



Tasmanian Audit Office

Report of the Auditor General, No. 5 of 2017-18
Volume 2

Government Businesses and Tasmanian and Water
Sewerage Corporation Pty Ltd 2016-17

23 November 2017

Presentation

- Report includes:
 - Executive summary
 - Sector analysis
 - Individual chapters
- Today's Presentation will cover:
 - Audit conclusions
 - Enhanced audit reports
 - Sector financial analysis
 - Hydro Tasmania Asset Management

Audit conclusion

- Financial reports **submitted on time** with the **exception of one**
- Audits completed **within statutory deadline** with the **exception of one**
- **Unmodified opinions** issued for all entities
 - Emphasis of matter concerning **Forestry Tasmania** and **Tascorp**
- **43** matters raised, **2 high risk** and **15 moderate risk**

Enhanced reporting

ASA 700 (REVISED) OVERARCHING STANDARD FOR FORMING AN OPINION AND REPORTING ON A FINANCIAL REPORT

ASA 701

Communicating Key Audit Matters in the Independent Auditors Report (New)

ASA 705

Modifications to the Opinion in the Independent Auditor's Report (Revised)

ASA 706

Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report (Revised)

ASA 570

Going Concern (revised)

ASA 720

The Auditor's Responsibility Relating to Other Information (revised)



Sector financial analysis

Government businesses results in aggregate:

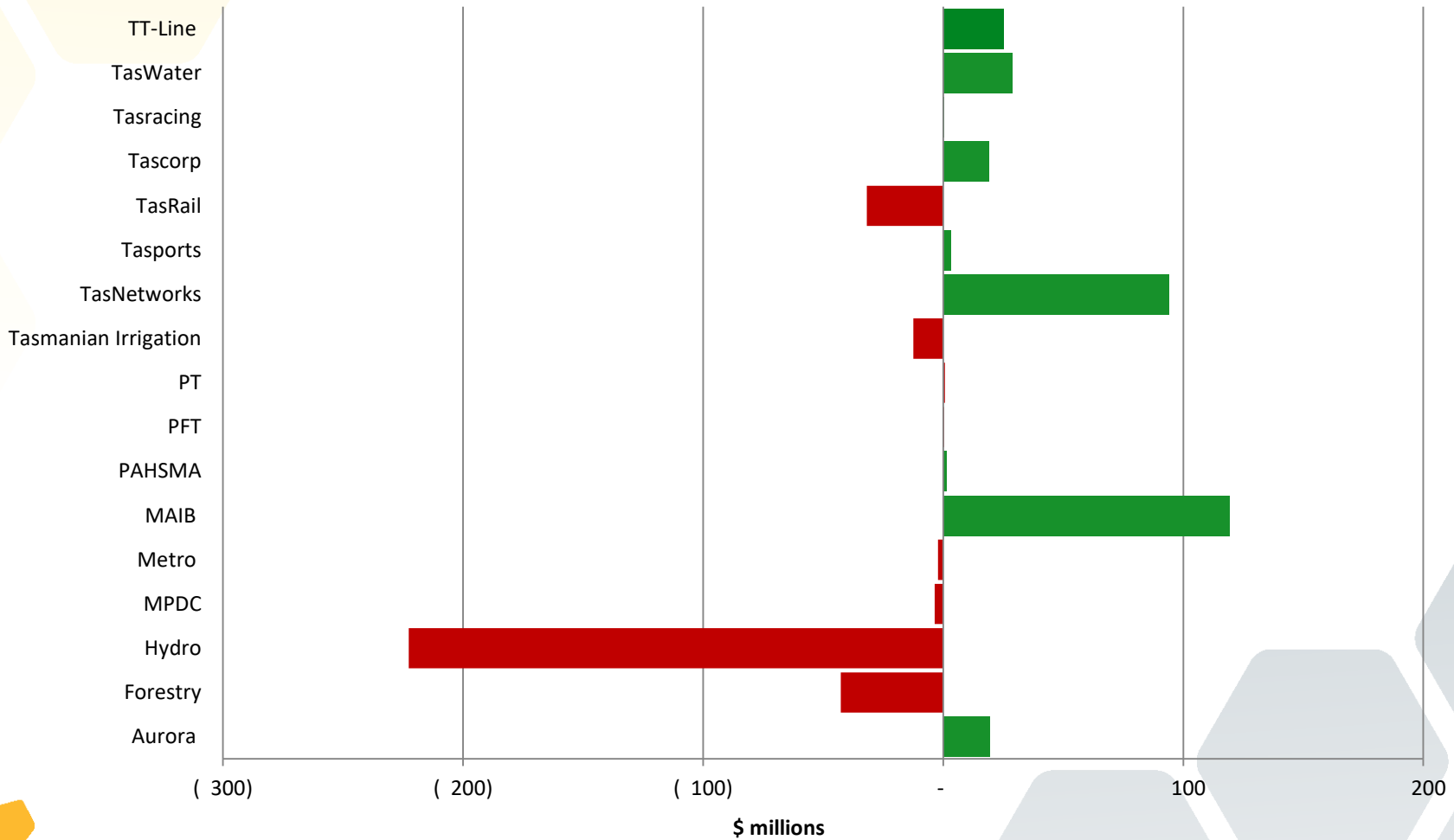
Underlying
result
\$425m ▲

Net profit
before tax
\$28m ▲

Net loss
after tax
\$3.4m ▲

Total
compre-
hensive
result
\$44m ▼

Net profit (loss) before tax



Underlying result

\$425m

2016-17

▲ 59%

\$267m

2015-16

▼ (37%)

\$424m

2014-15

▼ (19%)

\$573m

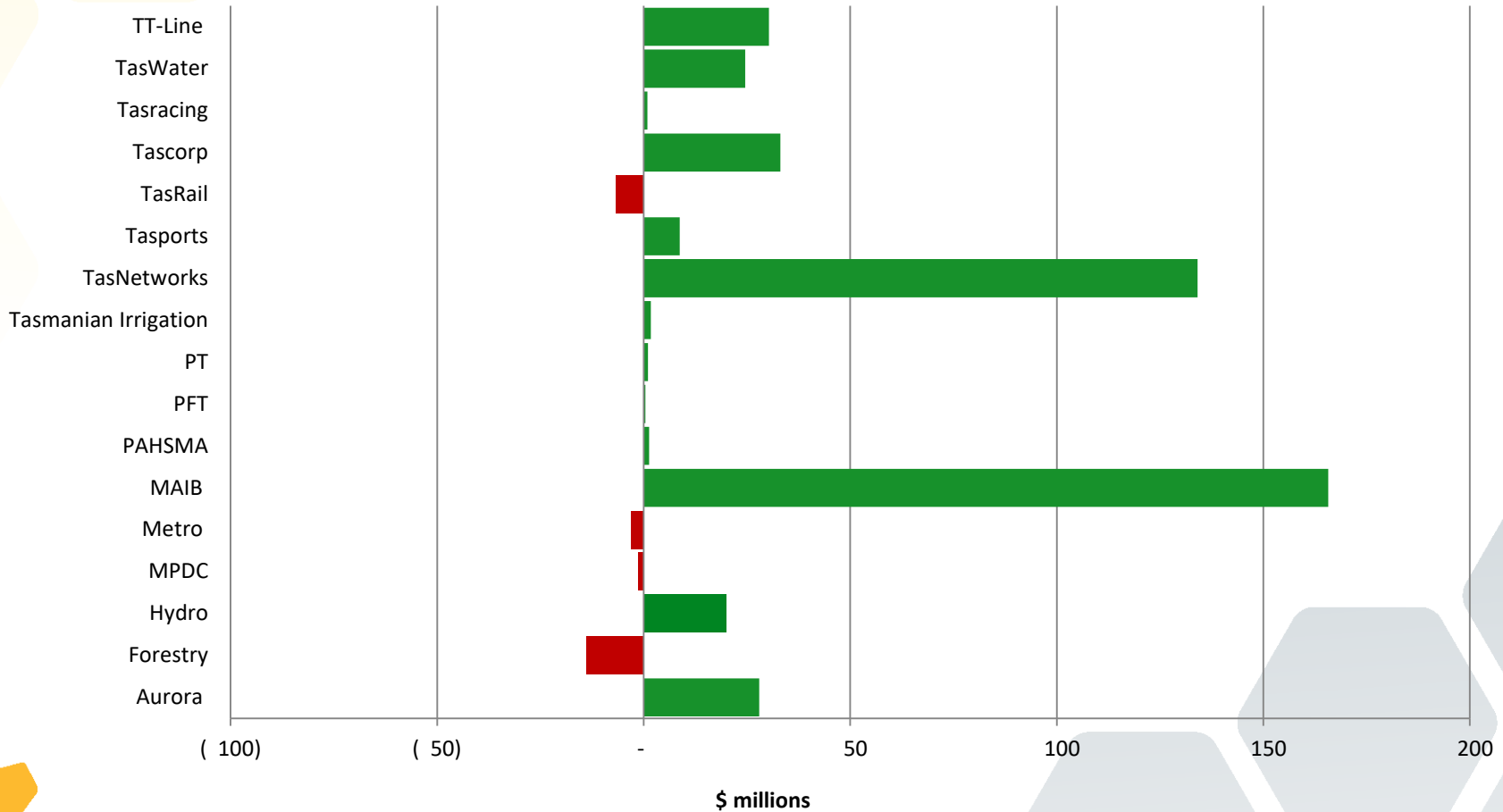
2013-14

● 1%

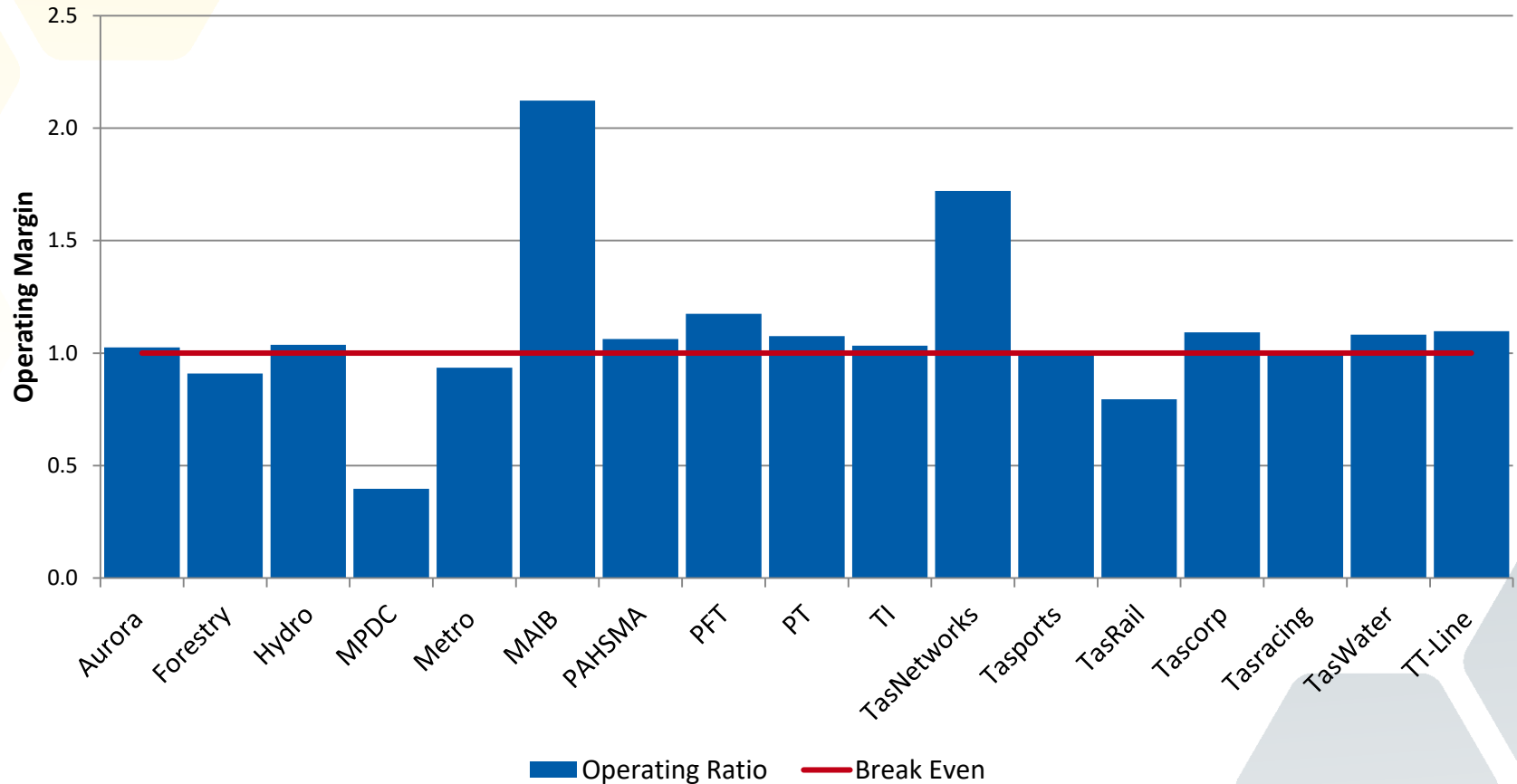
▲ *improvement from prior year* ▼ *deterioration from prior year* ● *no change from prior year*

- Reflects the earning capacity of the entity
- Increase due to Hydro MAIB
- 13 Government businesses generated an Underlying profit

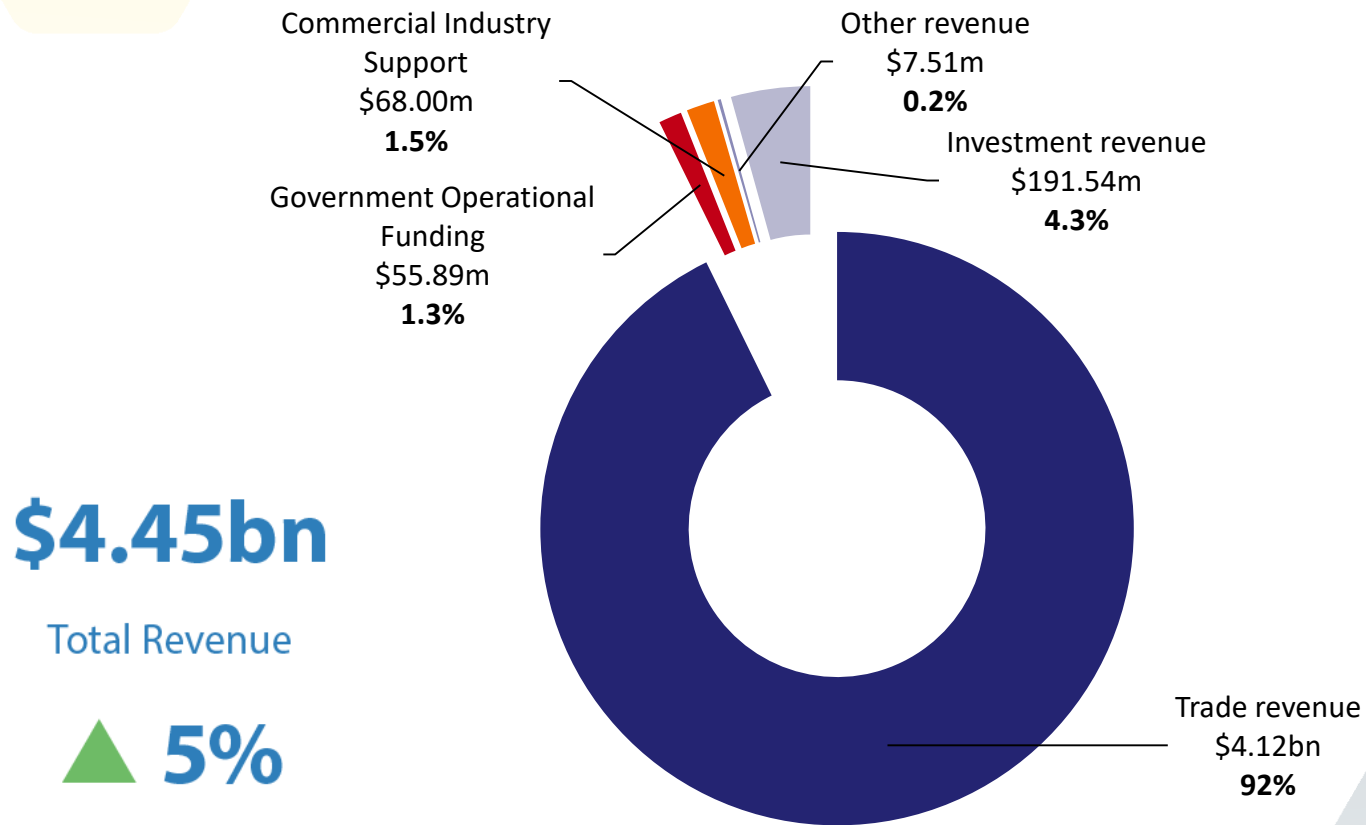
Underlying result



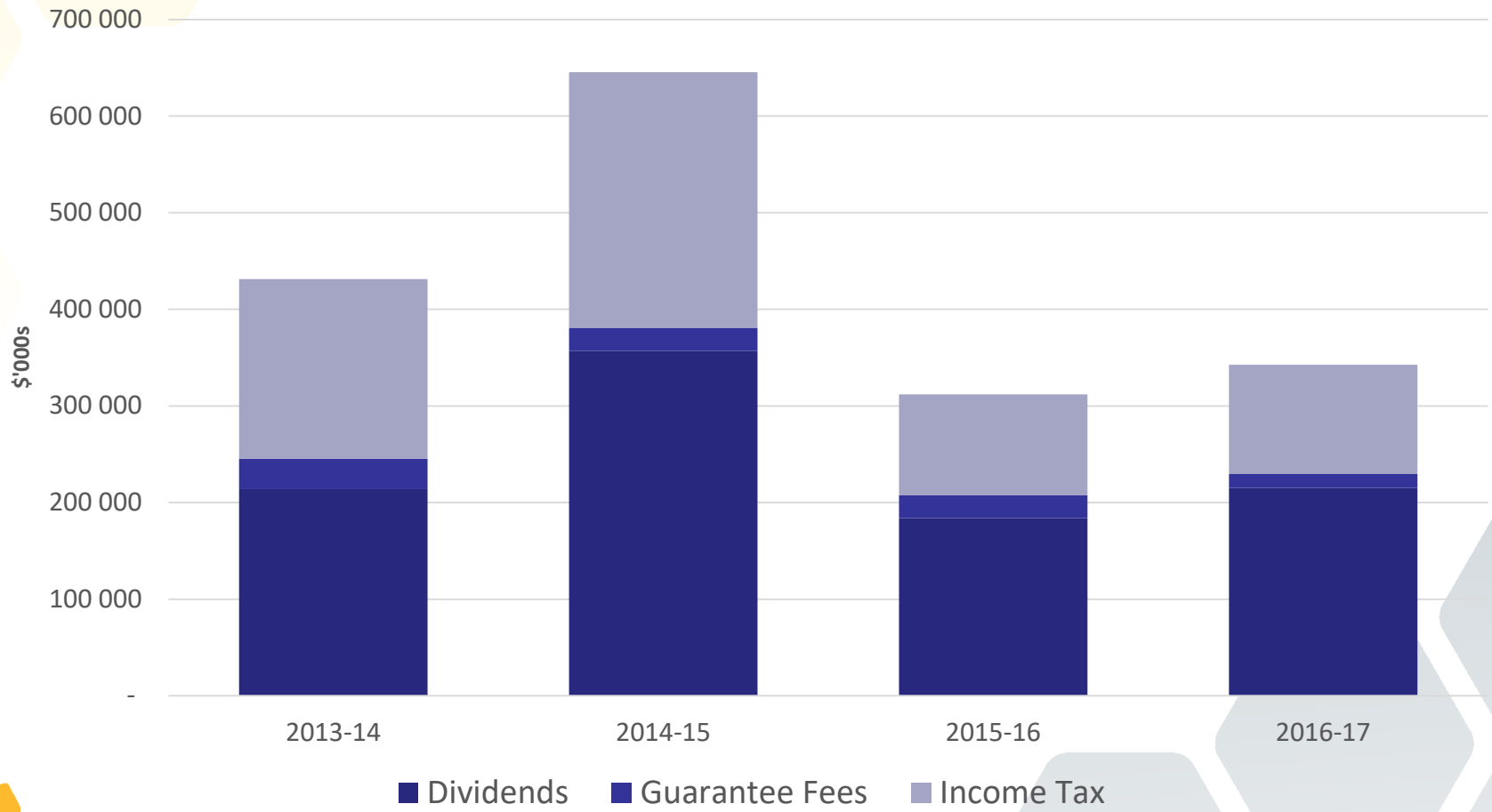
Operating ratio



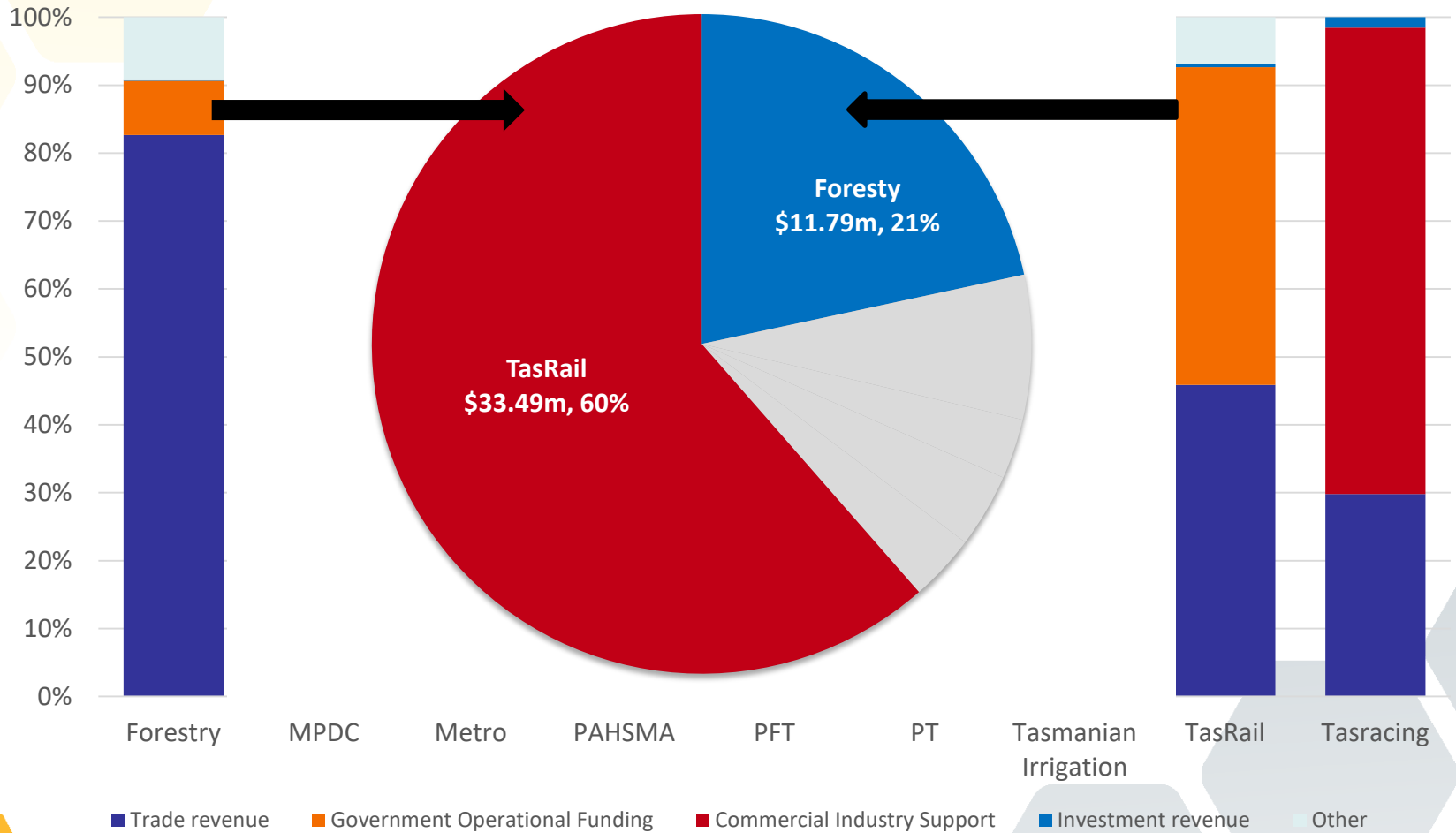
Government business revenue



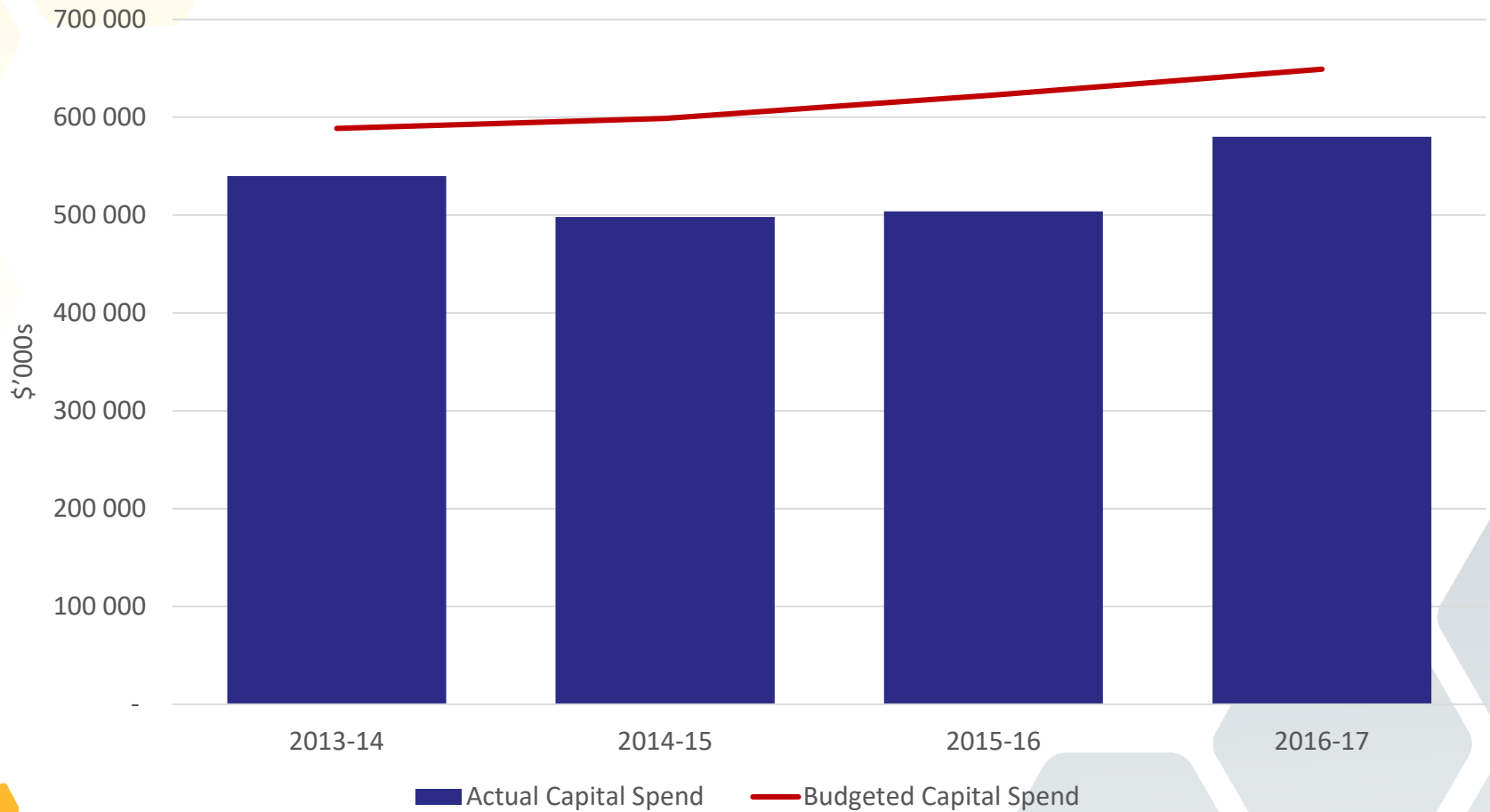
Returns to government



Government support



Capital spending gap



Capital spending gap causes

- Delays in projects moving into construction
- Availability of contractors to undertake capital work
- Planned works no longer required
- Costs lower than forecast
- Ineffective or ambitious budgeting

Borrowings

\$3.23bn

Total Debt

0.75

Current
Ratio

1.7

Interest Coverage
Ratio

64.4%

Debt to Equity
Ratio

- 8 Government businesses held debt at 30 June 2017
- Total debt consistent with prior year
- Average current ratio below benchmark
- Average interest coverage ratio below benchmark



Hydro Tasmania asset management

- Hydro asset operating and capital expenditure
- Reactive maintenance – recording number of jobs and value
- Backlog maintenance – performance
- 10-Year Asset Management Plan 2016
- High risk Hydro generation assets

Questions?



Tasmanian
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