

Treasurer
 Minister for Macquarie Point Urban Renewal
 Leader of the House

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12 JUN 2026

Hon Ruth Forrest MLC
 Chair
 Legislative Council Select Committee Estimates A
jenny.mannering@parliament.tas.gov.au

Dear Ms Forrest

Please find below and attached the following responses to questions raised in the examination of the Estimates of the Department of Treasury and Finance by the Legislative Council Select Committee Estimates A.

DIVISION 13 – DEPARTMENT OF TREASURY AND FINANCE

Output Group 1 – Financial and Resources Management Services

1.1 Budget Development and Management

Questions:

1. Can the Treasurer provide a full answer to the questions so far not answered by the Government in relation to the cost of senior executives in the State Service?
2. The SSMO document 'Managing Positions in the State Sector' (April 2026) requires agencies to report on implementation of workforce reductions. In 2014-15, Treasury published quarterly public reports on savings implementation - reports that are no longer available on the Treasury website.
 - (a) Will the Treasurer commit to reinstating quarterly public reporting on savings delivery with personal identifying information redacted?
3. Provide the number of Treasury cadets, graduates and trainees over the last five years?
4. When was the last formal review of the GST forecasting model undertaken by Treasury?
5. I understand there has been written communication from you to Audit Tasmania regarding the commitment to the former Member for Huon. Please provide a copy of that letter to the Auditor-General, and correspondence from the Auditor-General to Treasury.
6. Was the Treasurer aware former Minister Ogilvie had a matter before the Supreme Court before her resignation from Cabinet 28 May 2026?

7. Was the Treasurer aware, prior to former Minister Ogilvie's appearance in Legislative Council Estimates Committee A on 17 November 2025, that she had initiated Court proceedings?

Responses:

1. The Premier's responses to the Hon Bec Thomas MLC, provided on 17 March 2026 and 15 May 2026 respectively, addressed this matter comprehensively, including Senior Executive Service (SES) numbers over the last 10 years and the factors that prevent a comparable total cost of SES remuneration across time and pay periods that would allow for accurate comparison data. The most recent response also outlined the relevant transparency measures and reductions in the SES.

As detailed in these responses, Heads of Agencies are actively managing their SES and Equivalent Specialists (ES) establishments in the context of the broader recruitment freeze on non-essential roles and need for full-time equivalent (FTE) reductions. SES and ES office vacancies are assessed prior to any advertising, consistent with the approach applied to other senior roles.

As with sound organisational design principles, and aligned with the Government's broader FTE reduction strategy, the number of SES and ES offices will be reviewed to ensure we continue to have fit for purpose organisational structures to support the essential service delivery requirements to the Tasmanian community.

2. Through Routine Disclosure, a monthly summary of paid headcount and paid FTE figures by agency has been published since February 2026. This reporting includes variance figures comparing the month of publication with the commencement of the non-essential recruitment freeze in March 2025.

Following the Premier's announcement on Monday 2 June 2026, regarding the Targeted and Negotiated Voluntary Redundancy (TNVR) Expression of Interest Program for up to 500 positions, additional reporting measures will be incorporated. These will include monthly ^{reports} ~~providing~~ that provides a summary of TNVRs and Workforce Renewal Incentive Payment (WRIPs), consistent with the details outlined in the Premier's announcement.

3. The numbers of Treasury cadets, graduates and trainees over the last five years are shown below.

Treasury Youth Employment	Graduates	Cadets	Trainees	Total
Employed as at 30 Jun 2021	5	18	1	24
Employed as at 30 Jun 2022	7	21		28
Employed as at 30 Jun 2023	4	20		24

Employed as at 30 Jun 2024	4	18		22
Employed as at 30 Jun 2025	3	17		20
Employed as at 31 May 2026	5	16	1	22

4. Treasury regularly reviews its GST model to ensure it uses the most appropriate data available and considers the Commonwealth Grants Commission's methodology.
5. Please find attached:
 - (a) Correspondence from the Auditor-General to the Secretary of Treasury dated 24 March 2026.
 - (b) Correspondence from the Secretary of Treasury in response to the Auditor-General dated 27 March 2026.
 - (c) Correspondence from the Acting Auditor-General to the Treasurer dated 10 April 2026.
 - (d) Correspondence from the Treasurer in response to the Acting Auditor-General dated 17 April 2026.
6. Yes.
7. To the best of my recollection, no.

1.2 Financial Management and Accounting Services

Question:

1. What is the estimated outcome cost of election commitments in 2025-26?

Response:

1. Treasury monitors and reports against financial information at the Output level. Accordingly, 2025-26 Estimated Outcome information is not available at the initiative level. While the 2025-26 Estimated Outcome information presented in the Budget Papers is the most recent, and detailed, year to date financial information available, Treasury does not hold information on expenditure against specific election commitments.

Table 1 below shows the 2025 election commitments included in the 2025-26 Budget.

Table 1. 2025 Election Commitments

	2025-26
	Budget
	\$'000
Operating Services	
Brand Tasmania	
Agency marketing, communications and expenditure improvements	....
Office and leasing improvements	(1)
Procurement Processes	(1)
	(2)
Education, Children and Young People	
Agency marketing, communications and expenditure improvements	(341)
Foster and Kinship Carer Uplift	2 012
Huonville Childcare and Child and Family Learning Centre Outreach Service	1 000
Office and leasing improvements	(613)
Procurement Processes	(681)
Variety Breakfast Program	350
	1 727
Finance-General	
Extend Payroll Tax Rebate Scheme (Apprentices)	800
Increase First Home Owner Grant to \$30 000	9 800
Reduce Treasurer's Reserve	(25 000)
	(14 400)
Health	
Agency marketing, communications and expenditure improvements	(567)
Office and leasing improvements	(1 022)
Procurement Processes	(1 134)
The Bubble Launceston	3 800
	1 077
Justice	
Agency marketing, communications and expenditure improvements	(72)
Office and leasing improvements	(130)
Procurement Processes	(144)
	(346)
Natural Resources and Environment Tasmania	
Agency marketing, communications and expenditure improvements	(43)
Office and leasing improvements	(77)
Procurement Processes	(86)
	(206)
Police, Fire and Emergency Management	
Agency marketing, communications and expenditure improvements	(99)
Office and leasing improvements	(178)

	2025-26
	Budget
	\$'000
Procurement Processes	(198)
	(475)
Premier and Cabinet	
Agency marketing, communications and expenditure improvements	(24)
Office and leasing improvements	(44)
Procurement Processes	(49)
	(117)
State Growth	
Agency marketing, communications and expenditure improvements	(65)
Extend Half Price Bus Fares	4 250
Increased Council contribution from Heavy Vehicle Motor Tax	3 500
Invest in Northern Tasmania Building and Construction Training Centre	....
Office and leasing improvements	(116)
Upgrades to Quercus Park	1 000
	8 569
Tourism Tasmania	
Agency marketing, communications and expenditure improvements	(10)
Office and leasing improvements	(18)
Procurement Processes	(20)
	(48)
Treasury and Finance	
Agency marketing, communications and expenditure improvements	(17)
Office and leasing improvements	(30)
Procurement Processes	(34)
	(81)
Total Operating Services	(4 302)
Capital Services	
State Growth	
Procurement Processes	(129)
	(129)
Total Capital Services	(129)

1.3 Financial Management and Accounting Services

Questions:

1. Does the Government hold any kind of veto power over the GBE Corporate Planning processes? For example, does TasWater require Government support for its corporate plan, or can TasWater just ignore the government?
2. On 25 March this year, I understand you voted for a motion which called on you to withdraw your support for TasWater's corporate plan. Have you done that? If not, why not?
3. From the income tax equivalent payments disclosed for Hydro Tasmania in Budget Paper 1, it is possible to calculate the implied underlying pre-tax profit: approximately \$35.7 million in 2025-26 rising to \$515 million by 2029-30.
 - What is the forecast wholesale price trajectory that has been used, what is the anticipated exit of coal fired-energy, and has Treasury stress-tested the dividend assumptions against scenarios where wholesale prices do not improve as forecast, where coal exit is delayed or where Basslink availability is constrained?
4. Which Government businesses have received equity contributions and which have had loan guarantees in each of the past five years and what is the amount of each, for each GBE?
5. When did the Treasury and NRE review of the Tasracing deed commence and what are the Terms of Reference?

Responses:

1. Under TasWater's constitution, a person appointed by the Crown as its Owner's Representative must be the Secretary of the Department of Treasury and Finance or a delegate of the Secretary. In July 2024, the Secretary of Treasury delegated his role as the Crown's Owner's Representative for TasWater to the Director of the Shareholder Policy and Markets Branch. The Crown's Owner's Representative represents the Crown, not the Treasurer.

Approval of the corporate plan at the Annual Planning Meeting requires: an Ordinary Majority of Owners' Representatives (excluding the Crown's Owner's Representative); and an affirmative vote by the Crown's Owner's Representative.

The Shareholders' Letter of Expectations includes a resolution process if the corporate plan is not approved at the annual planning meeting. The resolution process includes the Chair, the Chief Owners' Representative and the Crown's Owner's Representative. This ensures TasWater can provide an annual Corporate Plan as is required under Section 13 of the *Water and Sewerage Corporation Act 2012*.

2. As outlined in my contribution in the House on 25 March 2026, approval of the corporate plan does not equate to approving the Pricing and Services Plan. Approval of pricing submissions sits entirely with the independent Tasmanian Economic Regulator (TER).

The Government made a submission as part of public consultation on the TER's draft 2026 Water and Sewerage Price Determination, supporting pricing that reflects current cost of living pressures and TasWater's need to upgrade and maintain its asset base.

On 30 April 2026, the TER released its Final Report and Determination for the 2026 Water and Sewerage Price Determination setting out prices, service standards and revenue allowances for TasWater for the period 1 July 2026 and 30 June 2030.

For TasWater's Corporate Plan to remain relevant as at 1 July 2026, it would need to update its Corporate Plan consistent with the determination of the Regulator.

3. Hydro Tasmania's profit estimates are developed through its corporate planning and annual budget processes, endorsed by its Board, and provided to Shareholding Ministers through the standard shareholder governance framework. Treasury reviews those forecasts for reasonableness and consistency with broader market and economic settings, but the forecasts remain those of Hydro Tasmania.

In relation to the wholesale price trajectory, Hydro Tasmania's detailed price path is commercially sensitive. However, I can indicate that its planning assumptions are informed by modelling and a range of observable and market-based inputs, including forward contract prices, Hydro Tasmania's regulated wholesale contract pricing under the Wholesale Contract Regulatory Instrument (WCRI), and non-regulated contract price offers published by Hydro Tasmania. Hydro Tasmania publishes each week regulated and non-regulated contract pricing information on its website and the regulated framework is based on the WCRI and associated guidelines. The contract prices can be found here: <https://www.hydro.com.au/about-us/contract-pricing>.

The broad feature of the outlook is that wholesale market revenues are expected to improve over the planning period, particularly as firm and flexible generation becomes more valuable in the National Electricity Market. This reflects the expected tightening of supply-demand conditions and greater price volatility as coal-fired generation progressively exits the market.

In terms of coal-fired generation exits, Hydro Tasmania's planning has regard to publicly available closure information and market assumptions. Relevant public announcements include Yallourn in Victoria retiring in mid-2028, as announced by Energy Australia, and Eraring in New South Wales, which Origin has now advised will operate until 30 April 2029.

Treasury is aware that these assumptions are material to Hydro Tasmania's forecast profitability. As part of Hydro Tasmania's corporate planning process, scenarios and sensitivities are provided for Treasury assessment. These include sensitivities around higher and lower wholesale price outcomes, higher and lower inflows, and changed timing of coal fired power station closures.

Basslink availability is also a material consideration. The constrained Basslink experience during 2025-26 demonstrates that Basslink availability presents a downside risk to Hydro Tasmania's commercial performance. However, the conversion of Basslink to a regulated interconnector from 1 July 2026 is expected to provide greater operational certainty and more open access over the Forward Estimates. The Australian Energy Regulator has accepted APA's application to convert Basslink to a regulated transmission service, and AEMO's go-live planning identifies the transition from Market Network Service Provider to regulated Transmission Network Service Provider as scheduled for 1 July 2026.

That said, regulation does not remove all Basslink risk. A physical outage remains a risk under any operating model. The change to a regulated interconnector materially changes the commercial and operational framework, but it does not eliminate the possibility of outages or constraints.

In this regard, the Government's dividend and income tax equivalent estimates are updated through the normal Budget and Revised Estimates processes. Any material changes to Hydro Tasmania's operating environment, including changes in wholesale price outlooks, hydrological conditions, coal closure timing or Basslink availability, will be considered through Hydro Tasmania's corporate planning and budget estimates update cycles and reflected in future Budget updates.

4. Please see Tables 2 and 3 below.

Equity Contributions

Table 2 presents the General Government Sector equity provided to Government businesses over the past five years. This information is consistent with that reported in Note 5.2 Equity investment in PNFC and PFC sectors of the Treasurer's Annual Financial Reports.

Table 2 Equity Contributions to Government businesses

	2024-25	2023-24	2022-23	2021-22	2020-21
	\$m	\$m	\$m	\$m	\$m
Hydro Tasmania	....	9.8	....	....	....
Metro Tasmania Pty Ltd	6.0	3.2	0.4	....	....
Port Arthur Historic Site Management Authority	....	....	4.0	9.0	10.0
Sustainable Timber Tasmania ¹	....	....	....	....	(5.1)
Tasmanian Irrigation Pty Ltd	66.8	42.8	33.4	11.9	13.7
Tasmanian Networks Pty Ltd	90.7	....	....	....	....
Tasmanian Railway Pty Ltd	35.4	55.8	72.6	67.6	68.2
Tasracing Pty Ltd	2.1	1.0	0.3	3.0	0.5
TT-Line Company Pty Ltd ²	....	....	41.6	21.7	47.3
	200.9	112.6	152.3	113.2	134.7

Notes:

1. \$5.1 million of equity was withdrawn from Sustainable Timber Tasmania in 2020-21.

2. Equity contributions to TT-Line in Table 1 represent withdrawals from the Vessel Replacement Fund provided to TT-Line as equity.

Borrowing Guarantees

The *Tasmanian Public Finance Corporation Act 1985* was amended on 29 September 2023 to provide an enduring guarantee from the Government of borrowings from Tascorp by relevant organisations. The Guarantee is subject to a limit for each relevant organisation as determined by the Treasurer. The amendments commenced from 1 July 2023.

Table 3 presents the guarantees that have been provided to Government businesses. This information is consistent with that presented in Note 8 Commitments and contingencies of the Treasurer's Annual Financial Reports.

Table 3 Guarantees Provided to Government businesses

	2024-25	2023-24	2022-23	2021-22	2020-21
	\$m	\$m	\$m	\$m	\$m
Aurora Energy Pty Ltd	495.0	495.0	....	....	....
Hydro Tasmania	1 554.4	2 039.0	....	....	....
Metro Tasmania Pty Ltd	18.0	18.0	....	....	....
Port Arthur Historic Site Management Authority	5.0	12.5	....	....	....
Sustainable Timber Tasmania	5.0	5.0	....	....	....
Tasmanian Irrigation Pty Ltd	120.0	68.2	....	....	....
Tasmanian Networks Pty Ltd	2 500.0	2 500.0	....	....	....
Tasmanian Ports Corporation Pty Ltd	286.0	286.0	286.0	286.0	....
Tasmanian Railway Pty Ltd	40.0	20.0	....	....	....
Tasracing Pty Ltd	18.7	18.7	....	....	....
TT-Line Company Pty Ltd	1 035.0	1 035.0	745.0	....	....
	6 077.1	6 497.4	1 031.0	286.0	....

5. The initial Terms of Reference for the assessment of options available to the Government regarding the future funding model for the Tasmanian racing industry were first approved in May 2025. Treasury commenced scoping and planning work for the review at that time.

After the forming of Government in 2025, the Terms of Reference was updated to reflect the proposed phase out of greyhound racing in 2029. These were approved by both Shareholding Ministers and sent to Tasracing on 11 November 2025.

Treasury and NRE are progressing the assessment, which is due to the Shareholding Ministers by no later than 31 August 2026.

The Terms of Reference for the assessment are attached.

1.5 Government Procurement Services

Question:

1. In relation to the two complaints received by Treasury regarding procurement in the last financial year, which agency did they relate to and what was the nature of the complaints?

Response:

1. At the end of each financial year, agencies provide a report to Treasury with information on any procurement complaints received during that financial year.

The 2024-25 complaints report identified two complaints received by agencies.

- A complaint was received by the Department of Health, related to a tender process. The complaint was resolved at the agency level and was not escalated to Treasury.

- A complaint was received by the Department of Natural Resources and Environment Tasmania, related to a quotation process. The complaint was resolved at the agency level and was not escalated to Treasury.

Output Group 3 – Revenue, Superannuation and Regulatory Management Services

3.5 Administration of Grants, Subsidies and Concessions

Questions:

1. Of the successful FHOG applications in 2024-2025 and 2025-2026 (to date), how many were for new builds, and how many for existing properties?

Response:

1. From 1 July 2014, eligibility for the First Home Owner Grant in Tasmania has been restricted to transactions involving new homes only. For the years in question, 346 grants were paid on applications lodged in 2024-25 and 244 have been paid on applications lodged in 2025-26 to date.

These figures are reported by the year in which the application was lodged.

DIVISION 4 – FINANCE GENERAL

Output Group 3 – Government Businesses

3.4 Government Businesses

Question:

1. Given the explanation given for no reduction in Point of Consumption tax despite the plan to cease greyhound racing in Tasmania, has the Government done any modelling or research into the behaviours of consumers that would support the expectation that there will be no reduction in wagering on racing by Tasmanians?

Response:

1. The Government has not undertaken specific modelling or behavioural research, however, it does not expect a reduction in wagering activity by Tasmanians due to the proposed cessation of greyhound racing.

The proposed ban on greyhound racing is scheduled to occur in the final year of the Forward Estimates. However, as the legislation is yet to be passed by parliament, any financial implications associated with the proposed ban has not been factored into the Forward Estimates.

Output Group 4 – Miscellaneous**4.9 Ex-Gratia Assistance****Question:**

1. How much has been paid out of the ex-gratia payments line this year to date? What are they for?

Response:

1. There have been no ex-gratia payments made from this line item year to date in the 2025-26 Financial Year.

I trust this information is of assistance to the Committee.

Yours sincerely



Hon Eric Abetz MP
Treasurer

Assessment of options available to the Government regarding the future funding model for the Tasmanian racing industry

Terms of Reference

Purpose

To undertake a high-level strategic assessment and provide advice on the options available to the Government regarding the funding model for the Tasmanian racing industry, following the closure of the greyhound racing industry in 2029.

Background

Tasracing has a number of funding agreements with the Tasmanian Government that are set to expire over the period from 2027 to 2029.

The Government has announced that greyhound racing in Tasmania will be phased out by 30 June 2029, coinciding with the expiration of the Government's grant deed with Tasracing.

As part of this process, the Tasmanian Racing Integrity Commissioner will develop a comprehensive transition plan, and a Joint Select Committee will be established to provide parliamentary scrutiny and public accountability for the work being undertaken by the Tasmanian Racing Integrity Commissioner.

To prepare for the expiry of the funding deeds, the Government has agreed to consider funding model options for the Tasmanian racing industry moving forward. This will be informed by the transition plan for the greyhound racing industry, as well as an assessment of the funding models available to the Government for the remaining racing codes in Tasmania.

Assessment

The assessment will identify the funding models available to the Government for the remaining codes of the Tasmanian racing industry for the period beyond 2029, including a recommended approach that recognises the Government's challenging fiscal environment.

The assessment will make recommendations in relation to:

- the interplay between Tasracing's existing funding deeds and options for consolidation;
- funding options for the period beyond the expiration of the main Funding Deed in 2028-29, including the structure, length and approved purpose of future funding; and
- appropriate governance arrangements and accountability mechanisms for future funding.

The assessment will have regard to:

- the phasing out of the greyhound industry, which will be informed by the work to be undertaken by the Tasmanian Racing Integrity Commissioner and any findings of the Joint Select Committee;
- Tasracing's role and functions that are expected to continue past 2029;

- Tasracing’s revenue and expense profile, including the expected impacts of phasing out the greyhound industry;
- funding models for racing industries across Australia;
- the purpose of Government funding and the economic benefits that are attributable to the thoroughbred and harness racing codes;
- community, social and animal welfare considerations as they relate to the thoroughbred and harness racing codes; and
- fiscal impacts and appropriate governance and accountability mechanisms.

Governance approach and timing

- The assessment will be undertaken jointly by the Department of Treasury and Finance and the Department of Natural Resources and Environment (NRE), through a Working Group overseen by a Steering Committee.

Role	Members
Project Sponsors	Gary Swain - Secretary of Treasury and Finance Jason Jacobi - Secretary of NRE
Steering Committee	Chair: Dean Burgess - Deputy Secretary, EFD, Treasury Deidre Wilson, Acting Chief Operations Officer, Strategy and Business Services, NRE
Working Group	Sam Wilson, Treasury Jordan Griffiths, Treasury David Warren, Treasury Adrian Pearce, NRE

- Treasury and NRE will seek information from Tasracing, where required.
- The assessment will be provided to Government by no later than 31 August 2026.



24 March 2026

Mr Gary Swain
Secretary
Department of Treasury and Finance
Hobart 7000

Issued by email only

2026-27 Budget and Forward Estimates Adjustment

I am writing to confirm the need for a budget and forward estimates adjustment following our receipt of the 19 March 2026 allocation advice regarding the 2026-27 operating appropriation. I understand our earlier submission to increase the budget appropriation has not been endorsed.

Having considered that, we now need to progress a budget amendment to appropriately reflect the revenue source supporting the expected expenditure in 2026-27 and the forward years. Specifically, the amendment will recognise fee revenue, recorded as sale of goods and services.

The rationale for this amendment is as follows:

- The Auditor-General's annual plan for 2026-27 has been developed in consultation with the Public Accounts Committee based on the Premier's letter to Dean Harris MLC, tabled 3 December 2025, committing to ensure that funding over the forward estimates supports at least six (6) performance audits per annum
- As the proposed appropriation funding is insufficient to deliver six performance audits annually, I will, in accordance with section 27 of the Audit Act 2008, determine the fees to be charged to address the funding shortfall
- Any suggestion to reduce the scope or depth of audit coverage would pose a direct threat to the independence of the role of Auditor-General

I am writing to formally seek a budget amendment on this basis, consistent with our entries in BIMS.

Yours sincerely

Martin Thompson
Auditor-General

Department of Treasury and Finance

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Doc reference: 26/66582
Your reference: YourRef

Mr Martin Thompson
Auditor General
Audit Tasmania
Hobart 7000

By email

Response regarding 2026-27 Budget and Forward Estimates Adjustment

Thank you for your correspondence of 24 March 2026 regarding the proposed 2026-27 Budget forward estimates amendment, and the intention to address perceived funding constraints through the determination of fees under section 27 of the *Audit Act 2008*.

Treasury has considered the matters raised in your advice and provides the following comments.

Funding of performance audits under the Audit Act 2008

Treasury recognises the importance of maintaining the independence and effectiveness of the Auditor-General's functions. At the same time, Treasury considers it important that the long-established distinction between appropriation-funded performance audits and agency-funded financial audits is maintained, consistent with legislative intent, historical practice and Budget transparency.

Treasury notes that, performance audits have, as a matter of long-standing practice and interpretation, been funded through appropriation revenue, reflecting their role as a public good and a core accountability mechanism for the Parliament.

By contrast, agencies are generally charged only for financial audit services, consistent with section 27 of the *Audit Act 2008* and as disclosed separately in the Audit Tasmania (AT) Financial Statements under *user charges – financial audit services*. This distinction has been consistently applied and understood across government.

Treasury notes that the *Audit Act 2008* does not explicitly provide for the unilateral charging of agencies for performance audits. Section 27 establishes a mechanism for the determination of fees; however, subsection 27(3) expressly provides that an accountable authority may dispute liability to pay a fee. This indicates that the imposition of fees is neither automatic or assured.

In Treasury's view, this supports the established position that performance audits should ordinarily be funded through appropriation, rather than agency-level charging. Treasury also notes that performance audits are conducted for the benefit of Parliament, not the audited agency, which reinforces the rationale for appropriation funding.

Budget processes and timing constraints

Treasury recognises that your correspondence of 24 March 2026 was received within the broader window of Budget development activity. However, given the late stage of the Budget process, there is limited practical capacity to materially revise SPA transactions for 2026-27 while Budget documentation is being completed.

Treasury notes, however, that there will be an opportunity to update 2026-27 SPA transactions in the new financial year, should further adjustments be required, consistent with normal in-year Budget management processes.

Consideration of resourcing levels and audit activity

Treasury notes the information below, that has been drawn from Audit Tasmania's 2024-25 Annual Report and the 2025-26 Budget Papers:

- In 2024-25, AT undertook seven performance audits at an average cost of approximately \$150,000 per audit, a significant reduction from approximately \$400,000 per audit in 2023-24.
- Appropriation Revenue – Operating is projected to reduce from \$3.363 million in 2024-25 to \$3.006 million in 2026-27.
- The 2024-25 appropriation figure includes funding of approximately \$560,000 for the Auditor-General's salary.

Treasury also notes that, in its 2025-26 Budget submission, AT sought additional funding of approximately \$300,000 per annum from 2026-27 onwards to support its ongoing performance audit activities.

Taking these factors into account, Treasury considers that the 2026-27 operating Budget is sufficient in aggregate to support a performance audit program broadly consistent with recent activity levels, even at an average cost of approximately \$400,000 per audit, consistent with the commitment referenced in your correspondence.

Treasury welcomes continued engagement with Audit Tasmania on these matters, including during the 2026-27 financial year as part of standard Budget and SPA review processes.

Should you have any queries or require any further information regarding this matter, please contact Eleanor Patterson on (03) 6145 5815 or email eleanor.patterson@treasury.tas.gov.au.



Gary Swain
Secretary

27 March 2026

10 April 2026

The Honourable Eric Abetz MP
Treasurer
Executive Building
15 Murray Street
Hobart Tasmania 7000

Issued by email only

Ministerial Brief - Portfolio Minister approval for the Tasmanian Audit Office to submit 2026-27 Budget Paper Chapter

Purpose

The purpose of this brief is to:

- outline the background to the submission of two versions of the Tasmanian Audit Office's 2026-27 Budget Chapter,
- inform you of the preferred approach to ensure transparency of revenue and expenditure required for the Office to meet Parliamentary reporting requirements and deliver six performance audits per annum across the forward estimates,
- seek your endorsement of the Tasmanian Audit Office budget chapter within the submission timeframe of 15 April 2026.

Recommendation

It is recommended that the Treasurer, as the responsible Minister, approve option 2, being the submission of the Tasmanian Audit Office 2026-27 Budget Chapter which transparently reflects an additional \$0.8 million in fee revenue and associated expenditure in the budget year, escalated over the forward estimates, required to meet Parliamentary reporting requirements and deliver the planned audit program.

Key issues and background

- Tabled in Parliament on 3 December 2025, the Premier and Treasurer wrote to Dean Harris MLC, committing to ensure that funding over the forward estimates supports at least six (6) performance audits per annum. The Auditor-General's annual plan for 2026-27 was developed in consultation with the Public Accounts Committee based on that commitment and provides for the delivery of six full performance audits.

- To support delivery of that program, the Tasmanian Audit Office submitted a budget bid on 22 January 2026 seeking additional operating appropriation revenue. On 19 March 2026, the Tasmanian Audit Office received the draft 2026-27 Budget Papers, which did not include the requested appropriation funding. Since the proposed appropriation funding is insufficient to deliver six performance audits per annum, the Auditor-General advised Treasury on 24 March 2026 that in accordance with section 27 of the *Audit Act 2008*, additional audit fees would be charged to address the funding shortfall, with the additional revenue to be recognised as sale of goods and services.
- Treasury advised on 24 March 2026 that budget submissions had closed and that the amendment to increase sales of goods and services revenue could not be made. On 8 April 2026, Treasury further advised that no uplift to the operating appropriation had been approved, final appropriation decisions had been made by Government, and that SPA transactions were locked for the purposes of the 2026-27 Budget Papers. Treasury's advice recommended that the additional fee revenue and expenditure be managed through a within-year amendment to the office's Special Purpose Account limits in the 2026-27 financial year.
- While that approach could potentially address the funding requirement during the year, it would result in the Budget Papers and forward estimates presenting a funding position that is known at the time of publication to be incomplete which is not consistent with the principles of sound fiscal management. It would present a budget position that understates the true cost of delivering the planned program of work and potentially limit recruitment for specialist audit capability without confirmed budget authority reflected in the Budget Papers.
- The Auditor-General prefers to transparently disclose the expected funding and costs required to deliver the planned audit program across the forward estimates.
- Accordingly, two versions of the Tasmanian Audit Office 2026-27 Budget Chapter have been prepared: one reflecting instruction provided by Treasury's budget management branch, and a second version transparently showing the additional \$0.8 million in fee revenue and associated expenditure, escalated over the forward estimates, required to deliver six performance audits per annum.

Analysis of Options

Option 1: Submit a Budget Chapter compliant with instructions provided by Budget Management Branch

Under this option, the Tasmanian Audit Office submits a Ministerially endorsed 2026-27 Budget Chapter with no change to forecast revenue or expenditure, with additional funding to be addressed through a within-year SPA amendment.

Risk and considerations:

- Complies fully with Treasury's procedural advice and related budget management processes.
- Does not reflect the full cost of delivering the planned program of work, resulting in reduced transparency in the Budget Papers and forward estimates.

- Relies on a subsequent within-year SPA adjustment, meaning the published budget position is known to be incomplete at the time of release.
- Does not accurately reflect how the Tasmanian Audit Office expects to fund and deliver the publicly committed level of audit activity.
- The absence of a confirmed budget position in the Budget Papers may hinder the Tasmanian Audit Office's ability to attract and retain suitably qualified staff required to deliver high-quality performance audits.

Option 2: Submit a Ministerially endorsed Budget Chapter that reflects the true cost of delivering the program (preferred)

Under this option, the Tasmanian Audit Office submits a version of the 2026-27 Budget Chapter incorporating the additional \$0.8 million in fee revenue and associated expenditure required to deliver the planned program of work, ensuring that an accurate budget forecast for 2026-27 and the forward estimates is reflected.

Risk and considerations:

- This approach is not consistent with Treasury's budget management branch processes, noting advice that budget submissions have closed and SPA transactions are locked.
- No changes are sought to approved appropriation decisions.
- This option ensures the Budget Papers transparently disclose the costs and revenue required to deliver the agreed audit program consistent with the principles of sound fiscal management.
- Preserves the independence of the Auditor-General by avoiding any implied expectation that audit scope or depth be reduced to align with insufficient appropriation funding.

Approval

Provide the required Ministerial endorsement for the Tasmanian Audit Office to either:

Option 1: submit the 2026-27 Budget Chapter with no change to forecast revenue or expenditure, to remain compliant with Treasury's Budget Management Branch instructions, or

Option 2 (preferred): Submit the 2026-27 Budget Chapter incorporating the additional \$0.8 million in fee revenue and associated expenditure required to deliver the planned program of work, to ensure an accurate budget forecast for 2026-27 and the forward estimates.

Please provide Ministerial endorsement for your chosen option.

Yours sincerely,



Jonathan Wassell

Acting Auditor-General

22 TASMANIAN AUDIT OFFICE

AGENCY OUTLINE

Tasmanian Audit Office provides support and services to the Auditor-General to fulfil his role and responsibilities under the *Audit Act 2008*. The principal responsibilities of the Auditor-General and Tasmanian Audit Office are to:

- provide an audit report on the: Total State; General Government Sector; and Public Account Statements, which form part of the Treasurer's Annual Financial Report;
- conduct audits of financial statements of State entities and audited subsidiaries and issue audit reports outlining compliance with relevant accounting standards and legislation;
- issue audit reports and other formal communications of audit findings to State entities, audited subsidiaries, responsible Ministers and relevant accountable authorities; and
- report to Parliament on the results of the audits of State entities and audited subsidiaries of State entities in respect of the preceding financial year.

The Auditor-General and Tasmanian Audit Office also undertake performance audits examining the efficiency, effectiveness and economy of State entities and compliance audits examining the compliance by State entities with written laws or their own internal policies. Examinations or investigations are also undertaken for the purpose of:

- examining the accounting and financial management information systems of the Treasurer, State entities or subsidiaries of State entities to determine their effectiveness in achieving or monitoring program results;
- investigating any matter relating to the accounts of the Treasurer, State entities or subsidiaries of State entities;
- investigating any matter relating to public money or other money, or to public property or other property; and
- examining the performance and exercise of the Employer's functions and powers under the *State Service Act 2000*.

Reports on the results of performance or compliance audits, examinations or investigations are, in most cases, reported to Parliament for its consideration.

This chapter provides financial information about the Output to be delivered by the Office in 2026-27 and over the Forward Estimates (2027-28 to 2029-30). Further information about the Office is provided on its website (www.audit.tas.gov.au).

OUTPUT GROUPS

The Output of Tasmanian Audit Office is provided under:

- Output Group 1 – Public Sector Performance and Accountability

Revenue and Expense Summary

This section provides a summary of the appropriation revenue and total expense estimates for the Department. Tables 22.1 and 22.2 provide the Revenue from Appropriation and Total Expenses by Portfolio and Output. This is followed by an explanation where there are major variations in revenue and/or expense estimates of an Output Group.

Table 22.1: Revenue from Appropriation by Portfolio and Output

	2025-26 Budget	2025-26 Estimated Outcome	2026-27 Budget	2027-28 Forward Estimate	2028-29 Forward Estimate	2029-30 Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Treasurer						
Output Group 1 - Public Sector Performance and Accountability						
1.1 Public Sector Performance and Accountability	2 727	2 727	2 430	2 409	2 494	2 562
	2 727	2 727	2 430	2 409	2 494	2 562
Tasmanian Audit Office						
Total Operating Services	2 727	2 727	2 430	2 409	2 494	2 562
	2 727	2 727	2 430	2 409	2 494	2 562
Reserved by Law						
Salary and Travelling Allowance, Auditor-General (Audit Act 2008)	566	606	626	646	656	666
	566	606	626	646	656	666
Appropriation Rollover	147	147	....	....	....	....
Total Revenue from Appropriation	3 440	3 480	3 056	3 055	3 150	3 228
Controlled Revenue from Appropriation	3 440	3 480	3 056	3 055	3 150	3 228
	3 440	3 480	3 056	3 055	3 150	3 228

Explanation of Major Variations

Output Group 1: Public Sector Performance and Accountability

The decrease in appropriation revenue from 2026-27 primarily reflects the conclusion of the 2023-24 Budget initiative - Implementation of Data Analytics (a four-year allocation from 2023-24 to 2025-26), and the ongoing impact of the 2024 Performance and Efficiency Measure.

Table 22.2: Total Expenses by Portfolio and Output

	2025-26 Budget \$'000	2025-26 Estimated Outcome \$'000	2026-27 Budget \$'000	2027-28 Forward Estimate \$'000	2028-29 Forward Estimate \$'000	2029-30 Forward Estimate \$'000
<i>Treasurer</i>						
Output Group 1 - Public Sector Performance and Accountability						
1.1 Public Sector Performance and Accountability	11 102	11 142	11 148	11 541	11 940	12 501
	11 102	11 142	11 148	11 541	11 940	12 501
TOTAL	11 102	11 142	11 148	11 541	11 940	12 501

Explanation of Major Variations

Output Group 1: Public Sector Performance and Accountability

The expenses for the Output Group includes expenses of the Office funded by revenue from financial audit services retained in its Agency Financial Management Account.

Output Group 1: Public Sector Performance and Accountability

1.1 Public Sector Performance and Accountability

This Output enables the Office to provide independent assurance to the Parliament and community on the performance and accountability of the Tasmanian Public Sector.

This is achieved through an annual program of:

- attest assurance engagements - where the accountable authority of a state entity or audited subsidiary of a state entity 'attests' the financial statements or other financial information as being true and fair or fairly presented, and the Auditor-General or delegate expresses an opinion on that assertion; and

- direct assurance engagements and Parliamentary reporting - which incorporates performance and/or compliance audits, examinations and investigations and, where appropriate, reporting of outcomes to Parliament.

DETAILED BUDGET STATEMENTS

The following Tables present detailed Budget statements for the Department. Each Statement is followed by an explanation of major variations where applicable.

Table 22.3: Statement of Comprehensive Income

	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and other income						
Appropriation revenue - operating	3 293	3 333	3 056	3 055	3 150	3 228
Appropriation revenue - rollover	147	147	....	....	....	....
Sales of goods and services	7 737	7 737	8 071	8 406	8 747	9 009
Other revenue	33	33	31	32	32	34
Total revenue	11 210	11 250	11 158	11 493	11 929	12 271
Total income	11 210	11 250	11 158	11 493	11 929	12 271
Expenses						
Employee benefits	8 385	8 425	8 688	9 028	9 382	9 978
Depreciation and amortisation	86	86	86	86	86	86
Supplies and consumables	2 203	2 203	1 931	1 975	2 008	1 952
Other expenses	428	428	443	452	464	485
Total expenses	11 102	11 142	11 148	11 541	11 940	12 501
Net result	108	108	10	(48)	(11)	(230)
Comprehensive result	108	108	10	(48)	(11)	(230)

Explanation of Major Variations

The increase in Sales of goods and services reflects additional revenue from fees for financial audit services and the introduction of revenue from sustainability assurance.

The increase in Employee benefits reflects increased staffing requirements to efficiently deliver audits.

Table 22.4: Statement of Financial Position as at 30 June

	2026	2026	2027	2028	2029	2030
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Financial assets						
Cash and deposits	2 223	2 223	2 201	2 222	2 314	2 187
Receivables	419	248	248	240	221	202
Contract assets	837	578	588	582	553	524
	3 479	3 049	3 037	3 044	3 088	2 913
Non-financial assets						
Property, plant and equipment	....	590	590	590	590	590
Intangibles	1	1	....	....	....	....
Other assets	606	20	20	20	20	20
	607	611	610	610	610	610
Total assets	4 086	3 660	3 647	3 654	3 698	3 523
Liabilities						
Payables	171	89	86	83	80	77
Contract liabilities	432	713	706	699	692	685
Employee benefits	1 330	1 348	1 335	1 400	1 465	1 530
Superannuation	145	148	148	148	148	148
Other liabilities	....	8	8	8	8	8
Total liabilities	2 078	2 306	2 283	2 338	2 393	2 448
Net assets (liabilities)	2 008	1 354	1 364	1 316	1 305	1 075
Equity						
Accumulated funds	840	186	196	148	137	(93)
Other Equity	1 168	1 168	1 168	1 168	1 168	1 168
Total equity	2 008	1 354	1 364	1 316	1 305	1 075

Explanation of Major Variations

The variation in Contract assets and Contract liabilities relates to the timing of charging, collecting and payment of audit fees.

The decrease in Other assets from 2026 reflects depreciation of office improvements.

The decrease in Employee benefits in 2027 recognises the 27th pay and the reduction in the associated liability accrued over prior years.

Table 22.5: Statement of Cash Flows

	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Cash inflows						
Appropriation receipts - operating	3 293	3 333	3 056	3 055	3 150	3 228
Appropriation receipts - rollover	147	147	....	....	....	....
Sales of goods and services	7 960	7 960	8 309	8 668	9 043	9 305
GST receipts	672	672	672	672	672	672
Other cash receipts	33	33	31	32	32	34
Total cash inflows	12 105	12 145	12 068	12 427	12 897	13 239
Cash outflows						
Employee benefits	(7 476)	(7 516)	(7 785)	(8 026)	(8 363)	(8 859)
Superannuation	(1 094)	(1 094)	(1 166)	(1 187)	(1 204)	(1 304)
GST payments	(672)	(672)	(672)	(672)	(672)	(672)
Supplies and consumables	(2 202)	(2 202)	(2 012)	(2 056)	(2 089)	(2 033)
Other cash payments	(428)	(428)	(443)	(452)	(464)	(485)
Total cash outflows	(11 872)	(11 912)	(12 078)	(12 393)	(12 792)	(13 353)
Net cash from (used by) operating activities	233	233	(10)	34	105	(114)
Cash flows from investing activities						
Payments for acquisition of non-financial assets	(9)	(9)	(12)	(13)	(13)	(13)
Net cash from (used by) investing activities	(9)	(9)	(12)	(13)	(13)	(13)
Net increase (decrease) in cash and cash equivalents held	224	224	(22)	21	92	(127)
Cash and deposits at the beginning of the reporting period	1 999	1 999	2 223	2 201	2 222	2 314
Cash and deposits at the end of the reporting period	2 223	2 223	2 201	2 222	2 314	2 187

22 TASMANIAN AUDIT OFFICE (OPTION 2)

AGENCY OUTLINE

Tasmanian Audit Office provides support and services to the Auditor-General to fulfil his role and responsibilities under the *Audit Act 2008*. The principal responsibilities of the Auditor-General and Tasmanian Audit Office are to:

- provide an audit report on the: Total State; General Government Sector; and Public Account Statements, which form part of the Treasurer's Annual Financial Report;
- conduct audits of financial statements of State entities and audited subsidiaries and issue audit reports outlining compliance with relevant accounting standards and legislation;
- issue audit reports and other formal communications of audit findings to State entities, audited subsidiaries, responsible Ministers and relevant accountable authorities; and
- report to Parliament on the results of the audits of State entities and audited subsidiaries of State entities in respect of the preceding financial year.

The Auditor-General and Tasmanian Audit Office also undertake performance audits examining the efficiency, effectiveness and economy of State entities and compliance audits examining the compliance by State entities with written laws or their own internal policies. Examinations or investigations are also undertaken for the purpose of:

- examining the accounting and financial management information systems of the Treasurer, State entities or subsidiaries of State entities to determine their effectiveness in achieving or monitoring program results;
- investigating any matter relating to the accounts of the Treasurer, State entities or subsidiaries of State entities;
- investigating any matter relating to public money or other money, or to public property or other property; and
- examining the performance and exercise of the Employer's functions and powers under the *State Service Act 2000*.

Reports on the results of performance or compliance audits, examinations or investigations are, in most cases, reported to Parliament for its consideration.

This chapter provides financial information about the Output to be delivered by the Office in 2026-27 and over the Forward Estimates (2027-28 to 2029-30). Further information about the Office is provided on its website (www.audit.tas.gov.au).

OUTPUT GROUPS

The Output of Tasmanian Audit Office is provided under:

- Output Group 1 – Public Sector Performance and Accountability

Revenue and Expense Summary

This section provides a summary of the appropriation revenue and total expense estimates for the Department. Tables 22.1 and 22.2 provide the Revenue from Appropriation and Total Expenses by Portfolio and Output. This is followed by an explanation where there are major variations in revenue and/or expense estimates of an Output Group.

Table 22.1: Revenue from Appropriation by Portfolio and Output

	2025-26 Budget	2025-26 Estimated Outcome	2026-27 Budget	2027-28 Forward Estimate	2028-29 Forward Estimate	2029-30 Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Treasurer</i>						
Output Group 1 - Public Sector Performance and Accountability						
1.1 Public Sector Performance and Accountability	2 727	2 727	2 430	2 409	2 494	2 652
	2 727	2 727	2 430	2 409	2 494	2 652
Tasmanian Audit Office						
Total Operating Services	2 727	2 727	2 430	2 409	2 494	2 562
	2 727	2 727	2 430	2 409	2 494	2 562
Reserved by Law						
Salary and Travelling Allowance, Auditor-General (Audit Act 2008)	566	606	626	646	656	666
	566	606	626	646	656	666
Appropriation Rollover	147	147	....	....	....	....
Total Revenue from Appropriation	3 440	3 480	3 056	3 055	3 150	3 228
Controlled Revenue from Appropriation	3 440	3 480	3 056	3 055	3 150	3 228
	3 440	3 480	3 056	3 055	3 150	3 228

Explanation of Major Variations

Output Group 1: Public Sector Performance and Accountability

The decrease in appropriation revenue from 2026-27 primarily reflects the conclusion of the 2023-24 Budget initiative - Implementation of Data Analytics (a four-year allocation from 2023-24 to 2025-26), and the ongoing impact of the 2024 Performance and Efficiency Measure.

Table 22.2: Total Expenses by Portfolio and Output

	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Treasurer						
Output Group 1 - Public Sector Performance and Accountability						
1.1 Public Sector Performance and Accountability	11 102	11 142	11 952	12 308	12 707	13 318
	11 102	11 142	11 952	12 308	12 707	13 318
TOTAL	11 102	11 142	11 952	12 308	12 707	13 318

Explanation of Major Variations

Output Group 1: Public Sector Performance and Accountability

Expenses for the Output Group are comprised of Office-related costs, including the delivery of six full-scope performance audits, funded through revenue retained from financial audit services in the Agency Financial Management Account.

Output Group 1: Public Sector Performance and Accountability

1.1 Public Sector Performance and Accountability

This Output enables the Office to provide independent assurance to the Parliament and community on the performance and accountability of the Tasmanian Public Sector.

This is achieved through an annual program of:

- attest assurance engagements - where the accountable authority of a state entity or audited subsidiary of a state entity 'attests' the financial statements or other financial information as being true and fair or fairly presented, and the Auditor-General or delegate expresses an opinion on that assertion; and

- direct assurance engagements and Parliamentary reporting - which incorporates performance and/or compliance audits, examinations and investigations and, where appropriate, reporting of outcomes to Parliament.

DETAILED BUDGET STATEMENTS

The following Tables present detailed Budget statements for the Department. Each Statement is followed by an explanation of major variations where applicable.

Table 22.3: Statement of Comprehensive Income

	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and other income						
Appropriation revenue - operating	3 293	3 333	3 056	3 055	3 150	3 228
Appropriation revenue - rollover	147	147	....	....	....	....
Sales of goods and services	7 737	7 737	8 875	9 210	9 551	9 813
Other revenue	33	33	31	32	32	34
Total revenue	11 210	11 250	11 962	12 297	12 733	13 075
Total income	11 210	11 250	11 962	12 297	12 733	13 075
Expenses						
Employee benefits	8 385	8 425	9 492	9 832	10 186	10 782
Depreciation and amortisation	86	86	86	86	86	86
Supplies and consumables	2 203	2 203	1 931	1 975	2 008	1 952
Other expenses	428	428	443	452	464	485
Total expenses	11 102	11 142	11 952	12 345	12 744	13 305
Net result	108	108	10	(48)	(11)	(230)
Comprehensive result	108	108	10	(48)	(11)	(230)

Explanation of Major Variations

The increase in Sales of goods and services reflects additional revenue from fees for financial audit services and the introduction of revenue from sustainability assurance.

The increase in Employee benefits reflects increased staffing requirements to efficiently deliver the full program of work as outlined in the Auditor-General 2026-27 Annual Plan.

Table 22.4: Statement of Financial Position as at 30 June

	2026	2026	2027	2028	2029	2030
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Financial assets						
Cash and deposits	2 223	2 223	2 201	2 222	2 314	2 187
Receivables	419	248	248	240	221	202
Contract assets	837	578	588	582	553	524
	3 479	3 049	3 037	3 044	3 088	2 913
Non-financial assets						
Property, plant and equipment	....	590	590	590	590	590
Intangibles	1	1	....	....	....	....
Other assets	606	20	20	20	20	20
	607	611	610	610	610	610
Total assets	4 086	3 660	3 647	3 654	3 698	3 523
Liabilities						
Payables	171	89	86	83	80	77
Contract liabilities	432	713	706	699	692	685
Employee benefits	1 330	1 348	1 335	1 400	1 465	1 530
Superannuation	145	148	148	148	148	148
Other liabilities	....	8	8	8	8	8
Total liabilities	2 078	2 306	2 283	2 338	2 393	2 448
Net assets (liabilities)	2 008	1 354	1 364	1 316	1 305	1 075
Equity						
Accumulated funds	840	186	196	148	137	(93)
Other Equity	1 168	1 168	1 168	1 168	1 168	1 168
Total equity	2 008	1 354	1 364	1 316	1 305	1 075

Explanation of Major Variations

The variation in Contract assets and Contract liabilities relates to the timing of charging, collecting and payment of audit fees.

The decrease in Other assets from 2026 reflects depreciation of office improvements.

The decrease in Employee benefits in 2027 recognises the 27th pay and the reduction in the associated liability accrued over prior years.

Table 22.5: Statement of Cash Flows

	2025-26	2025-26	2026-27	2027-28	2028-29	2029-30
	Budget	Estimated Outcome	Budget	Forward Estimate	Forward Estimate	Forward Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
Cash inflows						
Appropriation receipts - operating	3 293	3 333	3 056	3 055	3 150	3 228
Appropriation receipts - rollover	147	147	....	....	....	....
Sales of goods and services	7 960	7 960	8 813	9 172	9 547	9 879
GST receipts	672	672	672	672	672	672
Other cash receipts	33	33	31	32	32	34
Total cash inflows	12 105	12 145	12 572	12 931	13 401	13 813
Cash outflows						
Employee benefits	(7 476)	(7 516)	(8 324)	(8 628)	(8 932)	(9 454)
Superannuation	(1 094)	(1 094)	(1 168)	(1 204)	(1 254)	(1 328)
GST payments	(672)	(672)	(672)	(672)	(672)	(672)
Supplies and consumables	(2 202)	(2 202)	(1 931)	(1 975)	(2 008)	(1 952)
Other cash payments	(428)	(428)	(443)	(452)	(464)	(485)
Total cash outflows	(11 872)	(11 912)	(12 538)	(12 931)	(13 330)	(13 891)
Net cash from (used by) operating activities	233	233	34	0	71	(78)
Cash flows from investing activities						
Payments for acquisition of non-financial assets	(9)	(9)	(12)	(13)	(13)	(13)
Net cash from (used by) investing activities	(9)	(9)	(12)	(13)	(13)	(13)
Net increase (decrease) in cash and cash equivalents held	224	224	22	(13)	58	(91)
Cash and deposits at the beginning of the reporting period	1 999	1 999	2 223	2 245	2 232	2 290
Cash and deposits at the end of the reporting period	2 223	2 223	2 245	2 232	2 290	2 199

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Treasurer
Minister for Macquarie Point Urban Renewal
Leader of the House

Level 10, Executive Building, 15 Murray Street, Hobart
GPO Box 123, Hobart TAS 7001
Phone: 03 6165 9405 | Email: minister.abetz@dpac.tas.gov.au



17 APR 2026

Mr Jonathon Wassell
Acting Auditor General
Tasmanian Audit Office
Level 2, 144 Macquarie Street
HOBART TAS 7000

Issued by email only

Dear Acting Auditor-General

Thank you for your letter of 10 April 2026 regarding the submission of the Tasmanian Audit Office 2026-27 Budget Paper chapter.

The commitment made by the Premier and me on 3 December 2025 to support the delivery of at least six performance audits per annum is recognised. The Auditor-General's 2026-27 annual plan, developed in consultation with the Public Accounts Committee on that basis, has also been considered. Advice outlining two options for submission of the Office's 2026-27 Budget Paper chapter, including a preference for Option 2, being submission of a Budget chapter reflecting additional fee revenue and associated expenditure required to deliver the planned audit program across the Forward Estimates has also been reviewed.

Both options presented have been carefully considered.

In relation to Option 2, final Budget appropriation decisions have been taken by the Government and Specific Purpose Account (SPA) transactions are now settled for the purposes of preparing the Budget Papers and consolidated financial statements. The Budget Papers constitute an integrated and internally consistent suite of documents. Any deviation from approved SPA transactions in the presentation of revenue and expenditure would result in inconsistencies across the Budget Papers, including reporting of SPA and trust transactions and reconciliation to whole-of-Budget aggregates. For these reasons, Option 2 is not supported.

Concerns have been raised that Option 1 would result in the published Budget Papers not reflecting the full funding position known at the time of release. While this concern is understood, any requirement for additional audit fee revenue and associated expenditure during the 2026-27 financial year can be managed through established within-year Budget management processes. This approach preserves the integrity of the Budget process

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while enabling agencies to respond to operational and funding requirements, as they arise during the financial year.

Importantly, Option 1 does not constrain the Auditor-General's independence nor preclude delivery of the planned audit program. Treasury will continue to work with the Tasmanian Audit Office to progress appropriate within-year SPA amendments in 2026-27 should this be required.

Accordingly, I endorse Option 1, being submission of the Office's Budget Chapter with no change to forecast revenue or expenditure.

My office has also reviewed the content of the Option 1 version of the Budget chapter and has proposed some minor updates to the narrative (attached) for inclusion prior to submission to Treasury as a ministerially endorsed document.

Thank you again for writing to me.

Yours sincerely



Hon Eric Abetz MP
Treasurer