

Report of the Auditor-General No. 4 of 2025-26

Auditor-General's report on the
financial statements of State entities

Volume 2 – Public Financial Corporations and Public Non-Financial Corporations

Audit of State entities and audited
subsidiaries of State entities
30 June 2025

10 November 2025

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Foreword

2024-25 was a challenging year for the financial performance of Public Non-Financial (PNFC) and Public Financial Corporations (PFC). Compared to 2023-24, underlying profit was down \$136.21 million, direct government support increased \$52.84 million and equity contributions increased \$114.33 million. Returns to the government (dividends and other) were \$38.09 million lower, and borrowings increased \$771.56 million.

The significant increase in borrowings in 2024-25 followed increases in previous years, and together with additional planned borrowings over the coming years, servicing this level of debt will place further pressure on the profitability of PNFCs.

We have observed interest expense increase from \$115.93 million in 2022-23 to \$209.87 million in 2024-25. With the growing level of borrowings in the foreseeable future, interest expense will continue to rise, further impacting PNFC's ability to:

- generate an underlying surplus
- reduce reliance on government support and equity contributions, and
- provide a return to government.

This volume also provides commentary on other significant developments. Three significant matters included in this report are:

- At TT-Line, the Directors Declaration included significant additional disclosures, explaining why they remain of the view that the company will be able to meet debts as and when they fall due. This disclosure provides essential information for a reader of the financial report. However, it is important to note the auditor's assessment of the going concern basis of the company's financial statements is time limited to approximately twelve months from the current independent audit report. Unlike the auditor's obligations in assessing the appropriateness of the going concern assumption, the consideration of solvency is not time limited. During the conduct of my audit, I formed the opinion that TT-Line, was likely to be able to meet its debts as and when they fall due, across the relevant period to August 2026. Concurrently, I developed reasonable grounds to suspect that the company would not be able to meet its longer-term debts that fall due after the relevant period and as a result, at the date I issued my audit report, 19 August 2025, it was my opinion that TT-Line was insolvent.
- The Motor Accidents Insurance Board (MAIB) has experienced a deterioration of its underwriting over the past 5 years. Based on the current forecasts of MAIB, the deterioration in the underwriting result will not improve in the foreseeable future. Throughout the forecast period (next 4 years) MAIB will continue to incur losses from its underwriting business and will be reliant on positive investment returns to generate profitable operations. The increased reliance on investment returns and the volatility within those markets, increases the overall risk of operations for MAIB.

- We noted varying approaches to termination payouts being made to KMPs on exiting employment contracts. While no payments were identified outside contractual conditions, the variation in amounts (as high as \$711,000) and frequency of payments are indicative that significant variations exist in contractual arrangements and interpretations for KMPs across different entities.

A handwritten signature in black ink, appearing to read 'Martin Thompson', with a stylized, cursive script.

Martin Thompson
Auditor-General



2025
PARLIAMENT OF TASMANIA

**Auditor-General's report on the financial statements of State entities,
Volume 2 – Public Financial Corporations and Public Non-Financial Corporations,
Audit of State entities and audited subsidiaries of State entities
30 June 2025**

10 November 2025

Presented to both Houses of Parliament pursuant to
Section 29 of the *Audit Act 2008*

Acknowledgement of Country

We acknowledge Tasmanian Aboriginal people as the traditional owners of this Land, and pay respects to Elders past and present. We respect Tasmanian Aboriginal people, their culture and their rights as the first peoples of this Land. We recognise and value Aboriginal histories, knowledge and lived experiences and commit to being culturally inclusive and respectful in our working relationships with all Aboriginal people.

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Executive summary

This report is the second of 4 volumes reporting on our audits for the year ended 30 June 2025. This volume reports on the status of audits of financial statements and provides analysis and commentary on Public Non-Financial (PNFC) and Public Financial Corporations (PFC), Volume 3 will report on the results of the General Government Sector, and Volume 4 will report on the results of the Local Government Sector.

PNFCs and PFCs aggregated underlying profit of \$136.58 million was a \$136.21 million, or 49.9%, decrease on the 2023-24 result. The deteriorated result was primarily driven by Hydro Tasmania which recorded an underlying profit of \$189.77 million in 2023-24 compared to profit of \$3.09 million in 2024-25, a decrease of \$186.68 million.

The level of Government support provided to PNFCs and PFCs over the 4 financial years 2021-22 to 2024-25 through government support has increased significantly. Over this period, the support provided has increased by 119.9%, from \$130.73 million to \$287.53 million. Much of this increase relates to Homes Tasmania which received \$129.66 million in 2024-25, compared to nil in 2021-22 as the entity was only established on 1 December 2022.

The Government received \$281.44 million in payments from PNFCs and PFCs, \$38.09 million less than the prior year. This was primarily due to TasNetworks making payments of \$52.59 million in 2023-24 compared to \$15.25 million in 2024-25.

PNFCs continue to heavily rely on borrowings, with a total of \$4.89 billion of borrowings at 30 June 2025, 18.8% increase on the previous year's \$4.11 billion. Tasmanian Networks Pty Ltd (TasNetworks) has the highest amount of loans, at \$2.28 billion as at 30 June 2025, as well as having the highest debt to equity ratio of 152.7%.

Similar to previous years, PNFCs failed to meet their budgeted capital expenditure for 2024-25. The budget for 2024-25 was \$1.62 billion compared to actual expenditure of \$1.28 billion, a gap of \$344.91 million. This is significantly greater than the average gap over the past 4 years of \$291.60 million.

Introduction

This report fulfils the Auditor-General's obligation to, on or before 31 December in each year, report to Parliament in writing on the audit of State entities and audited subsidiaries in respect of the preceding financial year.

This report is the second of 4 volumes reporting on our audits for the year ended 30 June 2025. This volume reports on the status of audits of financial statements and provides analysis and commentary on Public Non-Financial and Public Financial Corporations (PNFC and PFC). Volume 3 will report on the results of the General Government Sector, and Volume 4 will report on the results of the Local Government Sector.

Guide to using this report

Guidance relating to the use and interpretation of financial information included in this report can be found on the Audit Tasmanian website: www.audit.tas.gov.au

The guidance includes information on the calculation and explanation of financial ratios, performance indicators and the definition of audit finding risk ratings.

Completion of audits of financial statements

Status of audits of financial statements

The status of audits of PFC and PFNC audited subsidiaries as at 3 October 2025 is shown in Table 1 below.

Table 1: Status of audits of State entities and audited subsidiaries as at 3 October 2025

Audits of financial statements	June 2025	June 2024
State entity and audited subsidiaries of State entity financial statements submitted, complete in all material respects:		
within 45 days of the end of the financial year [Audit Act, section 17(1)]	40	39
after 45 days of the end of the financial year	0	3
	40	42
Audits of financial statements of State entities and audited subsidiaries of State entities:		
completed within 45 days of receiving the financial statements [Audit Act, section 19(3)]	21	22
completed after 45 days of receiving the financial statements	1	0
audits dispensed	18	20
Total audits completed	40	42
Audits not yet completed	0	0
Audits not yet dispensed	0	0
	40	42

Public Non-Financial and Public Financial Corporations

Introduction

PNFC are Government owned and include the majority of Tasmania's Government Business Enterprises (GBEs) and State-Owned Companies (SOCs). PNFC range in size and operate in a variety of commercial markets including the energy sector, port operations, transport and forestry.

PFC are Government owned and are mainly engaged in financial intermediation or the provision of ancillary financial services to other State entities.

GBEs are established under their own Portfolio Act and operate within the framework of the *Government Businesses Enterprises Act 1995*. The Governor, based on a joint recommendation of the Treasurer and Portfolio Minister, appoints directors to the boards of GBEs.

SOCs are established under their own Portfolio Act and are incorporated under the *Corporations Act 2001* (Cth). The Treasurer and the Portfolio Minister collectively hold the shares of the companies in trust for the Crown. As shareholder members, they appoint the directors to the boards of SOC.

GBEs and SOC operate outside of the Public Account but may provide returns to the Public Account in the form of dividends, income tax equivalents and rate equivalents. Further, they may deliver services for the Government through Community Service Obligations or under contract with the Government.

Entities which are PNFC or PFC are illustrated in Figure 1.

Figure 1: Entities which are PNFC or PFC during 2025



Sustainability of PNFCs

Listed below are some of the key metrics considered by Audit Tasmania in this Report.

Table 2: PNFC / PFC Snapshot

Entity	Underlying profit YoY \$'000	Government Support YoY \$'000	Borrowings YoY \$'000	Equity contributions YoY \$'000	Returns to Government YoY \$'000
Aurora Energy Pty Ltd	2,917	No Gov support	Nil borrowings	No equity cont.	(2,687)
Homes Tasmania	68,000	40,015	208,857	No equity cont.	Nil returns
Hydro Tasmania	(186,682)	No Gov support	243,674	(9,800)	(16,161)
Macquarie Point Development Corporation	(1,645)	No Gov support	Nil borrowings	26,045	Nil returns
Metro Tasmania Pty Ltd	(1,383)	1,219	-	2,716	Nil returns
Motor Accidents Insurance Board	20,189	No Gov support	Nil borrowings	No equity cont.	10,263
Port Arthur Historic Site Management Authority	(918)	90	Nil borrowings	No equity cont.	Nil returns
Private Forests Tasmania	469	251	Nil borrowings	No equity cont.	Nil returns
Stadiums Tasmania	(3,892)	(3,209)	Nil borrowings	No equity cont.	Nil returns
Sustainable Timber Tasmania	(2)	788	Nil borrowings	No equity cont.	(350)
Tasmanian Irrigation Pty Ltd	824	846	12,247	23,979	Nil returns

Entity	Underlying profit YoY \$'000	Government Support YoY \$'000	Borrowings YoY \$'000	Equity contributions YoY \$'000	Returns to Government YoY \$'000
Tasmanian Networks Pty Ltd	(17,249)	(40)	(7,149)	90,700	(37,340)
Tasmanian Ports Corporation Pty Ltd	(10,838)	No Gov support	(5,000)	No equity cont.	3,186
Tasmanian Public Finance Corporation	3,900	No Gov support	Nil borrowings	No equity cont.	5,000
Tasmanian Railway Pty Ltd	2,570	8,002	8,048	(20,358)	Nil returns
Tasracing Pty Ltd	39	2,766	(976)	1,050	Nil returns
The Public Trustee	3,846	2,108	Nil borrowings	No equity cont.	-
TT-Line Company Pty Ltd	(16,353)	No Gov support	311,857	No equity cont.	Nil returns
Total	 (136,208)	 52,836	 771,558	 114,332	 (38,089)

On a totals basis, from 2023-24 to 2024-25, we have observed the following; underlying profit is down \$136.21 million, the government is providing \$52.84 million more government support, the government is providing \$114.33 million more equity contributions, the government is receiving \$38.09 million less in returns, and the PNFCs are borrowing \$771.56 million more.

Key items to highlight:

- Homes Tasmania: Table 2 highlights that Homes Tasmania received an additional \$40.02 million of government support compared to last year, taking it to a total of \$129.66 million for 2024-25, making up 57.6% of its total revenue. In addition to this, Homes Tasmania continues to borrow more from Tasmanian Public Finance Corporation (TASCORP), increasing its borrowings by \$208.86 million in

2024-25, and having total borrowings of \$476.15 million. Forward estimates from the 2024-25 BP2-28 shows that Homes Tasmania borrowings will continue to increase each year, with an estimated total borrowings as at 30 June 2028 of \$720.00 million.

- Metro Tasmania: Table 2 highlights that Metro Tasmania continues to be heavily reliant on government support, with an additional \$1.22 million provided in 2024-25, bringing the total to \$55.44 million for the financial year. Pleasingly, the results from the last 4 years shows that Metro Tasmania is less reliant on the government support, with the support making up 82.0% of total revenue in 2021-22, 80.4% in 2022-23, 74.9% in 2023-24 and 72.5% in 2024-25. Metro has not provided any returns to government in the last 5 years.
- Tasmanian Irrigation Pty Ltd: Tasmanian Irrigation are still in the planning and construction phase, with a number of projects currently underway. As such, Tasmanian Irrigation continues to be provided with more government support (\$0.85 million more in 2024-25, a total of \$6.60 million, or 24.6%), \$12.25 million increase in borrowings, bringing the total to \$31.03 million, and an additional \$23.98 million in equity contributions, with a total of \$67.75 million contributed from the government in 2024-25. Once Tasmanian Irrigation finalises these projects, the focus will be on the ongoing viability of the entity, assuming that there will be further government support or equity injections required. Tasmanian Irrigation has not provided any returns to government in the last 5 years.
- Tasmanian Railway Pty Ltd: TasRail received an additional \$8.00 million of government support, bringing it to a total of \$21.90 million in 2024-25. Whilst equity contributions is lower in 2024-25, the entity still received \$35.44 million. TasRail has not provided any returns to government in the last 5 years.
- TT-Line Company Pty Ltd: Whilst no government support has been provided to TT-Line over the past 4 years, their underlying profit continues to deteriorate (\$4.23 million in 2021-22, \$5.91 million in 2022-23, loss of \$7.51 million in 2023-24, and loss of \$23.86 million in 2024-25). Borrowings have also significantly increased (nil in 2021-22, \$203.58 million in 2022-23, \$582.21 million in 2023-24, and \$894.06 million in 2024-25). TT-Line's returns to government have also deteriorated, from the highs of \$36.31 million in 2020-21 to nil in 2024-25.

Key Management Personnel

As part of our annual financial audit cycle, we select several focus areas for additional testing, beyond the minimum required to complete the financial audit. Focus areas can be selected based on emerging risk, changes in the external environment or to assess areas of probity, prudence or wastage in the expenditure of public funds.

This year we undertook additional procedures in relation to payments to Key Management Personnel, with a particular focus on termination payments. We identified this focus area based on previously reported payments along with the limited external oversight of contractual arrangements for KMPs within the PFC and PNFC sectors. We assessed that there was a likely risk that inconsistent terms could exist across executive contracts and that there was limited transparency in this area.

Our procedures drew attention to the high level of termination benefits paid by some entities, as well as the significant fluctuations across various entities. Given the initial observations, our analysis was expanded to cover selected entities over the last 5-year period. The analysis was straightforward, and all information used is publicly available, however, to complete the analysis from publicly available information would require the laborious process of accessing and assessing over 35 separate annual reports.

The table, on the following page, details the overall results of our analysis. The amounts reported in the table have been adjusted to exclude payments of accrued leave on termination. Key matters identified from our analysis include:

- TasNetworks had the highest single termination payment (\$711,000).
- TasNetworks had the highest average termination payment (\$296,500).
- One KMP at TasNetworks, received a termination payout (\$74,000) after completing less than 2 years in a KMP role.
- TasNetworks, Hydro Tasmania, and TasPorts had significant restructures during the period analysed, the average termination payment at TasPorts was \$42,250, compared to \$296,500 at TasNetworks and \$251,222 and Hydro Tasmania.

Table 3: Average termination payments

Entity		2021	2022	2023	2024	2025	Total 2021 - 25
Tasmanian Networks Pty Ltd*	Number of KMP at 30 June	7	8	8	7	5	0
	Total Termination payments	\$100,000	\$231,000	\$344,000	\$912,000	\$785,000	\$2,372,000
	Number of terminations	2	1	1	2	2	8
	Average termination payment	\$ 50,000	\$231,000	\$344,000	\$456,000	\$392,500	\$296,500
Hydro Tasmania	Number of KMP at 30 June	8	8	9	10	10	0
	Total Termination payments	\$1,913,000	\$232,000	\$103,000	\$0	\$13,000	\$2,261,000
	Number of terminations	5	2	1	0	1	9
	Average termination payment	\$382,600	\$116,000	\$103,000	\$0	\$ 13,000	\$251,222
Aurora Energy Pty Ltd	Number of KMP at 30 June	5	5	6	6	7	0
	Total Termination payments	\$0	\$6,257	\$356,551	\$0	\$0	\$362,808
	Number of terminations	0	1	2	0	0	3
	Average termination payment	\$0	\$6,257	\$178,276	\$0	\$0	\$120,936
Tasracing Pty Ltd	Number of KMP at 30 June	0	3	4	5	6	0
	Total Termination payments	\$0	\$0	\$88,000	\$0	\$0	\$88,000
	Number of terminations	0	0	1	0	0	1
	Average termination payment	\$0	\$0	\$88,000	\$0	\$0	\$88,000
Tasmanian Water and Sewerage Corporation Pty Ltd ¹	Number of KMP at 30 June	7	8	8	8	8	0
	Total Termination payments	\$99,479	\$183,068	\$183,000	\$0	\$52,000	\$ 517,547
	Number of terminations	1	3	2	0	1	7
	Average termination payment	\$99,479	\$61,023	\$91,500	\$0	\$52,000	\$73,935

Entity		2021	2022	2023	2024	2025	Total 2021 - 25
Tasmanian Irrigation Pty Ltd	Number of KMP at 30 June	6	4	4	4	7	0
	Total Termination payments	\$62,394	\$99,071	\$9,954	\$35,491	\$110,042	\$ 316,952
	Number of terminations	1	3	1	1	1	7
	Average termination payment	\$62,394	\$33,024	\$9,954	\$35,491	\$110,042	\$45,279
Tasmanian Ports Corporation Pty Ltd	Number of KMP at 30 June	6	6	6	6	5	0
	Total Termination payments	\$0	\$203,000	\$0	\$132,000	\$3,000	\$338,000
	Number of terminations	2	1	1	2	2	8
	Average termination payment	\$0	\$203,000	\$0	\$66,000	\$1,500	\$42,250
Metro Tasmania Pty Ltd	Number of KMP at 30 June	6	6	5	6	7	0
	Total Termination payments	\$22,000	\$31,000	\$33,000	\$18,000	\$0	\$104,000
	Number of terminations	1	2	2	1	0	6
	Average termination payment	\$22,000	\$15,500	\$16,500	\$18,000	\$0	\$17,333
Tasmanian Railway Pty Ltd	Number of KMP at 30 June	6	6	6	6	6	0
	Total Termination payments	\$0	\$0	\$0	\$24,910	\$0	\$24,910
	Number of terminations	0	0	1	1	0	2
	Average termination payment	\$0	\$0	\$0	\$24,910	\$0	\$12,455

Note 1: Whilst Tasmanian Water and Sewerage Corporation Pty Ltd is not a PNFC/PFC, it has been included in this table for completeness.

As the payments made in TasNetworks were higher than most, and continued across all years analysed, we made further enquiries. TasNetworks advised that the termination payments were made possible due to the implementation of a new company strategy that commenced in 2022. This involved in the creation of a new executive structure with roles based on newly defined portfolios and rotation or appointment of existing KMPs to those roles (and at that time 1 more role than KMPs). In April 2022, the company entered new contracts with

several KMPs. These new contracts enabled those KMP, under certain circumstances, to access termination payments in future years. TasNetworks advised that, based on their legal advice, all payments were correctly made within contract terms.

Our financial audit process has provided assurance that, with the parameters of materiality, payments are calculated in accordance with contractual terms and correctly disclosed in the annual financial report.

Our additional focus on this area raises significant questions as to the level of variation in KMP contracts in relation to the calculation of termination payments and the level of oversight in the development and approval of these contracts.

As part of the development of our forward work program we will engage with our stakeholders, including the Public Accounts Committee, to assess whether it is in the public interest to divert some of our limited performance audit capacity to review executive appointment, contracts, performance, remuneration and termination, with the objective of addressing the questions raised in this analysis.

PNFC and PFC analysis

Underlying profit

\$142m	\$536m	\$273m	\$137m
2021-22	2022-23	2023-24	2024-25
▼ (76%)	▲ 277%	▼ (49%)	▼ (50%)

▲ Improvement from prior year ▼ Deterioration from prior year ● No material change from prior year.

Underlying profit (loss) is defined as operating revenue less operating expenditure. This measure of financial performance more accurately reflects the earning power of an entity and the capacity to pay operating costs by removing unusual and non-recurring transactions.

A comparison of the Underlying profit (loss) for each PNFC and PFC over the past 4 financial years is shown in Table 4.

Table 4: Underlying profit (loss)

Entity	Trend	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000
Aurora Energy Pty Ltd	●	4,280	11,795	3,224	6,141
Homes Tasmania	▼	N/a	116,230	(100,196)	(32,196)
Hydro Tasmania	▼	142,865	162,695	189,772	3,090
Macquarie Point Development Corporation	▲	(13,344)	(392)	1,857	212
Metro Tasmania Pty Ltd	▼	3,489	(1,513)	(4,619)	(6,002)
Motor Accidents Insurance Board	▲	(73,863)	146,680	95,715	115,904
Port Arthur Historic Site Management Authority	▲	(4,303)	(930)	(600)	(1,518)
Private Forests Tasmania	●	143	(466)	(354)	115
Stadiums Tasmania	▼	N/a	N/a	2,852	(1,040)
Sustainable Timber Tasmania	●	2,657	(2,229)	796	794
Tasmanian Irrigation Pty Ltd	▲	(7,768)	1,926	1,070	1,894

Entity	Trend	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000
Tasmanian Networks Pty Ltd	▼	56,996	40,704	29,372	12,123
Tasmanian Ports Corporation Pty Ltd	▲	15,277	29,647	31,896	21,058
Tasmanian Public Finance Corporation	▲	10,900	35,100	40,100	44,000
Tasmanian Railway Pty Ltd	▲	(3,978)	(9,139)	(5,357)	(2,787)
Tasracing Pty Ltd	▼	4,867	399	(1,733)	(1,694)
The Public Trustee	●	(223)	46	(3,500)	346
TT-Line Company Pty Ltd	▼	4,225	5,910	(7,507)	(23,860)
Total	●	142,220	536,463	272,788	136,580

▲ Improvement in trend ▼ Deterioration in trend ● No material change in trend

PNFCs and PFCs aggregated underlying profit of \$136.58 million was a \$136.21 million, or 50.1%, decrease on the 2023-24 result. This change was driven by:

- Hydro Tasmania – underlying profit of \$3.09 million in 2024-25 compared to profit of \$189.77 million in 2023-24, a decrease of \$186.68 million. This decrease was predominantly due to a increase in direct expenses of \$116.16 million and a reduction in sales of product and services of \$45.16 million.

This was offset by:

- Homes Tasmania – underlying loss of \$100.20 million in 2023-24 compared to loss of \$32.20 million in 2024-25, an improvement of \$68.00 million. The main influence on the improved result is due to an increase in grant funding from the State Government, through the Department of State Growth of \$40.02 million and a reduction in other expenses of \$31.07 million. This included a reduction of expenditure across several grant programs, including the Community Housing Growth program and Queens Walk – Housing Choices.

Ten of the 18 PNFCs and PFCs recorded an underlying profit in 2024-25 (2023-24, 10 of 18). Homes Tasmania generated the largest underlying loss of the 18 entities, \$32.20 million, however, as noted above this is a significant improvement on the prior year result. TT-Line also recorded a large underlying loss of \$23.86 million, due principally to operational expenditure increases across the business, particularly in wages, salaries and terminal operation costs.

Revenue received by PNFCs and PFCs

\$3.81bn	\$4.64bn	\$5.04bn	\$5.32bn
2021-22	2022-23	2023-24	2024-25
 (11%)	 22%	 9%	 6%

▲ Improvement from prior year ▼ Deterioration from prior year ● No material change from prior year.

Note: Revenue items such as capital grants and fair value gains or losses have been excluded from this table.

PNFCs and PFCs received \$5.32 billion of operating revenue in 2024-25 (2023-24, \$5.04 billion). The increase in revenue reflects:

- Aurora Energy – revenue of \$977.72 million in 2024-25 compared to revenue of \$956.74 million in 2023-24, an increase of \$20.98 million. This was primarily due to a 6.8% increase to all fixed tariffs, except for tariff 22 which had a 4% increase. This was offset by a decrease in unbilled energy sales, which has been largely impacted by the move to a monthly billing cycle.
- Homes Tasmania – revenue of \$225.21 million in 2024-25 compared to revenue of \$173.76 million in 2023-24, an increase of \$51.45 million. This was primarily due to an increase in grant funding received from the Department of State Growth of \$30.54 million.
- Motor Accidents Insurance Board (MAIB) – revenue of \$341.28 million in 2024-25 compared to revenue of \$297.47 million in 2023-24, an increase of \$43.81 million. This was primarily due to strong investment market results, with an investment return for the total portfolio reported of 8.52%.
- Tasmanian Networks Pty Ltd (TasNetworks) – revenue of \$558.14 million in 2024-25 compared to revenue of \$506.64 million in 2023-24, an increase of \$51.50 million. The increase was primarily due to higher demand for distribution use of system, driven by increased consumption in commercial and irrigation sectors and prescribed AEMO settlement residues. TasNetworks largest electricity customer's revenue, being Aurora Energy Pty Ltd, increased by \$33.00 million in 2024-25.
- Tasmanian Public Finance Corporation (TASCORP) – revenue of \$624.20 million in 2024-25 compared to revenue of \$484.10 million in 2023-24, an increase of \$140.10 million. TASCORP's client advances balance increased from \$9.02 billion (2023-24) to \$12.01 billion, resulting in an approximate 33.1% increase. This increase has directly contributed to the corresponding growth in TASCORP's interest revenue.

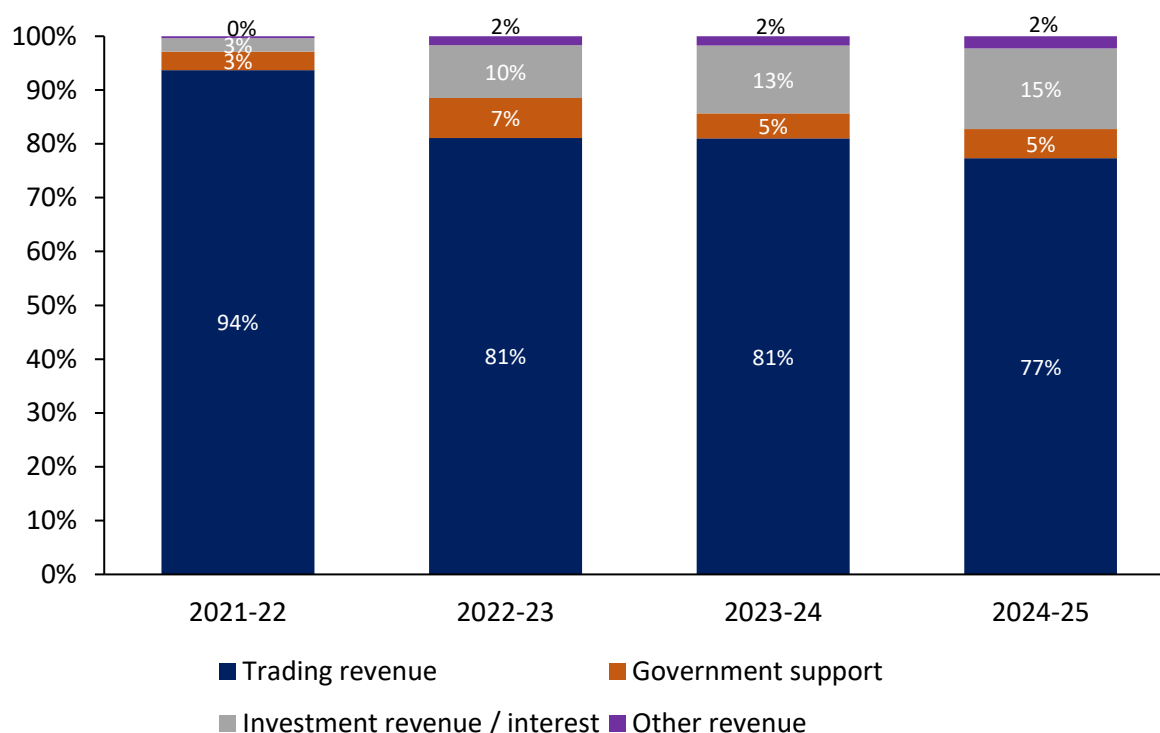
The above was offset by:

- Hydro Tasmania – revenue of \$1.66 billion in 2024-25 compared to revenue of \$1.70 billion in 2023-24, a decrease of \$40.83 million:
 - sale of products and services has decreased by \$45.16 million, with decreases noted across:
 - sale of electricity – \$39.04 million
 - sale of gas – \$10.50 million.

The decrease in the sale of electricity was due to the extremely dry weather conditions, with the reduced rainfall impacting upon energy generation, whereby the need to conserve water meant importing more energy and utilising the Tamar Valley Power Station.

Figure 2 shows the sources of revenue for PNFCs and PFCs in 2024-25.

Figure 2: PNFC and PFC revenue by type over 4 years



Note: Revenue items such as capital grants and fair value gains or losses have been excluded from this chart.

Consistent with prior years, the main revenue stream for PNFCs and PFCs is trading revenue, generating \$4.12 billion in 2024-25 (2023-24, \$4.08 billion) representing 77.3% of revenue in the sector.

The 18 PNFC and PFC entities generated \$798.53 million in investment revenue and interest in 2024-25 (2023-24, \$635.13 million). The majority of this was through the PFC entities, TASCORP and MAIB. Investment revenue and interest generated 15.0% of the PNFC and PFC operational revenue in 2024-25, an increase on the 12.6% generated in 2023-24. This reflects the continued high level of interest rates during the year, as well as the strong

performance of financial markets in 2024-25, leading to significant unrealised profits on investments held at 30 June 2025.

Government support

PNFCs that received, in aggregate, Government support greater than 5.0% of their total revenue during 2024-25 are listed in Table 5 (11 out of 18 entities).

Table 5: PNFC operational revenue for entities receiving more than 5.0% of Government support in 2024-25

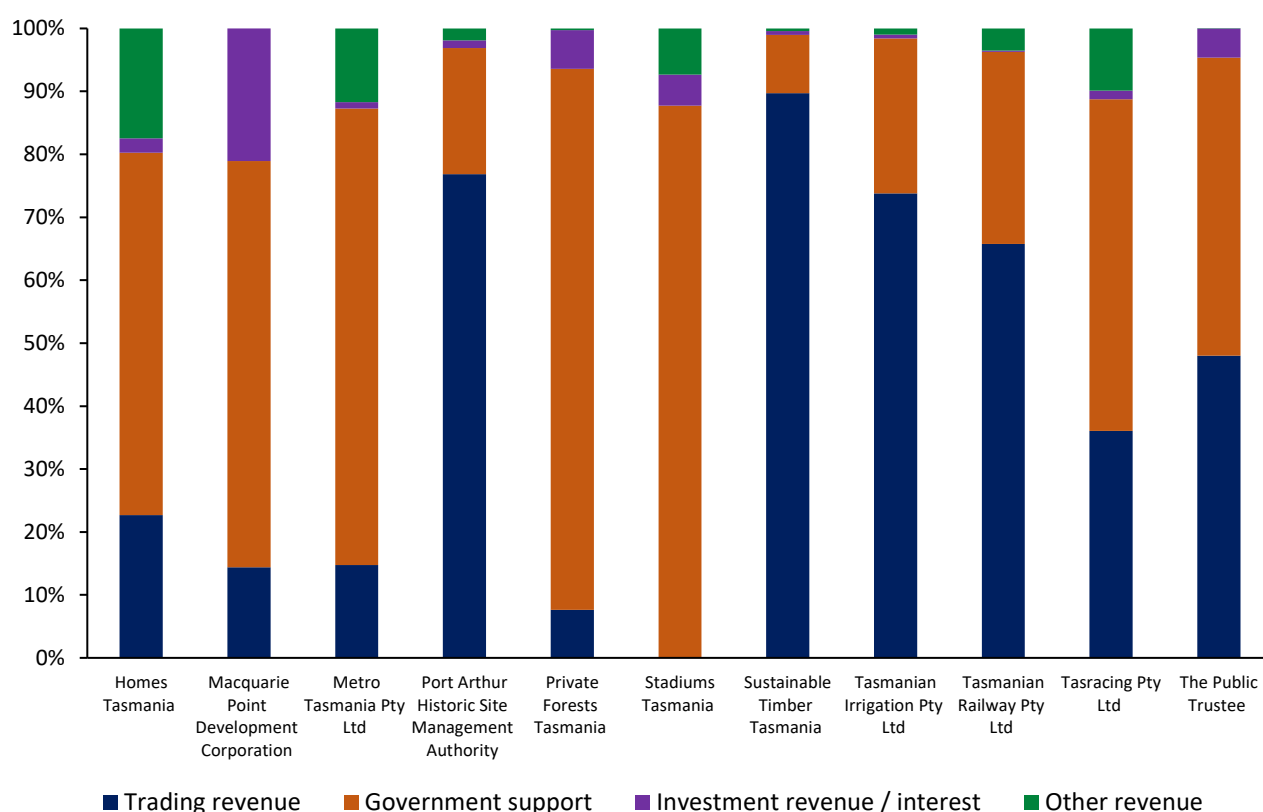
Entity	Trading revenue \$'000	Government support ¹ \$'000	Investment revenue / Interest \$'000	Other \$'000	Total ² \$'000
Homes Tasmania	51,111	129,664	5,110	39,329	225,214
Macquarie Point Development Corporation	1,117	5,000	1,631	0	7,748
Metro Tasmania Pty Ltd	11,285	55,438	756	8,967	76,446
Port Arthur Historic Site Management Authority	21,013	5,476	340	511	27,340
Private Forests Tasmania	178	2,000	143	6	2,327
Stadiums Tasmania	0	1,900	107	159	2,166
Sustainable Timber Tasmania	125,659	12,950	876	591	140,076
Tasmanian Irrigation Pty Ltd	19,785	6,602	172	256	26,815
Tasmanian Railway Pty Ltd	47,201	21,900	182	2,507	71,790
Tasracing Pty Ltd	26,741	39,041	1,023	7,304	74,109
The Public Trustee	6,743	6,647	646	4	14,040
Total	310,833	286,618	10,986	59,634	668,071

Note 1: Government support of \$0.91 million received by TasNetworks was not included in the table above as the amount was less than 5.0% of its total revenue.

Note 2: Total revenue excludes items such as capital grants and fair value gains or losses.

A breakdown of the sources of revenue received by the 11 PNFCs that received at least 5.0% of their revenue from Government support is shown in Figure 3.

Figure 3: Breakdown of the sources of revenue for PNFCs receiving Government support



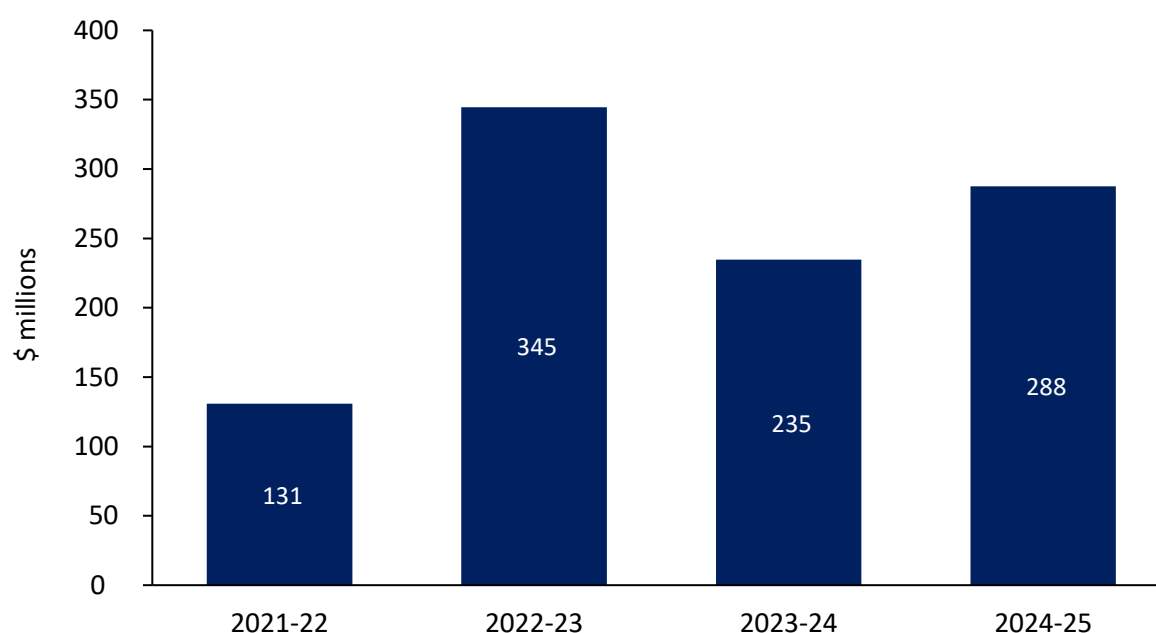
Note: One-off revenue items such as fair value gains or losses have been excluded from this chart.

Those that received the most Government support in terms of dollars during 2024-25 were:

- Homes Tasmania: \$129.66 million, compared to \$89.65 million in 2023-24
- Metro Tasmania: \$55.44 million, compared to \$54.20 million in 2023-24
- Tasracing: \$39.04 million, compared to \$36.27 million in 2023-24
- Tasmanian Railway: \$21.90 million, compared to \$13.90 million in 2023-24.

Figure 4 shows the level of Government support provided to PNFCs and PFCs over the 4 financial years 2021-22 to 2024-25. Over this period, the support provided has increased by 119.9%, from \$130.73 million to \$287.53 million.

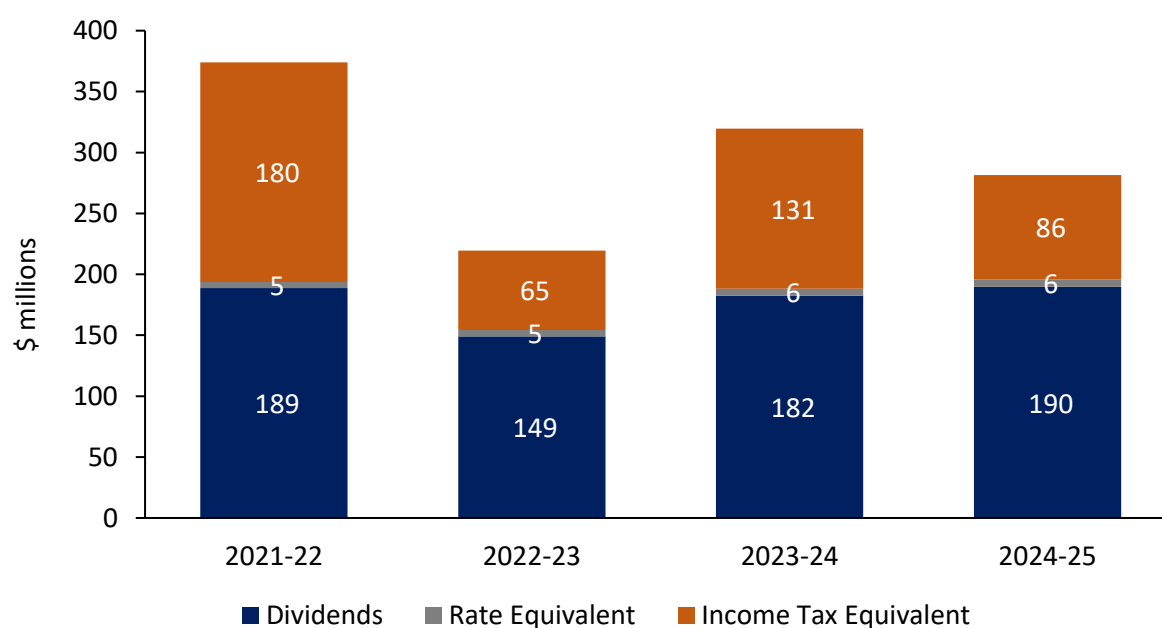
Figure 4: Government support



Dividends, rate equivalent and income tax equivalents

PNFCs and PFCs paid \$281.44 million (2023-24, \$319.53 million) to the Government in 2024-25 through dividends, rate equivalent and income tax equivalent payments. This amount excludes the Mersey Community Hospital Fund (MCHF) dividend of \$99.40 million (2023-24, \$96.10 million) paid by TASCORP. Figure 5 shows the composition of these payments over the last 4 years.

Figure 5: Dividends, rate equivalent and income tax equivalents



Note 1: Amounts paid to the Government as per entities' Statement of Cash Flows.

Note 2: Figure 5 excludes the MCHF dividends paid by TASCORP 2021-22 to 2024-25.

Table 6 provides a breakdown of the dividends, rate equivalent and income tax equivalent payments made by PNFC and PFC entities to the Government in 2024-25.

Table 6: Dividends, rate equivalent and income tax equivalents, 2024-25¹

Entity	Dividends \$'000	Rate equivalent \$'000	Income tax equivalent \$'000	2024-25 Total \$'000	2023-24 Total \$'000
Aurora Energy Pty Ltd	905	0	3,199	4,104	6,791
Hydro Tasmania	122,000	6,102	31,162	159,264	175,425
Motor Accidents Insurance Board	37,559	0	16,945	54,504	44,241
Sustainable Timber Tasmania	250	0	0	250	600
Tasmanian Networks Pty Ltd	0	0	15,253	15,253	52,593
Tasmanian Ports Corporation Pty Ltd	10,082	0	10,977	21,059	17,873
Tasmanian Public Finance Corporation ²	18,900	0	8,100	27,000	22,000
The Public Trustee	0	0	5	5	5
Total	189,696	6,102	85,641	281,439	319,523

Note 1: Amounts paid to the Government as per entities' Statement of Cash Flows

Note 2: Table 6 excludes the MCHF dividend of \$99.40 million in 2024-25 and \$96.10 million in 2023-24.

The Government received \$38.08 million less in payments from PNFCs and PFCs than the prior year. This was primarily due to the following:

- Hydro Tasmania: \$175.43 million in 2023-24 compared to \$159.26 million in 2024-25. Decrease primarily due to income tax payments of \$64.70 million in 2023-24 compared to \$31.16 million in 2024-25.
- Tasmanian Networks Pty Ltd: \$52.59 million in 2023-24 compared to \$15.25 million in 2024-25. The amounts in 2023-24 related to \$11.72 million of dividends and \$40.87 million of income tax.

Financing of PNFCs

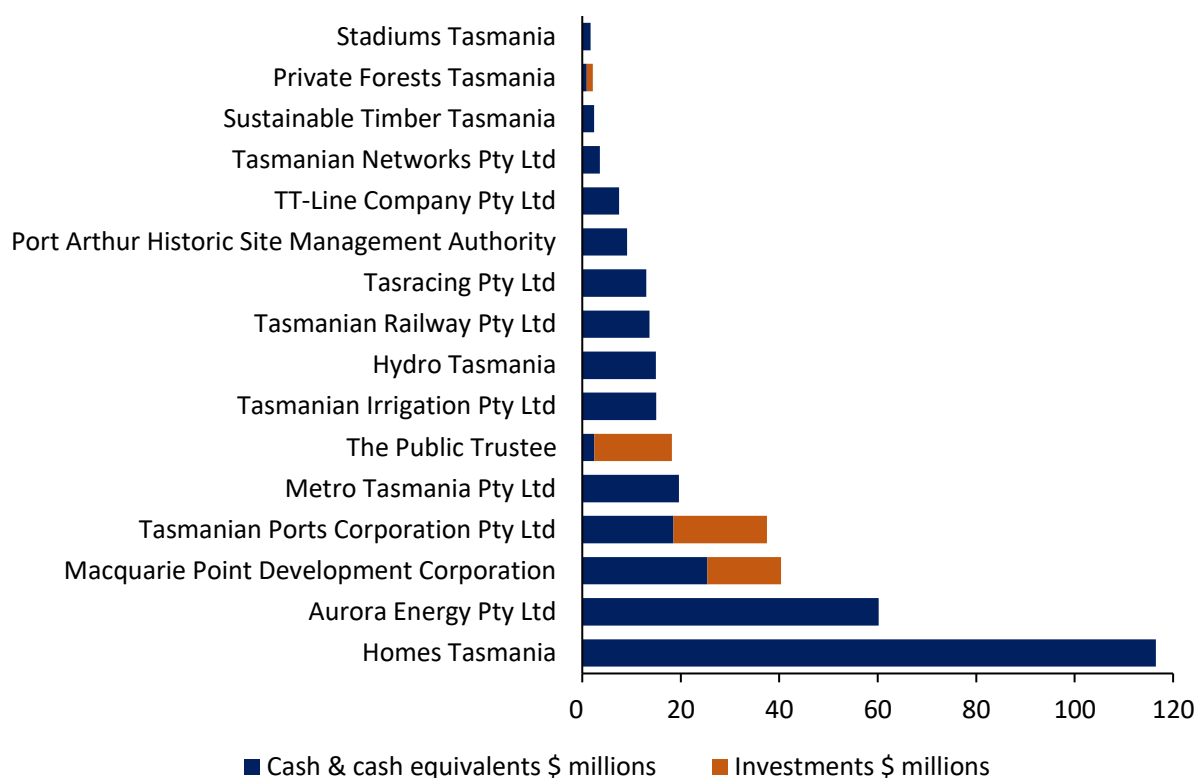
\$375m ▼ (5.6%)

Total cash, deposits and financial investments held at 30 June 2025¹

Cash, deposits and financial investments held by PNFCs at 30 June 2025 decreased by \$22.39 million, or 5.6%, from 30 June 2024.

Of the \$375.46 million held in cash, deposits and financial investments, most was held as short-term cash deposits (deposits with less than 3 months maturity term) with only \$40.59 million held as investments, principally by TasPorts, \$19.00 million, Macquarie Point Development Corporation, \$15.00 million and The Public Trustee, \$5.34 million. The Public Trustee also held \$10.37 million of non-current financial investments.

Figure 6: Cash held by PNFC's as at 30 June 2025



¹ This excludes cash, deposits and financial investments held by PFCs, MAIB and TASCORP.

\$4.89bn ▲ 18.8%

Total loan borrowings as at 30 June 2025

PNFCs held \$4.89 billion of loan borrowings at 30 June 2025 (30 June 2024, \$4.11 billion). Details of loan borrowings held at 30 June 2025, and relevant ratios, are set out in Figures 7, 8 and 9, and Table 7.

Figure 7: Borrowings by PNFCs as at 30 June 2025

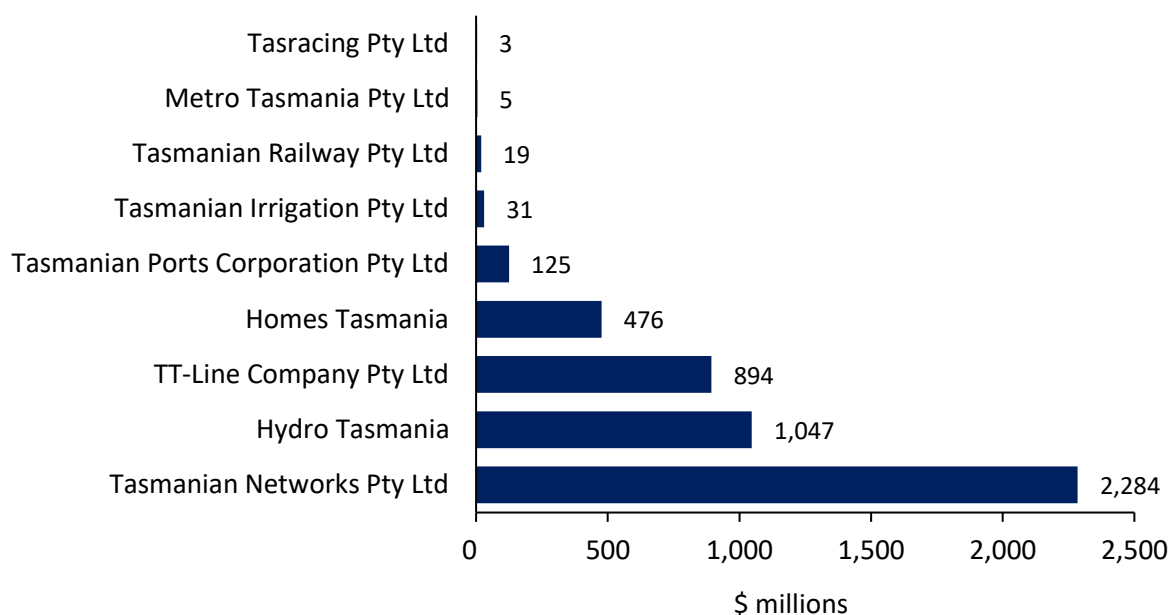


Figure 8: Total borrowings by PNFCs

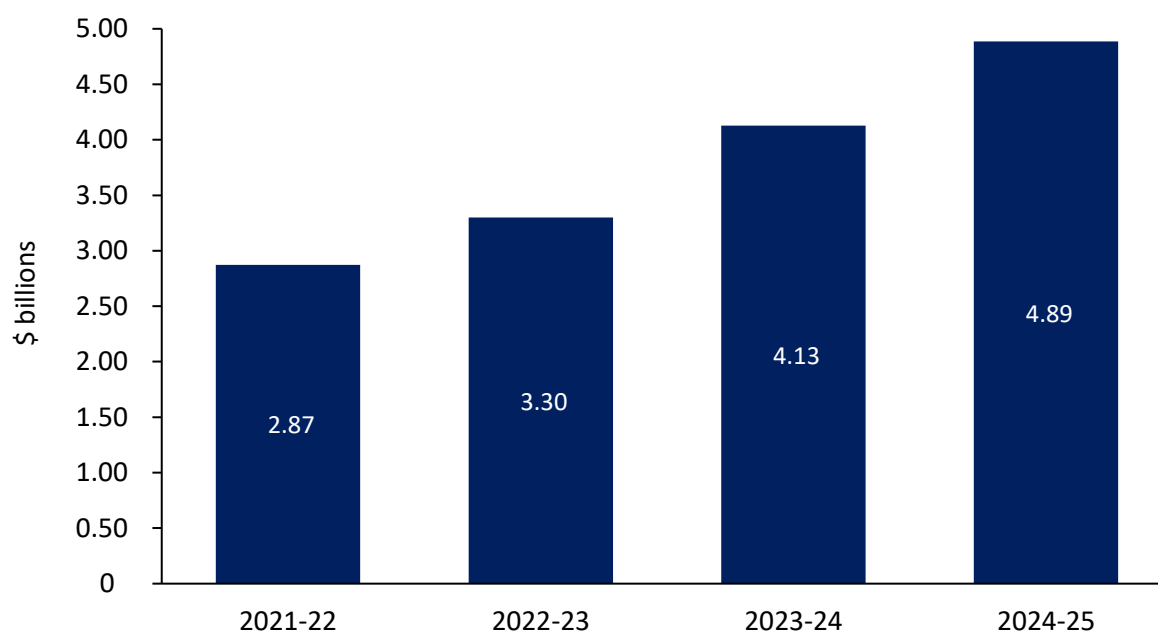


Figure 9: Interest costs as per cashflow

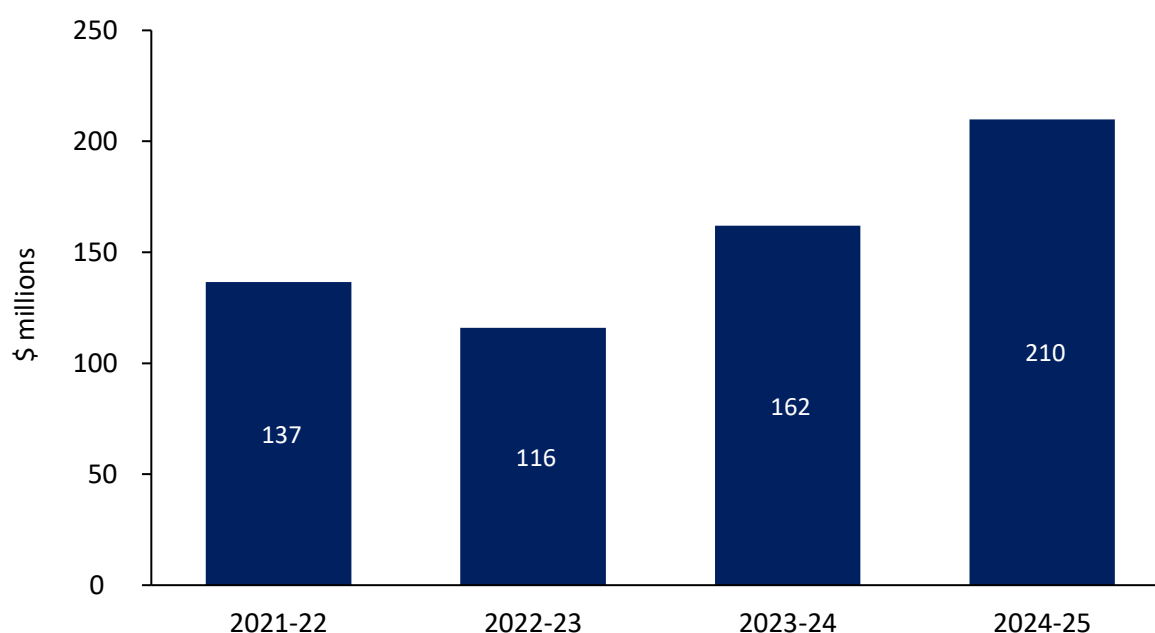


Table 7: Debt and relevant ratios

Entity	Interest \$'000	Borrowings \$'000	Current ratio	Cost of Debt	Interest coverage ratio	Debt to equity
Homes Tasmania	6,338	476,153	n/a	1.3%	n/a	11.1%
Hydro Tasmania	54,889	1,047,062	0.73	5.2%	10.15	40.5%
Metro Tasmania Pty Ltd	118	5,000	1.51	2.4%	n/a	7.2%
Tasmanian Irrigation Pty Ltd	1,043	31,029	0.42	3.4%	n/a	99.9%
Tasmanian Networks Pty Ltd	80,144	2,284,200	0.30	3.5%	1.50	152.7%
Tasmanian Ports Corporation Pty Ltd	7,911	125,000	1.47	6.3%	2.24	36.7%
Tasmanian Railway Pty Ltd	994	19,063	1.00	5.2%	n/a	17.1%
Tasracing Pty Ltd	244	3,485	1.51	7.0%	n/a	6.5%
TT-Line Company Pty Ltd	56,619	894,062	0.19	6.3%	n/a	209.4%
Total	670,271	4,885,054				

Note 1: Homes Tasmania presents its Statement of Financial Position based on financial and non-financial assets and liabilities, therefore unable to determine current ratio.

Note 2: Homes Tasmania, Metro Tasmania Pty Ltd, Tasmanian Irrigation Pty Ltd, Tasmanian Railway Pty Ltd, Tasracing Pty Ltd and TT-Line Company Pty Ltd incurred losses before tax in 2024-25, therefore interest coverage ratio is negative, and therefore not applicable.

Homes Tasmania, Hydro Tasmania and TasNetworks accounted for 96.2% of total debt held at 30 June 2025 (30 June 2024, 95.9%).

PNFCs with debt had a weighted average current ratio of 0.38, which is a deterioration of the 2023-24 result of 0.42. An outcome of 1.00 would indicate a balanced net working capital result. Of the 9 PNFC entities that held borrowings at 30 June 2025, 4 held current liability balances that exceeded their current assets. Maturing short term debt for these entities is expected to be refinanced during 2025-26 in line with their Treasury Risk Management Policy and Master Loan Facility Agreement with TASCORP.

Equity contributions

In 2024-25, the Government invested \$226.97 million in PNFC entities through equity contributions (2023-24: \$112.64 million). Table 8 provides a breakdown of the payments made.

Table 8: Equity contributions to PNFCs

Entity	Purpose of equity contribution	\$'000
Macquarie Point Development Corporation	Equity Contribution	5,000
	Urban Renewal Project	21,045
Metro Tasmania Pty Ltd	Battery Electric Bus Trial	734
	Bus Replacement Program	5,000
	Non-fleet capital	250
Tasmanian Irrigation Pty Ltd	Tranche 3 Irrigation Projects	14,990
	Energy on Farms	427
	Lake Leake Dam Life Extension Project	375
	National Water Grid Fund - Lake Leake Dam Life Extension Project (Australian Government contribution)	375
	National Water Grid Fund - Tranche 3 Irrigation Projects (Australian Government contribution)	50,588
Tasmanian Networks Pty Ltd	Marinus Link make-whole contribution	90,700

Entity	Purpose of equity contribution	\$'000
Tasmanian Railway Pty Ltd	Infrastructure Investment Program - Tasmanian Freight Rail Revitalisation Program - Tranche 4 (State Government contribution)	7,000
	Legacy Locomotives - Life Extension Project	1,000
	Melba Line Bulk Minerals Rail Hub	800
	Road Rail Vehicles	986
	Below Rail Infrastructure Contribution	1,000
	Infrastructure Investment Program - Tasmanian Freight Rail Revitalisation Program - Tranche 3 (Australian Government contribution)	652
	Infrastructure Investment Program - Tasmanian Freight Rail Revitalisation Program - Rail Tranche 4 (Australian Government Contribution)	24,000
Tasracing Pty Ltd	Supplementary Capital Funding	250
	North West Tracks	1,800
Total		226,972

Equity contributions provided to PNFCs have increased in the current year, as shown in Figure 10. The equity contribution to Homes Tasmania in 2022-23 has been excluded as it relates to the establishment of the entity following an administrative restructure.

Figure 10: Equity Contributions to PNFCs

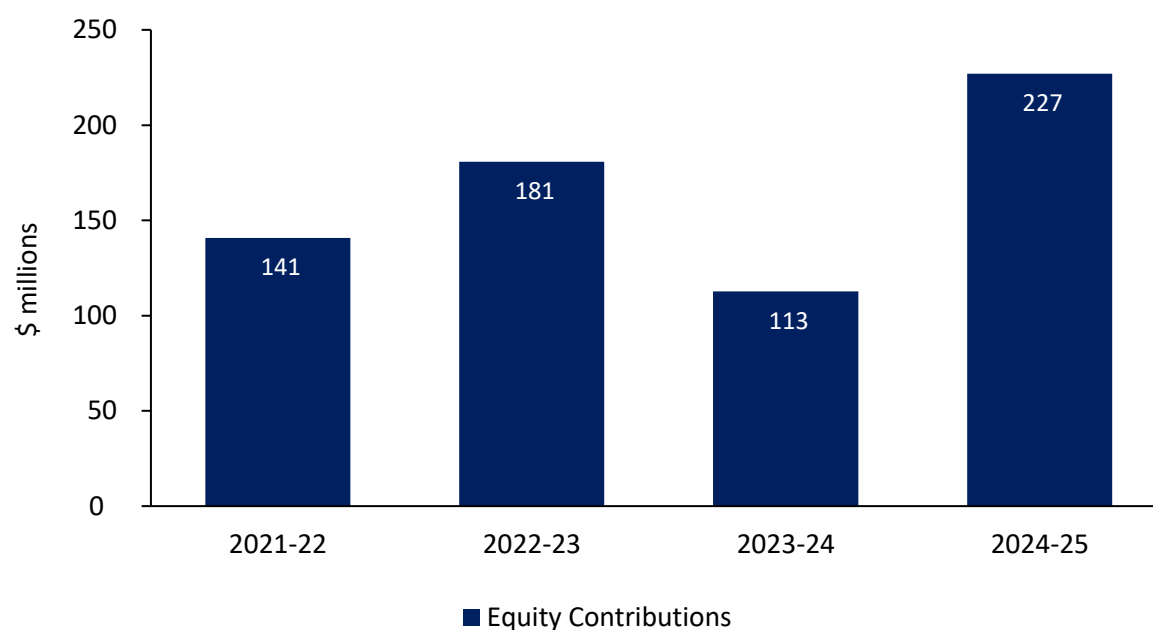


Figure 11 details which PNFCs have received equity contributions over the past 4 years. Majority of equity contributions are provided to entities on a one-off basis for a specific purpose.

Figure 11: Equity contribution received by each PNFC

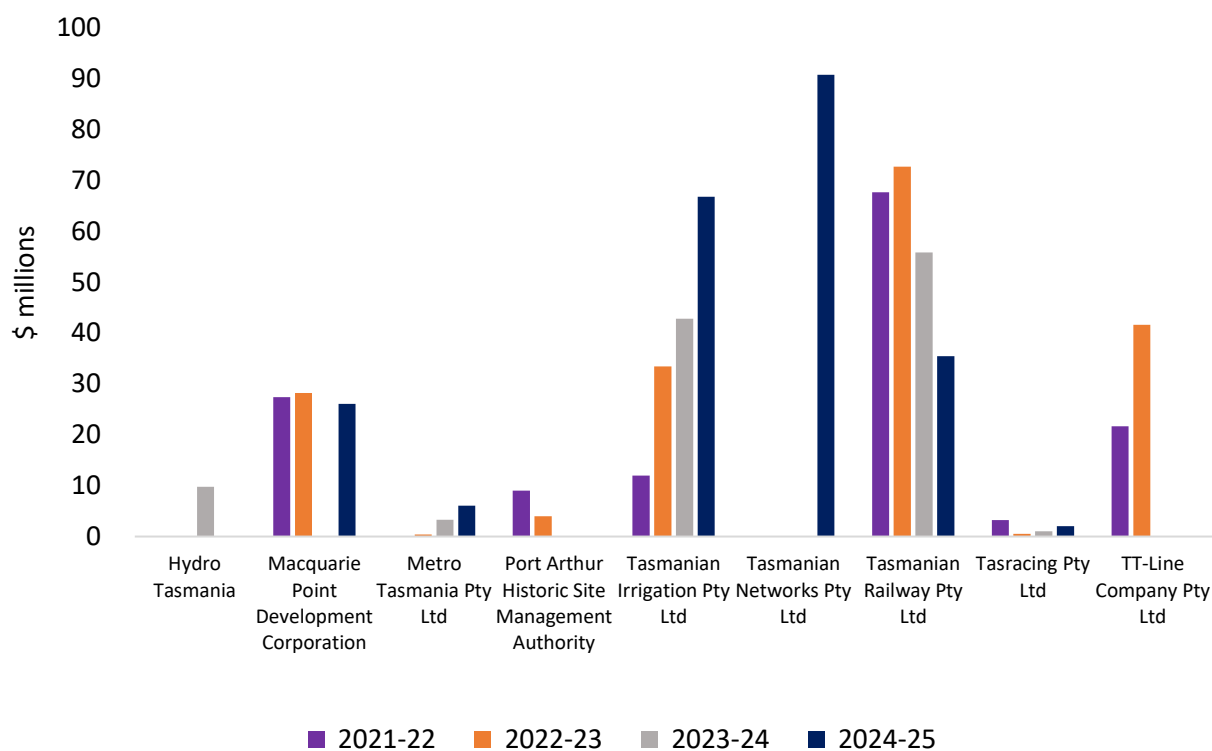
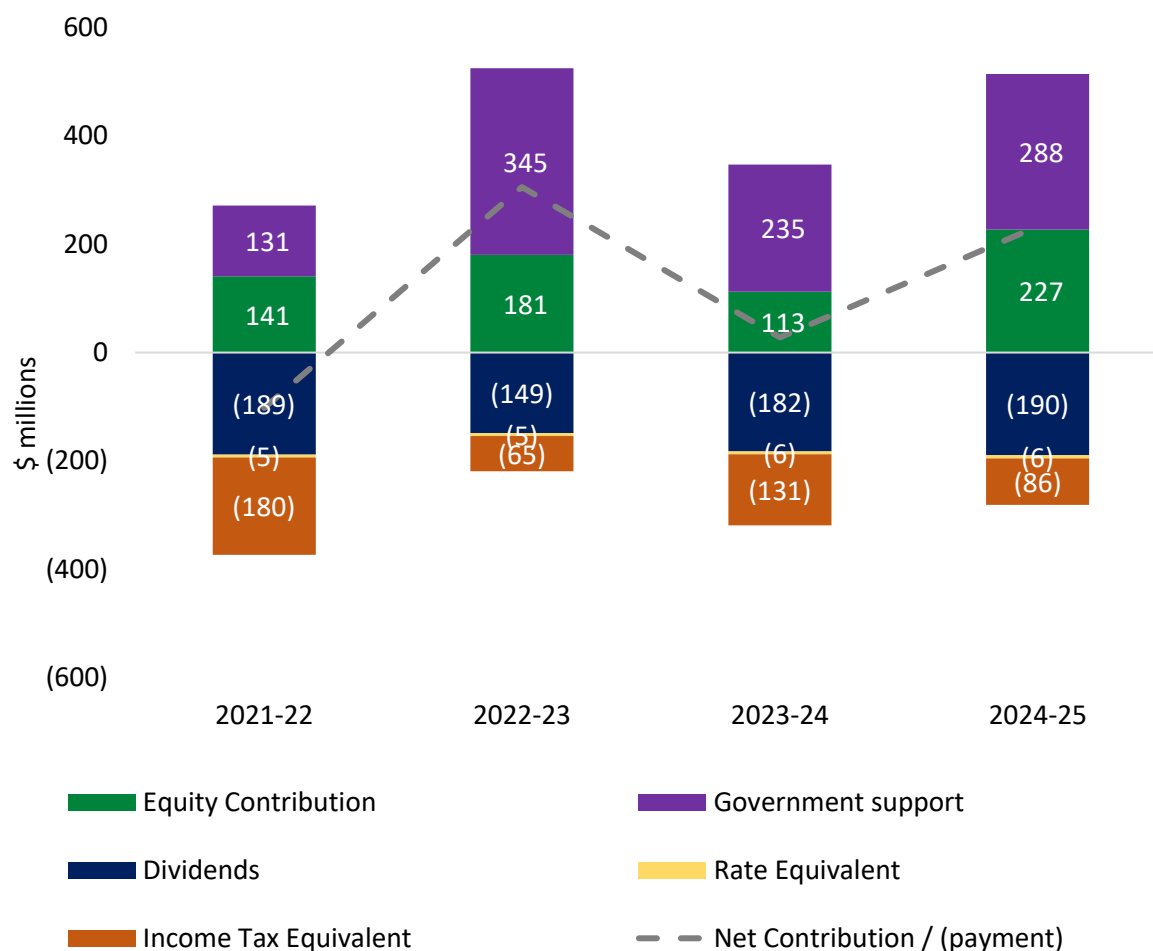


Figure 12 compares:

- the contributions by Government to PNFCs, consisting of equity contributions, government support
- the payments by PNFCs to Government, consisting of dividends, rate equivalent and income tax equivalent.

Figure 12: Contributions by Government compared to payments to Government



Transactions between government and PNFCs are recorded within the general government sector and have the following impact on the general government sector:

- receipts \$281.44 million
- payments \$287.53 million
- investment (asset) \$227.06 million.

These transactions increase the general government sector deficit by \$6.09 million.

Capital investment by PNFCs

\$4.33bn	\$5.50bn	\$291.60m
Total Capital Spend over last 4 years	Total Budgeted Capital Spend over last 4 years	Average Spend Gap over last 4 years

Note: Budget figures represent budgeted capital expenditure based on PNFC corporate plans for 2024-25 and actual Capital Spend represents payments for acquisition of non-financial assets as disclosed in the Statement of Cash Flows in the audited financial statements of each PNFC.

PNFCs invested a total of \$4.33 billion in capital projects over the past 4 years, including \$1.28 billion in 2024-25, a decrease of \$117.26 million over the 2023-24 capital spend of \$1.40 billion. This decrease is a result of:

- TT-Line Company Pty Ltd (TT-Line): \$102.11 million decrease. The decrease in Capex between years primarily relates to the winding down of the major capital costs of the vessel replacement project, offset by an increase in expenditure for the Devonport berth 3 projects. During 2024-25, TT-line spent \$237.91 million for vessel replacement and \$119.98 million for Devonport berth 3.
- Homes Tasmania: \$52.26 million decrease, principally due to a reduction in property acquisitions and other significant projects being completed in 2023-24. In the current year, Fountainside was the only significant acquisition, however in the prior year, there were a number of purchases, including Bethlehem House, apartments at Punchbowl and completion of large projects such as the Cadbury Supported Disability Accommodation.
- Tasmanian Railway Pty Ltd: \$34.14 million decrease, principally due to delays and significantly lower capital spends on 2 of its larger projects, the Bulk Mineral Export Facility and the Melba Line Bulk Minerals Rail Hub. These 2 projects are expected to progress further in 2025-26.
- Tasmanian Ports Corporation Pty Ltd: \$30.47 million decrease, principally driven by a slowdown of capital expenditure in the QuayLink project, where \$47.70 million was spent in the prior year, compared to \$17.78 million in the current year. This reduction is due to a combination of TasPorts nearing completion of their works, and waiting on TT-Line to install specialised infrastructure at Terminal 3 at Devonport for works to continue.

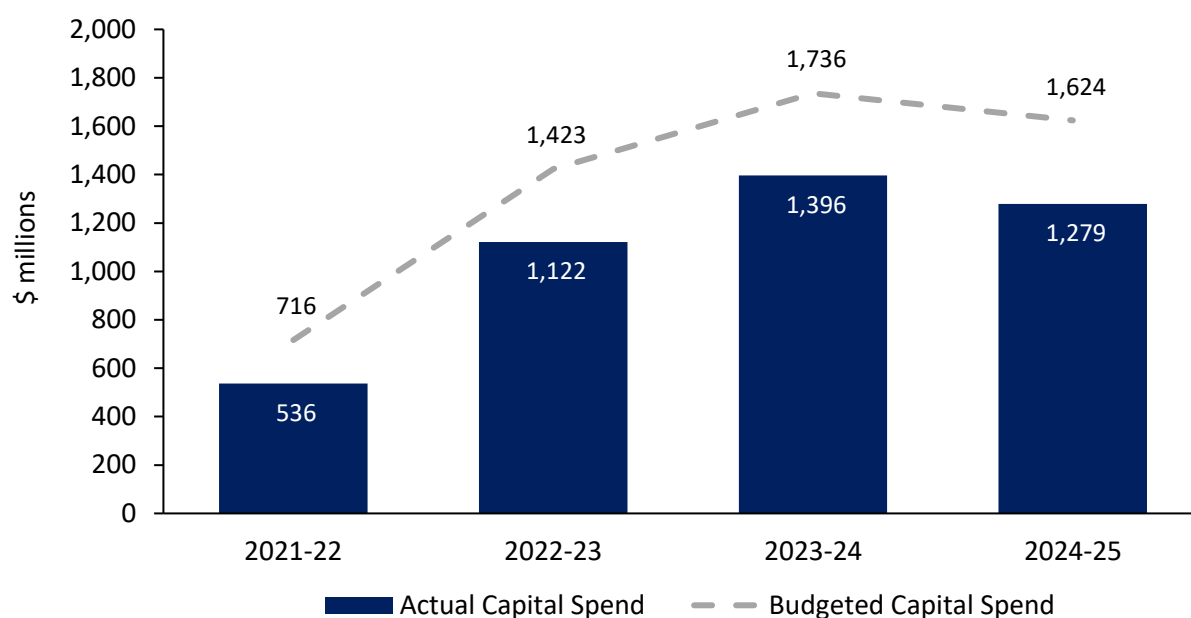
These decreases were offset by:

- Hydro Tasmania: \$47.72 million increase due to increase capital works activity within a large number of projects across the state, including a significant level of expenditure on the existing asset base renewal works and continuation of the Tarraleah redevelopment and Cethana pumped hydro projects.
- Tasmanian Irrigation Pty Ltd: \$49.43 million increase relates to by the continuation of the Tranche Three irrigation schemes. The major schemes under construction that

saw increases in capital works included the Northern Midlands Irrigation Scheme and the Don Irrigation Scheme.

A comparison of actual capital expenditure against budget for the past 4 years is shown in Figure 13.

Figure 13: Capital spending by PNFCs



Note: Budgeted capital spend consists of the capital budget set by each PNFC in each financial year, as disclosed in their annual budgets / corporate plans.

The following entities accounted for 81.4% of the total capital expenditure for 2024-25:

- Homes Tasmania: \$101.96 million
- Hydro Tasmania: \$284.28 million
- TasNetworks: \$328.40 million
- TT-Line: \$326.36 million.

Table 9 shows the amount spent by PNFCs on capital expenditure in 2023-24 and 2024-25, together with a comparison of the actual amount spent on capital expenditure for 2024-25 against budgeted capital expenditure.

Table 9: Capital expenditure by PNFCs in 2023-24 and 2024-25

Entity	Actual 2023-24 \$'000	Actual 2024-25 \$'000	Budgeted 2024-25 \$'000	Actual to Budget Variance 2024-25 \$'000
Aurora Energy Pty Ltd	1,043	3,518	2,000	1,518

Entity	Actual 2023-24 \$'000	Actual 2024-25 \$'000	Budgeted 2024-25 \$'000	Actual to Budget Variance 2024-25 \$'000
Homes Tasmania	154,226	101,962	89,643	12,319
Hydro Tasmania	241,557	284,277	372,300	(88,023)
Macquarie Point Development Corporation	8,394	32,560	63,658	(31,098)
Metro Tasmania Pty Ltd	8,865	3,358	17,583	(14,225)
Port Arthur Historic Site Management Authority	2,054	1,575	1,337	238
Private Forests Tasmania	0	0	0	0
Stadiums Tasmania	314	524	0	524
Sustainable Timber Tasmania	11,445	6,099	9,471	(3,372)
Tasmanian Irrigation Pty Ltd	43,520	92,949	132,776	(39,827)
Tasmanian Networks Pty Ltd	336,154	328,404	308,000	20,404
Tasmanian Ports Corporation Pty Ltd	69,309	38,844	132,014	(93,170)
Tasmanian Railway Pty Ltd	84,127	49,990	68,969	(18,979)
Tasracing Pty Ltd	6,432	6,554	26,500	(19,946)
The Public Trustee	182	285	692	(407)
TT-Line Company Pty Ltd	428,468	326,355	398,799	(72,444)
Total	1,396,090	1,278,834	1,623,742	(344,908)

Note: Actual figures represent payments for acquisition of non-financial assets as disclosed in the Statement of Cash Flows in the audited financial statements of each PNFC. Budget figures represent those from Corporate Plans for 2024-25.

Explanations for variations are provided below for those PNFCs where the variance is greater than \$25.00 million and less than 80.0% of their capital expenditure budget:

- Hydro Tasmania – capital expenditure shortfall of \$88.02 million. There are 2 main categories of capital expenditure at Hydro Tasmania, existing asset base spend and major projects spend. The spend on the existing asset base was in line with the budget, with major spend occurring on Gordon, Poatina, Lemonthyme and

Mackintosh Power Stations as well as the Edgar Dam upgrade. The spend on the major projects was underspent to budget. The major projects have formal approval gateways before they are able to proceed to the next gateway. These gateways ensure there is appropriate governance and oversight of the projects. The gateway process has led to changes in timing of the projects and driven the underspend in this financial year.

- Macquarie Point Development Corporation – capital expenditure shortfall of \$31.10 million, primarily due to delays in the approval processes associated with the stadium project. The budget was prepared with the expectation that significant capital works would be underway during the 2024-25 financial year. However, progress of the stadium development has been delayed, causing the lower than forecasted capital expenditure for the 2024-25 financial year.
- Tasmanian Irrigation Pty Ltd (Tasmanian Irrigation) – capital expenditure shortfall of \$39.83 million. Two major projects in the year, the Northern Midlands Irrigation Scheme construction and the Wesley Vale Irrigation Scheme Augmentation, both had delays due to approvals required through the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). The Sassafras project had budgeted expenditure of \$45.00 million for the year, however only \$3.21 million was incurred, with construction to commence in October 2025.
- TasPorts – capital expenditure shortfall of \$93.17 million. This shortfall was spread across 3 major projects, with revised completion dates noted:
 - Quay Link (revised completion date – April 2029)
 - Mac Wharf Redevelopment – Berth 6 (revised completion date – April 2028)
 - Bell Bay Shiploader replacement (revised completion date – June 2028)

The delays in these major projects were the main reason why actual capital expenditure fell well short of budget.

- TT-Line – capital expenditure shortfall of \$72.44 million, relates mainly to timing of capital payments for the vessel replacement project between the 2023-24 and 2024-25 financial years.

PNFC and PFC developments

This section summarises significant developments that affected the operations of PNFCs and PFCs during 2024-25. Analysis in this chapter has been performed using the consolidated financial results of those PNFCs and PFCs with controlled entities.

Aurora Energy Pty Ltd

Financial result

In 2024-25, Aurora Energy Pty Ltd (Aurora Energy) generated a profit before tax of \$6.14 million, compared to \$3.21 million for the previous year. The 2024-25 result reflects wholesale energy prices remaining at historically high levels.

In 2024-25 sales revenue from customers increased by \$20.06 million with a corresponding increase of \$16.44 million in energy and network purchases to service customers.

Electricity market volatility and impact on cash flow hedges and net assets

Aurora Energy's net asset position as at 30 June 2025 was \$85.94 million, a decrease of \$12.76 million from the previous year. The main drivers of the net asset position were the change in the value of electricity derivatives as at 30 June 2025. The change in derivative value also resulted in a net cash flow hedge loss of \$16.17 million being included both in the cash flow hedge reserve in Equity and Total Comprehensive Income as at 30 June 2025.

Aurora Energy's cash position at 30 June 2025 benefited from the timing of cash received for Government rebates, with this cash inflow expected to offset lower receipts from customers in the first quarter of FY26.

Market trade receivables and payables

Electricity spot market prices were higher at 30 June 2025 than they were at 30 June 2024. This had an impact on the valuation of Aurora Energy's contracts with Hydro Tasmania, which are used to manage energy purchase costs. This movement meant:

- Market trade receivables, representing amounts receivable under a contract for difference for energy purchases with Hydro Tasmania were \$82.19 million at 30 June 2025, compared to \$57.59 million at 30 June 2024. The variance in the Hydro Tasmania contract for difference is offset by a corresponding increase in energy costs from the Australian Energy Market Operator (AEMO).
- Trade payables, representing outstanding amounts payable to AEMO, were \$182.24 million at 30 June 2025, compared to \$156.71 million at 30 June 2024.

Homes Tasmania

Financial result

Homes Tasmania recorded a deficit of \$36.72 million for the financial year ended 30 June 2025, an improvement of \$133.13 million on the 2023-24 deficit of \$169.85 million.

The 2024-25 result reflects an increase in grants from the State and Commonwealth Government of \$40.01 million while the corresponding grant expenditure decreased by \$31.30 million, mainly relating to the Community Housing Growth Program.

Financial sustainability

Homes Tasmania recorded a deficit of \$36.72 million for the financial year ended 30 June 2025, with a further budgeted net loss in 2025-26 of \$38.67 million. A further net loss of \$46.88 million continues to be forecasted for the 2026-27 financial year.

The Government has provided a guarantee of Homes Tasmania's borrowings from the TASCORP. As at 30 June 2025, this support was limited to a maximum amount of \$476.00 million which is fully utilised.

Homes Tasmania's rental dwellings and community housing stock

At 30 June 2025, Homes Tasmania disclosed \$2.02 billion of rental dwellings and \$211.08 million in community housing stock.

Following a change in accounting policy, these asset classes are now revalued every 5 years using a mix of full valuations or updated suburb based indices. Rental dwellings and community housing stock are due for revaluation in 2029.

During 2024-25, Homes Tasmania recognised \$88.07 million in capital works relating to property, plant and equipment. During the reporting period, \$4.39 million was commissioned as completed rental dwellings, and \$52.73 million as completed community housing stock. A further \$22.23 million related to land purchases.

Service Concession Assets

At 30 June 2025, Homes Tasmania recognised \$2.13 billion relating to service concession assets. These assets are built, operated and managed on behalf of the government by Community Housing Organisations (CHOs) for a set period of time. Homes Tasmania recognises these assets at fair value as they will be returned to Homes Tasmania by the CHO at the end of the agreement.

Homes Tasmania, using the Office of the Valuer-General, indexed these assets at the 30 June 2025 recognising a revaluation increment of \$82.21 million, with the next revaluation due for financial year ending 30 June 2028.

Hydro Tasmania

Consolidated financial result

Hydro Tasmania's result for the year was a profit before tax of \$474.92 million, compared to \$234.56 million in 2023-24. The increase in profit was primarily due to a reversal of impairment of generation assets of \$379.91 million. A revaluation of generation assets during the year identified a significant increase in the value, which was split between the revaluation reserve and the impairment reversal. The impairment reversal offsets previous revaluation decrements that had been recorded as an expense in prior financial years. The impact of the impairment reversal on the result for the year was partially offset by an increase in direct expenses of \$116.16 million.

Total revenue decreased by \$15.97 million for 2024-25 to \$1.83 billion, due to a decrease in the sale of electricity of \$45.16 million, offset by an increase in fair value gains of \$39.30 million. The decrease in the sale of electricity was due to the extremely dry weather conditions, with the reduced rainfall impacting upon energy generation, whereby the need to conserve water meant importing more energy and utilising the Tamar Valley Power Station.

Excluding the impact of reversal of impairment of generation assets discussed above, the remaining expenditure totalled \$1.73 billion, an increase of \$123.58 million, mainly due to an increase in direct expenses, as noted above.

Infrastructure investment

Additions to property, plant and equipment and works in progress for 2024-25 amounted to \$286.36 million. Major projects being undertaken by Hydro Tasmania include:

- Gordon no.2 machine upgrade \$24.61 million
- Poatina no.3 machine upgrade, \$18.16 million
- Edgar Dam upgrade, \$9.43 million
- Lemonthyme station upgrade, \$8.58 million
- Mackintosh station upgrade, \$8.58 million.

Tarraleah Hydro Power Scheme Redevelopment

In the current year, Hydro Tasmania advanced activities for this project by:

- Board approval of the updated project business case
- optimisation of project design through value engineering exercise
- submission of an updated Commonwealth environment referral
- planning for advanced procurement readiness including Early Contractor Involvement
- completion of 2 independent gateway reviews of Business Case assessment and readiness to commence procurement
- completion of intake excavation and connecting tunnel as part of the Lake King William upgrade works.

It is anticipated that the project will progress to the Final Investment Decision (FID) during the 2026-27 financial year.

Lake Cethana – proposed pumped hydro project

Hydro Tasmania's proposed pumped hydro project at Lake Cethana will be Tasmania's first – a 750 MW scheme with up to 20 hours' storage duration capacity. The preliminary business case has been endorsed by the Board and since then work has progressed on the commercialisation strategy, preparations for an updated Commonwealth environmental referral and completion of detailed reference design, supported by comprehensive geotechnical investigations. The project will only proceed if approved by the Tasmanian Government and Parliament, with Hydro aiming to have the Gate 2 business case ready for review during 2026.

Macquarie Point Development Corporation

Financial result

Macquarie Point Development Corporation (the Corporation) operating loss is \$0.64 million in 2024-25 (2023-24, profit \$18.59 million).

Total revenue from parking rent was consistent with the prior year. However, the \$2.71 million overall decrease in total revenue compared to the previous year was mainly

due to the absence of the \$1.60 million one-off contribution from the Department of Natural Resources and Environment, together with lower interest income from the term deposit investment in the current financial year.

Total expenses of \$7.53 million were higher than the previous year, mainly due change being the increase in consultants and contracting services during the financial year.

Multi-purpose Stadium

In September 2022, the Tasmanian Government announced the plan for the development of a new Stadium at the Macquarie Point Development site. On 15 October 2023, the Corporation released its draft Precinct Plan, working with parties for its development.

The Precinct Plan was approved in September 2024 and the Corporation continued to perform works at the site which include the continued remediation of the old Cold Store site and the development of the multipurpose stadium.

At 30 June 2025, estimated cost to complete site remediation amounted \$0.85 million. The Corporation anticipate that remaining site remediation works will be completed in financial year 2025-26.

At 30 June 2025, the total Multi-purpose Stadium work in progress amounted to \$27.68 million.

Metro Tasmania Pty Ltd

Financial result

In 2023-24, Metro Tasmania Pty Ltd (Metro) returned a loss before income tax of \$5.96 million (2023-24, loss \$4.63 million). Contributing factors included a \$4.95 million increase in employee related expenses offset by higher other income, \$2.69 million, primarily grant funding.

Employee-related expenses increased due to Bus Operators receiving a 3.5% wage increase from 1 July 2024 on top of the 10.0% wage increase they received in late 2023, which was supported by a funding package from the Tasmanian Government. In addition, full-time equivalents increased by approximately 3.0% during 2024-25 due to Metro's recruitment campaign to increase its bus driver workforce.

Despite a decline in financial performance, Metro's cash position remains strong with \$19.65 million (30 June 2024: \$20.42 million) held in cash reserves.

Half-price fares

The government's initiative to offer half-price fares resulted in patronage levels being relatively consistent when compared to prior year. The funding model put in place to support the half-price fares initiative resulted in ticket fares, \$11.29 million which was also consistent to prior year (2023-24: \$11.27 million).

Hydrogen buses

In 2023-24 3 hydrogen buses were purchased for the hydrogen fuel cell bus electric (HEB) trial. Since then, the following has been completed:

- awareness training for operational and engineering staff
- a purpose-built hydrogen refuelling station has been installed at Metro's Mornington Depot
- hydrogen supply was secured through a partnership with Blue Economy CRC
- the commissioning of an electrolyser in April 2025.

This has ensured a local and reliable hydrogen source and enabling the commissioning of the facilities and the buses, and commencement of services in June 2025.

Motor Accidents Insurance Board

Financial result

The 2024-25 financial result for the Motor Accidents Insurance Board (MAIB) was a profit before tax of \$115.90 million, increasing from a profit before tax of \$95.72 million in 2023-24. This increase is predominantly due to an increase of \$35.76 million in investment income.

Despite the volatility in financial results over the past 3 years, the key cash flows from operations have remained relatively stable. Premium receipts in 2024-25 totalled \$176.58 million (2023-24: \$165.34 million) with claim payments of \$120.97 million (2023-24: \$110.04 million). There was a general premium indexation of 3.0% applied to motor vehicle premiums during 2024-25.

Forecast performance

MAIB generate income by charging customers a premium for buying insurance policies, MAIB also generate income by investing premiums until they are required to meet costs associated with claims. MAIB report an underwriting result from insurance operations (premiums earned less insurance claims incurred) and an overall result from operations, inclusive of the underwriting result, investment income less the costs of administering the scheme.

In 2025, MAIB has continued to record an overall profit and maintain a strong balance sheet. However, the underwriting result has consistently deteriorated since 2021 and is forecast to further deteriorate through the forecast period 2026 – 2029. The following table details key financial metrics for MAIB for the (actual and forecast) period 2021 – 2029.

	Actual Result					Forecast			
	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	2025 \$'000	2026 \$'000	2027 \$'000	2028 \$'000	2029 \$'000
Underwriting result	60,787	27,301	17,917	(28,906)	(40,926)	(35,153)	(37,973)	(43,146)	(48,876)
Investment income	256,355	(85,452)	146,635	143,420	179,178	105,489	107,723	110,067	113,622
Profit after tax	214,306	(47,582)	105,020	69,691	83,359	36,514	34,704	30,629	27,715
Payments to GGS (Tax and Dividend)	121,256	22,011	72,531	58,742	70,104	60,742	38,341	44,297	34,773

The deterioration in the underwriting result means that MAIB's insurance activities are no longer profitable throughout the forecast period and MAIB is reliant on positive investment returns to generate profitable operations. The increased reliance on investment returns and the volatility within those markets, increases the overall risk of operations for MAIB. This in turn increases the potential risk to income flowing through to the General Government Sector through lower dividends and tax equivalency payments.

Claims experience

MAIB received 1,991 new claims in 2024-25, an increase from 1,953 in 2023-24. The increase of 1.9%, plus the 2.8% increase from the year prior offsets the previous downward trends experienced, including declines of 1.2% in 2022-23 and larger decreases of 11.1% in 2021-22 and 5.7% in 2020-21, however the 2024-25 new claims are slightly less than historical experience of approximately 2,000 claims per year. The claim frequency rate per 1,000 registered vehicles remained stable between 2023-24 and 2024-25 at 3.2.

Supported Accommodation Renewal Project

The Supported Accommodation Renewal (SAR) Project proposes upgrades and enhancements to the MAIB's 3 purpose-built facilities and Independent Living Units located throughout Tasmania and is a major improvement strategy contained within the MAIB's Strategic Plan. The MAIB SAR Project aims to incorporate more modern technologies and reconfigure designs to enhance the independence and wellbeing of people impacted by traumatic road injury and those who support them.

The project has required the employment of a full-time project manager and multiple consultant advisors being engaged while in the initial phases of the project. The budgets for the project are split between multiple phases spanning across multiple financial years with an expected completion date of April 2029. Phase 1, being the consultancy phase is now complete and had a total spend of \$1.99 million (compared to a budget of \$3.00 million). Phase 2 through to phase 6, being the implementation and construction phases adopting the "Blank Site" scenario where existing buildings will be demolished and new buildings developed, have a budget of \$84.70 million.

Port Arthur Historic Site Management Authority

Financial result

Port Arthur Historic Site Management Authority (PAHSMA) incurred a loss of \$1.52 million for 2024-25, which was higher than the loss of \$0.60 million in 2023-24. Total revenue was \$1.61 million higher than prior year due mainly to visitor numbers remaining relatively steady, compared to the prior year, and a slight increase in entry charges. In addition, revenue from commercial operations was higher due to increased gift shop sales and café sales. These revenue increases were offset by total expenditure being \$2.53 million higher, mainly due to an increase in employee expenses of \$1.30 million, due to mainly to salary increases in accordance with PAHSMA's staff agreement.

Water and sewerage infrastructure replacement

PHASMA manages water and sewerage infrastructure for the site and some surrounding businesses. This infrastructure is approaching its end of life.

PHASMA has been successful in obtaining grant funding of \$15.95 million for the water and sewerage upgrade project. An amount of \$2.95 million was received during 2024-25 and has been recorded as a contract liability.

Private Forests Tasmania

Financial result

Private Forests Tasmania (PFT) reported a surplus of \$0.12 million for 2024-25 (2023-24: \$0.35 million loss). This reflects a return to surplus from the deficit in prior years due to a strategic Board decision to proactively invest PFT's cash reserves into programs with private sector partners aimed at accelerating the implementation of its Corporate Plan objectives. These investments have supported the growth of the private forestry sector through targeted initiatives in marketing, communications, information development, and the promotion of best practice farm forestry. This increased investment began in 2019-20 and is planned to continue until 2025-26.

After 2 consecutive years of operating losses and negative cash flows from operations, PFT has a positive balance for 2024-25, however they continue to have a negative cashflow from operations.

Stadiums Tasmania

Financial result

In 2024-25, Stadiums Tasmania generated a net loss of \$1.03 million, compared to a net profit of \$2.85 million for the previous year. This is primarily due to the reduction in grant revenue received from the Department of State Growth.

Expenses increased in 2024-25 by approximately \$0.83 million, mainly due to an increase in employee expenses. This is attributed to the increase in the number of employees as a result of the Silverdome transfer and also the onboarding of a number of additional corporate staff during the year.

Net assets position

Stadiums Tasmania's net asset position as at 30 June 2025 was \$51.18 million, a significant increase of \$48.33 million from the previous year. The driver of the change was the transfer of the Silverdome Stadium, transferred at a value of \$49.37 million, split between the building asset (\$42.68 million), land (\$5.35 million) and other plant and equipment (\$1.48 million). This was transferred by the Department of State Growth as an equity contribution, with the treatment consistent between the 2 entities.

Stadiums Tasmania's cash position at 30 June 2025 decreased by \$1.90 million in the current year, due principally to the reduction in grant revenue received from the Department of State Growth, as discussed previously.

Liabilities increased due to the transfer of the Silverdome Stadium. As part of the transfer, Stadiums Tasmania acquired several staff employed by the Silverdome, increasing the total of employee entitlements.

Stadium Properties

Stadiums Tasmania will account for another property in early FY26, specifically UTAS Stadium, which was transferred on 17 July 2025. UTAS stadium has a current fair value of \$48.83 million.

Sustainable Timber Tasmania

Consolidated financial result

Sustainable Timber Tasmania (STT) generated a profit before tax of \$8.31 million in 2024-25, an increase of \$7.78 million from the prior year.

Total revenue of \$147.59 million was slightly higher than the prior year (2023-24: \$144.23 million). This was primarily attributable to a biological asset valuation increment of \$7.52 million, while sales revenue of \$138.61 million, was \$3.56 million less than the prior year. The decrease in sales mainly related to sales of forest products from \$123.13 million in 2023-24 to \$119.77 million in 2024-25.

Consistent the lower sales revenue, total expenses of \$139.28 million was also \$4.42 million lower than the previous year. This was primarily due to lower expenses from operations of \$137.47 million (2024: \$142.21 million).

Fair value of biological assets

Management engaged an independent external valuer to revalue its biological assets, which comprise standing timber and the value of carbon, arising from projects registered with the Clean Energy Regulator, under the Australian Government's Australian Carbon Credit Unit (ACCU) scheme located on Permanent Timber Production Zone Land (PTPZL) and freehold land (Forest assets).

The valuation was performed based on a net present value (NPV) calculation, with Forest assets being measured at fair value less costs to sell. The key inputs for the NPV calculation included:

- expected volume of saleable timber, that will be realised from existing stands and estimated recovery rates
- ancillary income earned from activities such as leasing of land, and
- a market derived discount rate of 8.5% (unchanged since the prior year), used to discount net annual income to a present value of the existing forest crop in accordance with AASB 141 *Agriculture*.

Working capital

At 30 June 2025, STT's working capital of \$29.42 million was consistent with the prior year (2024: \$31.24 million).

Tasmanian Irrigation Pty Ltd

Financial result

Tasmanian Irrigation Pty Ltd (Tasmanian Irrigation) reported a loss before tax of \$71.50 million for 2024-25 (2023-24: loss of \$0.47 million). The significant increase in net loss compared with the prior year was primarily driven by a higher impairment of capitalised costs for irrigation schemes, which rose to \$89.19 million in 2024-25 (2023-24: \$6.76 million). This occurred despite an increase in revenue from contracts with customers to \$35.58 million in 2024-25 (2023-24: \$25.50 million).

Tasmanian Irrigation assesses impairment of property, plant and equipment, including work in progress (WIP), based on the recoverable amount of assets and cash-generating units. As current active schemes had been fully assessed in prior years, year-on-year fluctuations mainly relate to WIP assessments. The majority of the 2024-25 impairment loss arose from the Northern Midlands Scheme WIPs, amounting to \$80.67 million. The accounting estimate for impairment assessment has not changed from the prior year, continuing to reflect the company's unique funding model for capital works and break-even business model for recovering water delivery costs.

The increase in revenue from contracts with customers was largely driven by growth in the water delivery segment, with the following key movements:

- revenue from irrigation charges decreased slightly from \$14.06 million in 2023-24 to \$13.45 million in 2024-25
- revenue from electricity generation and renewable energy certificates decreased from \$4.72 million in 2023-24 to \$4.04 million in 2024-25
- water entitlement revenue grew significantly from \$5.22 million in 2023-24 to \$15.79 million in 2024-25, reflecting the capitalisation of the Greater Meander Augmentation.

Capital Projects

The Australian Government has committed to providing \$213.70 million and the Tasmanian Government has committed \$118.07 million in capital funding for the construction of the ten projects in Tranche Three. An update on the Tranche Three projects currently in progress is provided below:

Northern Midlands Irrigation Scheme – the total budget for the project is \$217.96 million, with construction commenced in August 2024 and is expected to be completed in the second half of 2026.

Sassafras Wesley Vale Irrigation Scheme Augmentation – the scheme has completed detailed design and is continuing the process to approval stage. The total budget for the project is \$124.20 million, with construction planned to commence in October 2025 and expected to be completed in 2027.

Tamar Irrigation Scheme – this project developed a business case submission in July 2024. However, due to low irrigator demand, the agricultural side of the project has been put on hold. In the meantime, further investigations are underway into the feasibility of providing

water to industrial proponents in the Bell Bay Manufacturing Zone. These investigations are being funded through a grant deed with Renewables, Climate and Future Industries Tasmania (ReCFIT).

Greater South East Irrigation Scheme – the total budget for this project is \$301.14 million, with design and budget now underway.

Southern Midlands Irrigation Scheme – the Southern Midlands project remains paused in the pre-feasibility phase following direction from the Tasmanian Government. The project will be revisited once Greater South-East and Tamar projects have proceeded past business case.

Tasmanian Networks Pty Ltd

Consolidated financial result

Tasmanian Networks Pty Ltd (TasNetworks) generated a profit before tax of \$11.96 million in 2024-25 (2023-24, profit \$18.97 million).

Revenue from contracts with customers was \$548.27 million in 2024-25 and \$48.60 million higher compared to last year. The increase was primarily due to higher demand for distribution use of system driven by increased consumption in commercial and irrigation sectors and prescribed AEMO settlement residues. TasNetworks largest electricity customer's revenue increased by \$33.00 million in 2024-25.

Total expenses of \$546.02 million were \$55.26 million higher than the previous year, mainly due to higher:

- employee benefits costs, \$20.08 million, as a result of the implementation of TasNetworks new Enterprise Agreement
- depreciation and amortisation expenses, \$20.47 million, due to primarily to capitalisation of assets during 2024-25, \$329.16 million (2023-24, \$275.49 million) and revaluation increments of \$66.11 million in 2024-25
- finance costs, \$17.29 million due to higher borrowings of \$7.15 million and delays in receiving the equity injection for the sale of the subsidiary Marinus Link Pty Ltd (MLPL).

Equity contributions

TasNetworks was advised, following the sale of MLPL in 2023-24, that the Tasmanian Government would “make TasNetworks whole” in relation to the level of the state's equity recognised in the tripartite-owned entity. During December 2024, TasNetworks received \$90.70 million of the \$103.50 million equity contribution committed with the remaining \$12.80 million to be received in 2025-26.

Fair value of networks assets

In 2024-25, TasNetworks used an income approach to assess the fair value of its regulatory asset classes, which are calculated using the Australian Energy Regulator (AER) Regulated Asset Base (RAB) methodology. The income approach discounted future expected cash

flows to arrive at a current fair value estimate for the assets. Key inputs and assumptions for the discounted cash flow included (unchanged from 2023-24):

- revenue cash flows based on pricing determinations of the AER and management proposals for future pricing determinations
- operating and capital expenditure equal to the allowances set by the AER
- future cash flows beyond the explicit 5 year forecast period were determined using a terminal value derived with reference to the forecast RAB based on the current regulatory model and using a RAB multiple of 1.00
- a Weighted Average Cost of Capital discount rate as determined by the AER or as used in the AER revenue proposal, which was 5.87% for standard control (distribution) network assets and 5.84% for prescribed (transmission) network assets.

Working capital and finance facilities

At 30 June 2025, TasNetworks' working capital, other than short term debt maturities, was a \$34.11 million deficit (2024, \$23.82 million deficit). Short term debt maturities of \$284.30 million (2024, \$300.05 million) will be refinanced in line with TasNetworks' Treasury Risk Management Policy and within the TASCORP Master Loan Facility Agreement limits and covenants. TasNetworks Borrowing Facility Limit under the Master Facility Loan Agreement with TASCORP remains at \$2.50 billion.

Storm events

During 25 August to 16 September 2024 there were severe storm events in Northwest Tasmania resulting in significant statewide operational disruptions and damage. Claims and payments increase by \$9.42 million compared to prior year. There was also a significant amount of capital expenditure relating to the replacement of assets.

Tasmanian Ports Corporation Pty Ltd

Consolidated financial result

Tasmanian Ports Corporation Pty Ltd (TasPorts) recorded a profit before tax of \$11.84 million (2023-24, profit \$23.81 million), TasPorts paid a dividend to shareholders of \$10.08 million.

Total revenue from contracts with customers was relatively consistent with prior year, with total revenue increasing 1.9% to \$184.15 million (2023-24, revenue \$180.69 million)

Total expenses of \$167.32 million were \$12.63 million higher than the previous year, mainly due to a \$6.07 million increase of employee benefits, \$5.07 million increase in administration costs and \$2.03 million of impairment posted to the Profit and Loss as a result of fair valuation assessments performed during the year.

QuayLink project

TasPorts continued works on the East Devonport Project, QuayLink, which will be Tasmanian's largest port infrastructure project and will significantly benefit trade and

tourism to the State. The project, budgeted at \$241.00 million, is scheduled for completion in 2026-27.

Throughout the year, TasPorts collaborated with TT-Line to facilitate the development of ramp and terminal infrastructure at Terminal 3. In addition, TasPorts completed upgrades to Berths 1 and 2, offering temporary berthing arrangements to support TT-Line operations.

Fair value of infrastructure assets

In 2024-25, TasPorts assessed the fair value of infrastructure assets based on the following:

- independent assessment of market value where a market value is readily identifiable
- independent assessment of depreciated replacement cost
- where the asset's net cash flows do not support either the market value or the depreciated replacement cost, the asset is valued using the discounted cash flow method.

The revaluation assessment resulted in a \$1.08 million revaluation decrement and \$2.03 million of impairment (asset write down) recognised.

An important aspect of the TasPorts asset valuation process is that, as a for profit, commercial entity, the valuation process results in assets with no commercial value being written down to a lower value, in many cases to a zero valuation. This valuation reflects the potential future earnings of the assets and does not reflect the benefit these assets may provide to the community.

'As part of the valuation process, TasPorts determine the cost to replace all assets and perform an assessment of their current condition. This information is important for insurance purposes and planning of capital works, however this information is not required to be disclosed in the financial report'. TasPorts, based on an independent valuation, has determined that, on a commercial basis, the valuation of infrastructure assets (excluding land) is \$441.89 million. The valuation has also determined that the current estimated replacement cost for these assets is \$1.25 billion. The gap between the current valuation and the replacement cost, \$806.83 million, represents the amount that TasPorts will need to invest in their infrastructure in future years to maintain current capacity.

It is important to note that infrastructure assets have long lives and the period to replacement could be significant. Further, changes in requirements could see current assets replaced with assets that provide a more efficient outcome, a lower level of service or not replaced at all. As such, while the above details represent a challenge to TasPorts, there are a range of options available to TasPorts to address this challenge in future periods.

Tasmanian Public Finance Corporation

Financial result

TASCORP reported a profit before tax of \$44.00 million in 2024-25, an increase of \$3.90 million from the prior year. The Treasury activity contributed \$33.00 million, and the Mersey Community Hospital (MCH) Fund contributed \$11.00 million.

Dividends and income tax equivalents paid to the Tasmanian Government in the reporting period were \$27.00 million from Treasury operations and \$99.40 million from the Mersey Community Hospital Fund.

Total assets increased from \$12.52 billion to \$16.22 billion primarily due to a \$2.99 billion increase in advances to clients for various capital programs. Total liabilities increased from \$12.24 billion to \$16.02 billion in line with the increase in client advances.

Client advances

As indicated, client advances increase by \$2.99 billion. The more significant movements in client advances were:

- Department of Treasury and Finance – increase of \$1.84 billion (45.7%)
- Homes Tasmania – increase of \$0.22 billion (83.0%)
- Hydro Tasmania – increase of \$0.26 billion (35.5%)
- Tasmanian Water and Sewerage Corporation Pty Ltd – increase of \$0.25 billion (30.2%)
- TT-Line Company Pty Ltd – increase of \$0.34 billion (57.7%).

Tasmanian Railway Pty Ltd

Financial result

In 2024-25 the Tasmanian Railway Pty Ltd (TasRail) incurred a loss before tax of \$43.78 million (2023-24, loss \$73.24 million). The loss was mainly due to impairment of capitalised costs of \$41.34 million (2023-24, \$67.94 million). The infrastructure impairment loss in the current year relates to capital expenditure on the below rail infrastructure funded by the Australian and Tasmanian governments.

The result for 2024-25 was supported by operational grant funding of \$21.90 million (2023-24, \$13.90 million) and equity contributions of \$35.44 million (2023-24, \$55.80 million) from the government.

Infrastructure Investment Program

The Tasmanian Freight Rail Revitalisation Program (TFRRP) continued during 2024-25, with tranche Four, a \$120.00 million, four-year commitment, commencing in July 2024 and scheduled for completion in June 2028.

Shiploader

The Shiploader, funded under the TFRRP Tranche Three, is now fully commissioned, reaching practical completion in June 2025. This project was made possible through approved funding of \$82.00 million from the Australian Government. The new multi-user Shiploader is expected to double the loading capacity and improve reliability, enabling quicker turnaround of vessels in port.

In 2024-25, the total capital expenditure totalled \$49.53 million which predominantly included assets constructed under the TFRRP and Shiploader projects. Similarly, assets totalling \$16.77 million were commissioned in May and June 2025.

Revaluation of rolling stock

Management engaged an expert to fair value their rolling stock as at 30 June 2025. The fair value was based on a current replacement cost less costs to sell and resulted in a revaluation decrement of \$7.74 million.

Tasracing Pty Ltd

Financial result

Tasracing Pty Ltd (Tasracing) recorded a loss before tax of \$1.69 million for 2024-25 (2023-24, loss \$1.73 million), with the result impacted by increased revenue related to:

- an increase in Racefield revenue of \$1.18 million to \$22.90 million
- government funding increase of \$2.77 million, where \$1.18 million was provided to help meet the additional salary costs resulting from the Office of Racing Integrity (ORI) amalgamation.

This was offset by increases in expenditure related to:

- prize money and industry funding expenditure increased from \$40.40 million to \$41.72 million in 2024-25, an increase of \$1.32 million
- Raceday and racing expenses increased by \$1.96 million in 2023-24 from \$8.10 million to \$10.06 million in 2024-25
- salaries increased from \$10.67 million in 2023-24 to \$12.58 million in 2024-25, an increase of \$1.91 million. This increase was principally due to the amalgamation of ORI and Tasracing, as noted above, with an effective date of 1 February 2025.

Capital improvements

Capital improvements remained largely consistent between years, increasing by only \$102,000 from \$6.43 million in 2023-24 to \$6.55 million in 2024-25. Capital expenditure during the 2024-25 financial year primarily related to the capital project at Brighton, for Road and Drainage upgrades, and the Raceday amenities building project at Spreyton.

The Public Trustee

Financial result

The Public Trustee (the Trustee) recorded a profit before tax of \$0.35 million for 2024-25 (2023-24, loss before tax \$3.50 million). The increased result is reflective of the increase in Community Service Obligation Funding and a decrease in administrative expenses.

In their financial statements, the Trustee notes that they are economically dependent on the Tasmanian Government for provision of funding to deliver their community service obligations.

Managed fund investments

At the 30 June 2025, the Trustee held \$15.70 million (2023-24, \$14.49 million) of investments held through managed funds. The primary purpose of these funds is to enable the Trustee to meet their long-term superannuation liabilities of \$11.06 million. The

remainder of these funds are available to assist the Trustee in meeting their short-term obligations as they fall due.

TT-Line Company Pty Ltd

Financial result

TT-Line's result for the year was a loss before tax of \$23.53 million, a deterioration from the loss before tax of \$18.72 million incurred in 2023-24. The decline was primarily due to operational expenditure increases across the business, particularly in wages and salaries and terminal operation costs.

The number of sailings decreased by 29 to 876 for the financial year, with passenger numbers decreasing from 419,349 for 2023-24 to 398,814 for 2024-25. Total revenue increased by \$2.13 million for 2024-25 to \$309.64 million. The increase in operating costs was mainly due to:

- employee benefit expense increase of \$5.86 million as a result of increased wages, associated superannuation costs and termination benefits
- other expenses increase of \$10.76 million primarily due to an increase in terminal operations (\$9.05 million), repairs and maintenance (\$2.87 million) and marine fuel and oil (\$1.57 million). This was offset by reductions in customer acquisition costs (\$2.33 million).

The increases above were further offset due to a relatively stable valuation of the existing vessels compared to an asset revaluation decrease of \$11.21 million in 2023-24. The 2 existing vessels were valued at \$85.00 million each at 30 June 2025.

Sustainability and going concern

In July 2025, TASCORP approved a temporary increase to the vessel replacement project facility from \$990.00 million to \$1.40 billion until 31 October 2026 plus the maintenance of the Company's \$45.00 million working capital facility. The Treasurer subsequently confirmed in writing that the revised maximum guaranteed borrowing amount for the Company is \$1.45 billion consisting of the above facility agreements.

There are concerns about the ability of TT-Line to be able to service this debt without a capital restructure of the business over the medium to long-term. However, in the short-term, the Directors believe they have reasonable grounds to consider that the company will be able to pay its debts as and when they become due and payable. The Directors believe this for the following reasons (as outlined in their Directors Declaration):

1. there has been a temporary increase of the Company's credit facility limit with the Tasmanian Public Finance Corporation (TASCORP), as lender, and an increase of the guarantee obtained from the State to repay the Company's debt to TASCORP
2. the increased credit facility limit has been determined by TASCORP and the Directors of the Company have agreed to be guided by TASCORP on the level of debt that is sustainable by the Company

3. the increase of the credit facility is yet to be drawn down
4. the Directors of the Company have been provided with forecasts that show that the Company's debt can be repaid
5. as required, the Directors of the Company have acted in accordance with directions from the Tasmanian State Government and have followed clear processes developed in consultation with the Treasurer and TASCORP in relation to the Company's long term financial interests
6. the Directors of the Company have an ongoing expectation that the shareholders and guarantor will, if required, support measures to reduce the Company's debt including by way of an equity injection, sale of assets and/or restructuring of the business and its services (where required) based on the essential nature of the services provided and the statements made by government
7. there are a number of operational considerations and options available to the Company to manage cash flow and to decrease the Company's indebtedness in the medium to long term.

Given the importance of these disclosures, my independent audit report included a paragraph highlighting the uncertainty in relation to the use of the going concern basis and directed readers to the additional disclosure provided by the Directors.

Since making this declaration, the Chair of TT-line has withdrawn the corporate plan that provided the forecasts referred to in the 4th point of the declaration that show that Company's debts can be repaid.

Requirements of the Auditor under the Corporations Act 2001

As TT-Line is a private company established under the Corporations Act, the Auditor-General is required to meet the reporting obligations under that Act. These requirements are in addition to the requirements to form an opinion on the financial statements and include reporting to the Australian Securities and Investment Commission (ASIC), the regulator of companies established under the Corporations Act.

Unlike the auditor obligations in assessing the appropriateness of the going concern assumption, the consideration of solvency is not limited to a relevant period. As such an auditor could form an opinion that a company meets the threshold for adopting the going concern assumption for the relevant period, while at the same time form an opinion that the same company is not solvent due to transactions or events that have occurred that result in the company being unable to meet its debts as and when they fall due, in periods after the relevant period.

During the conduct of my audit, I formed the opinion that TT-Line, was likely to be able to meet its debts as and when they fall due, across the relevant period to August 2026. Concurrently, I developed reasonable grounds to suspect that the company would not be able to meet its longer-term debts that fall due after the relevant period. I issued my audit report on the financial statements of TT-Line on 19 August 2025, at that date it was my opinion that TT-Line was insolvent, in that it had incurred debt that it did not have the

ability to repay. My audit responsibilities are to form an opinion on the financial statements, not maintain ongoing oversight, as such this matter will be reviewed again when conducting our audit activities in relation to the 2025-26 financial reporting period.

Vessel replacement

Construction of the replacement vessels continued during the financial year by Finnish shipbuilder Rauma Marine Constructions (RMC). The first ship (Spirit of Tasmania IV) was delivered to the company in September 2024 and arrived in Tasmania in August 2025 for final fit-out. The second ship (Spirit of Tasmania V) was delivered to the company in June 2025 and is currently in Europe.

With final fitouts still being completed, TT-Line continues to recognise payments made to date as construction works in progress on the basis that they are currently not ready for commissioning into service.

The total amount of construction works in progress recognised at 30 June 2025 was \$1.24 billion. This includes the vessel construction costs (\$968.89 million), costs being capitalised for berth 3 at Devonport (\$173.85 million) and capitalised borrowing costs (\$58.12 million) to be allocated to the relevant assets when commissioned.

Devonport berth 3 development

The berth 3 development is progressing. In October 2024, an external Project Director was appointed to undertake a full review and recovery process. Following this process, as at June 2025, project cost projections have increased to \$493.00 million. This increase is primarily due to changes in design, the inclusion of required works that were previously not scoped in and contract exit costs.

During 2024-25, expenditure incurred on the project was \$120.16 million. This included drilling for the pilings and final terminal designs. The project is planned for completion in October 2026.

Submission of financial statements

PFC and PNFC entities are required to submit financial statements to the Auditor-General within 45 days after the end of each financial year. For 30 June 2025 financial reporting, the deadline fell on 14 August 2025, respectively. Before accepting the financial statements as submitted, the Auditor-General determines whether the financial statements are complete in all material respects.

State entities and audited subsidiaries of State entities 30 June 2025

40

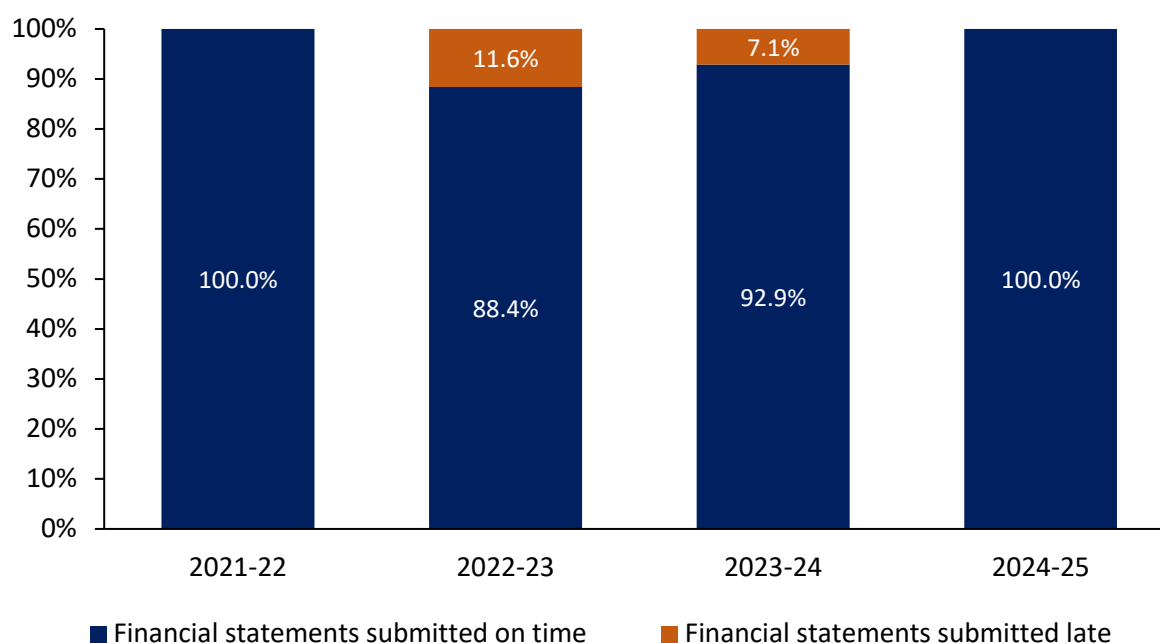
Financial statements submitted

100.0%

Financial statements submitted on time

A comparison of the timeliness of financial statement submission by State entities and audited subsidiaries of State entities for the past 4 years is shown in Figure 14.

Figure 14: Timeliness of submission of financial statements



Completion of financial statement audits

Timeliness of audit completion

The Auditor-General must issue an audit report on the financial statements of State entities and audited subsidiaries of State entities within 45 days of the date of submission. For financial statements submitted on 14 August 2025, our deadline fell on 29 September 2025.

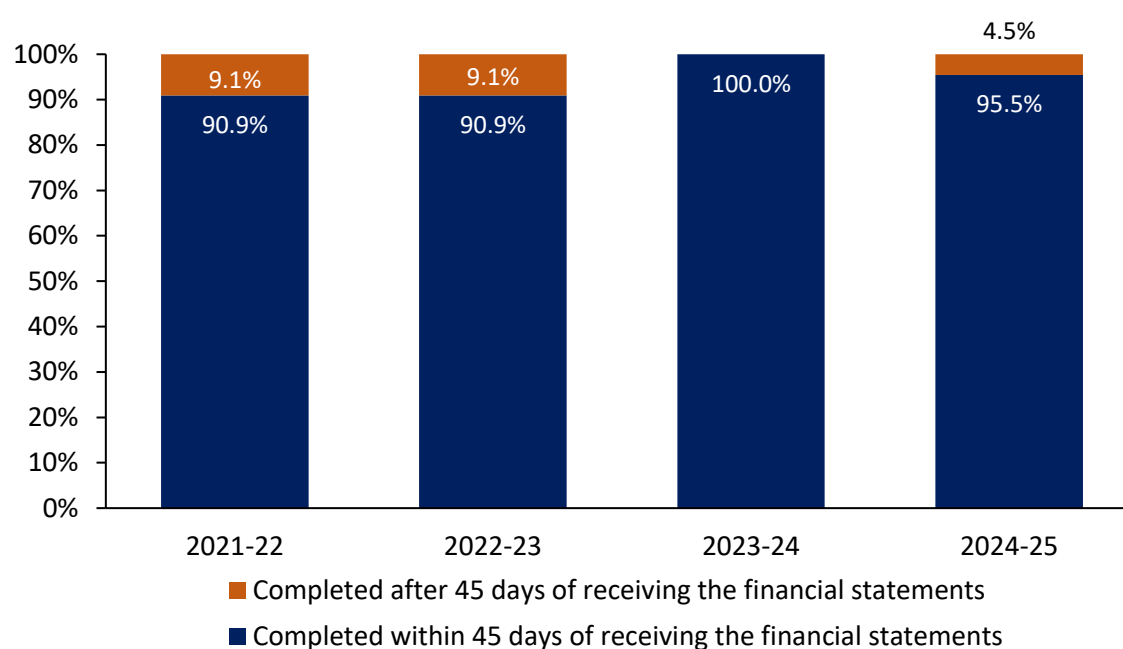
State entities and audited subsidiaries of State entities
30 June 2025

21

Audit reports issued within deadline

A comparison of the timeliness of the completion of the audit of financial statements of State entities and audited subsidiaries of State entities for the past 4 years is shown in Figure 15.

Figure 15: Timeliness of audit completion



All but 1 audit for the year ended 30 June 2025 were completed within the statutory timeframe, whereas all audits for year ended 30 June 2024 were completed within the statutory timeframe.

Audit opinions on financial statements

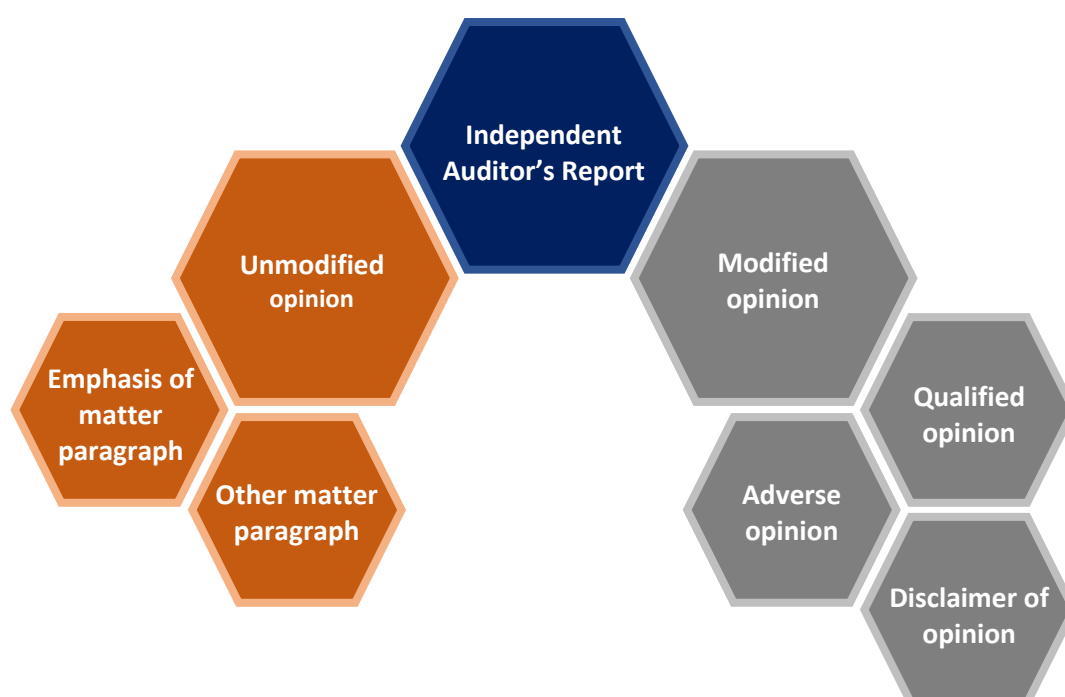
Types of audit opinions on the financial statements

Under section 19(1) of the Audit Act, the Auditor-General is to prepare and sign an opinion on an audit of the financial statements of State entities in accordance with Australian Auditing and Assurance Standards. Australian Auditing and Assurance Standards prescribe the auditor's reporting responsibilities, including the responsibility to form an opinion on whether the financial statements present fairly², in all material respects, the financial performance and position of an entity and whether the financial statements were prepared in accordance with the relevant financial reporting framework.

The types of audit opinions that may be issued in an independent auditor's report are depicted in Figure 16.

² Give a true and fair view in the case of entities reporting under the *Corporations Act 2001* or the *Australian Charities and Not-for-profits Commission Act 2012*.

Figure 16: Types of audit opinions



An unmodified opinion is issued when the auditor concludes that the financial statements were prepared, in all material respects, in accordance with the applicable financial reporting framework. A modified opinion is issued when the auditor concludes that the financial statements as a whole were not free from material misstatement or was unable to obtain sufficient appropriate audit evidence.

The auditor can also communicate additional matters in the auditor's report, while still expressing an unmodified opinion on the financial statements by including an emphasis of matter or other matter paragraph. The purpose of this is to draw the attention of the users of the financial statements to relevant information, which in itself is not significant enough to result in a modified opinion.

Audit opinions expressed on financial statements

Of the 22 auditor's opinions issued on the audits of the 30 June 2025 financial statements, all were unmodified.

Audit reports issued with an emphasis of matter paragraph

Of the 22 auditor's reports issued, 1 contained an emphasis of matter paragraph. An emphasis of matter paragraph was used to highlight matters that, although appropriately presented or disclosed in the financial statements, were fundamentally important to bring to the reader's attention to assist their understanding of the financial statements. Including an emphasis of matter paragraph does not modify the audit opinion.

An emphasis of matter paragraph was included in the auditor's report for the year ended 30 June 2025 for the following entity:

- TASCORP – to draw attention to a note in the financial statements which described TASCORP's application of Treasurer's Instruction GBE-08-52-09P Accounting

Treatment of the Mersey Community Hospital Fund by the Tasmanian Public Finance Corporation in respect of the Mersey Community Hospital Fund. TASCORP received a similar emphasis of matter paragraph in their auditor's report for the year ended 30 June 2024.

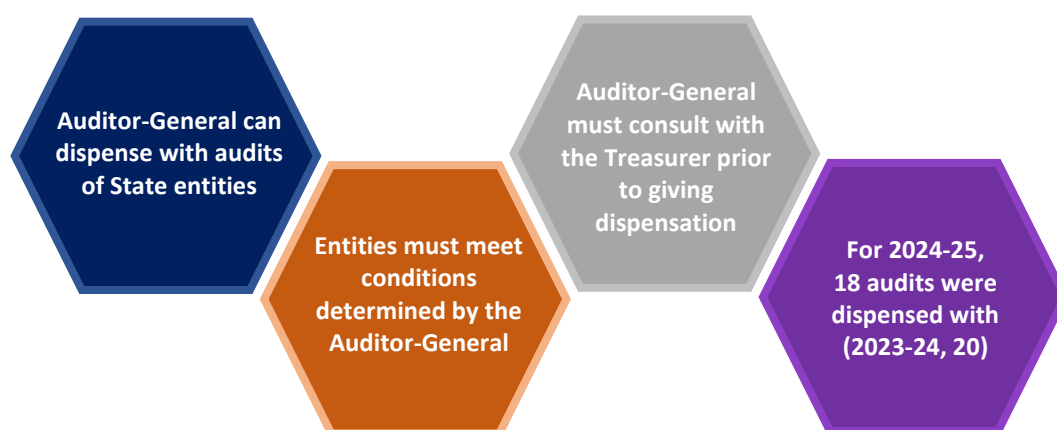
Audits dispensed with

The Auditor-General has discretion under section 18 of the Audit Act to dispense with all or any part of the audit of a particular State entity, if considered appropriate in the circumstances. The Auditor-General has determined dispensation from audit may be provided where 1 of the following conditions are met:

- The State entity demonstrates that its financial reporting and auditing arrangements are appropriate. To satisfy this condition, the entity is required to submit their audited financial statements to the Auditor-General each year. The financial statements are reviewed and, where necessary, feedback on information presented in the financial statements is provided to the entity.
- The entity is controlled by another State entity and is included in the group audit of the controlling entity.
- The entity has not operated and the accountable authority has provided evidence to support this assertion.

The audit dispensation process is illustrated in Figure 17.

Figure 17: Dispensation of audits process



It is important to note that dispensation of the audit does not limit any of the Auditor-General's functions or powers under the Audit Act. Where the entity is of significant size or by its nature of particular public interest, it is unlikely dispensation will be granted. The Audit Act also requires the Auditor-General to consult with the Treasurer before exercising the power to dispense with audits.

Entities where the Auditor-General has dispensed with the audit are listed in Appendix 2.

Misstatements

In completing our audits, we may identify misstatements that result from:

- an inaccuracy in gathering or processing data from which financial statements are prepared
- the inappropriate classification, aggregation or disaggregation, of information
- incorrect accounting estimates arising from overlooking, or clear misinterpretation of, facts
- judgements of management concerning accounting estimates that we consider unreasonable or the selection and application of accounting policies that we consider inappropriate
- the omission of amounts or disclosures, including inadequate or incomplete disclosures, which are required to meet the disclosure objectives of the financial reporting framework
- the omission of disclosures necessary for the financial statements to achieve fair presentation beyond disclosures specifically required by the financial reporting framework.

Identified misstatements are discussed with management, with a determination made on whether the error will be corrected in the financial statements before our auditor's report is issued. The requirement to correct the error will depend on its nature, value, and impact on the users of the financial statements. All identified misstatements above an agreed threshold are formally communicated to those charged with governance of the entity as part of our reporting on audit outcomes. Additionally, all material misstatements identified were corrected prior to an unqualified auditor's report being issued.

Of the 22 financial statement audits for year ended 30 June 2025, 26 misstatements were identified, compared to 29 misstatements in 2023-24. Of the 26 misstatements, 15 were corrected by the entity before the auditor's report was issued. The financial statement classification and value of the corrected and uncorrected misstatements, for 2021-22 to 2024-25, are shown in Figures 18 and 19, respectively.

Figure 18: Corrected misstatements

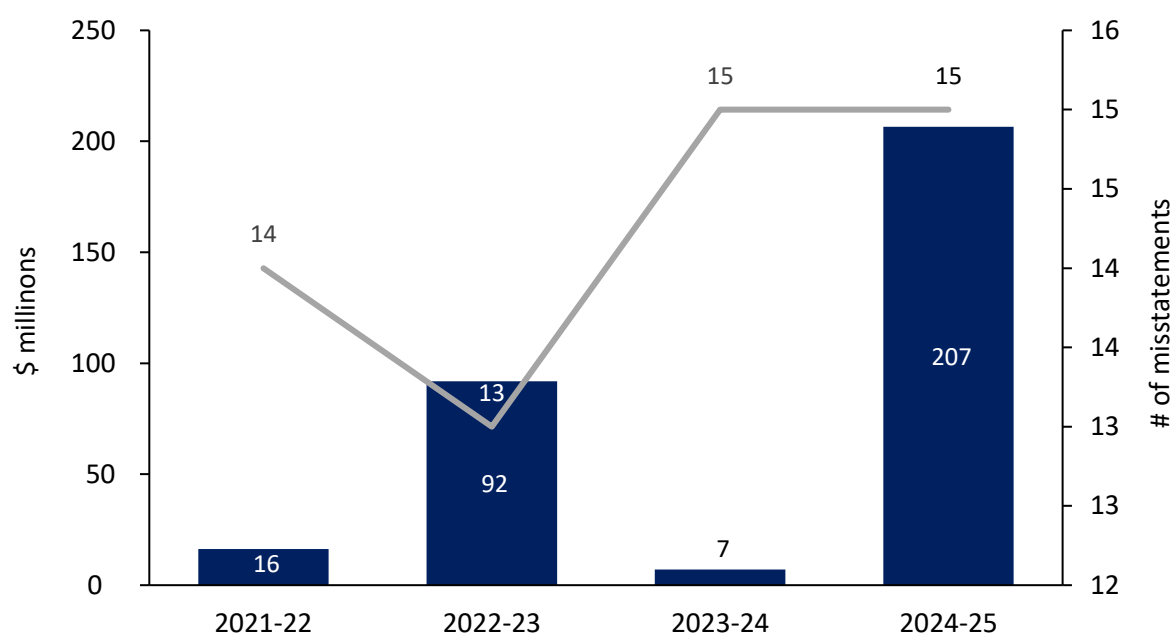
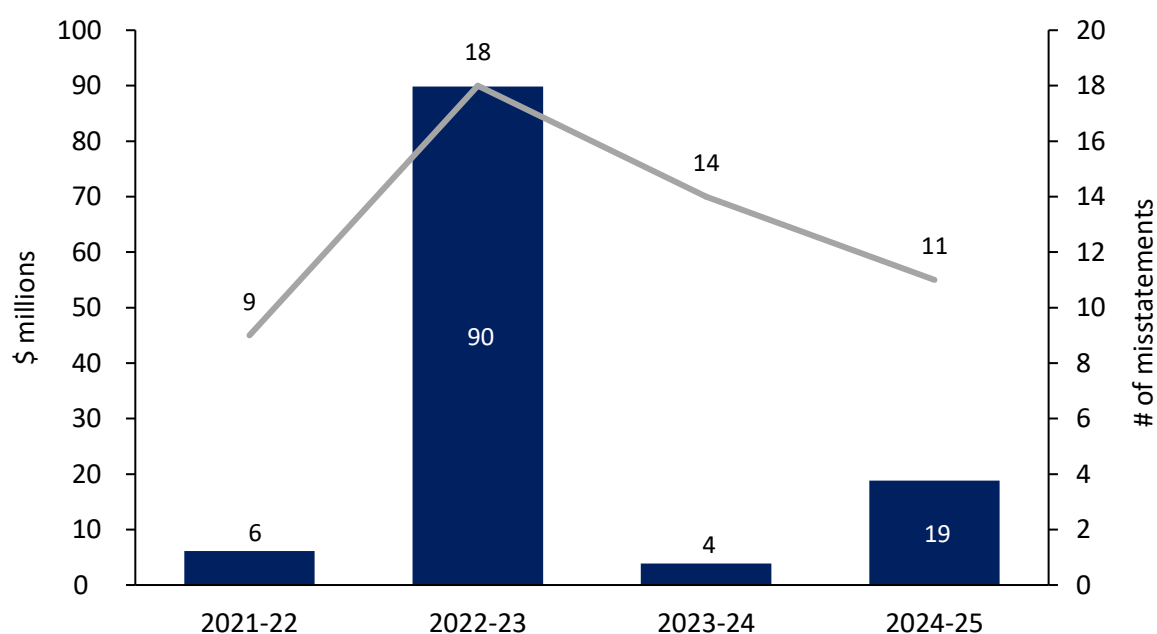


Figure 19: Uncorrected misstatements



Prior period errors

A prior period error represents an omission or misstatement in an entity's financial statements for 1 or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were authorised for issue, and

- (b) could reasonably be expected to have been obtained and considered in the preparation and presentation of those financial statements.

For reported prior period errors, the following disclosures are required in the financial statements:

- (a) the nature of the prior period error
- (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected
- (c) the amount of the correction at the beginning of the earliest prior period presented.

Where it is impracticable to adjust figures for a particular prior period, the financial statements must disclose the circumstances that led to the existence of the condition and a description of how and from when the error had been corrected.

Of the 22 audits completed, none had a prior period error. This is a good indication of both the quality of management preparing the financial statements, as well as audit quality.

Appendix 1 – PNFC and PFC financial results

Details of PNFC and PFC financial results for 2024-25 are set out in the table below. The financial information represents consolidated financial information for those entities with controlled entities.

PNFC and PFC financial results for 2024-25

Entity	Underlying profit (loss) ¹ \$'000	Profit (loss) before tax \$'000
Aurora Energy Pty Ltd	6,141	6,141
Homes Tasmania	(32,196)	(36,721)
Hydro Tasmania	(1,009)	474,915
Macquarie Point Development Corporation	212	(638)
Metro Tasmania Pty Ltd	(6,002)	(5,963)
Motor Accidents Insurance Board	115,904	115,904
Port Arthur Historic Site Management Authority	(1,518)	(1,518)
Private Forests Tasmania	115	115
Stadiums Tasmania	(1,040)	(1,040)
Sustainable Timber Tasmania	794	8,313
Tasmanian Irrigation Pty Ltd	1,894	(71,502)
Tasmanian Networks Pty Ltd	11,958	11,958
Tasmanian Ports Corporation Pty Ltd	21,058	16,836
Tasmanian Public Finance Corporation	44,000	44,000
Tasmanian Railway Pty Ltd	(2,787)	(43,778)
Tasracing Pty Ltd	(1,694)	(1,694)
The Public Trustee	346	346
TT-Line Company Pty Ltd	(23,860)	(23,532)

Note 1: We apply a consistent basis for calculating underlying profit/(loss) across all PNFCs and PFCs. Consequently, there may be differences in the underlying profit/(loss) reported in the table compared to that reported in PNFCs and PFCs' annual reports.

A summary of the financial results of audited subsidiaries of PNFCs and PFCs' is provided in the table below. The financial results of these entities are incorporated into the consolidated financial results of the respective parent entity in the table on the previous page.

PNFC and PFC subsidiary financial results for 2024-25

Entity	Underlying profit (loss)¹ \$'000	Profit (loss) before tax \$'000
Bass Island Line Pty Ltd	(1,089)	(1,089)
FortyTwo24 Pty Ltd	2,850	3,180
Momentum Energy Pty Ltd	13,944	13,944
Tasmanian Networks Holdings Pty Ltd	2,850	3,180

Note 1: We apply a consistent basis for calculating underlying profit/(loss) across all PNFCs and PFCs. Consequently, there may be differences in the underlying profit/(loss) reported in the table compared to that reported in PNFCs and PFCs' annual reports.

Appendix 2 – Audits dispensed

Audits dispensed with
AETV Pty Ltd (Hydro Tasmania)
Bell Bay Power Pty Ltd (Hydro Tasmania)
Bell Bay Three Pty Ltd (Hydro Tasmania)
Flinders Island Ports Corporation Pty Ltd (TasPorts)
Heemskirk Holdings Pty Ltd (Hydro Tasmania)
Heemskirk Wind Farm Pty Ltd (Hydro Tasmania)
HT Wind Developments Pty Ltd (Hydro Tasmania)
HT Wind Operations Pty Ltd (Hydro Tasmania)
Hydro Tasmania Consulting (Holding) Pty Ltd (Hydro Tasmania)
Hydro Tasmania Retail Pty Ltd (Hydro Tasmania)
King Island Ports Corporation Pty Ltd (TasPorts)
Lofty Ranges Power Pty Ltd (Hydro Tasmania)
Newood Holdings Pty Ltd (Sustainable Timber Tasmania)
Newood Huon Pty Ltd (Newood Holdings Pty Ltd)
RE Storage Project Holdings Pty Ltd (Hydro Tasmania)
Tarraleah Village Holdings Pty Ltd (Hydro Tasmania)
TasNet Connections Pty Ltd (TasNetworks)
Woolnorth Studland Bay Holdings Pty Ltd (Hydro Tasmania).

Appendix 3 – Transmittal letter



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Email: admin@audit.tas.gov.au
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10 November 2025

President, Legislative Council
Speaker, House of Assembly
Parliament House
HOBART TAS 7000

Dear President, Speaker

Report of the Auditor-General No. 4 of 2025-26: Auditor-General's report on the financial statements of State entities, Volume 2 – Public Financial Corporations and Public Non-Financial Corporations, Audit of State entities and audited subsidiaries of State entities 30 June 2025

In accordance with the requirements of section 29 of the *Audit Act 2008*, I have the pleasure in presenting the second volume of my report on the audit of the financial statements of State entities and audited subsidiaries of State entities for the year ended 30 June 2025.

Yours sincerely

A handwritten signature in black ink, appearing to read "Martin Thompson".

Martin Thompson
Auditor-General

Appendix 4 – Our role

The Auditor-General and Tasmanian Audit Office (Audit Tasmania) are established under the *Audit Act 2008* (Audit Act) and *State Service Act 2000*, respectively. Our role is to provide assurance to Parliament and the Tasmanian community about the performance of public sector entities. We achieve this by auditing financial statements of public sector entities and by conducting audits, examinations and investigations on:

- how effective, efficient, and economical public sector entity activities, programs and services are
- how public sector entities manage resources
- how public sector entities can improve their management practices and systems
- whether public sector entities comply with legislation and other requirements.

Through our audit work, we make recommendations that promote accountability and transparency in government and improve public sector entity performance.

We publish our audit findings in reports, which are tabled in Parliament and made publicly available online. To view our past audit reports, visit our [reports](#) page on our website.

Acronyms and abbreviations

ACCU	Australian Carbon Credit Unit
AER	Australian Energy Regulator
Audit Act	<i>Audit Act 2008</i>
Audit Tasmania	Tasmanian Audit Office
Audited subsidiaries	Audited subsidiaries of State entities
Aurora Energy	Aurora Energy Pty Ltd
CHOs	Community Housing Organisations
Cth	Commonwealth
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
FID	Final Investment Decision
Forest assets	freehold land
GBEs	Government Business Enterprises
HEB	hydrogen fuel cell electric bus
HT	Hydro Tasmania
KMP	Key Management Personnel
MAIB	Motor Accidents Insurance Board
MCHF	Mersey Community Hospital Fund
Metro	Metro Tasmania Pty Ltd
NPV	Net present value
PAHSMA	Port Arthur Historic Site Management Authority
PFC	Public Financial Corporations
PFT	Private Forests Tasmania
PNFC	Public Non-Financial Corporations
PTPZL	Permanent Timber Production Zone Land

RAB	Regulated Asset Base
ReCFIT	Renewables, Climate and Future Industries Tasmania
RMC	Rauma Marine Constructions
SOCs	State-owned Companies
STT	Sustainable Timber Tasmania
TASCORP	Tasmanian Public Finance Corporation
Tasmanian Irrigation	Tasmanian Irrigation Pty Ltd
TasNetworks	Tasmanian Networks Pty Ltd
TasPorts	Tasmanian Ports Corporation Pty Ltd
Tasracing	Tasracing Pty Ltd
TasRail	Tasmanian Railway Pty Ltd
TFRRP	Tasmanian Freight Rail Revitalisation Program
The Corporation	Macquarie Point Development Corporation
The Trustee	The Public Trustee
TT-Line	TT-Line Company Pty Ltd
WIP	Work in progress



Front cover image: River Derwent, New Norfolk

Photography: Stu Gibson, Tourism Tasmania

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