to cultural and heritage collections AASBI3 *Fair Value Measurement*. The definition of fair value is defined in AASBI3 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. It is based on the principle of an exit price, and refers to the price an entity expects to receive when it sells an asset, or the price an entity expects to pay when it transfers a liability.

Heritage and cultural assets were valued by internal review conducted by management and specialist staff as at 30 June 2016. The internal review adopted the 30 June 2015 independent valuation, and added items exceeding the asset capitalisation threshold of \$10,000 that have been added to the collection during subsequent years, at either cost or where an item was acquired at no cost, the cost is its estimated fair value at acquisition.

The most recent 2018 internal review has adopted the 2016 internal valuation, and added items that were acquired for the heritage collection during 2017-18. The value of the added items was determined on a combination of internal acquisition records, specialised knowledge and market information. Some of the internal acquisition records include independent valuations. Where an item was acquired at no cost, the cost is its estimated fair value at acquisition.

Artwork

Artwork assets were independently valued with an effective date of 30 June 2014 by Bett Gallery Valuers. The valuation of these assets was on a fair value basis in accordance with relevant accounting standards.

The valuation was undertaken by a specialist valuer who has expertise with the objects in question. For the majority of these assets the valuers use the market value basis, however for a small number of items with no current commercial activity, the valuers used the cost of these items at the time of commissioning with consideration for damage, wear and tear.

(b) Reconciliation of movements (including fair value levels)

Reconciliations of the carrying amounts of each class of Property, plant and equipment, artwork, heritage and cultural assets at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses:

	Land Level 2 (land in active markets)	Land Level 3 (specific purpose/use land)	Buildings Level 2 (general office buildings)	Buildings Level 3 (specific purpose/use buildings)	Aerodromes Level 3 (specific purpose/use)	Plant and equipment (including computer equipment)	Marine Vessels Level 3 (specific purpose/use)	Abt Railway Rolling Stock Level 3 (specific purpose/use)	Traffic Signal installations Level 3 (specific purpose/use)	Heritage and cultural assets and artwork Level 2	Total
2018											
Carrying value at 1 July	39,491	69,350	35,558	4,870	141	1,963	3,040	4,571	16,834	408,752	586,150
Additions	1,975	...	167	65	...	886	...	199	727	27	4,605
Contributions received	...	...	...	...	...	...	...	...	...	215	215
Disposals	(165)	(355)	...	...	...	(33)	...	...	(365)	...	(1,872)
<i>Gains/losses recognised in operating result</i>	...	...	...	...	...	...	...	...	...	...	...
<i>Revaluation increments/(decrements)</i>	...	...	...	...	...	...	...	...	...	...	...
<i>Gains/losses recognised in other comprehensive income</i>	...	...	...	...	...	...	...	...	...	...	...
<i>Revaluation increments/(decrements)</i>	18	(30)	...	...	...	...	...	...	...	...	(12)
Depreciation & amortisation	...	...	(533)	(165)	(1)	(485)	(426)	(166)	(693)	...	(2,621)
Carrying value at 30 June	41,319	68,965	35,192	4,770	140	2,331	2,614	4,604	16,503	408,994	586,465
2017											
Carrying value at 1 July	\$'000 46,223	\$'000 56,811	\$'000 35,626	\$'000 3,699	\$'000 141	\$'000 1,756	\$'000 3,704	\$'000 3,534	\$'000 15,789	\$'000 408,151	\$'000 577,321
Additions	850	...	633	403	...	805	...	60	347	17	3,115
Contributions received	...	...	...	...	...	...	...	...	...	584	584
Disposals	(3,586)	...	(136)	...	...	...	...	...	(67)	...	(3,789)
Net transfers	(1,100)	...	...	...	...	...	...	...	...	...	(1,100)
<i>Gains/losses recognised in operating result</i>	...	...	...	...	...	...	...	...	...	...	...
<i>Revaluation increments/(decrements)</i>	(2)	...	...	...	...	...	...	...	...	...	(2)
<i>Gains/losses recognised in other comprehensive income</i>	...	...	...	...	...	...	...	...	...	...	...
<i>Revaluation increments/(decrements)</i>	(142)	9,787	(38)	1,003	...	...	543	1,237	1,516	...	13,606
Depreciation & amortisation	...	...	(527)	(235)	...	(598)	(1,207)	(260)	(751)	...	(3,585)
Reclassification of assets/corrections	(2,752)	2,752	...	...	...	...	...	...	...	...	...
Carrying value at 30 June	39,491	69,350	35,558	4,870	141	1,963	3,040	4,571	16,834	408,752	586,150

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Land – Rural properties – specific purpose/use land	1,422	A – option price in individual contracts	Nil alternatives	Option prices are locked in individual contracts
Land – Rail Corridor – specific purpose/use land	66,568	A – market value of adjacent land per square metre B – discount factor on market value of adjacent land to reflect specialised nature of asset	\$0.01 – \$324 per sq metre 30%	Increase / decrease in rates per square metre would increase / decrease the fair value Increase / decrease in discount rate would decrease / increase the fair value
Land – Abt Railway – specific purpose, including rail reserve	975	A – reference to available evidence in each location related to local economic and property market conditions	Highly variable due to location	Reliance on valuer's professional judgement
Buildings – specific purpose/use (ie Abt Railway buildings)	4,770	A – Physical depreciation and obsolescence adjustments B – useful life of specialised buildings	Variable 20 to 30 years	Reliance on valuer's professional judgement Increase / decrease in useful life would increase / decrease the fair value
Aerodromes – specific purpose/use	140	A – market value of land B – labour and materials cost to replace C – useful life of specialised buildings	Highly variable due to location Highly variable due to location 20 years	Increase / decrease in replacement costs would increase / decrease the fair value Increase / decrease in replacement costs would increase / decrease the fair value Increase / decrease in useful life would increase / decrease the fair value
Marine Vessels and equipment – specific purpose/use vessel (Bruny Island Ferry)	2,614	A – Australian Valuation Solutions valuation based on a current replacement cost methodology B – useful life of Ferry	10% – 20% 3 years remaining	Increase / decrease in replacement cost would increase / decrease the fair value Increase / decrease in useful life would increase / decrease the fair value
Abt Railway Rolling Stock – specific purpose/use	4,604	A – Physical depreciation and obsolescence adjustments B – useful life of rolling stock	Variable 5 – 75 years	Reliance on valuer's professional judgement Increase / decrease in useful life would increase / decrease the fair value
Traffic Signal installations – specific purpose/use	16,503	A – labour costs to replace B – materials costs to replace C – useful life of installation components	\$2,000 to \$52,000 /site \$3,000 to \$130,000 /site 10 – 50 years	Increase / decrease in replacement costs would increase / decrease the fair value Increase / decrease in replacement costs would increase / decrease the fair value Increase / decrease in useful life would increase / decrease the fair value

(d) Assets where current use is not the highest and best use

The agency holds vacant land that is specifically acquired for future roadworks. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the purpose for which that asset is currently being used/occupied. The Department considers that the highest and best use for these assets is vacant land in an active market. The fair value of this vacant land reflects its estimated selling price in the principal market.

9.7 Infrastructure

Revaluations

Assets are revalued at least once in every 5 years with the following exceptions:

- » Land remaining after the completion of the relevant roadworks project which is regarded as non-saleable due to, for example, limited or no access (as required), and;
- » Road and Bridge infrastructure which is revalued every 5 years, with values indexed annually between valuations.

Assets are grouped on the basis of having a similar nature or function in the operations of the Department.

Those assets that are restricted by government directives or legislation are disclosed in the Statement of Financial Position as administered assets. The restriction on these assets includes the inability of the Department of State Growth to benefit from the asset in the pursuit of its objectives and to deny access of others to that benefit.

Road Infrastructure

The Road Infrastructure valuation is based on current replacement cost, calculated on a base unit construction cost rate per square metre of given road carriageway area. The rate is then adjusted to reflect the additional factors that contribute significantly to the replacement cost. These factors are as follows:

- » land use;
- » traffic volumes; and
- » national highway as the Commonwealth Government demands a higher standard.

The relative importance of each factor is determined by a statistical analysis of recent road construction project costs.

The road replacement cost gives the cost to provide a new road of the existing standard, less accumulated depreciation calculated on the basis of such cost to reflect the already consumed future economic benefits of the asset.

As a result of a review of road infrastructure valuation methodology during 2017-18, road infrastructure is divided into four components or strata, primarily for depreciation purposes, as follows:

Earthworks, cut and fill – are in the nature of land and therefore are non-depreciable and represents the cost of the earthworks in building road infrastructure.

Pavement sub-base and base – pavement has been split into two separate components, sub-base and base recognising the different useful life and service capacity characteristics for each part of the pavement. Whilst pavement thicknesses vary according to category of road, as an example a category 1 road (major highways) which typically have a 550mm deep pavement, the bottom sub-base is 350mm deep, and the upper base is 200mm deep. Useful life of the sub-base is between 70 and 80 years, while the useful life of the base is between 40 and 70 years.

Surface – the surface component consists of the bitumen seal visible on the road surface, designed to protect the pavement from water and weathering, as well as items of "road furniture" such as guard rails, wire rope barriers, signs, line marking and other traffic management facilities. Useful life of the surface component is 15 years.

Each of the four components is valued separately based on current unit rates per square metre to replace the asset, depreciated according to the age of the existing asset component. Full valuation occurs every 5 years, with the last valuation incorporating new methodology and useful lives conducted as at 30 June 2018. Values are indexed annually using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17).

Bridge Infrastructure

Bridge infrastructure valuation is based on current replacement cost, calculated from base unit rates for construction of different bridge types.

The bridge replacement cost gives the cost to provide a new bridge of the existing standard, less accumulated depreciation calculated on the basis of such cost to reflect the already consumed future economic benefits of the asset.

Full valuation occurs every 5 years, with the last valuation completed by GHD in 2017. Values are indexed annually using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17).

Land Under Roads and within Road Reserves

Land under roads and within road reserves value is determined by the Valuer-General every 5 years from the most recent valuations of land titles adjoining and within a 200 metre corridor of the State road network. The Valuer General provides average values per hectare or square metre for the urban and non-urban sectors in each Municipality, and the Department inputs the average values into the land areas in each sector and Municipality. The last full valuation was completed in 2014.

ABT Railway Infrastructure

ABT Railway infrastructure comprises of the rail track, bridges, culverts, sidings, ramps and earthworks owned by the ABT Railway Ministerial Corporation. Railway assets are revalued every 5 years on a current replacement cost basis, with the last valuation completed by Australian Valuation Solutions in 2017. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight line basis on the expired proportion of the estimated useful life of the asset.

Property Acquired for Roadworks

Expenditure on the acquisition of land and buildings acquired for roadworks is recognised in the accounts at settlement date and is capitalised until such time as formal possession of the property takes place for the purpose of commencing construction on the roadway.

Three methods of valuation for property and land purchased for infrastructure purposes are used by the Department, which are:

Valuer-General Sale Valuation

A sale valuation is obtained from the Valuer-General for properties that are intended to be sold in the near future. In most cases, these are the pieces of property that are left over as a result of the completion of a road construction project.

Valuer-General Rates Valuation

The rates valuation is considered to be a reasonable valuation of properties held, mostly for future roadwork purposes.

Department of State Growth Valuation

This valuation is applied to properties that remain as a result of completion of the relevant road construction project, where the Valuer-General valuation is considered inappropriate. Due to factors such as non-accessibility, usefulness of land and marketability, the true value of a property may be close to zero when accounting for disposal costs or, in any case, significantly lower than the Valuer-General's valuation.

Roads

(a) Carrying amount

	2018 \$'000	2017 \$'000
At fair value (30 June 2018)	5,368,824	5,072,126
Less: Accumulated depreciation	(2,010,257)	(2,469,342)
	3,358,567	2,602,784
Work in progress at cost	111,984	93,669
Total	3,470,551	2,696,453

The most recent revaluation of the Road asset as at 30 June 2018 was completed by The Department's Asset Management Branch on a current replacement cost basis. Replacement cost was calculated using most recent contract cost experience for Tasmanian road construction. Values are indexed annually between revaluations using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17). Current replacement cost is depreciated by the proportion of the asset that has been consumed.

(b) Reconciliation of movements

	Notes	2018 Level 3 \$'000	2017 Level 3 \$'000
Carrying amount at 1 July		2,696,453	2,634,811
Capital improvements		107,984	124,498
Write-off of replaced road assets	8.1	(8,960)	(6,809)
Transferred to Central Coast Council for Nil consideration	8.1	(7,200)	...
Transferred to Hydro for Nil consideration	8.1	(336)	...
Revaluation increments (decrements)	12.1(a)	739,872	133
Depreciation expense		(57,262)	(56,180)
Carrying amount at 30 June		3,470,551	2,696,453

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Road Infrastructure	3,470,551	A – labour and materials cost to replace	\$6 to \$90 per sq metre depending on component and road category	Increase / decrease in replacement costs would increase / decrease the fair value
		B – useful life of road components	15 years – unlimited	Increase / decrease in useful life would increase / decrease the fair value
		C – annual indexation factor (ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17))	3.8%	Increase / decrease in indexation factor would increase / decrease the fair value

Land Under Roads and within Road Reserves**(a) Carrying amount**

	2018 \$'000	2017 \$'000
At fair value(30 June 2014)	157,024	160,681
Total	157,024	160,681

The latest valuation of land under road assets was completed in 2014 calculated on Valuer-General provided average rateable values per hectare or square metre as determined by the Valuer-General from the most recent valuations (at 2014) of land titles adjoining and within a 200 metre corridor of the State road network.

(b) Reconciliation of movements

	Notes	2018 Level 3 \$'000	2017 Level 3 \$'000
Carrying amount at 1 July		160,681	160,681
Additions		23	...
Transfer to Central Coast Council for Nil consideration	8.1	(3,675)	...
Transfer to Meander Valley Council for Nil consideration	8.1	(3)	...
Transfer to Hydro for Nil consideration	8.1	(2)	...
Carrying amount at 30 June		157,024	160,681

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Land under Roads	157,024	A – market value of adjacent land per square metre	\$0.01 – \$193 per sq metre	Increase / decrease in rates per square metre would increase / decrease the fair value
		B – discount factor on market value of adjacent land to reflect specialised nature of asset	30%	Increase / decrease in discount rate would decrease / increase the fair value

Bridges**(a) Carrying amount**

	2018 \$'000	2017 \$'000
At fair value(30 June 2018)	2,256,086	2,168,068
Less: Accumulated depreciation	(793,888)	(735,588)
Total	1,462,198	1,432,480

The latest revaluation of the Bridge assets as at 30 June 2017 was completed by GHD Pty Ltd on a current replacement cost basis. Values are indexed annually between revaluations using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17).

(b) Reconciliation of movements

	Notes	2018 Level 3 \$'000	2017 Level 3 \$'000
Carrying amount at 1 July		1,432,480	1,213,022
Capital improvements		6,347	3,220
Write-off of replaced bridges	8.1	(180)	(4,259)
Transfer to Central Coast Council for Nil consideration	8.1	(746)	...
Revaluation increments (decrements)	12.1	54,645	244,916
Depreciation expense		(30,348)	(24,419)
Carrying amount at 30 June		1,462,198	1,432,480

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Bridges	1,462,198	A – labour and materials cost to replace	\$1,817 to \$10,796 per sq metre	Increase / decrease in replacement costs would increase / decrease the fair value
		B – useful life of bridges	25 – 250 years	Increase / decrease in useful life would increase / decrease the fair value
		C – annual indexation factor (ABS Current Road and Bridge Construction Index Number ABS 6427.0 Table 17)	3.8%	Increase / decrease in indexation factor would increase / decrease the fair value

Abt Railway Infrastructure

(a) Carrying amount

	2018 \$'000	2017 \$'000
At fair value(30 June 2017)	24,207	24,100
Less: Accumulated depreciation	(885)	...
Total	23,322	24,100

The latest revaluation of ABT Railway infrastructure as at 30 June 2017 was completed by Australian Valuation Solutions on a current replacement cost basis. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight line basis on the expired proportion of the estimated useful life of the asset.

(b) Reconciliation of movements

	2018 Level 3 \$'000	2017 Level 3 \$'000
Carrying amount at 1 July	24,100	22,278
Additions	107	92
Revaluation increments (decrements)	...	2,562
Depreciation expense	(885)	(832)
Carrying amount at 30 June	23,322	24,100

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Abt Railway Infrastructure	23,322	A – Physical depreciation and obsolescence adjustments	Variable	Reliance on valuer's professional judgement
		B – useful life of infrastructure	20-100 years	Increase / decrease in useful life would increase / decrease the fair value
Total Infrastructure				5,113,095 4,313,715

9.8 Intangibles

An intangible asset is recognised where:

- » it is probable that an expected future benefit attributable to the asset will flow to the Department; and
- » the cost of the asset can be reliably measured.

Intangible assets held by the Department are valued at cost less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

(a) Carrying amount

	2018 \$'000	2017 \$'000
Intangibles with a finite useful life (at cost)		
Motor Registry System	17,504	17,056
Other software systems	1,934	2,920
Less: Accumulated amortisation	(19,145)	(17,932)
Total intangibles	293	2,044

(b) Reconciliation of movements

	2018 \$'000	2017 \$'000
Carrying amount at 1 July	2,044	3,814
Amortisation expense	(1,751)	(1,770)
Carrying amount at 30 June	293	2,044

The above listed Intangible assets are all in-house developed specialised computer software systems. Work in progress represents computer software undergoing internal development that has not yet been released into production.

9.9 Other assets

Other assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

(a) Carrying amount

	2018 \$'000	2017 \$'000
Deposit on building	11,000	11,000
Prepayments	1,737	1,299
Total	12,737	12,299
Recovered within 12 months	12,712	1,299
Recovered in more than 12 months	25	11,000
Total	12,737	12,299

Reconciliation of movements

	2018 \$'000	2017 \$'000
Carrying amount at 1 July	12,299	1,433
Additions	1,737	1,299
Settled/consumed	(1,299)	(1,433)
Carrying amount at 30 June	12,737	1,299

Note 10: Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

10.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.

	2018 \$'000	2017 \$'000
Creditors	7,796	5,083
Accrued expenses	2,598	3,778
Total	10,394	8,861
Settled within 12 months	10,394	8,861
Settled in more than 12 months	...	...
Total	10,394	8,861

Settlement is usually made within 30 days.

10.2 Interest bearing liabilities

Bank loans and other loans are initially measured at fair value, net of transaction costs. Bank loans and other loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(a) Carrying amount

	2018 \$'000	2017 \$'000
Loans from the State Government	4,230	4,700
Loans from the Australian Government	47,842	41,522
Loans from Tascorp	15,000	15,000
Total	67,072	61,222

(b) Maturity schedule

	2018 \$'000	2017 \$'000
One year or less	470	470
From one to five years	66,602	60,752
Total	67,072	61,222

During 2017-18 TDR repaid \$0.38 million of the borrowing with the Australian Government relating to unused Farm Finance Loan Scheme funds, \$2.94 million relating to Dairy Recovery & Drought Assistance and \$0.36 million relating to the Drought Relief Loan. In addition \$10 million was received from the Australian Government relating to the Farm Business Concessional Loan scheme - Dairy Recovery July 2017 & Drought Assistance July 2017.

10.3 Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

A liability for on-costs (eg workers compensation premiums) is recognised and disclosed as part of Payables. On-costs are not classified as an employee benefit.

	2018 \$'000	2017 \$'000
Accrued salaries	622	577
Annual leave	6,077	5,658
Long service leave	13,389	12,966
Other employee provisions	7	14
Total	20,095	19,215
Expected to settle within 12 months	8,148	7,661
Expected to settle in more than 12 months	11,947	11,554
Total	20,095	19,215

10.4 Provisions

A provision arises if, as a result of a past event, the Department has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

(a) Carrying amount

	2018	2017
	\$'000	\$'000
Compulsory acquisition of land for roadworks	4,541	2,594
Total	4,541	2,594
Settled within 12 months	4,541	2,594
Settled in more than 12 months	...	...
Total	4,541	2,594

(b) Reconciliation of movements in provisions

	Provisions for acquisition of land		Operating lease make-good provisions		Total Provisions	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	2,594	3,524	...	234	2,594	3,758
Additions/increases	3,256	...	...	...	3,256	...
Settled acquisitions	(1,309)	(930)	...	...	(1,309)	(930)
Charges against provision	...	...	...	(234)	...	(234)
Balance at 30 June	4,541	2,594	...	...	4,541	2,594

10.5 Other liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

	2018	2017
	\$'000	\$'000
Revenue received in advance		
Appropriation received in advance for carry forward under section 8A of the <i>Public Account Act 1986</i>	13,756	9,114
Other revenue received in advance	182	183
Other liabilities		
Monies held in trust	8,628	7,691
Suspense accounts	568	237
PAYG withholding tax liability over year end	651	609
Employee benefits – on costs	143	121
Total	23,928	17,955
Settled within 12 months	23,843	17,879
Settled in more than 12 months	85	76
Total	23,928	17,955

Monies held in Trust are primarily Mines Deposit Accounts (\$7.0M), which are held by the Department in trust as mine rehabilitation bonds.

Note II: Commitments and Contingencies

II.1 Schedule of Commitments

	2018	2017
	\$'000	\$'000
By type		
<i>Capital commitments</i>		
Infrastructure – Roads	220,327	82,979
Total capital commitments	220,327	82,979
<i>Lease Commitments</i>		
Operating leases	72,901	76,079
Total lease commitments	72,901	76,079
<i>Other commitments</i>		
Loan commitments	49,459	18,017
Program/project commitments	298,577	207,840
Total other commitments	348,036	225,857
By maturity		
<i>Capital commitments</i>		
One year or less	102,455	57,607
From one to five years	106,417	25,372
More than five years	11,455	...
Total capital commitments	220,327	82,979
<i>Operating lease commitments</i>		
One year or less	4,836	4,935
From one to five years	13,366	13,411
More than five years	54,699	57,733
Total operating lease commitments	72,901	76,079
<i>Other commitments</i>		
One year or less	201,072	146,584
From one to five years	144,062	76,986
More than five years	2,903	2,287
Total other commitments	348,036	225,857
Total	641,265	384,915

The Department has entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The Department is prohibited by Treasurer's Instruction 502 *Leases* from holding finance leases.

Lease income from operating leases where the Department is a lessor is recognised in income on a straight line basis.

NB: Commitments are shown as GST exclusive.

Capital commitments are predominantly associated with maintenance and development of State and National road and bridge infrastructure. State Roads infrastructure commitments will be funded by capital appropriations by the State Government, together with funds provided and held over from prior years. Funding of commitments for National Roads is provided by the Australian Government through the Nation Building, Strategic Regional and Blackspots programs.

The majority of the Department's leases are represented by land and building rental costs and motor vehicles leased through the government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. These range from 2 to 20 years. The total lease commitment excludes local government and other executory costs where they are paid directly to a party other than the lessor. These costs are included elsewhere in the Department's expenditures.

The minimum lease payment for vehicles is based on the average age of the vehicle fleet and a standard lease period of 36 months.

Loans commitments are loans approved but not drawn down by clients as at 30 June.

The program / project commitments shows amounts approved to clients payable over a period of one year or greater on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases.

II.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding any possible amount or timing of any possible underlying claim or obligation.

(a) Quantifiable contingencies

A quantifiable contingent asset is any possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is any possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or any present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. To the extent that any quantifiable contingencies are insured, details provided below are recorded net.

	2018	2017
	\$'000	\$'000
Quantifiable Contingent Liabilities		
Asbestos removal from traffic signal sites: This involves the identification and removal of any asbestos from approximately 1,000 traffic signal sites, predominantly pits, associated with traffic signals. The nature and location of the individual traffic signal sites will have a significant impact on the cost of any remediation with the cost range from a few hundred dollars per site to more than \$10,000 for some complex sites. The extent of work on each site will be based on individual assessment which creates significant uncertainty about the final cost.	3,500	3,500
During 2016-17 the Government provided a guarantee for up to a maximum of \$10 million to the Commonwealth Bank of Australia (CBA) to cover a performance guarantee in relation to the construction contract between Incat and the New South Wales Government for the supply of six new ferries for Sydney Harbour commuter services.	...	10,000
Tasmanian Development and Resources (TDR) has committed to a \$12 million State guarantee for the ANZ Bank funding of the construction of the Silo Hotel in Launceston. Crown Law are currently preparing the guarantee documents and it is expected that the initial drawdown by the client against its loan with ANZ will be in September 2017 at which time the contingent liability will commence.	11,574	12,000
In late 2015 and following a recommendation from the TDR Board, the Minister for State Growth and Treasurer jointly approved the provision of a \$25 million financial assistance package to Copper Mines of Tasmania (CMT) to support a possible reopening of the Mt Lyell Copper Mine. The assistance package was approved in the form of a grant to reimburse CMT for payroll tax and mineral royalties paid over a seven-year period, contingent on the mine reopening.	25,000	...
Total quantifiable contingent liabilities	40,074	25,500

(b) Unquantifiable Contingencies

At 30 June 2018 the Department had a number of legal claims against it for:

- » compensation in relation to the acquisition of property for road construction; and
- » personal injury or damage allegedly caused by the actions or inactions of the Department.

It is not possible at the reporting date to accurately estimate the amounts of any eventual payments that may be required in relation to these claims.

Note 12: Reserves

12.1 Reserves

2018	Land \$'000	Rail corridor land \$'000	Buildings \$'000	Aerodromes \$'000	Plant and Equipment \$'000	Traffic Signals \$'000	Road Infrastructure \$'000	Bridges \$'000	Other Infrastructure \$'000	Artwork \$'000	Heritage and Cultural assets \$'000	Total \$'000
Asset revaluation reserve	13,857	16,167	7,478	710	5,907	8,672	1,050,059	676,150	8,977	17	44,647	1,832,641
Net movement through restructuring	...	...	...	...	...	...	...	...	...	...	...	...
Revaluation increments/(decrements)	18	(30)	...	...	...	...	739,872	54,645	...	...	...	794,505
Impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Reversals of impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Balance at 30 June	13,875	16,137	7,478	710	5,907	8,672	1,789,931	730,795	8,977	17	44,647	2,627,146
2017	Asset revaluation reserve	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	13,999	6,380	6,513	710	4,127	7,156	1,049,926	431,234	6,415	17	44,647	1,571,124
Net Movements through restructuring	...	...	...	...	...	...	...	...	...	...	...	...
Revaluation increments/(decrements)	(142)	9,787	965	...	1,780	1,516	133	244,916	2,562	...	...	261,517
Impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Reversals of impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Balance at 30 June	13,857	16,167	7,478	710	5,907	8,672	1,050,059	676,150	8,977	17	44,647	1,832,641

(a) Nature and purpose of reserves

The Asset revaluation reserve is used to record increments and decrements on the revaluation of non-financial assets.

Note 13: Cash Flow Reconciliation

13.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the Department, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2018	2017
	\$'000	\$'000
Special Deposits and Trust Fund balance:		
T466 Mines deposit account	6,956	6,461
T524 State Growth Operating account	71,538	83,328
T636 Princes Wharf No 1 management account	...	58
T661 Traffic Management operating account	69	53
T790 Government Guarantees Reserve account	1,398	1,134
T796 Abt Railway account	846	803
T801 Taxi Industry administration account	344	370
T941 Fire Relief account	3	2
T797 Intelligent Island Project account	37	37
Total	81,191	92,246
Other cash held:		
Commonwealth Bank account – Queenstown (Abt Railway)	10,773	7,494
Commonwealth Bank account – Tasmanian Museum and Art Gallery	3,240	...
Petty cash	15	14
Total	14,028	7,508
Total cash and deposits	95,219	99,754
Restricted use cash and deposits	18,244	31,067
Unrestricted use cash and deposits	76,975	68,687
Total cash and deposits	95,219	99,754

TMAG receives funding from State and Federal Government Agencies, large corporations, private philanthropists and individuals who have designated the funds for use towards museum outcomes. There are stipulated restrictions on the use of the majority of these funds (\$2.67M).

The Commonwealth Government provides funding for various loan programs. Funds provided for this purpose may only be used for the purpose specified in the funding agreements, with unused and repaid funds returned to the Commonwealth (\$15.574M)

13.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2018	2017
	\$'000	\$'000
Net result from transactions	23,694	57,155
Depreciation and amortisation	92,866	87,089
Changes in accounting estimates	(1,039)	(3,359)
Decrease (increase) in Receivables	245	(1,048)
Decrease (increase) in Prepayments	(459)	123
Increase (decrease) in Employee entitlements	880	1,828
Increase (decrease) in Payables	1,533	(1,819)
Increase (decrease) in Provisions & Other liabilities	5,108	(3,621)
Impairment adjustments	67	160
Less: contributions received	(368)	(585)
Less: non-operational capital funding – recurrent appropriation	(26)	(55)
Less: non-operational capital funding - works & services appropriation	(51,043)	(46,539)
Less: non-operational capital funding – Australian Government grants	(57,889)	(76,535)
Net cash from (used by) operating activities	13,569	12,794

13.3 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

2018	Borrowings	Monies Held in Trust
	\$'000	\$'000
Balance as at 1 July 2017	61,222	7,691
Trust receipts	...	1,022
Trust payments	...	(361)
Other movements	...	276
Changes from financing cash flows:		
Cash Receive	10,140	...
Cash Repayments	(4,290)	...
Balance as at 30 June 2018	67,072	8,628

13.4 Acquittal of Capital Investment and Special Capital Investment Funds

The Department received Works and Services Appropriation funding and revenues from Special Capital Investment Funds to fund specific projects.

Cash outflows relating to these projects are listed below by category.

Budget information refers to original estimates and has not been subject to audit.

(a) Project expenditure

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Capital Investment Program			
<i>National Highway System</i>			
Bass Highway - Biralee to Exton	2,413	1,294	...
Bass Highway - Wynyard	2,050	878	...
Bridge renewal program	1,850	...	2,270
Bridport Western Access Road	1,900	...	...
Brooker Highway – Elwick, Goodwood, Howards Roads	...	998	15,884
Domain Highway planning	3,912	...	58
Grants to Local Government	8,200	8,163	...
Heavy Vehicle Safety and productivity	1,030	...	524
Highland Lakes Road	2,400	1,408	...
Hobart Airport Roundabout	6,000	779	...
Huon Highway / Summerleas Road	14,936	10,621	1,653
Infrastructure Development - Continuing Projects	...	114	1,728
Infrastructure Maintenance	7,290	8,233	6,337
Midland Highway	94,700	37,847	57,204
Murchison Highway	...	951	...
North East Freight Roads	200	29	1,428
Road Safety and Traffic Management Works	4,883	324	4,615
Tasman Ramps	327	111	353
<i>State Funded Projects</i>			
Arthur Highway	...	...	229
Asset Management	5,529	5,521	5,288
Bass Highway - Latrobe Safety Improvements	...	214	...
Bass Highway - Wynyard	...	575	...
Bridge renewal program	...	500	...
Bridge Strengthening/replacement	4,100	(463)	990
Bridport Western Access Road	1,000	1,000	...
Brooker, Elwick, Goodwood, Howards Roads	1,000	1	2,419
Bruny Island Main Road: The Neck	2,394	3,635	301
Colebrook Main Road	4,298	1,814	499
Community Rd 2 Planning	...	61	1,022
Domain Highway planning	400	441	59
Environmental Management	571	...	556
Esk Main Road	4,208	4,131	4,328
Freight Access Bridge Upgrades	4,800	3,345	...
Great Eastern Drive	300	323	...
Highland Lakes Road	1,900	3,748	1,427

	2018 Budget \$'000	2018 Actual \$'000	2017 Actual \$'000
Hobart Airport Roundabout	500	1,002	...
Huon Highway / Summerleas Road	1,000	847	3,555
Huon Highway - Glendevie	4,000	3,021	756
Infrastructure Development - Continuing Projects	942	714	463
Infrastructure Maintenance	64,765	61,670	66,107
Launceston Northbank	675	...	...
Midland Highway	18,594	13,049	12,615
Mowbray Connector	1,500	395	...
Murchison Highway	2,800	3,782	2,575
North East Freight Roads	...	2	180
Program Management	1,180	1,171	1,686
Real-Time Traffic Congestion Management in Hobart	1,800	590	...
Road Safety and Traffic Management	10,735	7,830	7,290
Rokeby Main Road: Stage 2	...	4	34
Strategic Policy and Planning	2,905	2,090	2,523
Tasmanian Museum and Art Gallery Building Roof Maintenance	...	...	349
West Coast Roads, Strahan	...	59	117
Northern Cities Major Development Initiative	...	...	13,000
A Workforce for Now and the Future	50	...	...
Total cash outflows	294,037	192,821	220,422

(b) Classification of cash flows

The project expenditure above is reflected in the Statement of Cash Flows as follows.

	2018 \$'000	2017 \$'000
Cash outflows		
Other cash payments		
Maintenance	54,898	70,046
Other (overheads, management, systems)	8,782	10,636
Payments for acquisition of assets	129,141	139,740
Total cash outflows	192,821	220,422

Note 14: Financial Instruments

14.1 Risk exposures

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- » credit risk;
- » liquidity risk; and
- » market risk.

The Head of Agency has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Department does not hold any derivative financial instruments.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables (including Tax assets)	Recognised upon the provision of a good or service and the issuance of an invoice or claim eg BAS, measured at face value	Payment terms generally 30 days. Collectability of receivables is reviewed at balance date and a provision for impairment raised when collection of a debt is judged to be doubtful.
Cash and deposits	Recognised upon receipt of cash, measured at face value	At call
Loan advances	Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of Loan advances are reviewed on an ongoing basis.	Loan advances include financial assistance provided by the government to the private sector in the form of loans.
Other financial assets (eg accrued revenue)	Recognised upon the accrual of the future benefit, measured at face value	Majority of accrued revenues are settled within 6 months

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Department's maximum exposure to credit risk. The Department is not exposed to credit risk of any significance.

The following tables analyse financial assets that are past due but not impaired:

Analysis of financial assets that are past due at 30 June 2018 but not impaired					
	Not Past due \$'000	Past due > 30 \$'000	Past due > 60 \$'000	Past due > 90 days \$'000	Total \$'000
Receivables	1,477	46	22	193	1,738
Loan advances	54,611	3	3	11	54,628

Analysis of financial assets that are past due at 30 June 2017 but not impaired					
	Not Past due \$'000	Past due > 30 \$'000	Past due > 60 \$'000	Past due > 90 days \$'000	Total \$'000
Receivables	772	32	39	420	1,263
Loan advances	37,778	5	3	17	37,802

(c) Liquidity risk

Liquidity risk is the risk that the Department will not be able to meet its financial obligations as they fall due. The Department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Recognised upon the receipt of a good or service that has not been paid for, measured at face value	Settled within 30 days
Interest bearing liabilities	Bank loans and other loans are initially measured at fair value, net of transaction costs. These loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The Department regularly reviews its contractual outflows to ensure that there is sufficient cash available to meet contracted payments.	Contractual payments made on a regular basis.
Monies held in Trust	Recognised upon receipt of monies, measured at face value	At call
Revenue received in advance	Recognised upon receipt of monies, measured at face value	Expended by 30 September of the following year in terms of section 8A of the <i>Public Account Act 1986</i>

The Department is not exposed to liquidity risk of any significance. Appropriation funding is provided to the Department from State Treasury as funds are spent by the Department, provided the Department does not exceed its budget.

The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2018

Maturity analysis for financial liabilities:								
	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	10,394	...	...	...	...	...	10,394	10,394
Interest bearing liabilities	470	15,000	11,243	303	...	40,056	67,072	67,072
Monies held in Trust	8,628	...	...	...	...	...	8,628	8,628
Total	19,492	15,000	11,243	303	...	40,056	86,094	86,094

2017

Maturity analysis for financial liabilities:								
	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	8,861	...	...	...	...	...	8,861	8,861
Interest bearing liabilities	470	...	...	...	...	60,751	61,221	61,221
Monies held in Trust	7,691	...	...	...	...	...	7,691	7,691
Total	17,022	...	...	...	...	60,751	77,773	77,773

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Department is exposed to is interest rate risk.

At the reporting date, the interest rate profile of the Department's interest bearing financial instruments was:

	2018	2017
	\$'000	\$'000
Fixed rate instruments		
Financial assets	...	...
Less Financial liabilities	(15,000)	(15,000)
Total	(15,000)	(15,000)
Variable rate instruments		
Financial assets	57,568	37,315
Financial liabilities	(313)	(310)
Total	57,255	37,005

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Department's profit or loss and equity:

Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates:				
	Statement of Comprehensive Income		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$'000	\$'000	\$'000	\$'000
30 June 2018				
Cash and deposits	32	(32)	...	...
Loan advances	543	(543)	...	...
Monies held in Trust	(150)	150	...	...
Interest bearing facilities	(3)	3	...	...
Net sensitivity	423	(423)	...	...
30 June 2017				
Cash in Special Deposits and Trust Fund	248	(248)	...	...
Loan advances	373	(373)	...	...
Monies held in Trust	(150)	150	...	...
Interest bearing facilities	(3)	3	...	...
Net sensitivity	468	(468)	...	...

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2017.

14.2 Categories of Financial Assets and Liabilities

	2018	2017
	\$'000	\$'000
Financial assets		
Cash and deposits	95,219	99,754
Loans and receivables	56,041	38,696
Total	151,260	138,450
Financial Liabilities		
Financial liabilities measured at amortised cost	77,466	70,082
Total	77,466	70,082

There has been no change, during the period and cumulatively, in the fair value of any receivables or financial liabilities that is attributable to changes in the credit risk of that asset or liability.

14.3 Reclassifications of Financial Assets

The Department has not reclassified any financial assets.

14.4 Derecognition of Financial Assets

The Department has not transferred financial assets in such a way that part or all of the financial assets do not qualify for derecognition.

14.5 Comparison between Carrying Amount and Net Fair Value of Financial Assets and Liabilities

	Carrying Amount 2018	Net Fair Value 2018	Carrying Amount 2017	Net Fair Value 2017
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash at bank	14,028	14,028	7,508	7,508
Cash in Special Deposits and Trust Fund	81,191	81,191	92,246	92,246
Receivables	6,388	6,388	6,633	6,633
Loan advances	54,328	54,322	37,315	37,309
Total financial assets	155,935	155,929	143,702	143,696
Financial liabilities				
Trade creditors	10,394	10,394	8,861	8,861
Interest bearing facilities	67,072	63,173	61,222	56,863
Other financial liabilities:				
Monies held in Trust	8,628	8,628	7,691	7,691
Total financial liabilities	86,094	82,195	77,774	73,415

14.6 Net Fair Values of Financial Assets and Liabilities

2018

	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash at bank	14,028	...	...	14,028
Cash in Special Deposits and Trust Fund	81,191	...	...	81,191
Receivables	...	6,388	...	6,388
Loan advances	...	54,322	...	54,322
Total financial assets	95,219	60,710	...	155,929
Financial liabilities				
Trade creditors	...	10,394	...	10,394
Interest bearing facilities	...	63,173	...	63,173
Other financial liabilities:				
Monies held in Trust	...	8,628	...	8,628
Total financial liabilities	...	82,195	...	82,195

2017

	Net Fair Value Level 1	Net Fair Value Level 2	Net Fair Value Level 3	Net Fair Value Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash at bank	7,508	...	...	7,508
Cash in Special Deposits and Trust Fund	92,246	...	...	92,246
Receivables	...	6,633	...	6,633
Loan advances	...	37,309	...	37,309
Total financial assets	99,754	43,942	...	143,696
Financial liabilities				
Trade creditors	...	8,861	...	8,861
Interest bearing facilities	...	56,863	...	56,863
Other financial liabilities:				
Monies held in Trust	...	7,691	...	7,691
Total financial liabilities	...	73,415	...	73,415

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair values of receivables are based on the nominal amounts due less any provision for impairment.

The net fair values of other financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors and other financial liabilities are approximated by their carrying amounts

Note 15: Details of Consolidated Entities

15.1 List of Entities

The following entities have been consolidated by the Department:

Entity	Ownership Interest	Proportion of Ownership Interest
Tasmania Development and Resources	State of Tasmania	100%
The Tasmanian Museum and Art Gallery	State of Tasmania	100%
Abt Railway Ministerial Corporation	State of Tasmania	100%
Forest Practices Authority (consolidated within the Administered Financial Statements)	State of Tasmania	100%

Note 16: Notes to Administered Statements

16.1 Explanations of Material Variances between Budget and Actual Outcomes

The following are brief explanations of material variances between budget estimates and actual outcomes. Variances are considered material where the variance exceeds the greater of 10 per cent of budget estimate and \$500,000.

(a) Schedule of Administered Income and Expenses

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue - recurrent	(i)	66,771	55,327	(11,444)	(17%)
Grants revenue	(ii)	310	8,668	8,358	2,696%
Employee benefits	(iii)	230	2,001	1,771	770%
Supplies and consumables	(iv)	136	2,040	1,904	1,400%

Notes to Schedule of Administered Income and Expenses variances

- (i) Variance is predominantly due to Student only passenger services subsidies \$12M below budget.
- (ii) Variance is predominantly the unanticipated transfer from State Treasury Finance General of \$6.3M Tasmanian Forests Intergovernmental Agreement funds, receipt of Commonwealth funding receipts for the Tasmanian Forest Contractors support program (\$1.6M), and annual appropriation funding to Forest Practices Authority by way of grant (\$1.5M).
- (iii) Difference reflects the budget exclusion of Forest Practices Authority salaries funded from revenues.
- (iv) Partly reflects the budget exclusion of Forest Practices Authority expenses funded from revenues \$0.9M. Secondly, the budget treats the revenue/production cost of custom number plates and other costs incurred in the collection of administered revenues on a net basis, therefore no budget for these expenditures is provided, however Australian Accounting Standards do not allow for the aggregation of revenues and expenditures (+\$0.8M).

(b) Schedule of Administered Assets and Liabilities

	Note	Budget \$'000	2018 Actual \$'000	2017 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(i)	3,515	11,069	3,910	7,554	7159
Receivables	(ii)	1,855	137	112	(1,718)	25
Payables	(iii)	644	1,134	1,173	490	(39)
Other liabilities	(iv)	2,635	1,777	1,277	(858)	500

Notes to Schedule of Administered Assets and Liabilities Variances

- (i) Variance is predominantly the unanticipated transfer from State Treasury Finance General of \$6.3M Tasmanian Forests Intergovernmental Agreement funds.
- (ii) Original budget was subsequently revised down to \$0.1M, as it appears to have been based on a 2015-16 balance which was abnormal.
- (iii) Variance reflects higher than expected payables for Taxi subsidies over the end of financial year.
- (iv) Original budget was subsequently revised down by \$1.3M, reflecting the expectation for 2017-18. Revised budget exceeded due to higher than expected balances of moneys held in trust, such as Motor Registry third party revenue collections.

(c) Schedule of Administered Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts - recurrent	(i)	66,771	55,327	(11,444)	(17%)
Grants revenue	(ii)	310	8,669	8,359	2,696%
Employee benefits	(iii)	(230)	(2,077)	(1,847)	803%
Other cash payments	(iv)	(136)	(2,136)	(2,000)	1,471%
Trust receipts	(v)	...	1,233	1,233	100%

Notes to Schedule of Administered Cash Flow variances

- (i) Variance is predominantly due to Student only passenger services subsidies \$12M below budget.
- (ii) Variance is predominantly the unanticipated transfer from State Treasury Finance General of \$6.3M Tasmanian Forests Intergovernmental Agreement funds, receipt of Commonwealth funding receipts for the Tasmanian Forest Contractors support program (\$1.6M), and annual appropriation funding to Forest Practices Authority by way of grant (\$1.5M).
- (iii) Difference reflects the budget exclusion of Forest Practices Authority salaries funded from revenues.
- (iv) Partly reflects the budget exclusion of Forest Practices Authority expenses funded from revenues \$0.9M. Secondly, the budget treats the revenue/production cost of custom number plates and other costs incurred in the collection of administered revenues on a net basis, therefore no budget for these expenditures is provided, however Australian Accounting Standards do not allow for the aggregation of revenues and expenditures (+\$0.8M).
- (v) Variance reflects unbudgeted movements in moneys held in trust, such as Motor Registry third party revenue collections.

16.2 Administered revenue from Government

Administered revenue from Government includes revenue from appropriations, appropriations carried forward under section 8A(2) of the *Public Account Act 1986* and Items Reserved by Law.

The Budget information is based on original estimates and has not been subject to audit.

	2018	2018	2017
	Budget	Actual	Actual
	\$'000	\$'000	\$'000
Continuing operations			
Appropriation revenue – recurrent			
Current year	66,771	55,327	77,500
Total	66,771	55,327	77,500

16.3 Administered Grants

	2018	2017
	\$'000	\$'000
Continuing operations		
Tasmanian Forestry Agreement	1,158	1,426
Transfer of Tasmanian Intergovernmental Agreement funds from State Treasury	6,276	...
Grants from other Government Department	500	1,444
Industry contributions	...	10
Total	7,934	2,880
Non-operational capital funding		
Grants from the Australian Government	734	...
Total	734	...
Total revenue from grants	8,668	2,880

16.4 Administered State taxation

	2018	2017
	\$'000	\$'000
Vehicle Registration Fees	43,158	41,104
Total	43,158	41,104

16.5 Administered Sales of goods and services

	2018	2017
	\$'000	\$'000
Goods		
Mineral Land Rentals	1,054	1,039
Custom Plates	955	880
Services		
MAIB Commission	2,391	2,360
Registration and Licensing	112	140
Forest Practice Plan fees	808	757
Forest Practice consulting fees	19	99
Other	129	85
Total	5,468	5,360

16.6 Administered Fees and fines

	2018	2017
	\$'000	\$'000
Regulatory Fees		
Vehicle escorts	202	217
Public Vehicle Licensing	21	89
Fees from Mineral Lands	614	718
Driver Licensing	9,418	8,805
Fines		
Weighbridge	1	1
Other	39	10
Total	10,295	9,840

16.7 Administered other revenue

	2018	2017
	\$'000	\$'000
Mineral Royalties	36,966	39,401
Insurance claim recoveries - June 2016 flood event	1,047	...
Heavy Vehicle Motor Tax collection	4,085	...
Other	94	(8)
Total	42,192	39,393

Revenue from Mineral Royalties is recognised on receipt based on self-assessment by mining companies. The royalties are calculated and paid based on mined volumes each quarter and supported by spot audits by Mineral Resources Tasmania staff. Due to inherent difficulties of accounting for this revenue on an accrual basis, mineral royalties' revenue is accounted for on a cash basis.

16.8 Administered Employee benefits

	2018	2017
	\$'000	\$'000
Wages and salaries	1,527	1,400
Annual leave	130	104
Long service leave	(9)	124
Superannuation	203	207
Other employee benefits	119	49
Total	1,970	1,884

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an agency contribution rate determined by the Treasurer, on the advice of the State Actuary. The current contribution is 12.95 per cent (2017: 12.85 per cent) of salary.

Superannuation expenses relating to the defined contribution scheme are paid directly to superannuation funds at a rate of 9.5 per cent (2017: 9.5 per cent) of salary. In addition, departments are also required to pay into the Consolidated Fund a "gap" payment equivalent to 3.45 per cent (2017: 3.35 per cent) of salary in respect of employees who are members of contribution schemes.

16.9 Administered Supplies and consumables

	2018	2017
	\$'000	\$'000
Audit fees – financial audit	3	3
Operating Lease costs	81	81
Consultants	358	354
Property services	29	33
Maintenance	2	1
Communications	29	24
Information technology	77	56
Travel and transport	149	108
Advertising and promotion	232	17
Contractor payments	20	20
Personalised number plate production costs	784	746
Other supplies and consumables	276	38
Total	2,040	1,481

16.10 Administered Grants and subsidies

	2018	2017
	\$'000	\$'000
Grants		
National Road Transport Commission: Local Government Contribution	1,500	1,500
Private Forests Tasmania	1,550	1,520
Forest Practices Authority	...	1,444
Contribution to Marine and Safety Tasmania	1,603	1,892
Tasmanian Railway Pty Ltd	8,100	41,866
West Coast Wilderness Railway	5,234	4,500
Forest Contractors financial support program	1,635	962
Government contribution to the Tasmanian Symphony Orchestra	1,655	1,632
Tasmanian Icon program – Tasmanian Symphony Orchestra	500	500
Ten Days on the Island	675	1,854
Theatre Royal	359	178
Sustainable Timber Tasmania – Community Service Obligation	12,000	...
Contributions to National Heavy Vehicle Regulator	3,667	...
Total Grants	38,478	57,848
Subsidies		
Student-Only Passenger Services	14,413	14,661
Conveyance Allowances	1,068	1,261
Pensioner Air Travel Subsidy	10	14
Transport Access Scheme	5,431	5,143
Total Subsidies	20,922	21,079
Total	59,400	78,927

16.11 Administered Other expenses

	2018	2017
	\$'000	\$'000
Workers Compensation	1	3
Miscellaneous expenses	40	35
Total	41	38

16.12 Administered Receivables

	2018	2017
	\$'000	\$'000
Receivables	139	114
Less: Provision for impairment	(2)	(2)
Total	137	112

Sales of goods and services (inclusive of GST)	83	17
GST receivable	54	95
Total	137	112

Settled within 12 months	137	112
Total	137	112

Reconciliation of movement in provision for impairment of administered receivables	2018	2017
	\$'000	\$'000
Carrying amount at 1 July	2	2

Increase/(decrease) in provision recognised in profit or loss	...	...
Carrying amount at 30 June	2	2

16.13 Administered other financial assets

	2018	2017
	\$'000	\$'000
Accrued revenue	68	55
Accrued interest	15	17
Total	83	72

Settled within 12 months	83	72
Total	83	72

16.14 Administered Plant and equipment

(a) Carrying amount

	2018	2017
	\$'000	\$'000
Plant and equipment		
At cost	15	...
Less: Accumulated depreciation	(1)	...
Total plant and equipment	14	...

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	2018	2017
	\$'000	\$'000
Carrying amount at 1 July	...	...
Additions	15	...
Depreciation expense	(1)	...
Carrying amount at 30 June	14	...

16.15 Administered Other assets

	2018	2017
	\$'000	\$'000
Prepayments	8	12
Total	8	12

Settled within 12 months	8	12
Total	8	12

16.16 Administered Payables

	2018	2017
	\$'000	\$'000
Creditors	492	707
Accrued expenses	642	466
Total	1,134	1,173

Settled within 12 months	1,134	1,173
Total	1,134	1,173

Settlement is usually made within 30 days.

16.17 Administered Employee benefits

	2018	2017
	\$'000	\$'000
Accrued salaries	15	13
Annual leave	107	92
Long service leave	217	281
Total	339	386

Settled within 12 months	144	133
Settled in more than 12 months	195	253
Total	339	386

16.18 Administered Other liabilities

	2018	2017
	\$'000	\$'000
Other liabilities		
Monies held in trust	1,760	1,262
PAYG withholding tax payable	15	12
Other liabilities	2	3
Total	1,777	1,277
Settled within 12 months	1,777	1,277
Total	1,777	1,277

Monies held in Trust are primarily third party revenues collected by the Department through motor registration receipts, held pending daily transfer to the owning third parties. Third parties include MAIB, State Revenue Office and Tasmania Fire Service (refer Note 17).

16.19 Schedule of Administered Commitments

	2018	2017
	\$'000	\$'000
By type		
<i>Lease Commitments</i>		
Operating leases	146	243
Total lease commitments	146	243
By maturity		
<i>Operating lease commitments</i>		
One year or less	129	128
From one to five years	17	115
Total operating lease commitments	146	243
Total	146	243

Note: Commitments are GST exclusive where relevant.

The majority of the Department's leases are represented by land and building rental costs and motor vehicles leased through the government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. These range from 2 to 14 years. The total lease commitment excludes local government and other executory costs where they are paid directly to a party other than the lessor. These costs are included elsewhere in the Department's expenditures.

The minimum lease payment for vehicles is based on the average age of the vehicle fleet and a standard lease period of 36 months.

16.20 Administered Cash and deposits

Administered Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the Department, and other cash held, which are administered or held in a trustee capacity or agency arrangement.

	2018	2017
	\$'000	\$'000
Special Deposits and Trust Fund balance	8,884	1,806
Total	8,884	1,806
Other cash held		
National Australia Bank term deposit	1,560	1,760
Tascorp Interest Bearing Deposit	625	344
Total	2,185	2,104
Total cash and deposits	11,069	3,910

16.21 Reconciliation of Administered Net Result to Net Cash from Administered Operating Activities

	2018	2017
	\$'000	\$'000
Net operating result from transactions	6,791	(636)
Depreciation and amortisation	1	...
Decrease (increase) in Receivables	(25)	1,743
Decrease (increase) in Other financial assets	(11)	9
Decrease (increase) in Other assets	4	(6)
Increase (decrease) in Employee entitlements	(47)	114
Increase (decrease) in Payables	(39)	529
Increase (decrease) in Other liabilities	(732)	(1,683)
Net cash from (used by) operating activities	5,942	70

16.22 Administered Financial Instruments

16.23 Risk exposures

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- » credit risk;
- » liquidity risk; and
- » market risk.

The Head of Agency has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Department does not hold any derivative financial instruments.

(b) Credit risk exposures

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables (including Tax assets)	Recognised upon the provision of a good or service and the issuance of an invoice or claim eg BAS, measured at face value	Payment terms generally 30 days. Collectability of receivables is reviewed at balance date and a provision for impairment raised when collection of a debt is judged to be doubtful.
Cash and deposits	Recognised upon receipt of cash, measured at face value	At call
Other financial assets (eg accrued revenue)	Recognised upon the accrual of the future benefit, measured at face value	Majority of accrued revenues are settled within 6 months

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Department's maximum exposure to credit risk. The Department is not exposed to credit risk of any significance.

The following tables analyse financial assets that are past due but not impaired:

Analysis of financial assets that are past due at 30 June 2018 but not impaired					
	Not Past due	Past due 31 to 60 days	Past due 61 to 90 days	Past due over 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	72	2	1	9	84

Analysis of financial assets that are past due at 30 June 2017 but not impaired					
	Not Past due	Past due 31 to 60 days	Past due 61 to 90 days	Past due over 90 days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	10	...	1	6	17

(c) Liquidity risk

Liquidity risk is the risk that the Department will not be able to meet its financial obligations as they fall due. The Department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Recognised upon the receipt of a good or service that has not been paid for, measured at face value	Settled within 30 days
Monies held in Trust		At call
Revenue received in advance	Recognised upon receipt of monies, measured at face value	Expended by 30 September of the following year in terms of section 8A of the <i>Public Account Act 1986</i>

The Department is not exposed to liquidity risk of any significance. Appropriation funding is provided to the Department from State Treasury as funds are spent by the Department, provided the Department does not exceed its budget. The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2018

Maturity analysis for financial liabilities:								
	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	1,134	...	...	...	...	...	1,134	1,134
Monies held in Trust	1,760	...	...	...	...	...	1,760	1,760
Total	2,894	...	...	...	...	...	2,894	2,894

2017

Maturity analysis for financial liabilities:								
	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	1,173	...	...	...	...	...	1,173	1,173
Monies held in Trust	1,262	...	...	...	...	...	1,262	1,262
Total	2,435	...	...	...	...	...	2,435	2,435

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Department is exposed to is interest rate risk.

At the reporting date, the interest rate profile of the Department's interest bearing financial instruments was:

	2018	2017
	\$'000	\$'000
Fixed rate instruments		
Financial assets	1,560	1,760
Financial liabilities	...	...
Total	1,560	1,760
Variable rate instruments		
Financial assets	625	344
Financial liabilities	...	...
Total	625	344

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Department's profit or loss and equity:

Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates:

	Statement of Comprehensive Income		Equity	
	100 basis points increase \$'000	100 basis points decrease \$'000	100 basis points increase \$'000	100 basis points decrease \$'000
30 June 2018				
Cash and deposits	22	(22)	...	...
Net sensitivity	22	(22)	...	...
30 June 2017				
Cash and deposits	21	(21)	...	...
Net sensitivity	21	(21)	...	...

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2017.

16.24 Categories of Administered Financial Assets and Liabilities

	2018 \$'000	2017 \$'000
Financial assets		
Cash and deposits	11,069	3,910
Receivables and accrued revenue	220	184
Total	11,289	4,094
Financial Liabilities		
Financial liabilities measured at amortised cost	2,911	2,450
Total	2,911	2,450

There has been no change, during the period and cumulatively, in the fair value of any receivables or financial liabilities that is attributable to changes in the credit risk of that asset or liability.

16.25 Reclassifications of Administered Financial Assets

The Department has not reclassified any financial assets.

16.26 Derecognition of Administered Financial Assets

The Department has not transferred financial assets in such a way that part or all of the financial assets do not qualify for derecognition.

16.27 Comparison between Carrying Amount and Net Fair Value of Administered Financial Assets and Liabilities

	Carrying Amount 2018 \$'000	Net Fair Value 2018 \$'000	Carrying Amount 2017 \$'000	Net fair Value 2017 \$'000
Financial assets				
Cash and deposits	11,069	11,069	3,910	3,910
Receivables	137	137	112	112
Other financial assets:				
Accrued revenue	83	83	72	72
Total financial assets	11,289	11,289	4,094	4,094
Financial liabilities				
Trade creditors	1,134	1,134	1,173	1,173
Other financial liabilities:				
Monies held in Trust	1,760	1,760	1,262	1,262
Total financial liabilities	2,894	2,894	2,435	2,435

16.28 Net Fair Values of Administered Financial Assets and Liabilities

2018	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash at Tascorp	...	625	...	625
National Australia Bank term deposit	...	1,560	...	1,560
Cash in Special Deposits and Trust Fund	...	8,884	...	8,884
Receivables	137	137
Other financial assets:				
Accrued revenue and interest	83	83
Total financial assets	...	11,069	220	11,289
Financial liabilities				
Trade creditors	1,134	1,134
Other financial liabilities:				
Monies held in Trust	...	1,760	...	1,760
Total financial liabilities	...	1,760	1,134	2,894

2017	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net Fair Value Total \$'000
Financial assets				
Cash at Tascorp	...	344	...	344
National Australia Bank term deposit	...	1,760	...	1,760
Cash in Special Deposits and Trust Fund	...	1,806	...	1,806
Receivables	112	112
Other financial assets:				
Accrued revenue and interest	72	72
Total financial assets	...	3,910	184	4,094
Financial liabilities				
Trade creditors	1,173	1,173
Other financial liabilities:				
Monies held in Trust	...	1,262	...	1,262
Total financial liabilities	...	1,262	1,173	2,435

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Administered Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair values of receivables are based on the nominal amounts due less any provision for impairment.

The net fair values of other financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors and other financial liabilities are approximated by their carrying amounts.

Note 17: Transactions and Balances Relating to a Trustee or Agency Arrangement

Account/Activity	Opening balance \$'000	Net transactions during 2017–18 \$'000	Closing balance \$'000
Monies collected on behalf of external bodies through Motor Registrations (refer below),			
Less: Monies collected through Motor Registrations transferred to external bodies	956	307,195	1,042
		307,108	
Agreement for the Conservation of Albatrosses and Petrels (ACAP)	440	399	839
Brand Tasmania Council Incorporated	74	232	306
Mine Rehabilitation Bonds	6,461	495	6,956
Pacific National Compensation Fund	62	1	63
Provision for land acquisition	1,084	...	1,084

The Department is responsible for the collection of revenue on behalf of other agencies and organisations and the transfer of those funds on an agreed basis, through the function of collecting and processing Motor Vehicle registrations. The following revenues are processed through the Department's Operating Account and then forwarded to the relevant organisation:

- » Motor tax, including Heavy Vehicles motor tax;
- » Duties;
- » Motor Accidents Insurance Board premiums;
- » State Fire Service levy; and
- » Federal Interstate Registration Scheme payments.

The balance of these activities merely reflects a timing difference between receipt of the revenue and forwarding the funds to the relevant body.

The Department holds monies in trust and performs transactions on behalf of various bodies as listed above, and in those instances trustee funds are held within the Department's Operating Account in separate true trust accounts for each trustee.

Note 18: Events Occurring After Balance Date

The Federal Government has committed to provide a further \$7.0 million in the form of an additional loan to the State for the second stage of the Farm Business Concessional Loan scheme.

In early September 2018 TDR repaid a \$15 million Tascorp private borrowing from cash reserves.

Note 19: Other Significant Accounting Policies and Judgements

19.1 Objectives and Funding

The Department of State Growth was established on 1 July 2014 to aggressively and strategically pursue jobs, growth and opportunity for Tasmanians. The Department of State Growth actively pursues and promotes investment, facilitates major projects, supports business and industry to grow and ensures strategic investment in infrastructure. The Department also works closely with business and industry to address barriers to growth; reduce red and green tape; provide a skilled workforce; develop our creative and cultural industries; and ensure efficient, cost effective transport and logistics systems.

The Department of State Growth was largely an amalgamation of the former Department of Infrastructure Energy and Resources (DIER) and the former Department of Economic Development, Tourism and the Arts (DEDTA). The part of the Department of Education known as Skills Tasmania was amalgamated with the Department of State Growth. The part of the Department of State Growth known as Sport and Recreation Tasmania was amalgamated with the Department of Premier and Cabinet. The statutory authority Tourism Tasmania a division of the former DEDTA became a State authority in its own right. The departmental restructure took effect from 1 July 2014. The administrative change resulted in changing DIER's name to the Department of State Growth from 1 July 2014.

The Department provides portfolio support for the following Ministers:

- » Minister for Tourism, Hospitality and Events
- » Minister for State Growth
- » Minister for Energy
- » Minister for Infrastructure
- » Minister for Resources
- » Minister for the Arts
- » Minister for Information Technology and Innovation

By providing a strategic approach to the provision of both physical infrastructure and regulatory frameworks, the Department aims to:

- » facilitate industry and jobs growth, and reduce barriers to growth;
- » support Tasmanian industry to succeed nationally and internationally, and encourage investment in Tasmania;
- » enhance infrastructure decision-making across Government;
- » facilitate a safe, sustainable and efficient transport system that enhances economic and social development, in the context of the challenges of climate change;
- » promote reliable, efficient, safe and sustainable energy systems;
- » facilitate forest policy for Tasmania's sustainable forestry practices and forest industries;
- » develop Tasmania's art community and promote cultural activity and events; and
- » facilitate mineral exploration and land management of Tasmanian land and offshore waters.

Department activities contributing towards these outcomes are classified as either controlled or administered.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department on behalf of the Government of items controlled or incurred by the Government.

The Department is a Tasmanian Government not-for-profit entity that is predominantly funded by parliamentary appropriations. Other funding sources include Commonwealth grants, industry grants and miscellaneous recoveries from various sources. Entities consolidated within these Financial Statements are detailed in Note 15.1.

19.2 Basis of Accounting

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- » Australian Accounting Standards issued by the Australian Accounting Standards Board and Interpretations; and
- » The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

Compliance with the Australian Accounting Standards (AAS) may not result in compliance with International Financial Reporting Standards, as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Department is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 19.5.

The Financial Statements have been prepared as a going concern. The continued existence of the Department in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and activities.

19.3 Reporting Entity

The Financial Statements include all the controlled activities of the Department. The Financial Statements consolidate material transactions and balances of the Department and entities included in its output groups. Material transactions and balances between the Department and such entities have been eliminated.

Refer to Note 15 for Consolidated Entities.

19.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Department's functional currency.

19.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

In the current year, the Department has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- » 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* – The objective of this Standard is to make amendments to AASB 124 *Related Party Disclosures* to extend the scope of that Standard to include not-for-profit public sector entities. This Standard applies to annual reporting periods beginning on or after 1 July 2016. The impact is increased disclosure in relation to related parties. There is no financial impact.
- » 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128* - The objective of this Standard is to make amendments to AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* as a consequence of the issuance of International Financial Reporting Standard *Effective Date of Amendment to IFRS 10 and IAS 28* by the International Accounting Standards Board in December 2015. This Standard applies to annual reporting periods beginning on or after 1 January 2016. The impact is a revised application date. There is no financial impact.

(b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- » AASB 9 *Financial Instruments and 2014-7 Amendments to Australian Accounting Standards arising from AASB 9* (December 2014) - the objective of these Standards is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant information to users of financial statements for their assessment of the amounts, timing, uncertainty of an entity's future cash flows, and to make amendments to various accounting standards as a consequence of the issuance of AASB 9. These standards apply to annual reporting periods beginning on or after 1 January 2018. The potential financial impact of the Standard has not yet been determined.
- » AASB 15 *Revenue from Contracts with Customers* – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, an uncertainty of revenue and cash flows arising from a contract with a customer. In accordance with 2016-7 *Amendments to Australian Accounting Standards - Effective Date of AAS 15*, for not for profit entities this Standard applies to annual reporting periods beginning on or after 1 January 2019. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. The potential financial impact of the Standard has not yet been determined.

- » 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* – The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 *Revenue from Contracts with Customers*. This Standard applies when AASB 15 is applied, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2018. This Standard shall be applied when AASB 15 is applied. The Department has not yet determined the potential effect of the revised Standard on the Department's Financial Statements.
- » 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* – The objective of this Standard is to amend AASB 107 *Statement of Cash Flows* to require entities preparing statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This Standard applies to annual periods beginning on or after 1 January 2017. The impact is increased disclosure in relation to cash flows and non-cash changes.
- » 2016-3 *Amendments to Australian Accounting Standards - Clarifications to AASB 15* - The objective of this Standard is to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. This Standard applies to annual periods beginning on or after 1 January 2018. The impact is enhanced disclosure in relation to revenue. The potential financial impact of the Standard has not yet been determined.
- » AASB 16 *Leases* – The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The standard will result in most of the department's operating leases being brought onto the Statement of Financial Position and additional note disclosures. The calculation of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and required lease payments. A corresponding right to use assets will be recognised, which will be amortised over the term of the lease. There are limited exceptions relating to low-value assets and short-term leases with a term at commencement of less than 12 months. Operating lease costs will no longer be shown. The Statement of Comprehensive Income impact of the leases will be through amortisation and interest charges. The department's current operating lease costs is shown in note 7.3. In the Statement of Cash Flows lease payments will be shown as cash flows from financing activities instead of operating activities. Further information on the department's current operating lease position can be found in note 11.1.
- » 2016-4 *Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* - The objective of this Standard is to amend AASB 136 *Impairment of Assets* to remove references to current replacement cost as a measure of value in use for not-for-profit entities and to clarify that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138, and AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138. This Standard applies to annual reporting periods beginning on or after 1 January 2017. The impact is enhanced disclosure in relation to non-cash-generating specialised assets of not-for-profit entities. The potential financial impact of the Standard has not yet been determined.
- » AASB 1058 *Income of Not-for-Profit Entities* - The objective of this Standard is to establish principles for not-for-profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income of not-for-profit entities. The potential financial impact of the Standard has not yet been determined.
- » AASB 1059 *Service Concession Arrangements: Grantors* – The objective of this Standard is to prescribe the accounting for a service concession arrangement by a grantor that is a public sector entity. This AASB Standard applies on or after 1 January 2019. The impact of this standard is enhanced disclosure in relation to service concession arrangements for grantors that are public sector entities. The potential financial impact of the Standard has not yet been determined.

(c) Correction of asset omission

During 2017-18, a number of properties and assets owned by the Department for a number of years were identified as not included in the Department's asset register, and therefore have not been reported in past financial statements. The omission of these assets has been corrected and the impact of the correction is detailed below.

During 2017-18, it was discovered that the revaluation of Abt Railway property, plant and equipment assets was incorrectly stated in the department's accounts, in that the revaluation increment and the asset value were understated by \$300,000. The impact of the correction is detailed below.

	2017 \$'000
Statement of Comprehensive Income	
Comprehensive Income	302,401
Adjustment to expenditure, recognising capitalisation of asset acquisition	739
Adjustment to changes in physical asset revaluation reserve, recognising increase in valuation	300
Comprehensive Income including expected impact	303,440
Statement of Financial Position	
Net assets (liabilities)	4,947,478
Adjustment to land and buildings, recognising capitalisation of asset acquisition	739
Adjustment to property, plant and equipment, recognising increase in valuation	300
Net assets including expected impact	4,948,517

19.6 Activities Undertaken Under a Trustee or Agency Relationship

Transactions relating to activities undertaken by the Department in a trust or fiduciary (agency) capacity do not form part of the Department's activities. Trustee and agency arrangements, and transactions/balances relating to those activities, are neither controlled nor administered.

Fees, commissions earned and expenses incurred in the course of rendering services as a trustee or through an agency arrangement are recognised as controlled transactions.

Transactions and balances relating to a trustee or an agency arrangement are not recognised as departmental revenues, expenses, assets or liabilities in these Financial Statements. Details of these transactions are provided in Note 17.

19.7 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated gains and losses are not material.

19.8 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 19.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

Restructures of Outputs within the Department (internal restructures) that do not affect the results shown on the face of the Financial Statements are reflected in the comparatives in the Output Schedules at Note 2.

19.9 Budget Information

Budget information refers to original estimates as disclosed in the 2016-17 Budget Papers and is not subject to audit.

19.10 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$500 are rounded to zero and are indicated by the symbol "...".

19.11 Departmental Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (GST).

19.12 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the Australian Taxation Office is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

Independent Auditor's Report

To the Members of Parliament

Department of State Growth

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Department of State Growth (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.

...1 of 4

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.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Infrastructure assets	
<i>Refer to notes 7.2 and 9.7</i>	
The Department's Infrastructure assets as at 30 June 2018 includes roads and bridges totalling \$4.93bn recognised at fair value.	<ul style="list-style-type: none"> • Assessing the scope, expertise and independence of experts engaged to assist in the valuation. • Evaluating the appropriateness of the valuation methodology applied to determine the fair values. • Critically assessing assumptions and other key inputs in the valuation model, including corroboration of market related assumptions to external data. • Testing, on a sample basis, the mathematical accuracy of the valuation model's calculations. • Evaluating management's assessment of the useful lives. • Performing substantive analytical procedures on depreciation expenses. • Testing, on a sample basis, the allocation of costs between capital and operating expenditure. • Testing, on a sample basis, costs capitalised to work in progress to ensure projects will result in useable assets and that assets commissioned are transferred in a timely manner. • Testing, on a sample basis, repairs and maintenance transactions to ensure they have been correctly treated.
The fair value of roads and bridges is based on depreciated replacement cost. Inputs used in the valuation include construction costs, design life, age, condition and remaining useful life. In the years between valuations, carrying values are updated using indices determined by management. The calculation of fair value is judgemental and highly dependent on a range of assumptions and estimates.	
The calculation of depreciation required estimation of asset useful lives and residual values, which involves a high degree of subjectivity. Changes in assumptions can significantly impact depreciation charged.	
The Department undertakes a number of significant capital expenditure programs to upgrade and maintain its road network.	
Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.	

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-
- Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions.
-

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 to draw attention in my auditor's report to the related disclosures in the financial statements

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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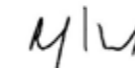
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or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department to cease to continue as a going 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.

From the matters communicated with the Secretary, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Rod Whitehead
Auditor-General
Tasmanian Audit Office

28 September 2018
Hobart

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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Financial Statements

for the year ended 30 June 2018

ABT RAILWAY MINISTERIAL CORPORATION

ABT RAILWAY MINISTERIAL CORPORATION

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Continuing operations			
Revenue and other income from transactions			
Revenue from Government			
Appropriation revenue – recurrent	1.3(a)(b)	5,294	4,560
Sales of goods and services	1.3(c), 3.1	4,677	4,240
Other revenue	1.3(d), 3.2	246	122
Total revenue and other income from transactions		10,217	8,922
Expenses from transactions			
Employee benefits	1.4(a)	3,193	3,018
Superannuation	1.4(a)	282	268
Depreciation and amortisation	1.4(b)	1,467	1,707
Supplies and consumables:	1.4(c)	2,919	3,064
Total expenses from transactions		7,861	8,057
Net result from transactions (net operating balance)		2,356	865
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	5.1	-	(2)
Total other economic flows included in net result		-	(2)
Net result from continuing operations		2,356	863
Net result		2,356	863
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in physical asset revaluation reserve		3	4,677
Total other comprehensive income		3	4,677
Comprehensive result		2,359	5,540

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

ABT RAILWAY MINISTERIAL CORPORATION

Statement of Financial Position as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Assets			
<i>Financial assets</i>			
Cash and deposits	1.6(a), 7.1	11,625	8,303
Receivables	1.6(b)	18	62
Prepayments		429	518
Goods & Services Tax		10	38
<i>Non-financial assets</i>			
Inventory	1.6(c)	155	148
Plant and equipment	1.6(d), 5.1	5,943	5,989
Land & Buildings	1.6(d), 5.1	5,746	5,845
Infrastructure	1.6(d), 5.1	23,322	24,100
Total assets		47,248	45,003
Liabilities			
Payables	1.7(a), 6.1	335	473
Income in Advance	6.3	168	158
Employee benefits	1.7(b), 6.2	366	352
Total liabilities		869	983
Net assets (liabilities)		46,379	44,020
Equity			
Accumulated funds		33,136	30,780
Reserves		13,243	13,240
Total equity		46,379	44,020

This Statement of Financial Position should be read in conjunction with the accompanying notes.

ABT RAILWAY MINISTERIAL CORPORATION

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Cash inflows			
Revenue from Government			
Appropriation revenue – recurrent		5,294	4,560
Other cash receipts		5,430	4,832
Total cash inflows		10,724	9,392
Cash outflows			
Employee benefits		(3,519)	(3,240)
Supplies and consumables		(3,340)	(3,236)
Total cash outflows		(6,860)	(6,476)
Net cash from operating activities	7.2	3,864	2,916
Cash flows from investing activities			
Cash outflows			
Payments for acquisition of non-financial assets		(542)	(1,214)
Total cash outflows		(542)	(1,214)
Net cash from investing activities		(542)	(1,214)
Net increase in cash held and cash equivalents		3,322	1,702
Cash and deposits at the beginning of the reporting period		8,303	6,601
Cash and deposits at the end of the reporting period	7.1	11,625	8,303

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

ABT RAILWAY MINISTERIAL CORPORATION

Statement of Changes in Equity for the year ended 30 June 2018

	Reserves \$'000	Accumulated funds \$'000	Total equity \$'000
Balance as at 1 July 2017	13,240	30,780	44,020
Comprehensive result	3	2,356	2,359
Balance as at 30 June 2018	13,243	33,136	46,379
Balance as at 1 July 2016	8,563	29,917	38,480
Comprehensive result	4,677	863	5,540
Balance as at 30 June 2017	13,240	30,780	44,020

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to and forming part of the Special Purpose Financial Statements for the year ended 30 June 2018

Note I: Significant Accounting Policies

I.1 Objectives and Funding

The Abt Railway Ministerial Corporation (the Ministerial Corporation) is a body corporate, established by the *Abt Railway Development Act 1999*.

The main activity of Abt Railway is passenger and freight services between Queenstown Station and Regatta Point Station at Strahan. The railway provides the only means of access between Lowana and Lower Landing (Teepookana Plateau), which is State Forest under the control of Sustainable Timber Tasmania.

Since the 1st May 2014, the West Coast Wilderness Railway (WCWR) has been managed by the Ministerial Corporation. Passenger and freight services were suspended during 2013 allowing for infrastructure maintenance and capital improvements to be undertaken. The WCWR tourist railway was re-opened for business in January 2014.

I.2 Basis of Accounting

As there are no users dependent on a general purpose financial report, the financial statements are therefore a special purpose financial report that has been prepared in order to meet the financial reporting obligations of the Corporation.

These Special Purpose Financial Statement have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flow', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation and Application of Standards' and AASB 116 'Property Plant and Equipment'.

The financial statements have been prepared as a going concern.

The financial statements were signed by the Delegate of the Minister on 14 August 2018

I.3 Income from transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

(a) Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Ministerial Corporation gains control of the appropriated funds. All grants received in 2018 financial year are non capital grants

(b) Grants

Grants payable by the Australian Government, State Government or industry are recognised as revenue when the Ministerial Corporation gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant.

Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

(c) Sales of goods and services

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(d) Other revenue

Revenue from such sources is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

I.4 Expenses from transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

(a) Employee benefits

Employee benefits include, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(b) Depreciation and amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential.

The following table details the asset lives, and depreciation rates and the methods for the various classes of assets employed in the current and previous reporting periods. Asset useful lives depreciation methods are reviewed annually and adjusted according to the expected rate and/or pattern of consumption, asset condition, and industry best practice.

Asset	Estimated Useful Life (years)	Depreciation Rate (per annum)	Method
Tracks, bridges, structures, culverts and station buildings	20 - 100	1.00% - 5.00%	Straight Line
Railway carriages	30 - 75	1.33% - 3.33%	Straight Line
Locomotives	25	4.00%	Straight Line
Buildings	20 - 30	3.33% - 5.00%	Straight Line
Rail wagons	5	20.00%	Straight Line
Plant and equipment	5 - 15	6.67% - 20.00%	Straight Line

(c) Other expenses

Expenses from activities other than those identified above are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

I.5 Other Economic Flows included in Net Result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

(a) Gain/(loss) on non-financial assets

Gains or losses from the disposal of Non-financial assets are recognised when control of the assets has passed from the Ministerial Corporation.

1.6 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Ministerial Corporation and the asset has a cost or value that can be measured reliably.

(a) Cash and deposits

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund.

(b) Receivables

Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value. Impairment losses are recognised when there is an indication that there is a measurable decrease in the collectability of receivables.

(c) Inventories

Inventories held for distribution are valued at cost adjusted, when applicable, for any loss of service potential.

(d) Infrastructure, property, plant and equipment

(i) Valuation basis

ABT Railway infrastructure comprises of the rail track, bridges, culverts, sidings, ramps and earthworks. Railway infrastructure is revalued every 5 years on a depreciated replacement cost basis, with the last valuation completed in June 2017 by Australian Valuation Solutions. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight line basis on the expired proportion of the estimated useful life of the asset.

Land and buildings are recorded at fair value less accumulated depreciation, and are revalued every 5 years by Australian Valuation Solutions, the last valuation completed in June 2017. The land valuation was based on a market approach and buildings were based on both a market approach and depreciated replacement cost basis.

Railway Rolling Stock is revalued every 5 years on both a market approach and depreciated replacement cost basis, with the last valuation completed in June 2017 by Australian Valuation Solutions. Replacement cost is based on the estimated current cost to build similar assets, which are depreciated on a straight line basis on the expired proportion of the estimated useful life of the assets.

The next valuation for all classes of assets is required on 30th June 2022.

(ii) Asset recognition threshold

The asset capitalisation threshold adopted by the Ministerial Corporation is \$5,000. Assets valued at less than \$5,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

1.7 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

(a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Ministerial Corporation becomes obliged to make future payments as a result of a purchase of assets or services.

(b) Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

1.8 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- » AASB 15 Revenue from Contracts with Customers - The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount timing an uncertainty of revenue and cashflows arising from a contract with a customer. In accordance with 2016-2017 Amendments to Australian Accounting Standards - Effective Date of AAS 15, for not for profit entities this Standard applies to annual reporting periods beginning on or after 1 January 2019. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. The potential financial impact of the Standard has not yet been determined.
- » 2014-2015 Amendments to Australian Accounting Standards arising from AASB 15 - The objective of this Standard is to make amendments to Australian Accounting Standards and Interpretations arising from the issuance of AASB 15 Revenue from Contracts with Customers. This Standard applies when AASB 15 is applied, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1 January 2018. This Standard shall be applied when AASB 15 is applied. The Ministerial Corporation has not yet determined the potential effect of the revised Standard on the Financial Statements.
- » 2016-3 Amendments to Australian Accounting Standards - Clarifications to AASB 15 - The objective of this Standard is to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. This Standard applies to annual periods on or after 1 January 2018. The impact is enhance disclosure in relation to revenue. The potential financial impact of the Standard has not yet been determined.
- » AASB 16 Leases - The objective of this Standard is to introduce a single lessee accounting model and require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhance disclosure in relation to leases. The potential financial impact of the Standard has not yet been determined.
- » AASB 1058 Income of Not-for-Profit Entities - The objective of this Standard is to establish principles for not-for profit entities that apply to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives, and the receipt of volunteer services. This Standard applies to annual reporting periods beginning on or after 1 January 2019. The impact is enhanced disclosure in relation to income of not-for-profit entities. The potential financial impact of the Standard has not yet been determined.

Note 2: Events after Balance

There have been no events subsequent to balance date which would have a material effect of the Ministerial Corporation's Financial Statements as at 30 June 2018.

Note 3: Income from transactions

3.1 Sales of goods and services

	2018	2017
	\$'000	\$'000
Ticket sales – West Coast Wilderness Railway	3,395	3,202
Café sales	1,050	860
Retail sales	232	178
Total	4,677	4,240

3.2 Other revenue

	2018	2017
	\$'000	\$'000
Interest Received	152	57
Miscellaneous revenue	94	65
Total	246	122

Note 4: Expenses from transactions

4.1 Other supplies and consumables

	2018	2017
	\$'000	\$'000
Advertising & Promotion	195	251
Communications	35	42
Consultants	72	113
Cost of sales	559	488
Insurance	581	632
Information Technology	41	44
Maintenance	231	254
Motor Vehicle running costs	98	129
Other Employee expenses	74	132
Other supplies and consumables	406	342
Property Services	167	203
Rail operations	438	410
Travel and transport	21	24
Total	2,919	3,064

Note 5: Assets

5.1 Infrastructure, property, plant and equipment

(a) Carrying amount

	Note	2018	2017
		\$'000	\$'000
Plant and equipment:			
Plant and equipment (at fair value)			
At fair value		2,472	2,299
Less: Accumulated depreciation		(1,133)	(881)
Total	1.6(d)(i)	1,339	1,418
Railway Rolling Stock (at fair value)			
At fair value		4,770	4,571
Less: Accumulated depreciation		(166)	-
Total	1.6(d)(i)	4,604	4,571
Total Plant and equipment		5,943	5,989
Land and Buildings:			
Land (at fair value)			
At fair value		975	975
Total	1.6(d)(i)	975	975
Buildings (at fair value)			
At fair value		4,935	4,870
Less: Accumulated depreciation		(164)	-
Total	1.6(d)(i)	4,770	4,870
Total Land and Buildings		5,746	5,845
Abt Railway infrastructure (at fair value)			
At fair value		24,207	24,100
Less: Accumulated depreciation		(885)	-
Total	1.6(d)(i)	23,322	24,100
Total infrastructure, property, plant and equipment		35,011	35,934

(b) Reconciliation of infrastructure, property, plant and equipment

Reconciliations of the carrying amounts of each class of infrastructure, property, plant and equipment at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses.

2018	Land	Buildings	Railway Rolling Stock	Abt Railway Infra-structure	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying value at 1 July 2017	975	4,870	4,571	24,101	1,418	35,935
Additions	-	64	199	107	173	543
Disposals	-	-	-	-	-	-
Depreciation	-	(164)	(166)	(885)	(252)	(1,467)
Revaluation	-	-	-	-	-	-
Carrying value at 30 June 2018	975	4,770	4,604	23,323	1,339	35,011

2017	Land	Buildings	Railway Rolling Stock	Abt Railway Infra-structure	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying value at 1 July 2016	1,100	3,699	3,534	22,278	1,250	31,861
Additions	-	404	61	92	547	1,104
Disposals	-	-	-	-	-	-
Depreciation	-	(236)	(260)	(832)	(379)	(1,707)
Net transfers	(125)	1,003	1,236	2,563	-	4,677
Carrying value at 30 June 2017	975	4,870	4,571	24,101	1,418	35,935

Note 6: Liabilities

6.1 Payables

	2018	2017
	\$'000	\$'000
Creditors	271	416
Payroll Liabilities	64	57
Total	335	473
Settled within 12 months	335	473
Total	335	473

Settlement is usually made within 30 days

6.2 Employee benefits

	2018	2017
	\$'000	\$'000
Accrued salaries	50	36
Annual leave	179	176
Long service leave	137	140
Total	366	352
Settled within 12 months	344	328
Settled in more than 12 months	22	24
Total	366	352

6.3 Income in Advance

Income in Advance is from advance ticketing sales where customers have prepaid their ticket and have yet to receive the service. The income is recognised in the period when the service is provided.

Note 7: Cash Flow Reconciliation

7.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the Ministerial Corporation, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2018	2017
	\$'000	\$'000
Special Deposits and Trust Fund balance	845	803
Total Special Deposits and Trust Fund	845	803
Deposits:		
Commonwealth Bank cheque account (Queenstown)	157	479
Commonwealth Bank online saver	1	-
Commonwealth Bank term deposit	10,615	7,015
Till Float & Petty Cash (Queenstown)	7	6
Total Deposits	10,780	7,500
Total Cash and deposits	11,625	8,303

7.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2018	2017
	\$'000	\$'000
Net result	2,356	865
<i>Non-cash expenses:</i>		
Decrease (Increase) in Stock	(6)	(35)
Depreciation and amortisation	1,467	1,707
Decrease (increase) in Receivables	43	(38)
Decrease (increase) in Prepayments	89	4
Increase (decrease) in Employee entitlements	14	56
Increase (decrease) in Payables	(110)	318
Increase (decrease) in Income in Advance	10	39
Net cash from (used by) operating activities	3,864	2,916

Note 8: Commitments and Contingent Liabilities

8.1 Schedule of Commitments

	2018	2017
	\$'000	\$'000
By type		
<i>Capital commitments</i>		
Plant and Equipment/Buildings	1,605	2,075
Railway Infrastructure	1,075	520
Total capital commitments	2,725	2,595
<i>Lease Commitments</i>		
Operating leases	90	169
Total lease commitments	90	169
By maturity		
<i>Capital commitments</i>		
One year or less	2,725	2,595
Total capital commitments	2,725	2,595
<i>Operating lease commitments</i>		
One year or less	44	76
From one to five years	46	93
Total operating lease commitments	90	169
Total	2,815	2,764

The ARMC has entered into a number of operating lease agreements for vehicles, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease repayments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

Operating leases were for the following vehicles:

- » Ford Ranger
- » Ford Ranger
- » Volkswagon Amarok
- » Subaru Forester
- » Subaru Forester

8.2 Contingent Assets and Liabilities

The Ministerial Corporation has not identified nor recognised any contingent assets or liabilities as at 30 June 2018.

Note 9: Reserves

9.1 Reserves

2018	Land	Buildings	Infrastructure	Rolling Stock	Total
Asset revaluation reserve	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	-	3,026	8,978	1,236	13,240
Revaluation increments/ (decrements)	-	3	-	-	3
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Balance at 30 June 2018	-	3,029	8,978	1,236	13,243

2017	Land	Buildings	Infrastructure	Rolling Stock	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	123	2,025	6,415	-	8,563
Revaluation increments/ (decrements)	(123)	1,001	2,563	1,236	4,677
Impairment losses	-	-	-	-	-
Reversals of impairment losses	-	-	-	-	-
Balance at 30 June 2017	-	3,026	8,978	1,236	13,240

Certification of Financial Statements for the year ended 30 June 2018

The accompanying special purpose financial statement of Abt Railway Ministerial Corporation is in agreement with the relevant accounts and records and has been prepared in compliance with the *Abt Railway Development Act 1999* to present fairly the financial transactions for the year ended 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.



Bob Rutherford

(Delegate of the Minister)

Date 14 August 2018

Independent Auditor's Report

To Members of Parliament

Report on the Audit of the Special Purpose Financial Report

Opinion

I have audited the accompanying financial report, being a special purpose financial report of the Abt Railway Ministerial Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2018 and the 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 and other explanatory information and the statement of certification by the Delegate of the Minister.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Corporation as at 30 June 2018, and of its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Section 17 of the *Audit Act 2008*.

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 Report* section of my report. I am independent of the Corporation 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 report 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.

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

...1 of 3

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1.2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Corporation to meet the financial reporting requirements of the *Audit Act 2008*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Responsibilities of the Delegate of the Minister for the Financial Report

The Delegate of the Minister (the Delegate) is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the *Audit Act 2008* and for such internal control determined necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Delegate is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Corporation is to be dissolved by an Act of Parliament, or the Delegate intends to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 this financial report.

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:

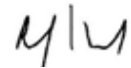
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Delegate.
- Conclude on the appropriateness of the Delegate'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 Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required

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to draw attention in my auditor's report to the related disclosures in the financial report 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 Corporation to cease to continue as a going concern.

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

I communicate with the Delegate 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.



Rod Whitehead
Auditor-General
Tasmanian Audit Office

28 September 2018
Hobart

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

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