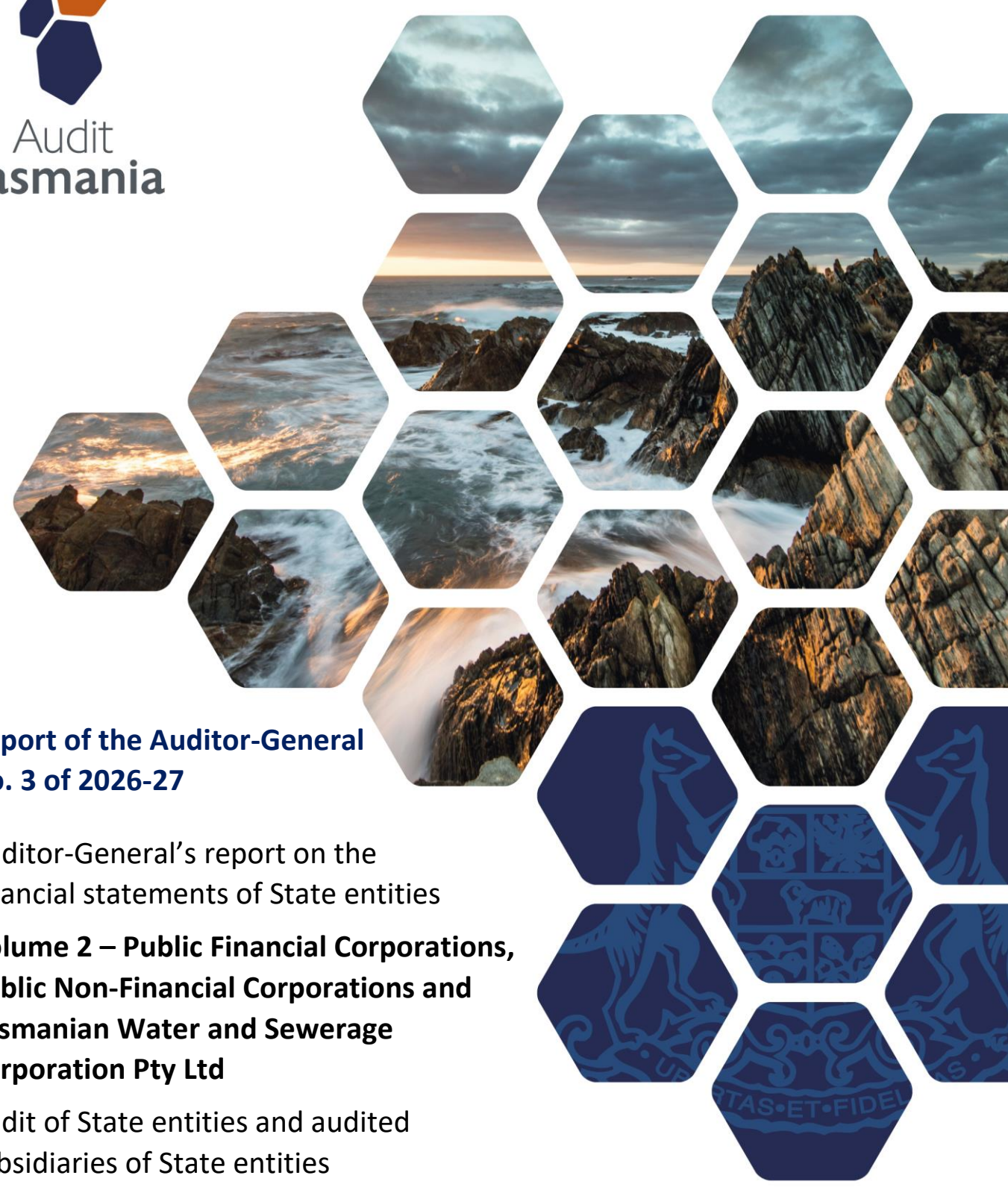




Report of the Auditor-General No. 3 of 2026-27

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

**Volume 2 – Public Financial Corporations,
Public Non-Financial Corporations and
Tasmanian Water and Sewerage
Corporation Pty Ltd**

Audit of State entities and audited
subsidiaries of State entities
30 June 2026

27 October 2026



25 November 2026
marks 200 years of auditing
for a better Tasmania

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Foreword

In my equivalent report last year, I emphasised the declining financial performance of the government businesses as well as issues relating to compliance. While I raised concerns across a number of businesses, significant focus was placed on my conclusion that TT-Line was unable to repay the debt it had incurred and as such was insolvent. Subsequent events, including the need for significant capital injections point to the accuracy of my original conclusions. I note that this year TT-Line has made appropriate and transparent disclosures about the ongoing challenges that they are facing, including the existence of material uncertainty as to their ability to continue as a going concern into the future. What may have been missed in last year's report is that TT-Line was not alone.

As a sector the financial challenges are continuing to grow, more businesses are showing signs of financial distress and are underperforming the expectations they have set for themselves. In preparing this report I observed an ongoing lack of public reporting of performance information by government business entities and while the proposed reforms to the sector will go some way to improving accountability and transparency, there is still some way to go.

This year, to better meet the requirements of the Section 29(4) of the *Audit Act 2008* which requires that in preparing this report I am to draw attention to any case in which the functions of an accountable authority were not adequately and properly performed, I have included a brief performance summary for each business.

Government businesses are not meeting the expectations they set for themselves, and this is not being reported transparently

In 2025-26 government businesses failed to meet 50.0% of the financial targets that they set for themselves. Analysis of information, that is not transparently reported to the Parliament, or the public identified 128 financial performance targets relevant to 2025-26, of which 64 (50.0%) were not met. If this level of achievement continues, financial performance will continue to be worse than forecast by the government businesses.

Government business performance is worse than previous years, and it is unclear if this is going to change in the future

The performance of government businesses is continuing to decline. Rather than generating returns to government, these businesses, in 2025-26 were a net cost to the General Government Sector. In 2025-26, underlying profit decreased by \$54.33 million, the support provided by the government increased by \$228.88 million (equity and subsidies) returns dropped by \$122.61 million and borrowings increased \$507.92 million.

The net cost to support government businesses in 2025-26 was \$584.64 million, a \$351.49 million increase from 2024-25

Analysis of the 2026-27 state budget identifies that planned support to government businesses will continue to grow, peaking at \$909 million in 2028-29. Across the budget and forward estimates the net support to be provided totals \$1,810 million. Much of this support is required to enable the renewal of infrastructure at or near its end of life, or to deliver new infrastructure.

Government business performance is not meeting expectations, where is the oversight?

This report identifies that government businesses are not meeting expectations and their performance has worsened significantly in recent years. A reasonable question to ask is how effective was the system of oversight during this period of declining performance? To help answer this question, I encourage readers of this report to also consider my report, Auditor-General Report No. 2 of 2026-27: Treasury's oversight of government business. This report found that the corporate governance framework for government businesses was not fit for purpose because it did not have effective monitoring and reporting of compliance and that Treasury did not always support the Treasurer through the provision of advice adequate to support informed decision making.

A handwritten signature in black ink, appearing to read 'Martin Thompson', with a stylized flourish at the end.

Martin Thompson
Auditor-General



**2026
PARLIAMENT OF TASMANIA**

**Auditor-General's report on the financial statements of State entities,
Volume 2 – Public Financial Corporations,
Public Non-Financial Corporations and
the Tasmanian Water and Sewerage Corporation Pty Ltd
Audit of State entities and audited subsidiaries of State entities
30 June 2026**

27 October 2026

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 presents the outcomes of our financial statement audits of Tasmania's PNFCs, PFCs and TasWater for the year ended 30 June 2026. It also provides an overview of the financial performance, position and sustainability of these entities and highlights significant matters identified through our audit work.

Government businesses are requiring more support

Government businesses have performed more poorly than they planned and as a result their collective financial position has continued to deteriorate. These results indicate increasing sustainability pressures across the sector. While revenue growth continued during 2025-26, underlying profitability declined, debt levels increased and returns to Government reduced significantly.

Combined underlying profit fell to \$82.25 million, continuing a decline from recent years. Expenditure growth exceeded revenue growth. At the same time, borrowings increased to \$5.39 billion, reflecting continued investment in major infrastructure projects and increasing reliance on debt financing.

Government support to entities continued to increase. Several entities remain or have become dependent on government funding to support ongoing operations. Equity contributions reached their highest level in recent years. Collectively, these trends indicate that the sector is increasingly drawing on government resources rather than contributing to them.

In 2025-26 total government support provided to entities (subsidies and equity) reached \$743.47 million (\$514.59 million 2024-25) while returns (dividends, rate and tax equivalents) dropped to \$158.83 million (\$281.44 million 2024-25; 2025-26 Budget \$254.10 million). This represents a net level of support of \$584.64 million and a year-on-year increase of \$351.49 million in support provided.

Similarly, cash, deposits and financial investments have decreased by \$88.95 million over the past 4 years, whilst equity contributions and borrowings have increased by \$220.74 million and \$2.10 billion respectively.

The 2026-27 state budget identifies that the trend of increasing payments to entities will continue, peaking at \$909 million in 2029, however it is forecast that this will be partially offset by increased returns. Net support to be provided to these entities, over the budget and forward estimates is forecast to be \$1,810 million. Achievement of this outcome is contingent on improvements in the financial outcomes of government business entities.

Financial results did not meet expectations

The sector failed to meet the expectations set out in the entities budgets and corporate plans. Key contributors to the decline in overall profitability included increased losses at TT-Line and Homes Tasmania and reduced profitability at MAIB. These outcomes were partially offset by improved results at TasNetworks. As a result of this performance, returns to

Government through dividends, income tax equivalents and rate equivalents fell by \$122.61 million.

The financial sustainability of several entities remains under pressure. TT-Line, Homes Tasmania and Metro Tasmania all reported material uncertainties relating to their ability to continue as going concerns, and their reliance on ongoing government support and funding arrangements to meet future obligations.

Borrowings increased by \$507.92 million during the year, while interest costs continued to rise. These trends highlight the increasing impact of debt financing on the sector's financial sustainability. Borrowings are forecast to increase from \$5.39 billion to \$8.94 billion in 2030, which will place further debt financing strain on the State.

Performance expectations are not being met or reported in a transparent or accountable way

This year we undertook an analysis of each government business performance against the targets they committed to in their corporate plans and/or budget documents. This analysis is important, as it enables an assessment of the business's ability to deliver on what they have committed to do in their planning documents. It is also important to include in this report as this information is generally not publicly reported.

The analysis identified that collectively the entities committed to a total of 128 performance targets, however they only managed to meet 64 (50%) of these targets. These results matter, as past performance will directly impact the level of confidence in relation to an entity's ability to meet future targets. Both the high level of missed targets and the lack of transparent performance reporting is of heightened concern in a sector that is continuing to record deteriorating performance.

Certain sensitive information not disclosed

During the conduct of the financial audits, two matters came to the attention of the Auditor-General that meet the reporting threshold of section 29 (4) of the *Audit Act 2008*, in that they demonstrated instances where the functions of an accountable authority were not adequately performed and were of sufficient importance to be included in this report.

In accordance with section 30A of the *Audit Act 2008*, the Auditor-General has determined not to disclose these matters in this report. The information has not been disclosed as, in the view of the Auditor-General, it is against the public interest as disclosure could unfairly prejudice the commercial interests of a person or body.

A separate report on these matters has been prepared and a copy provided to the Public Accounts Committee and Treasurer in accordance with sections 30A (4) and (5) of the *Audit Act 2008*.

Sustainability reporting has commenced

In 2025-26 Audit Tasmania completed sustainability assurance engagements for the first cohort of reporting entities subject to mandatory sustainability reporting requirements. All assurance opinions issued were unmodified. These reports provide climate related disclosures in relation to governance frameworks, strategies, risk management and metrics and targets. In the current year, TT-Line, Tasmanian Networks and Tasmanian Water and Sewerage prepared sustainability reports which were subject to audit. A further 5 entities will be required to prepare reports in 2026-27.

As sustainability reporting requirements continue to expand across the public sector, entities will need to ensure that governance, systems and processes are sufficiently mature to support reliable and transparent reporting.

Responses received

All government businesses were provided the opportunity to make a formal response to matters detailed in this report. One response, from TT-Line Company Pty Ltd, was received. This response is included at pages 66 – 67, within the section covering TT-Line.

Conclusion

The 2025-26 results demonstrate increasing financial sustainability challenges across Tasmania's government business sector. Declining profitability, increasing borrowings, growing reliance on government support and reduced returns to Government are significant trends that warrant ongoing attention and action. Boards and management will need to continue focusing on long-term financial sustainability, effective risk management and the successful delivery of major infrastructure programs to ensure entities remain or achieve financial sustainability and capable of meeting future expectations.

Artificial Intelligence (AI)

Certain audits, reviews, or assurance activities that contributed information to this report have utilised AI-enabled tools to support evidence gathering, data analysis, or administrative activities. Any such use occurred within the scope of the applicable audit methodology, governance framework, and quality control procedures. All findings presented in this report have been reviewed and accepted through the relevant audit and management oversight processes.

Guide to using this report

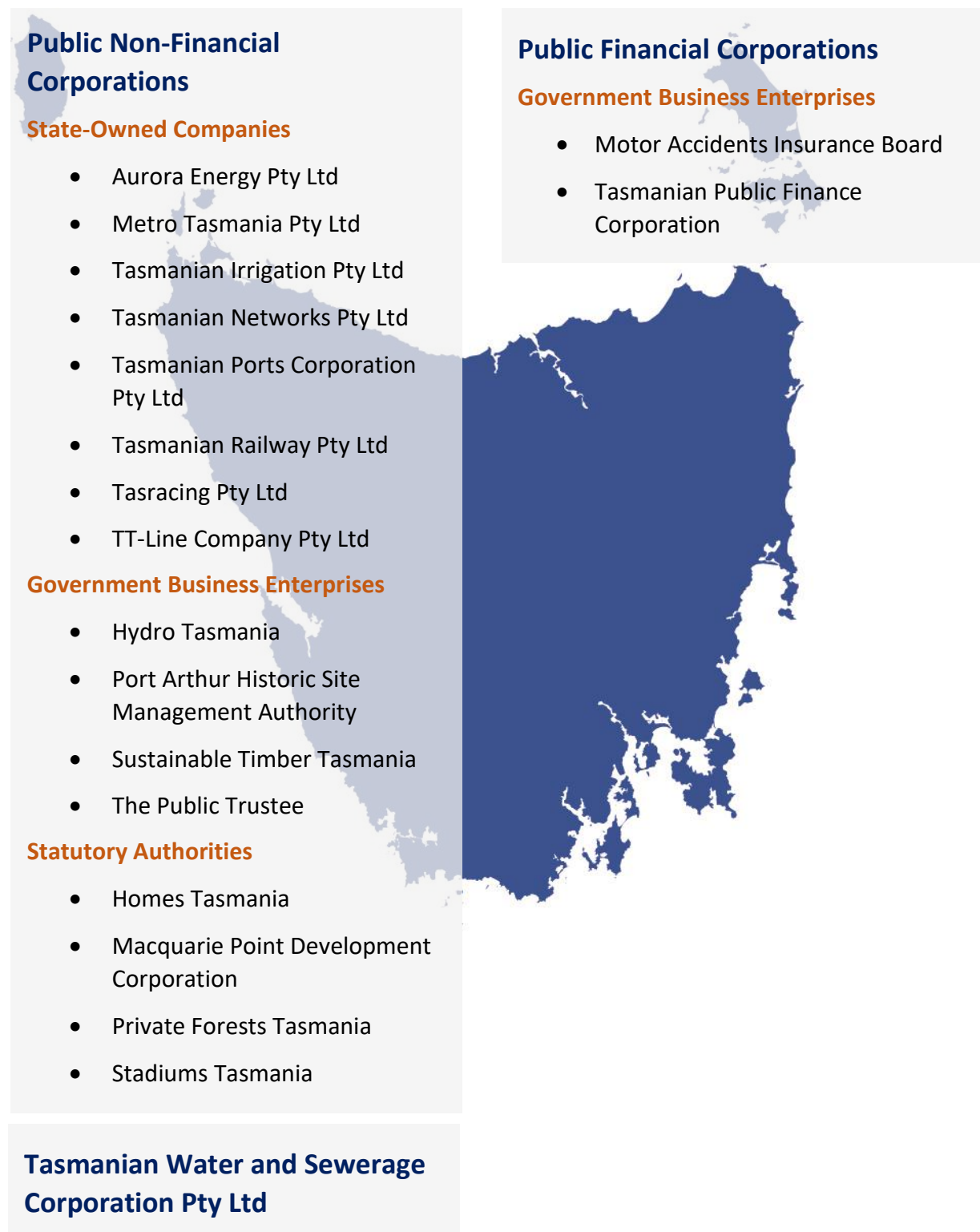
Guidance relating to the use and interpretation of financial information included in this report can be found on the Audit Tasmania website: www.audit.tas.gov.au

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

Introduction

This report is the second of 4 volumes reporting on our audits for the year ended 30 June 2026. This volume reports on the status of audits of financial statements and provides analysis and commentary on the following entities.

Figure 1: Entities covered by this Report



Sector level analysis

Sector wide financial sustainability metrics

To assist in understanding individual entity performance, listed below are some of the key sustainability metrics considered by Audit Tasmania in this Report. The results are not absolute numbers, rather they represent the movements from 2024-25 to 2025-26. At a sector level, all metrics have deteriorated.

Table 1: PNFC / PFC Snapshot

Entity	Underlying profit YoY \$'000	Government Support YoY \$'000	Borrowings YoY \$'000	Equity contributions YoY \$'000	Returns to Government YoY \$'000
	Decreased	Increased	Increased	Increased	Decreased
Sector Total	(54,332)	54,522	507,919	174,357	(122,611)
Aurora Energy Pty Ltd	6,470	No Gov support	Nil borrowings	No equity cont.	2,266
Homes Tasmania	(19,201)	43,256	69,847	No equity cont.	Nil returns
Hydro Tasmania	(6,634)	No Gov support	136,257	30,400	(146,687)
Macquarie Point Development Corporation	(970)	No Gov support	Nil borrowings	(7,469)	Nil returns
Metro Tasmania Pty Ltd	(1,176)	3,319	-	(5,647)	Nil returns
Motor Accidents Insurance Board	(17,285)	No Gov support	Nil borrowings	No equity cont.	8,062

Entity	Underlying profit YoY \$'000	Government Support YoY \$'000	Borrowings YoY \$'000	Equity contributions YoY \$'000	Returns to Government YoY \$'000
Port Arthur Historic Site Management Authority	688	(830)	Nil borrowings	No equity cont.	Nil returns
Private Forests Tasmania	163	39	Nil borrowings	No equity cont.	Nil returns
Stadiums Tasmania	976	5,081	Nil borrowings	51,634	Nil returns
Sustainable Timber Tasmania	40	2,049	Nil borrowings	No equity cont.	(250)
Tasmanian Irrigation Pty Ltd	(819)	(1,480)	45,799	12,876	Nil returns
Tasmanian Networks Pty Ltd	53,631	(446)	43,009	(60,070)	5,190
Tasmanian Ports Corporation Pty Ltd	(13,000)	No Gov support	15,169	47,000	2,550
Tasmanian Public Finance Corporation	(4,500)	No Gov support	Nil borrowings	No equity cont.	6,000
Tasmanian Railway Pty Ltd	1,628	300	(19,063)	32,933	Nil returns
Tasracing Pty Ltd	(200)	2,671	(1,017)	(1,800)	Nil returns
The Public Trustee	79	563	Nil borrowings	No equity cont.	258
TT-Line Company Pty Ltd	(54,222)	No Gov support	217,918	74,500	Nil returns

Underlying profit

\$536m	\$273m	\$137m	\$82m
2022-23	2023-24	2024-25	2025-26
 277%	 (49%)	 (50%)	 (40%)

▲ 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 performance of an entity and the capacity to pay operating costs by removing unusual and non-recurring transactions.

Underlying profit has been on a downwards trajectory for 3 years. A comparison of the Underlying profit (loss) for each PNFC and PFC over the past 4 financial years is shown in Table 2.

Table 2: Underlying profit / (loss)

Entity	Trend	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000
Aurora Energy Pty Ltd	●	11,795	3,224	6,141	12,611
Homes Tasmania	▼	116,230	(100,196)	(32,196)	(51,397)
Hydro Tasmania	▼	162,695	189,772	3,090	(3,544)
Macquarie Point Development Corporation	●	(392)	1,857	212	(758)
Metro Tasmania Pty Ltd	▼	(1,513)	(4,619)	(6,002)	(7,178)
Motor Accidents Insurance Board	▼	146,680	95,715	115,904	98,619
Port Arthur Historic Site Management Authority	●	(930)	(600)	(1,518)	(830)
Private Forests Tasmania	▲	(466)	(354)	115	278
Stadiums Tasmania	●	N/a	2,852	(1,040)	(64)
Sustainable Timber Tasmania	▲	(2,229)	796	794	834
Tasmanian Irrigation Pty Ltd	▼	1,926	1,070	1,894	1,075
Tasmanian Networks Pty Ltd	▲	40,704	29,372	12,123	65,754

Entity	Trend	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000
Tasmanian Ports Corporation Pty Ltd	▼	29,647	31,896	21,058	8,058
Tasmanian Public Finance Corporation	▲	35,100	40,100	44,000	39,500
Tasmanian Railway Pty Ltd	▲	(9,139)	(5,357)	(2,787)	(1,159)
Tasracing Pty Ltd	▼	399	(1,733)	(1,694)	(1,894)
The Public Trustee	▲	46	(3,500)	346	425
TT-Line Company Pty Ltd	▼	5,910	(7,507)	(23,860)	(78,082)
PNFC total	▼	354,683	136,973	(23,324)	(55,826)
PFC total	▼	181,780	135,815	159,904	138,119
Total	▼	536,463	272,788	136,580	82,248

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

Nine of the 18 PNFCs and PFCs recorded an underlying profit in 2025-26 (2024-25, 11 of 18). TT-Line generated the largest underlying loss of the 18 entities, \$78.08 million, and Homes Tasmania also recorded a large underlying loss of \$51.40 million.

Revenue received by PNFCs and PFCs

\$4.64bn	\$5.04bn	\$5.32bn	\$5.61bn
2022-23	2023-24	2024-25	2025-26
▲ 22%	▲ 9%	▲ 6%	▲ 5%

▲ 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.

Whilst operating revenues have increased by 5.3% from 2024-25 to 2025-26, operating expenses have increased by 6.5%. Over the 4 year period, operating revenues have increased from \$4.64 billion in 2022-23 to \$5.61 billion in 2025-26, an increase of 20.9%. Conversely, operating expenses have increased from \$4.10 billion in 2022-23 to \$5.52 billion in 2025-26, an increase of 34.7%. This is a concerning trend which entities will need to urgently address. The largest increases of expenses over revenue are detailed in Table 3 below.

Table 3: Largest increases of expenses over revenue

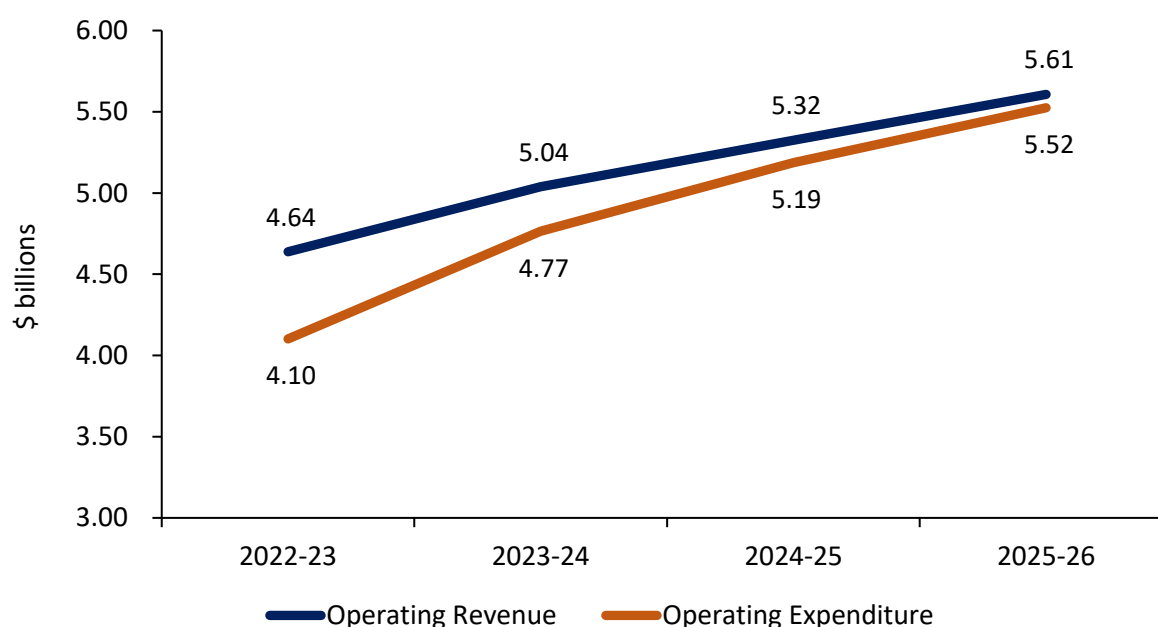
	4-year revenue increase	4-year expense increase	Expense > Revenue
Homes Tasmania	1.7%	122.1%	120.5%
Motor Accidents Insurance Board	15.7%	63.2%	47.5%
TT-Line Company Pty Ltd	(0.9%)	26.9%	27.9%

The increase in MAIB's expenses over the 4-year period is predominantly due to higher gross claims incurred, comprised of a 29.6% increase in claim payments over the period combined with the impact of changes to actuarial and economic assumptions underlying the valuation of the outstanding claims liability.

It should be noted that Homes Tasmania was established on 1 December 2022, and significant grant revenue was provided in the first year of operations. As such, the numbers in the table above are distorted, however in 2025-26 alone, Operating Expenses of \$312.70 million is materially higher than Operating Revenues of \$261.30 million.

Figure 2 shows the significant closing of the gap between operating revenues and expenses over the last 4 years, this serves to highlight the diminishing levels of return being generated across the sector.

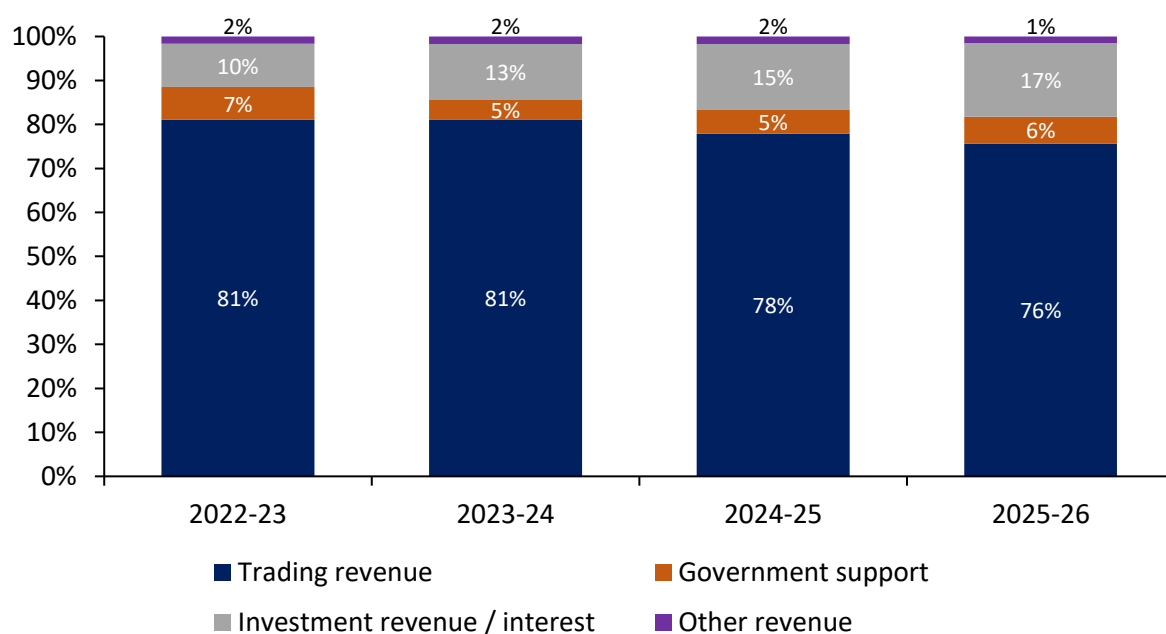
Figure 2: PNFC and PFC operating revenue and expenses over 4 years



Consistent with prior years, the main revenue stream for PNFCs and PFCs is trading revenue, generating \$4.24 billion in 2025-26 (2024-25, \$4.15 billion) representing 75.7% of revenue in the sector.

The 18 PNFC and PFC entities generated \$938.03 million in investment revenue and interest in 2025-26 (2024-25, \$798.53 million). More than 97.0% of this was earned through the PFC entities, TASCORP and MAIB. Figure 3 shows the sources of revenue for PNFCs and PFCs in 2025-26.

Figure 3: 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.

Government support

PNFCs that received, in aggregate, Government support greater than 5.0% of their total revenue during 2025-26 are listed in Table 4 (11 out of 18 entities).

Table 4: PNFC operational revenue for entities receiving more than 5.0% of Government support in 2025-26

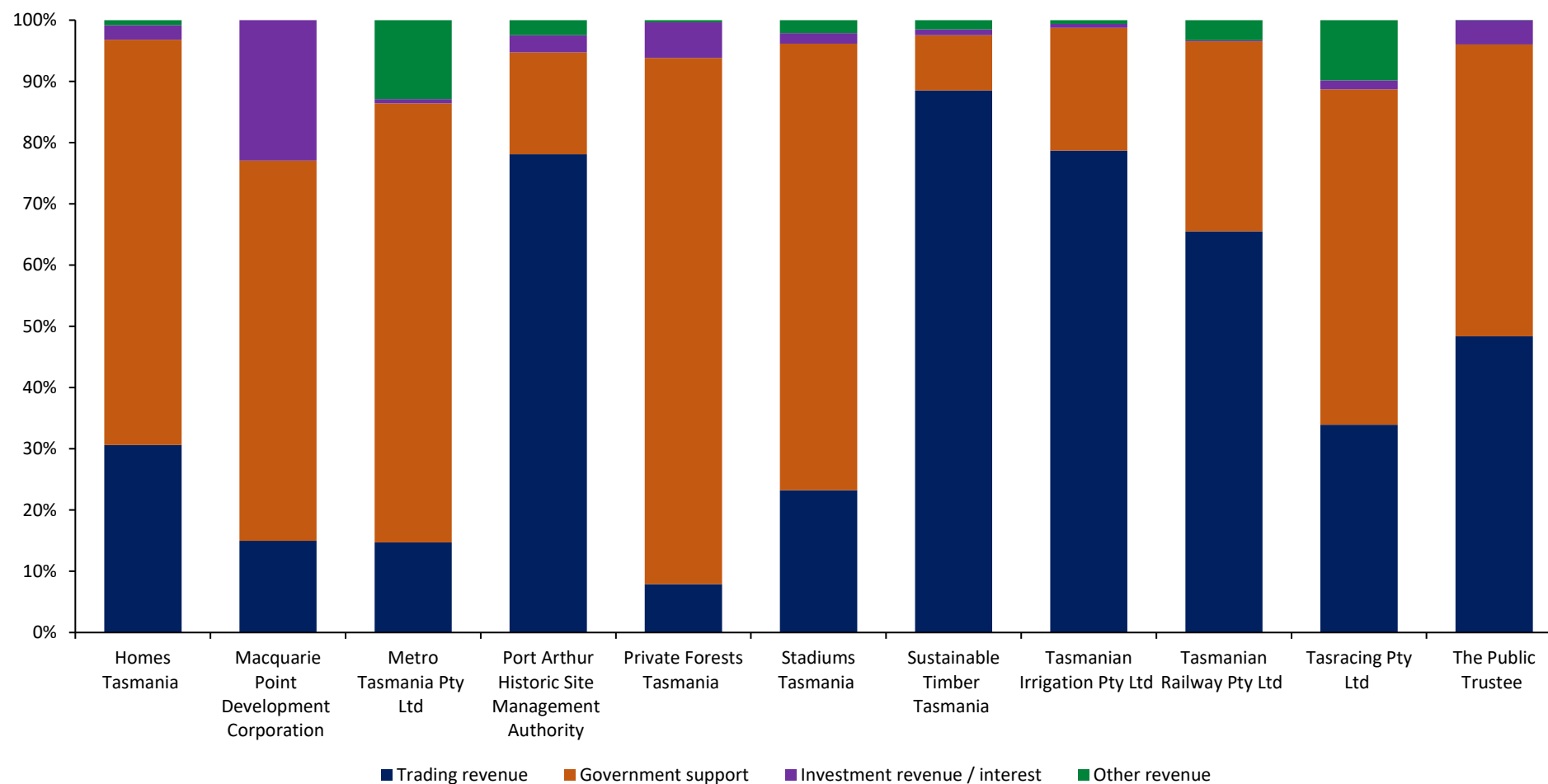
Entity	Trading revenue \$'000	Government support \$'000	Investment revenue / Interest \$'000	Other \$'000	Total ¹ \$'000
Homes Tasmania	79,979	172,920	6,273	2,126	261,298
Macquarie Point Development Corporation	1,206	5,000	1,847	-	8,053
Metro Tasmania Pty Ltd	12,075	58,757	536	10,581	81,949
Port Arthur Historic Site Management Authority	21,809	4,646	783	692	27,930
Private Forests Tasmania	188	2,039	138	8	2,373

Entity	Trading revenue \$'000	Government support \$'000	Investment revenue / Interest \$'000	Other \$'000	Total ¹ \$'000
Stadiums Tasmania	2,227	6,981	167	202	9,577
Sustainable Timber Tasmania	147,336	14,999	1,547	2,552	166,434
Tasmanian Irrigation Pty Ltd	20,147	5,122	169	154	25,592
Tasmanian Railway Pty Ltd	46,877	22,200	147	2,339	71,563
Tasracing Pty Ltd	25,815	41,712	1,115	7,480	76,122
The Public Trustee	7,320	7,210	599	2	15,131
Total	364,979	341,586	13,321	26,136	746,022

Note 1: 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 4.

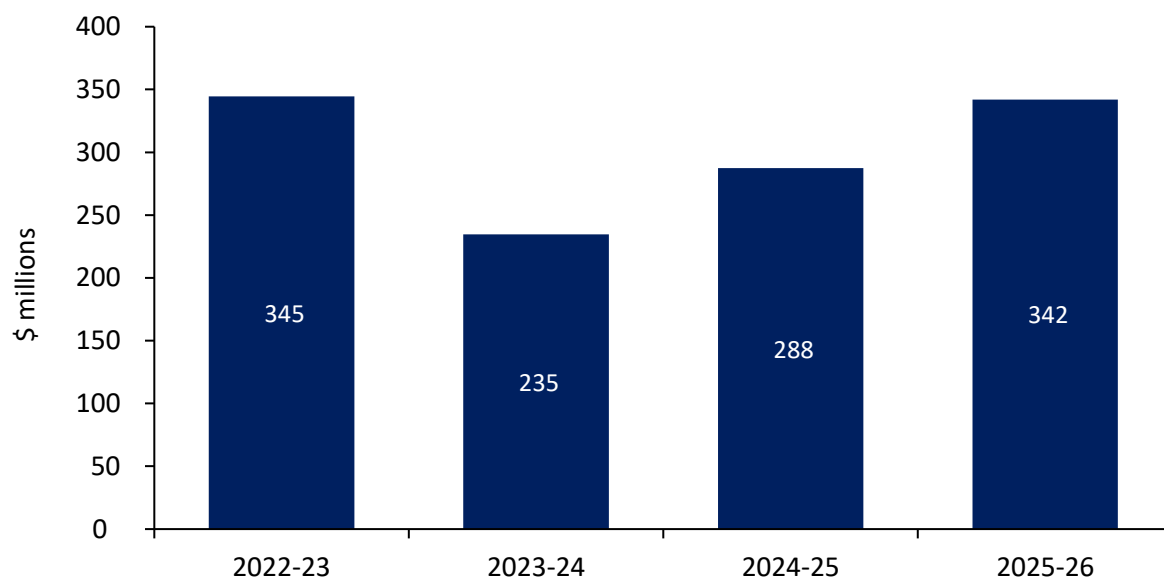
Figure 4: Breakdown of the sources of revenue for PNFCs receiving Government support



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

Figure 5 shows the level of Government support provided to PNFCs and PFCs over the 4 financial years 2022-23 to 2025-26. Over this period, the support provided has decreased by 0.7%, from \$344.55 million to \$342.05 million, but has been increasing steadily over the last two years.

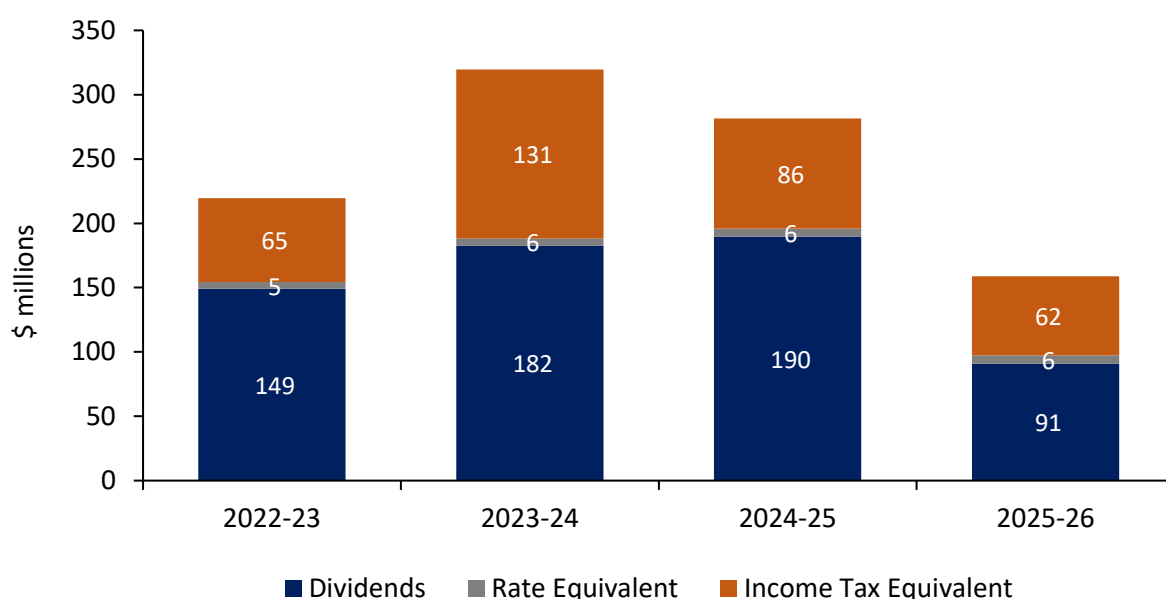
Figure 5: Government support



Dividends, rate equivalent and income tax equivalents

PNFCs and PFCs paid \$158.83 million (2024-25, \$281.44 million) to the Government in 2025-26 through dividends, rate equivalent and income tax equivalent payments. This amount excludes the Mersey Community Hospital Fund (MCHF) dividend of \$102.90 million (2024-25, \$99.40 million) paid by TASCORP. Figure 6 shows the composition of these payments over the last 4 years. Returns to Government have been decreasing over the last two years.

Figure 6: Dividends, rate equivalent and income tax equivalents



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

Note 2: Figure 6 excludes the MCHF dividends paid by TASCORP 2022-23 to 2025-26.

Table 5 provides a breakdown of the dividends, rate equivalent and income tax equivalent payments made by PNFC and PFC entities to the Government in 2025-26.

Table 5: Dividends, rate equivalent and income tax equivalents, 2025-26¹

Entity	Dividends \$'000	Rate equivalent \$'000	Income tax equivalent \$'000	2025-26 Total \$'000	2024-25 Total \$'000
Aurora Energy Pty Ltd	4,845	0	1,525	6,370	4,104
Hydro Tasmania	4,700	6,338	1,539	12,577	159,264
Motor Accidents Insurance Board	47,285	0	15,281	62,566	54,504
Sustainable Timber Tasmania	0	0	0	0	250
Tasmanian Networks Pty Ltd	0	0	20,443	20,443	15,253
Tasmanian Ports Corporation Pty Ltd	10,712	0	12,897	23,609	21,059
Tasmanian Public Finance Corporation ²	23,100	0	9,900	33,000	27,000

Entity	Dividends \$'000	Rate equivalent \$'000	Income tax equivalent \$'000	2025-26 Total \$'000	2024-25 Total \$'000
The Public Trustee	263	0	0	263	5
Total	90,905	6,338	61,585	158,828	281,439

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

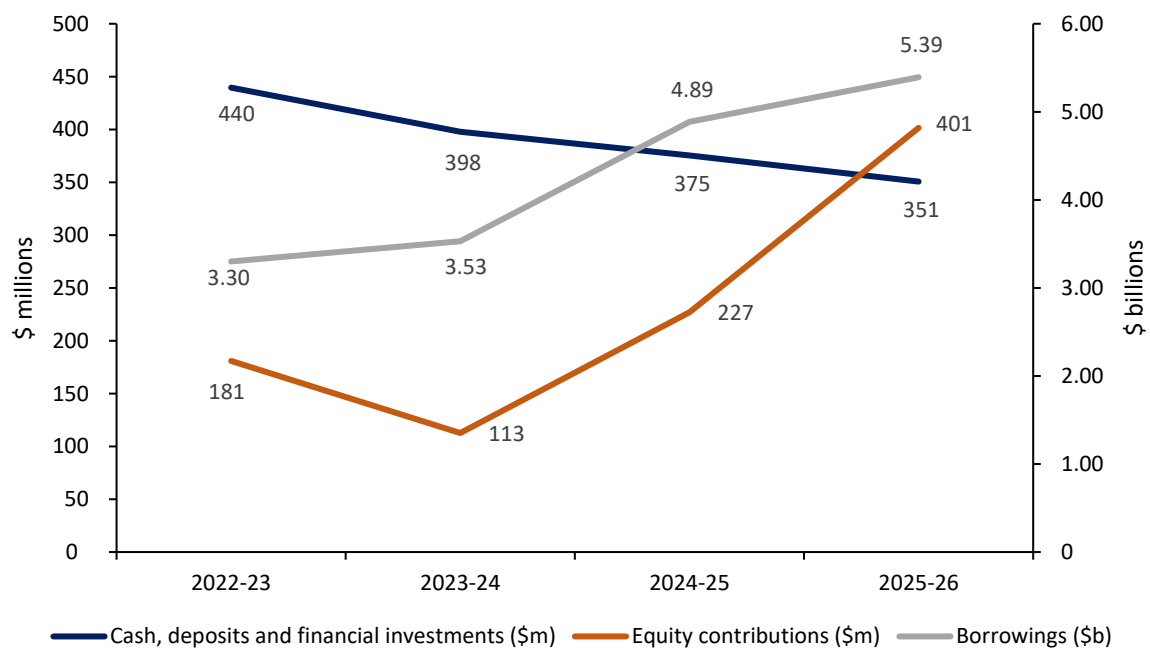
Note 2: Table 5 excludes the MCHF dividend of \$102.90 million in 2025-26 and \$99.40 million in 2024-25.

The Government received \$122.61 million less in payments from PNFCs and PFCs than the prior year. This was primarily due to Hydro Tasmania with \$159.26 million returns in 2024-25 compared to \$12.58 million in 2025-26. The decrease was primarily due to dividend payments of \$122.00 million in 2024-25 compared to \$4.70 million in 2025-26.

Financing of PNFCs

Financing of PNFCs occurs via loans and borrowings, equity contributions, as well as cash, deposits and financial investments. Figure 7 provides a snapshot of these 3 main sources of finance, which highlights the sectors increased reliance primarily on borrowings, followed by equity contributions. Similarly, cash has been slowly depleted over the past 4 years.

Figure 7: Financing of PNFCs



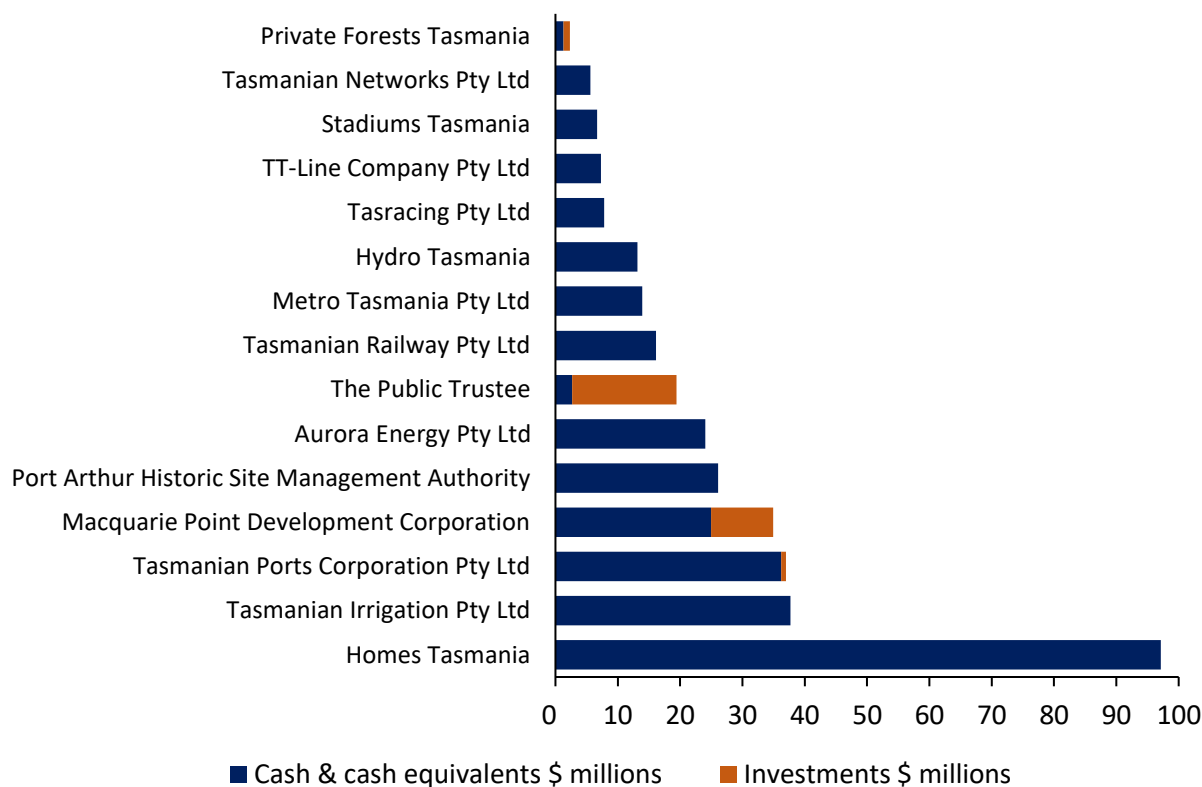
\$351m ▼ (6.6%)

Total cash, deposits and financial investments held at 30 June 2026¹

Cash, deposits and financial investments held by PNFCs at 30 June 2026 decreased by \$24.84 million, or 6.6%, from 30 June 2025.

Of the \$350.62 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 \$19.59 million held as investments, principally by Macquarie Point Development Corporation, \$10.00 million and The Public Trustee, \$7.84 million. The Public Trustee also held \$8.89 million of non-current financial investments.

Figure 8: Cash held by PNFCs as at 30 June 2026



\$5.39bn ▲ 10.4%

Total loan borrowings as at 30 June 2026

PNFCs held \$5.39 billion of loan borrowings at 30 June 2026 (30 June 2025, \$4.89 billion). Majority of the \$507.92 million increase in borrowings relates to TT-Line (\$217.92 million),

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

Hydro Tasmania (136.26 million) and Homes Tasmania (69.85 million). Details of borrowings held at 30 June 2026, and relevant ratios, are set out in Figures 9, 10 and 11, and Table 6.

Figure 9: Borrowings by PNFCs as at 30 June 2026

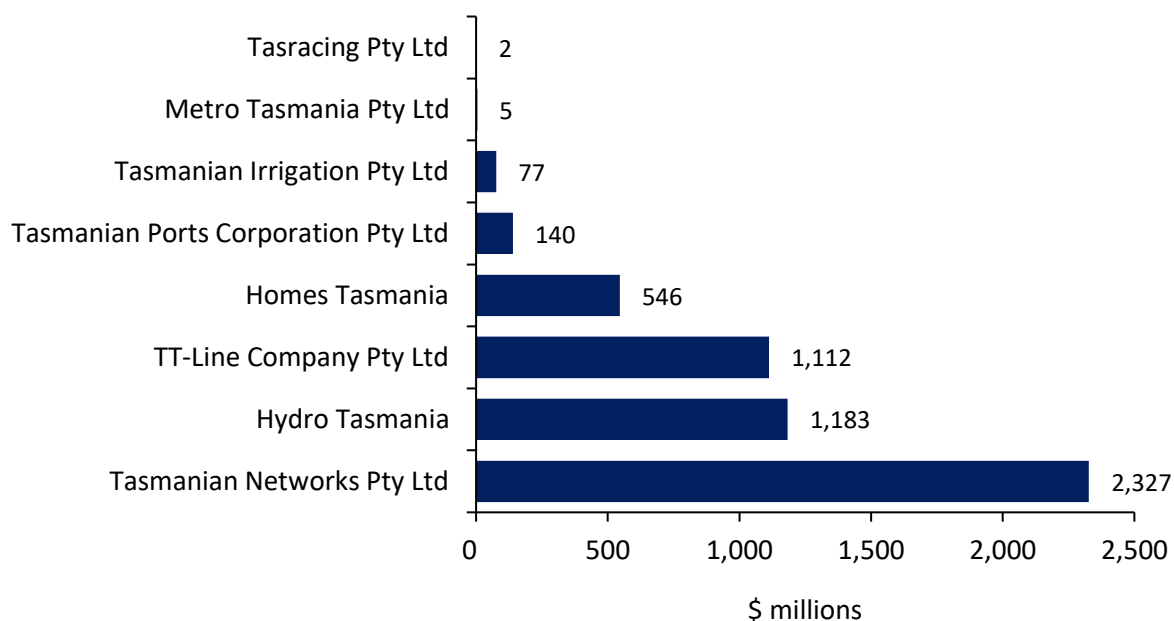
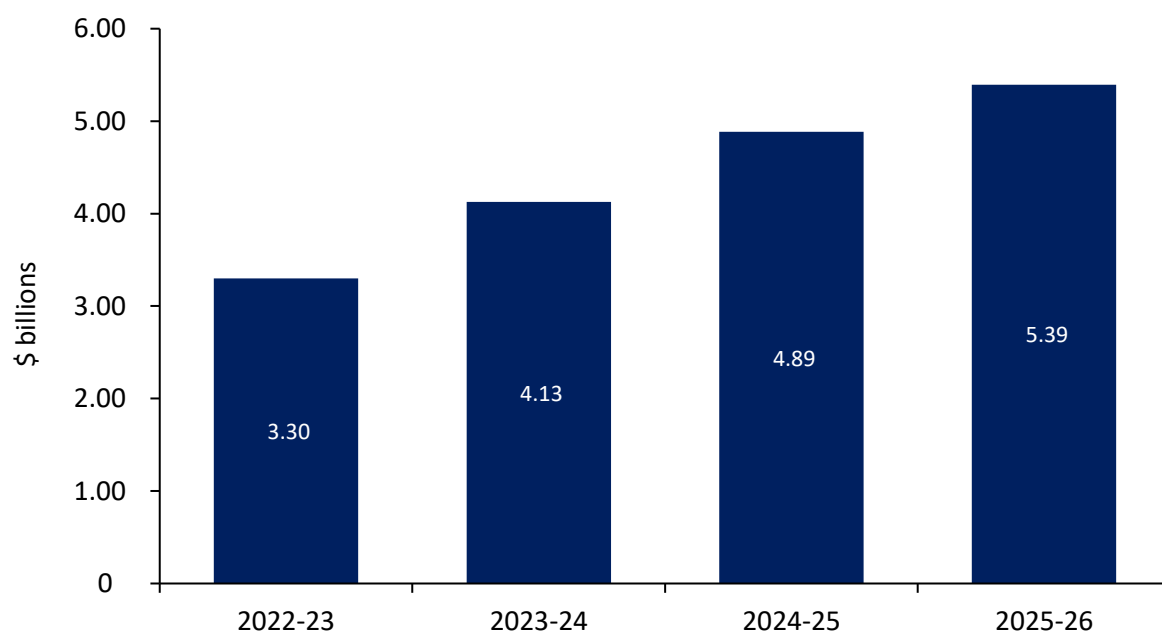


Figure 10: Total borrowings by PNFCs



Figures 10 and 11 highlight the correlation between borrowings and interest costs. The figures show a significant increase in both borrowings and interest expense, which will significantly impact entities within the PFC and PNFC sector to provide returns to the government in the future.

Figure 11: Interest costs as per cashflow

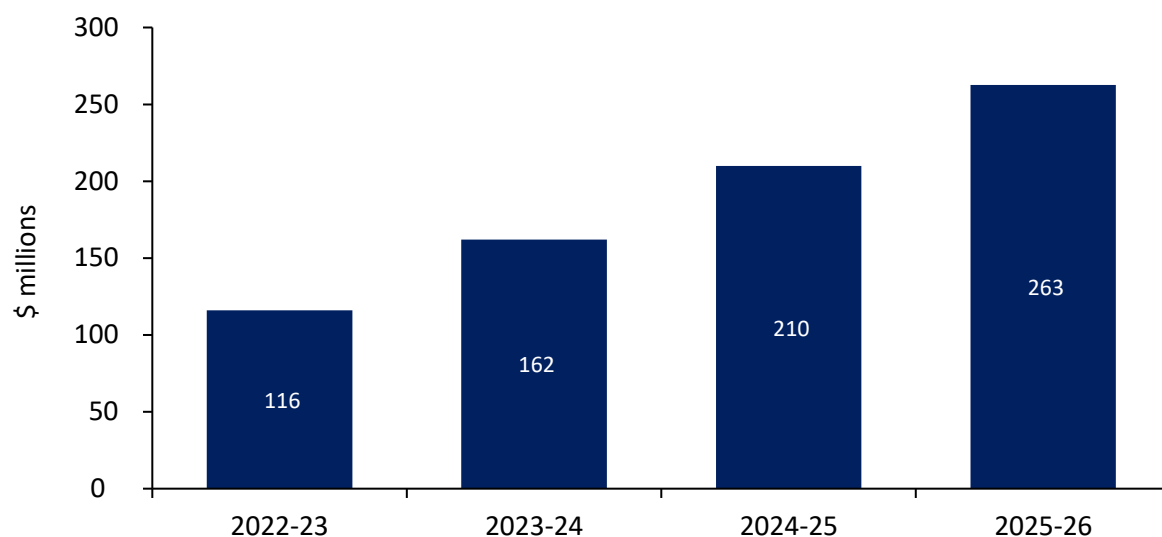


Table 6: Debt and relevant ratios

Entity	Interest \$'000	Borrowings \$'000	Current ratio	Cost of Debt	Interest coverage ratio	Debt to equity
Homes Tasmania	25,522	546,000	n/a	4.7%	n/a	12.1%
Hydro Tasmania	64,027	1,183,319	0.84	5.4%	1.86	43.9%
Metro Tasmania Pty Ltd	114	5,000	1.53	2.3%	n/a	7.6%
Tasmanian Irrigation Pty Ltd	2,903	76,828	0.46	3.8%	n/a	382.3%
Tasmanian Networks Pty Ltd	82,640	2,327,209	0.29	3.6%	2.11	140.1%
Tasmanian Ports Corporation Pty Ltd	8,604	140,169	1.13	6.1%	0.74	36.6%
Tasracing Pty Ltd	190	2,468	1.33	7.7%	n/a	4.7%
TT-Line Company Pty Ltd	76,359	1,111,980	0.78	6.9%	n/a	(515.2%)
Total	262,543	5,392,973				

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, Tasracing Pty Ltd and TT-Line Company Pty Ltd incurred losses before tax in 2025-26, therefore interest coverage ratio is negative, and therefore not applicable.

Homes Tasmania, Hydro Tasmania, TasNetworks and TT-Line accounted for 95.8% of total debt held at 30 June 2026 (30 June 2025, 96.2%).

PNFCs with debt had a weighted average current ratio of 0.56, which is an improvement of the 2024-25 result of 0.38. An outcome of 1.00 would indicate a balanced net working capital result. Of the 8 PNFC entities that held borrowings at 30 June 2026, 4 held current liability balances that exceeded their current assets. Based on previous years, maturing short term debt for these entities is expected to be refinanced during 2026-27 in line with their Treasury Risk Management Policy and Master Loan Facility Agreement with TASCORP.

Equity contributions

In 2025-26, the Government provided \$401.50 million to PNFC entities through equity contributions (2024-25: \$226.97 million). Table 7 provides a breakdown of the payments made.

Table 7: Equity contributions to PNFCs

Entity	Purpose of equity contribution	\$'000
Hydro Tasmania	Battery of the Nation – Tarraleah (Australian Government contribution)	30,400
Macquarie Point Development Corporation	Urban Renewal Project (Australian Government contribution)	18,576
Metro Tasmania Pty Ltd	Non-fleet capital	500
Stadiums Tasmania	Equity Contribution	18,139
	Section 23 Equity Contribution ¹	5,000
	Silverdome	4,422
	Maintenance	934
	UTAS Stadium Redevelopment (Australian Government contribution)	23,139
Tasmanian Irrigation Pty Ltd	Tranche 3 Irrigation Projects	30,131
	National Water Grid Fund - Greater Meander Irrigation Scheme Augmentation (Australian Government contribution)	1,250

Entity	Purpose of equity contribution	\$'000
	Tranche 3 Irrigation Projects (Australian Government contribution)	48,250
Tasmanian Networks Pty Ltd	Marinus Link make-whole contribution	12,800
	North West Transmission Developments	17,830
Tasmanian Ports Corporation Pty Ltd	Macquarie Wharf 6 (Port of Hobart) (Australian Government contribution)	47,000
Tasmanian Railway Pty Ltd	Legacy Locomotives - Life Extension Project	2,525
	Recapitalisation	24,000
	Tasmanian Freight Rail Revitalisation Program - Tranche 4 (State Government Contribution)	11,000
	Road Rail Vehicles	1,786
	Section 23 Road Rail Vehicles ¹	614
	Below Rail Infrastructure Contribution	1,000
	Tasmanian Freight Rail Revitalisation Program - Tranche 3 (Australian Government Contribution)	1,500
	Tasmanian Freight Rail Revitalisation Program - Tranche 4 (Australian Government Contribution)	24,000
	Regional Level Crossing Upgrade Fund (Australian Government contribution)	1,950
Tasracing Pty Ltd	Supplementary Capital Funding	250
TT-Line Company Pty Ltd	Equity Investment	74,500
Total		401,496

Note 1: Rollover funding in accordance with Section 23 of the *Financial Management Act 2016*

Equity contributions provided to PNFCs have increased in the current year, as shown in Figure 12. The equity contribution to Homes Tasmania in 2022-23 have been excluded as it relates to the establishment of the entity following an administrative restructure.

Figure 12: Equity Contributions to PNFCs

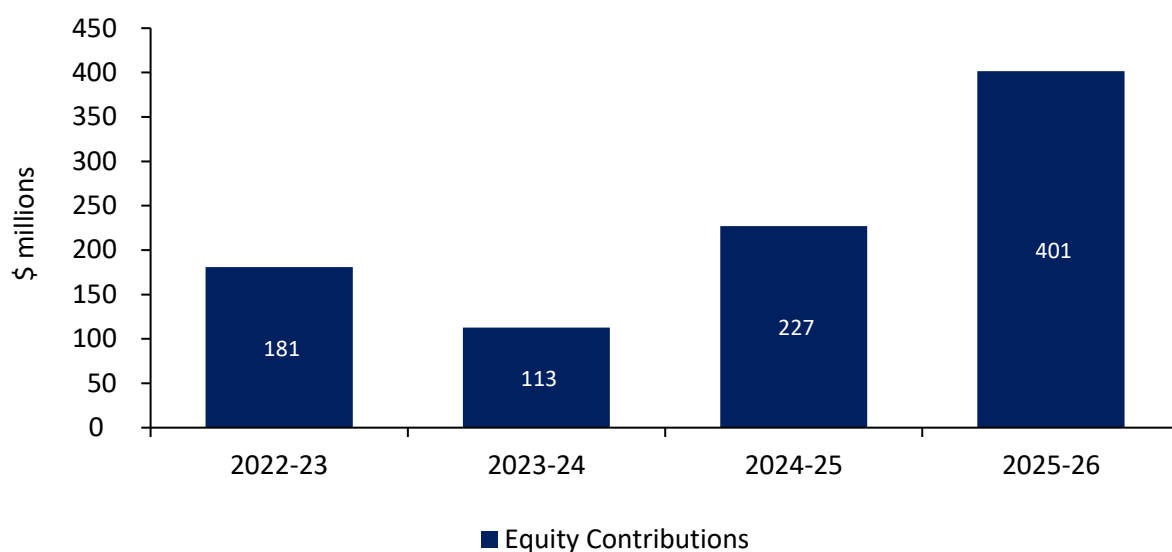
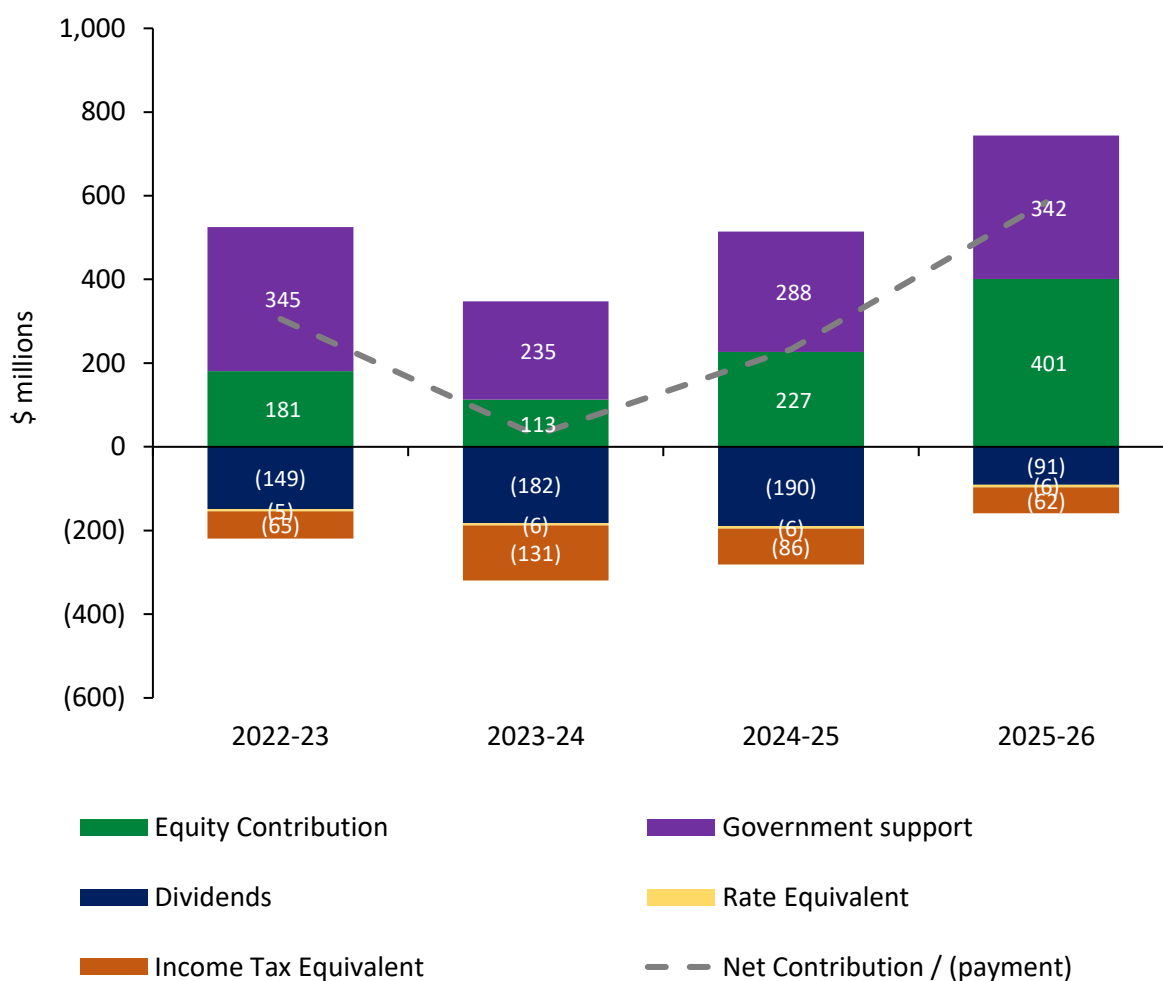


Figure 13 compares contributions to PNFC (equity and subsidy) and payments from PNFC (dividend, rate and tax equivalent).

Figure 13: Contributions by Government compared to payments to Government



Capital investment by PNFCs

\$5.03bn	\$6.30bn	\$316.12m
Total Capital Spend over last 4 years	Total Budgeted Capital Spend over last 4 years	Average Spend Gap over last 4 years

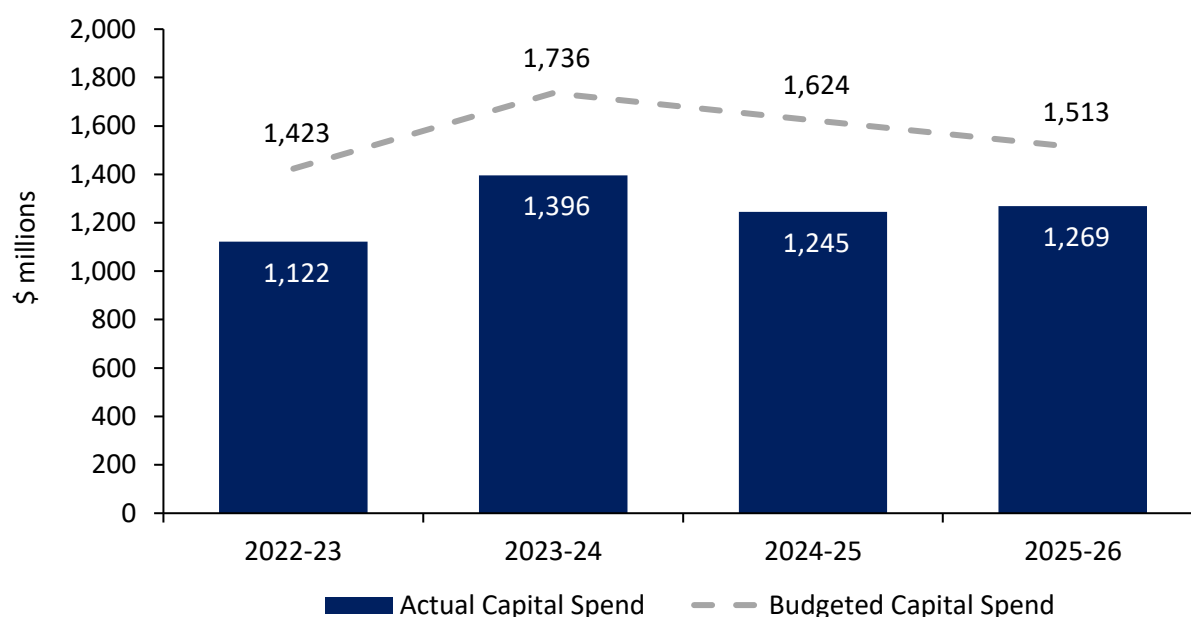
Note: Budget figures represent budgeted capital expenditure based on PNFC corporate plans for 2025-26 and actual Capital Spend represents payments for acquisition of non-financial assets as disclosed in the Statement of Cash Flows in the audited financial statements of each PNFC.

PNFCs invested a total of \$5.03 billion in capital projects over the past 4 years, including \$1.27 billion in 2025-26, an increase of \$24.57 million over the 2024-25 capital spend of \$1.24 billion.

PNFCs continue to spend less on capital works than budgeted, however an analysis of the underlying reasons indicate that this is as a result of project scheduling (delays) rather than lower than anticipated construction costs.

A comparison of actual capital expenditure against budget for the past 4 years is shown in Figure 14.

Figure 14: 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.

Table 8 shows the amount spent by PNFCs on capital expenditure in 2024-25 and 2025-26, together with a comparison of the actual amount spent on capital expenditure for 2025-26 against budgeted capital expenditure.

Table 8: Capital expenditure by PNFCs in 2024-25 and 2025-26

Entity	Actual 2024-25 \$'000	Actual 2025-26 \$'000	Budgeted 2025-26 \$'000	Actual to Budget Variance 2025-26 \$'000
Aurora Energy Pty Ltd	3,518	783	1,000	(217)
Homes Tasmania	101,962	87,371	97,521	(10,150)
Hydro Tasmania	284,277	283,961	370,700	(86,739)
Macquarie Point Development Corporation	32,560	22,598	19,438	3,160
Metro Tasmania Pty Ltd	3,358	1,899	2,107	(208)
Port Arthur Historic Site Management Authority	1,575	1,628	6,400	(4,772)
Private Forests Tasmania	-	47	-	47
Stadiums Tasmania	524	47,064	51,634	(4,570)
Sustainable Timber Tasmania	6,099	4,860	10,656	(5,796)
Tasmanian Irrigation Pty Ltd	92,949	108,212	128,084	(19,872)
Tasmanian Networks Pty Ltd	295,748	364,634	398,900	(34,266)
Tasmanian Ports Corporation Pty Ltd	38,844	62,381	108,900	(46,519)
Tasmanian Railway Pty Ltd	49,990	50,253	78,939	(28,686)
Tasracing Pty Ltd	6,554	4,471	14,912	(10,441)
The Public Trustee	285	22	957	(935)
TT-Line Company Pty Ltd	326,355	228,983	222,964	6,019
Total	1,244,598	1,269,167	1,513,112	(243,945)

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 2025-26 except for:

- Homes Tasmania: no Corporate Plan approved since December 2022; therefore, budget number obtained from the 2023-2026 Corporate Plan. The Department of Treasury and Finance, Supplementary Budget Reports, Budget Paper No. 4 had a budget of \$140.31 million.

- Macquarie Point Development Corporation: forecast financial statements have not been included in its Corporate Plan since the 2021-2024 plan. As such, budget number obtained from 2025-26 Capital Works Program budget. Whilst the Capital Works Program budget is \$19.44 million, this is different to the Department of Treasury and Finance, Supplementary Budget Reports, Budget Paper No. 4 which had a budget of \$35.07 million.
- Stadiums Tasmania: no requirement for Stadiums Tasmania to have a Corporate Plan; therefore, budget number obtained from 2025-26 Capital Works Program budget. Whilst the Capital Works Program budget is \$51.63 million, this is different to the Department of Treasury and Finance, Supplementary Budget Reports, Budget Paper No. 4 which had a budget of \$78.60 million.

Entity commentary and analysis

In previous years, Audit Tasmania has typically analysed the sector, as well as draw attention to outliers. This year, we have included an analysis of each entity. This has been done to ensure we are transparently meeting the requirements of the *Audit Act 2008*, para 29(4)(a) which states:

The Auditor-General is to draw attention to any case in which the functions of an accountable authority were not adequately and properly performed, and which the Auditor-General considers of sufficient importance to have attention drawn to it.

This section reports this by comparing what each entity achieved in 2025-26 against what it set out to do as per the Statement of Corporate Intent and the Corporate Plan, or in the absence of a Corporate Plan, the 2025-26 State Budget.

In this section of the Report, we provide our key observations from the audit of each entity. This is then followed by 'Outcomes from our financial statement audit' which is derived from our Reports to Those Charged with Governance.

Financial Audit Outcomes Reports are still being finalised and therefore may not be included in the tables 'Outcomes from our financial statement audit' as the report is either still being drafted by Audit Tasmania or with management for comment as at time of drafting this Report.

Following this is the Statement of Corporate Intent which is a summary of relevant financial reporting ratios as determined by Audit Tasmania and does not include all items in those documents. This process highlighted that some entities have only a few metrics to assess against, whereas other entities have quite a few metrics to be met. Additionally, some metrics are very clear on what is included in the measures, such as 'total revenue', whereas others were quite unclear such as 'profit'. Where metrics are not clear, it can cause confusion between the intention as set out in the Statement of Corporate Intent and how it is interpreted by entities.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) does not have a prescribed accounting definition and is a non-GAAP/non-IFRS measure. As such, where entities have EBITDA as a metric, this has been accounted for as earnings before interest, taxation, depreciation and amortisation. No adjustments have been made for other items such as impairment expense.

Key Financial Measures are those measures that Audit Tasmania have determined to be key for those in the PNFC/PFC sector. Budget numbers utilised in this section have been obtained from an entities Corporate Plan as this is what has been agreed between an entity, the Treasurer, and an entities portfolio Minister. This process highlighted that not all entities have a current Corporate Plan in place, and that within the PNFC/PFC sector, differences in the requirements of who needs to have a Corporate Plan. In the absence of a Corporate Plan and where available we have sourced the budgets from the 2025-26 State Budget.

This analysis, which is not reported publicly by the entities, identified that of the 128 performance targets set by the entities themselves, only 64 (50.0%) were met. Both the

lack of transparent performance against expectations and the high level of missed targets is of concern in a sector that is continuing to record deteriorating performance.

Aurora Energy Pty Ltd

Key observations

Financial result

Aurora Energy reported a profit before tax of \$12.61 million in 2025-26, compared with \$6.14 million in 2024-25. The increased profitability reflects the continued impact of historically high wholesale energy prices.

Customer sales revenue decreased by \$16.63 million during the year, while energy and network purchase costs decreased by \$28.10 million, contributing to the improved financial result.

The decrease in customer revenue in 2025-26 was driven primarily by lower revenue from major industrial customers and partly offset by increased revenue in small customers.

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

Aurora Energy's net asset position as at 30 June 2026 was \$48.38 million, a decrease of \$37.56 million from the previous year. The main drivers of the net asset position was the impact of market trade receivables offset by trade payables as well as the change in the value of electricity derivatives as at 30 June 2026.

Table 9: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Risks arising from the use of Information Technology	From our audit procedures, no control deficiencies or audit findings were identified.
Financial Instruments valuation and hedge accounting	From our audit procedures, 1 misstatement was identified impacting the balance sheet by \$7.14 million which was corrected by management.
Revenue (Sales revenue from contracts with customers) recognition due to fraud	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 10: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
EBIT	9,200	12,841	✓
Returns to government (accrual)	6,000	6,370	✓

Key financial measures

Table 11: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	976,300	962,984	✗
Net profit after tax	6,200	8,386	✓
Net current assets	19,900	(12,438)	✗
Net assets	85,200	48,377	✗
Net cashflows from operating activities	900	9,022	✓

Budget numbers sourced from Aurora Energy's 2026-2029 Corporate Plan

Homes Tasmania

Key observations

Financial result

Homes Tasmania recorded a deficit of \$52.66 million for the financial year ended 30 June 2026, a deterioration of \$15.94 million on the 2024-25 deficit of \$36.72 million.

Financial sustainability

Homes Tasmania recorded a deficit of \$52.66 million for the financial year ended 30 June 2026, with a further budgeted net loss in 2026-27 of \$66.97 million.

The Government has provided a guarantee of Homes Tasmania's borrowings from TASCORP. As at 30 June 2026, this support was limited to a maximum amount of \$546.00 million which was fully utilised. In August 2026 the TASCORP Board approved an increase to the borrowing limit to \$737.00 million, subject to approval by the Treasurer.

Homes Tasmania's rental dwellings and community housing stock

At 30 June 2026, Homes Tasmania disclosed \$2.07 billion of rental dwellings and \$349.81 million in community housing stock.

Homes Tasmania revalued these assets at 30 June 2026 recognising a revaluation increment of \$174.10 million.

Service Concession Assets

At 30 June 2026, Homes Tasmania recognised \$2.22 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.

Machinery of Government changes

In early March 2026, the Premier announced a series of machinery of government changes. As part of these changes, the Department of State Growth has been transformed to establish Building Tasmania, which will incorporate Homes Tasmania. The integration of Homes Tasmania into Building Tasmania is expected to occur in July 2027, subject to the passage of the relevant legislation through Parliament. Transition planning and implementation activities are currently underway.

Table 12: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Use of service provider	From our audit procedures, we assessed the controls at the service provider to be operating effectively.

Significant risk	Audit outcome
Valuation of Rental Dwellings Community Housing stock and MyHome investments	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Indexation applied to Non-Rental Dwellings and Service Concession Assets	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Rental revenue recognition due to fraud	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Accuracy and existence of capital expenditure and service concession capital expenditure	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Financial performance and sustainability	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Not required for Statutory Authorities.

Key financial measures

Table 13: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	275,456	261,298	✗
Net profit after tax	(65,815)	(52,655)	✓
Net current assets	(455,414)	(388,202)	✗
Net assets	4,315,893	4,495,536	✓
Net cashflows from operating activities	(14,272)	(22,313)	✗

Corporate Plan not required for Statutory Authorities, however as per the *Homes Tasmania Act 2022*, para 25 (1) states that “in each year, the Homes Tasmania Board is to prepare a draft corporate plan in respect of a period of at least 3 years commencing on 1 July in that year”. Homes Tasmania commenced operating on 1 December 2022, with the first corporate plan 2023-2026 approved in August 2023. A new corporate plan has not been approved since. As such, the budget numbers included above have been obtained from the Department of Treasury and Finance, Supplementary Budget Reports, Budget Paper No. 4.

Hydro Tasmania

Key observations

Consolidated financial result

Hydro Tasmania's result for the year was a profit before tax of \$29.78 million, compared to \$474.92 million in 2024-25. The decrease in profit was primarily due to a decrease in Fair value gains on derivative instruments of \$99.95 million, as well as no revaluation gains of generation assets for 2025-26 compared to a \$379.91 million gain in 2024-25.

Total revenue decreased by \$54.79 million for 2025-26 to \$1.77 billion. Expenditure totalled \$1.74 billion, an increase of \$391.34 million.

Infrastructure investment

Additions to property, plant and equipment and works in progress for 2025-26 amounted to \$283.96 million.

Tarraleah Hydro Power Scheme Redevelopment

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

- commencing the first stage of procurement, requesting proposals for the project's construction and supply of specialist power station equipment
- publicly exhibiting the project's environmental impact statement and planning documents
- progressing Commonwealth environment approvals
- completing the Lake King William tunnel transition, to ready the tunnel for future connection to a new service.

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

Cethana is a big storage project, with a generating capacity of 750 MW and a storage capacity of 20 hours. The construction phase is expected to take about 6 to 8 years and employ around 350 people.

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

- advancing the commercialisation strategy
- progressing Commonwealth environment approvals
- preparing planning documents for the project and the associated workforce accommodation facility, and the project's environmental impact statement.

Table 14: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no misstatements were identified. However, 1 finding was raised in our Annual Audit Outcomes Report regarding no review of journals prior to posting. Management accepted the risk based on other mitigating controls.
Risks arising from the use of Information Technology	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Fair value of generation assets	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Fair value of energy price derivatives	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Revenue recognition – retail and wholesale	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Valuation and existence of unbilled energy accrual	From our audit procedures, no misstatements were identified. However, 1 finding was raised in our Annual Audit Outcomes Report regarding no evidence of the review of reconciliations. Management are addressing this finding and will be providing evidence of review in future audits.
Valuation and completeness of onerous contracts	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Accuracy, existence and completeness of Taxation	From our audit procedures, no misstatements were identified. However, 1 finding was raised in our Annual Audit Outcomes Report regarding no evidence of review of tax calculations prior to being sent to audit. Management accepted this finding and are going to provide evidence of review going forward.

Statement of Corporate Intent

Table 15: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Results before fair value movements and revaluations	72,900	5,901	✗
Net debt (excluding leases)	1,089,000	1,183,319	✗

	Budget (\$'000)	Actual (\$'000)	Met
Momentum Energy earnings before interest tax (EBIT)	16,100	13,900	✗
Ordinary dividend	4,700	4,700	✓
Other returns to government	18,400	1,539	✗

Key financial measures

Table 16: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	Note 1	1,770,835	n/a
Net profit after tax	88,884	20,835	✗
Net current assets	(314,336)	108,891	✓
Net assets	2,253,702	2,694,979	✓
Net cashflows from operating activities	227,779	122,760	✗

Note 1: The Corporate Plan discloses margin and does not separately budget for total revenue.

Budget numbers sourced from Hydro Tasmania's 2026-2029 Corporate Plan

Macquarie Point Development Corporation

Key observations

Financial result

Macquarie Point Development Corporation (the Corporation) reported an operating loss of \$2.09 million in 2025-26 (2024-25, loss \$0.64 million).

Multi-purpose Stadium

Following parliamentary approval of the *State Policies and Projects (Macquarie Point Precinct) Order 2025*, the Macquarie Point Multipurpose Stadium progressed through key procurement milestones. Following the issue of an Expression of Interest to market, the Corporation shortlisted two tenderers to enter into the Request for Tender Stage 1 process. The Corporation also released the Mac Point Master Plan in April 2026. Contracts for early works for the Stadium project were also awarded, and preparatory site works, including archaeological works, commenced in July 2026, marking the project's transition from planning into physical construction.

At 30 June 2026, the total Multi-purpose Stadium work in progress amounted to \$43.02 million.

Table 17: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Use of service provider	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Valuation of property, plant and equipment	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Capitalisation of work in progress	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Not required for Statutory Authorities.

Key financial measures

Table 18: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	7,175	8,053	✓
Net profit after tax	(17,316)	(2,085)	✓

	Budget (\$'000)	Actual (\$'000)	Met
Net current assets	14,931	31,555	✓
Net assets	164,750	146,344	✗
Net cashflows from operating activities	(16,235)	(1,425)	✓

A Corporate Plan is not required for Statutory Authorities, however the *Macquarie Point Development Corporation Act 2012*, para 38 (1) states that “the Board, by 31 May in each year, is to prepare a corporate plan in respect of the period of 3 years commencing on 1 July in that year”.

The most recent Corporate Plan is for the period 2026-2029. The *Macquarie Point Development Corporation Act 2012* sets out what the plan should include and this does not include forecasts for comprehensive income, financial position or cash flow.

As such, the budget numbers included above have been obtained from the Department of Treasury and Finance, Supplementary Budget Reports, Budget Paper No. 4

Metro Tasmania Pty Ltd

Key observations

Financial result

In 2025-26, Metro Tasmania Pty Ltd (Metro) incurred a loss before income tax of \$7.20 million (2024-25, loss \$5.96 million).

Employee-related expenses increased \$4.47 million due to bus operators receiving a 3.5% wage increase from 1 July 2025 and full-time equivalents increased by approximately 7.0% during 2025-26, due to Metro's recruitment campaign to increase its bus driver workforce.

Half-price fares

The government's initiative to continue to offer half-price fares up to 29 March 2026 and free bus fares from 30 March to 30 June 2026 resulted in patronage levels being higher when compared to prior year. The funding model put in place to compensate for the half-price and free bus fares initiative negated any adverse impact on Metro with ticket fare revenue of \$12.01 million being recorded, which was relatively consistent with the prior year (2024-25: \$11.29 million).

Table 19: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Revenue recognition due to fraud – Ticket fares	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Revenue recognition due to fraud – Service contract revenue – Revenue recognition due to fraud – Grant funding	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 20: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Profit/(Loss) after tax	(5,125)	(5,042)	✓
Returns to Government	n/a	n/a	n/a
Fare revenue	11,676	12,075	✓

Key financial measures

Table 21: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	75,328	81,949	✓
Net profit after tax	(4,032)	(5,042)	✗
Net current assets	10,703	9,022	✗
Net assets	64,144	65,515	✓
Net cashflows from operating activities	(2,968)	(3,927)	✗

Budget numbers sourced from Metro Tasmania's 2026-2029 Corporate Plan

Motor Accidents Insurance Board

Key observations

Financial result

The 2025-26 financial result for the Motor Accidents Insurance Board (MAIB) was a profit before tax of \$98.62 million, decreasing from a profit before tax of \$115.90 million in 2024-25. This decrease is predominantly due to an increase of \$14.20 million in net claims.

Forecast performance

MAIB generates income by charging customers a premium for compulsory third-party insurance and investing premiums, until such funds are required to meet costs associated with claims. MAIB reports an underwriting result from insurance operations (premiums earned less insurance claims incurred) and an overall result from operations, inclusive of the underwriting result and investment income, less the costs of administering the scheme.

In 2026, MAIB continued to record an overall profit and maintain a strong balance sheet. However, its underwriting result has deteriorated since 2022. An underwriting loss does not necessarily indicate a need to increase premiums. It does place greater reliance on investment returns, which may create increased uncertainty in MAIB's forecast financial performance and capital position depending on investment market performance. MAIB places a stronger focus on its funding ratio, with results showing that MAIB is comfortably within its target range.

The Board conducts ongoing oversight to ensure that the underwriting results remain consistent with MAIB's public purpose and risk appetite and its investment strategy remains aligned with its long-term claim obligations.

Claims experience

MAIB received 1,939 new claims in 2025-26 (2024-25: 1,991), representing a claim frequency rate per 1,000 registered vehicles of 3.1 (2024-25: 3.2). The number of claims received has remained below 2,000 over the past 5 years.

Supported Accommodation Renewal Project

The Supported Accommodation Renewal (SAR) Project aims to upgrade and enhance MAIB's purpose-built facilities across Tasmania. The project is a major improvement initiative within MAIB's Strategic Plan and covers sites in Hobart, Launceston and Ulverstone.

Following feasibility design development and stakeholder consultation, the Board approved the Business Case in March 2025, with Shareholding Ministers' endorsement received in August 2025.

The SAR Project has now progressed to the project implementation and construction phase, which has a total budget of \$84.69 million, which will be fully funded by MAIB. A building contractor was appointed in September 2026, with construction expected to be completed by mid-2029.

Table 22: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Significant investments and investment revenue	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Outstanding claims liability and claims expense	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Premium revenue, unearned premium and unexpired risk liabilities	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 23: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Financial results after tax	33,500	71,100	✓

Key financial measures

Table 24: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	272,258	342,737	✓
Net profit after tax	36,514	71,088	✓
Net current assets	n/a	n/a	n/a
Net assets	714,157	741,259	✓
Net cashflows from operating activities	57,232	81,969	✓

Budget numbers sourced from MAIBs 2025 Corporate Plan, covering the period 2026-2029

Port Arthur Historic Site Management Authority

Key observations

Financial result

Port Arthur Historic Site Management Authority (PAHSMA) incurred a loss of \$0.83 million for 2025-26, which was an improvement on the loss of \$1.52 million in 2024-25.

Water and sewerage infrastructure replacement

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

The water and sewerage project is proceeding through the design development phase. The value management and scope prioritisation are required to ensure that critical infrastructure can be delivered within the current project budget.

Site restoration funding

The Australian Government announced funding of \$8.90 million to undertake critical conservation work at the Port Arthur Historic Site. This funding will enable PAHSMA to conserve and stabilise the penitentiary building, ensuring it remains safe and accessible for visitors while safeguarding its National and World Heritage values.

Table 25: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Valuation of land, buildings and infrastructure	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Completeness and accuracy of revenue from fees, tours and merchandise	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 26: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Operating profit/(loss)	(1,697)	(830)	✓
Commercial Revenue	23,252	21,809	✗
Commercial Expenses	22,985	22,045	✓

	Budget (\$'000)	Actual (\$'000)	Met
Conservation, interpretation and education funding (all sites)	4,570	4,175	✗
Penitentiary funding	1,497	69	✗
Conservation, interpretation and education expenses (all sites)	8,040	5,849	✓

Key financial measures

Table 27: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	23,252	27,930	✓
Net profit after tax	(1,697)	(830)	✓
Net current assets	(2,229)	17,266	✓
Net assets	72,529	71,326	✗
Net cashflows from operating activities	16,234	7,125	✗

Budget numbers sourced from PAHSMA's 2025-2029 Corporate Plan

Private Forests Tasmania

Key observations

Financial result

Private Forests Tasmania (PFT) reported a surplus of \$0.28 million for 2025-26 (2024-25: \$0.12 million surplus). This reflects an increase to the surplus from the prior year and a return from the deficit from 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.

After 2 consecutive years of operating losses and negative cash flows from operations, PFT has a positive balance for 2 consecutive years and a positive cashflow from operations.

Table 28: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

There are no relevant financial metrics in the Statement of Corporate Intent.

Key financial measures

Table 29: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	2,664	2,373	✗
Net profit after tax	(52)	278	✓
Net current assets	note 1	1,778	n/a
Net assets	1,249	1,614	✓
Net cashflows from operating activities	note 2	291	n/a

Note 1: PFT discloses items as either assets or liabilities and does not separate items between current and non-current in their budget.

Note 2: The Corporate Plan does not include a budget for the Statement of Cashflows

Stadiums Tasmania

Key observations

Financial result

In 2025–26, Stadiums Tasmania reported a net profit of \$47.98 million, compared to a net loss of \$1.04 million in the previous year. The significant increase is primarily attributable to the recognition of \$48.05 million in contributed assets. Excluding contributed assets, Stadiums Tasmania recorded an underlying deficit of approximately \$0.06 million.

Expenses increased by approximately \$6.43 million in 2025–26, primarily due to increases in personnel expenses, depreciation and amortisation, and other operating expenses. The increase in expenses reflects Stadiums Tasmania's first full year of operations across both the Silverdome and UTAS Stadium.

Net assets position

Stadiums Tasmania's net asset position as at 30 June 2026 was \$158.60 million, an increase of \$107.42 million from the previous year. The increase was primarily driven by the recognition of \$48.05 million in contributed assets, representing the transfer of UTAS Stadium in Launceston. Additionally, there was significant capital investment in redevelopment in the stadium, disclosed within works in progress. These two factors were the main drivers of the increase in property, plant and equipment from \$104.46 million to \$154.50 million. Contributed equity increased by \$59.44 million, while retained earnings increased by \$47.98 million, reflecting the current year comprehensive result.

Total liabilities increased by \$12.80 million to \$14.07 million at 30 June 2026. This was primarily due to an increase in payables of \$12.53 million, consistent with the significant increase in capital works and operating activity during the year. Employee benefit liabilities also increased by \$144,000, reflecting the increase in staffing and associated employee entitlements.

Receivables increased by \$10.95 million, from \$0.03 million to \$10.99 million, primarily due to equity amounts receivable from Treasury at 30 June 2026.

Table 30: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Accounting for stadium assets	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Not required for Statutory Authorities.

Key financial measures

Table 31: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	10,309	57,624	✓
Net profit after tax	(2,900)	47,983	✓
Net current assets	n/a	4,020	n/a
Net assets	261,409	158,602	✗
Net cashflows from operating activities	170	452	✓

Corporate Plan not required for Statutory Authorities and there is no requirement for a Corporate Plan in the *Stadiums Tasmania Act 2022*. As such, instead of utilising budget numbers as per the Corporate Plan, budget numbers have been obtained from the Department of Treasury and Finance, Supplementary Budget Reports, Budget Paper No. 4

Sustainable Timber Tasmania

Key observations

Consolidated financial result

Sustainable Timber Tasmania (STT) generated a profit before tax of \$0.04 million in 2025-26, a decrease of \$8.27 million from the prior year profit of \$8.31 million. Profit after tax was \$0.03 million (2024-25: \$5.77 million).

Total revenue of \$166.43 million was \$18.84 million higher than the prior year (2024-25: \$147.59 million). Operating revenue increased by \$23.73 million to \$162.34 million, primarily due to forest product sales increasing by \$19.99 million to \$139.76 million.

Total expenses increased by \$27.11 million to \$166.39 million (2024-25: \$139.28 million). Expenses from operations increased by \$24.36 million to \$132.31 million, mainly due to harvest, transport and processing expenses increasing by \$21.50 million to \$104.72 million.

Fair value of biological assets

Management engaged an independent external valuer to revalue biological assets, comprising standing timber and carbon values arising from projects registered with the Clean Energy Regulator under the Australian Government's Australian Carbon Credit Unit (ACCU) scheme. Biological assets were measured at fair value less costs to sell and totalled \$222.50 million at 30 June 2026 (2024-25: \$219.85 million).

Working capital

At 30 June 2026, STT's working capital was \$25.87 million, a decrease of \$3.55 million from \$29.42 million at 30 June 2025. Current assets increased by \$5.46 million to \$55.10 million, largely due to higher trade and other receivables, while current liabilities increased by \$9.00 million to \$29.22 million, mainly due to higher trade and other payables. Cash and cash equivalents decreased by \$1.02 million to \$1.37 million. STT had undrawn credit and borrowing facilities of \$7.41 million at year end.

Table 32: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Valuation of forest estate asset	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Completeness and accuracy: – revenue recognition – Sale of Forest Products	From our audit procedures, no control deficiencies, misstatements or audit findings were identified
Valuation of forest estate re-establishment provision	From our audit procedures, no control deficiencies, misstatements or audit findings were identified

Statement of Corporate Intent

Table 33: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Underlying profit	(2,500)	834	✓
Net cash flow from operations	4,500	4,834	✓

Key financial measures

Table 34: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	115,554	166,434	✓
Net profit after tax	3,142	30	✗
Net current assets	16,345	25,873	✓
Net assets	217,228	225,224	✓
Net cashflows from operating activities	62,365	4,834	✗

Budget numbers sourced from STT's 2026-2029 Corporate Plan

Tasmanian Irrigation Pty Ltd

Key observations

Financial result

Tasmanian Irrigation Pty Ltd (Tasmanian Irrigation) reported a loss before tax of \$90.58 million for 2025-26 (2024-25: loss of \$71.50 million). The continuation of a significant net loss is due to impairment of capitalised costs for irrigation schemes, which rose to \$94.66 million in 2025-26 (2024-25: \$89.18 million) as well as a \$12.78 million reduction in water entitlement revenue.

Tasmanian Irrigation writes off capital costs of irrigations schemes 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 2025-26 impairment loss arose from the Northern Midlands Irrigation Scheme and Sassafras Wesley Vale Irrigation Scheme WIPs, amounting to \$82.35 million. The accounting estimate for impairment assessment has not changed from the prior year, continuing to reflect the company's dependence on external funding for the creation of schemes and a cost recovery model for recovering water delivery costs.

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 current and future projects. Projects currently in progress include:

Northern Midlands Irrigation Scheme – The total budget for the project is \$217.96 million, funded by the Australian Government by \$108.98 million, the Tasmanian Government by \$72.26 million and irrigator contributions by \$36.72 million. Construction commenced in August 2024 and is expected to be completed in the second half of 2026.

Sassafras Wesley Vale Irrigation Scheme Augmentation – The total budget for the project is \$124.20 million, funded by \$62.10 million from the Australian Government, \$31.05 million from the Tasmanian Government and \$31.05 million from irrigator contributions. Commonwealth environmental approvals have been finalised in mid-August 2025. Construction continues to progress, with approximately 28km of the 102km pipeline now installed and the scheme is expected to be commissioned by late 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.

Greater South East Irrigation Scheme (GSEIS) – The total budget for this project is \$301.14 million and now has committed funding from the Australian Government of \$150.57 million and the required Tasmanian Government contribution of \$75.00 million. The Design continues to progress, with significant work underway across environmental approvals, technical planning and community engagement.

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.

Table 35: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Impairment of land and buildings, dams, water infrastructure assets and capital work in progress	From our audit procedures, <i>we identified an error in management's value-in-use model. Cash flows were discounted using annual periods rather than mid-year or other intervals that more appropriately reflect the expected timing of cash flows.</i> Management have corrected the misstatement resulting in a decrease to impairment expense of \$3.41 million.

Statement of Corporate Intent

Whilst Tasmanian Irrigation has a Statement of Corporate Intent, there were no items that Audit Tasmania identified as being a financial metric to assess against.

Key financial measures

Table 36: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	24,290	28,595	✓
Net profit after tax	(104,601)	(90,585)	✓
Net current assets	(45,939)	(55,044)	✗
Net assets	37,946	20,096	✗
Net cashflows from operating activities	6,689	(544)	✗

Budget numbers sourced from Tasmanian Irrigation's 2025-2029 Corporate Plan

Tasmanian Networks Pty Ltd

Key observations

Consolidated financial result

Tasmanian Networks Pty Ltd (TasNetworks) generated a profit before tax of \$65.63 million in 2025-26 (2024-25, profit \$11.96 million).

Revenue from contracts with customers was \$594.35 million in 2025-26 and \$36.21 million higher compared to last year. The increase was primarily due to higher revenues for provision of regulated distribution and transmission services of \$35.22 million.

Total expenses of \$528.60 million were \$17.42 million lower than the previous year, mainly due to a reduction in:

- employee benefits costs, \$4.78 million as a result of restructuring that occurred in the prior year.
- a reduction of \$8.76 million for claims and payments compared to 2024-25, which was in response to a severe storm impacting Tasmanian in the first quarter of 2025-26.

Equity contributions

An equity contribution of \$30.63 million was received in 2025-26 (\$90.70 million 2024-25). This was in relation to Marinus Link and the North West Transmission Developments project costs.

Fair value of networks assets

In 2025-26, 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. This methodology was consistent with the 2024-25 financial year. The income approach discounted future expected cash flows to arrive at a current fair value estimate for the assets.

Working capital and finance facilities

As at 30 June 2026, TasNetworks' working capital, other than short term debt maturities, was a \$53.56 million deficit (2025, \$11.21 million deficit). Short term debt maturities of \$222.60 million (2025, \$307.20 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.

Table 37: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Significant risk	Audit outcome
Valuation of regulated network assets	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Existence and accuracy of capital works in progress	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Valuation of defined benefits superannuation	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Calculation and disclosure of termination benefits	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 38: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Profit	32,000	42,948	✓

Key financial measures

Table 39: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	594,900	594,352	✗
Net profit after tax	40,700	42,948	✓
Net current assets	(719,500)	(276,159)	✓
Net assets	1,680,500	1,660,870	✗
Net cashflows from operating activities	302,900	288,623	✗

Budget numbers sourced from TasNetworks 2026-2029 Corporate Plan

Tasmanian Ports Corporation Pty Ltd

Key observations

Consolidated financial result

Tasmanian Ports Corporation Pty Ltd (TasPorts) recorded a profit before tax of \$0.28 million (2024-25, profit \$11.84 million), TasPorts paid a dividend to shareholders of \$10.71 million (2024-25, \$10.08 million).

Total revenue from contracts with customers was increased 7.6% to \$198.56 million (2024-25, revenue \$184.15 million)

Total expenses of \$194.19 million were \$26.86 million higher than the previous year, mainly due to \$18.37 million expenditure recognised in relation to the derecognition accrued revenue as a result of the renegotiation of a leasing arrangement.

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.

Table 40: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no misstatements were identified. However, 1 finding was raised in our Annual Audit Outcomes Report regarding instances where month-end reconciliations were either not reviewed or not reviewed in a timely manner.
Valuation of property and infrastructure assets	Through our audit procedures, we identified a judgemental material misstatement arising from the abbreviated valuation model. The misstatement has subsequently been corrected by management.
Existence and accuracy of capital works in progress	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Revenue recognition from contracts with customers – Seaport income	From our audit procedures, no misstatements were identified. However, 1 finding was raised regarding lack of structured review and approval controls across key stages of the invoicing process for Seaport income.

Statement of Corporate Intent

Table 41: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Dividends paid	10,500	10,700	✓
Tax equivalents paid	5,000	12,897	✗
Earnings before interest taxes depreciation amortisation (EBITDA)	43,500	36,079	✗
Operating profit after tax	6,000	4,013	✗
Capital expenditure	108,900	68,838	✗

Key financial measures

Table 42: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	164,256	198,578	✓
Net profit after tax	5,978	4,013	✗
Net current assets	129,550	7,358	✗
Net assets	330,665	377,627	✓
Net cashflows from operating activities	37,735	26,973	✗

Budget numbers sourced from TasPorts 2026-2029 Corporate Plan

Tasmanian Public Finance Corporation

Key observations

Financial result

Tasmanian Public Finance Corporation (TASCORP) reported a profit before tax of \$39.50 million in 2025-26, a decrease of \$4.50 million from the prior year.

Dividends and income tax equivalents paid to the Tasmanian Government in the reporting period were \$33.00 million from Treasury operations and \$102.90 million from the MCHF. At 30 June 2026, the MCHF had a remaining equity balance of \$28.50 million.

Total assets increased from \$16.22 billion to \$18.19 billion primarily due to a \$2.26 billion increase in advances to state entities (loans). Total liabilities increased from \$16.02 billion to \$18.08 billion in line with the increase in client advances.

Client advances

As indicated, client advances increase by \$2.26 billion. The more significant movements in client advances were:

- Department of Treasury and Finance – increase of \$1.66 billion (28.3%)
- Hydro Tasmania – increase of \$0.12 billion (11.7%)
- Tasmanian Water and Sewerage Corporation Pty Ltd – increase of \$0.26 billion (23.8%)
- TT-Line Company Pty Ltd – increase of \$0.20 billion (21.6%).

Table 43: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Interest revenue and expenses	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Investments/cash and cash equivalents	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Client advances	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Deposits	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Borrowings	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 44: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Dividends paid	23,092	23,100	✓
Tax equivalents paid	9,896	9,900	✓
MCHF dividends paid	102,899	102,900	✓
Operating profit before tax	15,558	39,500	✓
Operating profit after tax	10,891	29,000	✓

Key financial measures

Table 45: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	26,212	49,700	✓
Net profit after tax	10,172	29,000	✓
Net current assets	n/a	n/a	n/a
Net assets	60,000	103,100	✓
Net cashflows from operating activities	Note 1	(1,980,200)	n/a

Note 1: The Corporate Plan does not include a budget for the Statement of Cashflows

Budget numbers sourced from TASCORP's 2026-2029 Corporate Plan.

Tasmanian Railway Pty Ltd

Key observations

Financial result

In 2025-26 Tasmanian Railway Pty Ltd (TasRail) incurred a loss before tax of \$39.38 million (2024-25, loss \$43.78 million). The loss was mainly due to impairment of capitalised costs of \$38.22 million (2024-25, \$41.34 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 2025-26 was supported by operational grant funding of \$22.20 million (2024-25, \$21.90 million). In addition, TasRail received equity contributions of \$68.38 million (2024-25, \$35.44 million) from the government.

Infrastructure Investment Program

The Tasmanian Freight Rail Revitalisation Program (TFRRP) continued during 2025-26, with tranche Four, a \$120.00 million, four-year commitment, commencing in July 2024 and scheduled for completion in June 2028.

Table 46: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Valuation of rolling stock	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Existence and accuracy of capital work in progress	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Revenue recognition from freight services	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 47: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Customer revenue	50,490	46,877	✗
Capital spend	78,940	50,253	✗
EBITDA	10,320	(30,161)	✗
Above rail net profit/(loss)	(560)	(3,067)	✗

The budget EBITDA excludes impairment as per the Statement of Corporate Intent, whereas the actual includes impairment to ensure a consistent calculation for all entities within this Report.

Key financial measures

Table 48: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	72,073	71,563	✗
Net profit after tax	(52,811)	(39,382)	✓
Net current assets	(20,968)	18,124	✓
Net assets	109,798	140,463	✓
Net cashflows from operating activities	(1,521)	4,970	✓

Note 1: TasRail have not approved a new Corporate Plan since March 2024 and covered the period 2024-25 to 2027-28. As such, budget numbers have been based on the 2024-25 to 2027-28 Corporate Plan due to a lack of Corporate Plan being approved for the current year.

Tasracing Pty Ltd

Key observations

Financial result

Tasracing Pty Ltd (Tasracing) recorded a loss before tax of \$1.89 million for 2025-26 (2024-25, loss \$1.69 million), with the result impacted by revenue changes related to:

- a decrease in Race field revenue of \$1.18 million to \$21.78 million
- government funding increase of \$2.67 million, where a supplementary \$1.17 million was provided to further support the Office of Racing Integrity (ORI) integration process.

This was offset by increases in expenditure related to:

- code funding increased \$0.27 million to \$38.22 million (2025: \$37.95 million) with Stakes expenditure of \$31.88 million (2025: \$32.47 million)
- employee benefits increased by \$1.99 million to \$14.58 million (2025: \$12.59 million). The full year impact of the Integrity Unit in line with the integrity reforms of the *Racing Regulation and Integrity Act 2024* was an increase of \$2.06 million.

Capital improvements

Capital expenditure decreased by \$2.08 million (\$4.47 million from \$6.55 million in 2024-25). Capital expenditure during the 2025-26 financial year primarily related to the capital project GAP Kennel Block and the Tasmanian Integrity Union (TIU) building refurbishment at Elwick.

Table 49: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Property, plant and equipment and impairment	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Presumed risk of fraud in revenue recognition – Racing revenue	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Table 50: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Net profit after tax	-	(1,393)	✗
Race field revenue	22,930	21,780	✗
Code funding	38,710	38,220	✗
Capital expenditure	14,910	4,548	✗
Animal welfare funding	1,580	390	✗
Workers' compensation	1,200	3,811	✗

Key financial measures

Table 51: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	78,460	76,122	✗
Net profit after tax	(310)	(1,393)	✗
Net current assets	7,340	2,941	✗
Net assets	60,660	52,754	✗
Net cashflows from operating activities	5,740	604	✗

Budget numbers sourced from Tasracing's 2026-2030 Corporate Plan

The Public Trustee

Key observations

Financial result

The Public Trustee (the Trustee) recorded a profit before tax of \$0.43 million for 2025-26 (2024-25, profit before tax \$0.35 million). The increased result is reflective of the increase in Community Service Obligation Funding and growth in Capital Commissions of \$0.49 million.

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 2026, the Trustee held \$16.74 million (2025-26, \$15.70 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 \$9.89 million. The remainder of these funds are available to assist the Trustee in meeting their short-term obligations as they fall due.

Table 52: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures 1 finding was raised regarding no review of journals prior to posting.
Completeness and accuracy of commission-based income	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Completeness, existence and value of assets under management and trusteeship	An audit finding remains open from previous audit periods in relation to this significant risk area, relating to inconsistent application of valuation methods.

Statement of Corporate Intent

Table 53: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
Operating expenditure	14,378	14,706	✗
Operating profit/(loss) after tax	376	371	✗
Total comprehensive income	679	1,936	✓

	Budget (\$'000)	Actual (\$'000)	Met
Capital expenditure	957	264	✗
Dividends paid	263	263	✓
Tax equivalents paid/(refund)	-	-	

Key financial measures

Table 54: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	14,880	15,131	✓
Net profit after tax	376	371	✗
Net current assets	7,476	10,197	✓
Net assets	11,866	13,082	✓
Net cashflows from operating activities	1,051	487	✗

Budget numbers sourced from Public Trustee's 2025-2029 Corporate Plan

TT-Line Company Pty Ltd

Key observations

Financial result

TT-Line's result for the year was a loss before tax of \$715.93 million, a significant deterioration from the loss before tax of \$23.53 million incurred in 2024-25. The decline was primarily due to asset revaluation decrements and impairment losses incurred on assets during the period of \$637.45 million.

Operating revenue decreased by \$5.46 million. This is primarily due to freight services revenue decreasing \$9.49 million, which is offset by an increase in passenger revenue of \$4.24 million.

An increase in operating costs was mainly due to:

- other expenses increase of \$15.75 million primarily due to an increase in terminal operations (\$16.48 million), depreciation and amortisation (\$10.20 million) and repairs and maintenance (\$4.39 million). This was offset by reductions in marine fuel and oil (\$15.21 million)
- finance costs increase of \$26.70 million, primarily due to increased interest cost on borrowings of \$21.89 million, and guarantee fees of \$6.15 million.

Sustainability and going concern

TT-Line is economically dependent on the Tasmanian Government for further equity contributions and providing a guarantee to its lender

The Tasmanian Government has agreed to provide \$506.00 million in equity contributions over the next 4 budget years. These forecast equity contributions are for capital expenditure on infrastructure assets and the repayment of debt. These equity contributions are in addition to the \$74.50 million provided to the company in 2025-26.

TT-Line is transitioning to a new operating plan. The plan includes management forecasts on the completion of the Devonport Berth 3 project, the introduction of *Spirit of Tasmania IV* and *V* into service, the sale of *Spirit of Tasmania I* and *II*, and the implementation of cost reduction and financial improvement initiatives.

The Directors acknowledge that there are material uncertainties as to TT-Line preparing the financial statements on a going concern basis. Those material uncertainties emanate from the following key factors:

Equity contributions from the State

TT-Line is economically dependent upon the Tasmanian Government for equity contributions.

Financial forecast model

TT-Line is reliant on its financial forecast model. The financial forecast model includes assumptions relating to operational performance of new assets, market impact of additional

supply to passenger and freight transport services, restructure of debt maturity profile and cost restructuring. The financial forecast model assumptions while believed to be achievable by the Directors, are to be proven over the following years.

Operational performance of new assets

The financial forecast model assumptions are fundamentally reliant on the expectation that the new vessels will perform in an operationally reliable and more fuel efficient manner. However, these assumptions are yet to be proven.

Market impact of additional supply

The new vessels bring additional capacity to both the passenger and freight service markets. The assumptions on the demand for this supply and future pricing which reflects broader market conditions, while assessed as reasonably achievable by the Directors are to be proven over the following years.

Restructure of debt maturity

At 30 June 2026, TT-Line had borrowings of \$1,111.98 million and negative net assets of \$215.82 million. TT-Line's forecasts indicate that it will require refinancing or restructure of borrowings in a manner aligned with the business' long-term cash generation profile. The business will be seeking to refinance its borrowings to achieve a 25-year debt amortisation period. At the date of signing the financial report the outcome of this process was unknown.

Cost restructuring

Management have committed to completing a cost restructuring program to right size the total operating costs of the business over the period 2027-28 to 2029-30. Annual cost savings have been embedded in the financial forecast model as 1 of the key assumptions.

Audit Report - Emphasis of Matter

Given the importance of this information for users understanding of TT-Lines ability to continue as a going concern, the 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.

Vessel replacement

Spirit of Tasmania IV and *V* were capitalised at cost during the reporting period for \$1,102.36 million and were subsequently adjusted to fair value at 30 June 2026. The vessels were valued at \$717.87 million, with a \$373.11 million revaluation decrement for vessels. The final fit-outs of *Spirit of Tasmania IV and V* are ongoing, and the first passenger sailings for the new vessels are planned for 31 October 2026.

Devonport berth 3 development

Terminal 3 Devonport is nearing completion and commissioning activities have commenced. Impairment assessment undertaken at 30 June 2026 resulted in an impairment write off of \$123.40 million in relation to the project. Post year-end testing of the berth has been undertaken, with final completion expected in September 2026.

The total amount of construction works in progress recognised at 30 June 2026 was \$263.74 million. This includes costs being capitalised for berth 3 at Devonport (\$234.74 million), vessel replacement shore project (\$3.50 million) and capitalised borrowing costs (\$25.51 million) to be allocated to the relevant assets when commissioned.

Table 55: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	Audit procedures identified no significant control deficiencies, misstatements or audit findings requiring reporting.
Going concern and financial sustainability	The financial performance, position and cashflows for 2025-26 indicate significant risks in relation to the ongoing use of the going concern assumption in the preparation of the TT-Line financial report. TT-Line have not provided updated forecasts that reflect the impact of the 2025-26 results. Forecasts, included in the draft corporate plan found, were identified as flawed by Audit Tasmania in that they did not add up correctly. Once corrected, the forecasts did not provide any indication of when TT-Line may return to profitable trading. At the date of drafting, the forecasts remain contingent on a refinancing agreement being finalised. Collectively these matters indicate that material uncertainties exist that cast significant doubt upon TT-Line's ability to continue as a going concern. TT-Line has made adequate disclosures of economic dependency and material uncertainty in Notes E4-E6.
Valuation of vessels	Spirit I and II, our audit procedures have identified no control deficiencies or audit findings requiring reporting. <i>One misstatement was identified which has been corrected</i> . Spirit IV and V, our audit procedures have identified no control deficiencies, misstatements or audit findings requiring reporting.
Valuation of construction works in progress	Audit procedures identified no control deficiencies, misstatements or audit findings in relation to the accounting for construction works in progress that required reporting.
Accuracy, completeness and existence of passenger and freight revenue	Audit procedures identified no significant control deficiencies, misstatements or audit findings requiring reporting.

Significant risk	Audit outcome
Recognition of deferred tax assets (and liabilities)	TT-Line's financial performance and forecasts do not meet the threshold for recognition of deferred tax assets in the balance sheet of the company. As such the (net) opening deferred tax asset (\$9.10 million) required derecognition. That balance, and any current year tax balances are required to be disclosed by way of note only. TT-Line have derecognised the deferred tax assets and made appropriate disclosures.

Statement of Corporate Intent

Table 56: Statement of Corporate Intent

	Budget (\$'000)	Actual (\$'000)	Met
EBITDA	5,610	(630,273)	✗
Operating cash flow	10,162	(16,704)	✗

Key financial measures

Table 57: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	303,244	304,186	✓
Net profit after tax	(73,378)	(722,714)	✗
Net current assets	Note 1	(40,392)	n/a
Net assets	428,794	(215,820)	✗
Net cashflows from operating activities	(14,960)	(16,704)	✗

Note 1: TT-Line discloses items as either assets or liabilities and does not separate liabilities between current and non-current.

During 2025-26, the Board rescinded its previous Corporate Plan developed in May 2025. The above budgets have been drawn from their updated 2026-2030 Corporate Plan provided on 18 June 2026.

Response from TT-Line

Statement of Corporate Intent - EBITDA

TT-Line adopted an EBITDA methodology when establishing the Statement of Corporate Intent target. This same methodology was applied when calculating the actual EBITDA in the Company's Annual Report. The Statement of Corporate Intent EBITDA target for 2025-26 was \$5.610 million, and the actual result applying the consistent method was \$1.554 million. The Actual EBITDA presented in Audit Tasmania's report is calculated using a different method and does not provide a direct comparison to the Statement of Corporate Intent EBITDA target /budget figure in the report.

It is acknowledged that Audit Tasmania's objective is to facilitate comparison of performance metrics across Government businesses. However, where those metrics differ from the measures used by a Company in its Statement of Corporate Intent, the resulting comparisons between budget and actual performance can be misleading and may confuse readers. For example, TT-Line's actual EBITDA result of \$1.554 million against Audit Tasmania's actual EBITDA result of (\$630.273) million. TT-Line requested that Audit Tasmania clearly describe the status of the Corporate Plan document. TT-Line considers that making it clear that the plan provided on 18 June 2026 was an updated draft plan would be consistent with the principles of transparency and accuracy.

Commentary regarding Corporate Plan forecasts

All minor errors in the draft Corporate Plan have been addressed in the final version. TT-Line considers that Audit Tasmania describing the forecasts generally as "flawed" is not an accurate or proportionate description of the identified matters. Importantly, there was no flaw in the underlying equity model that impacted the equity request to Shareholding Ministers.

TT-Line requested that Audit Tasmania remove the paragraph, and replace it with neutral and factually qualified wording, such as:

Following the provision of a draft Corporate Plan, several transpositional errors were identified in the accompanying financial tables. TT-Line subsequently corrected the errors as part of the continuing review and finalisation of the Corporate Plan. TT-Line has advised that the corrections did not affect the underlying financial model, its going-concern assessment or the equity requirements associated with the recapitalisation request. TT-Line has commissioned independent assurance regarding the nature, impact and materiality of the errors.

TT-Line also requested that the reference to "draft corporate found" should also be corrected to "draft Corporate Plan".

Reference to profitable trading

TT-Line requested that Audit Tasmania include a definition of “profitable trading”. It is unclear whether “profitable trading” refers to:

- EBITDA;
- earnings before interest and tax;
- profit before tax;
- profit after tax; or
- positive operating cash flow.

TT-Line considers that Audit Tasmania’s failure to specify the definition may cause a reader to misunderstand the point being made.

Auditor-General Comments on Response

Statement of Corporate Intent - EBITDA

EBITDA is not a defined term within the accounting and auditing framework. However, there is a large volume of literature on the use of non-GAAP measures, including EBIT and EBITDA, without repeating that here, the consensus is that EBITDA should not exclude other adjustments, such as impairments and valuation movements.

Commentary regarding Corporate Plan forecasts

Audit findings related to the Corporate Plan that was approved by the board and submitted to the Shareholder Ministers for decision making purposes.

Tasmanian Water and Sewerage Corporation Pty Ltd

Key observations

Financial result

In 2025-26, TasWater generated a net profit of \$87.73 million compared to a net profit \$61.53 million in 2024-25. Total comprehensive income in 2025-26 was \$88.37 million, compared to \$60.91 million in 2024-25. The increase is primarily attributable to a \$23.62 million increase in gifted assets from developers in 2025-26.

Dividends

During September 2025, December 2025 and March 2026 TasWater provided interim dividends to Councils totalling \$16.50 million, an increase of \$1.50 million from the prior year. Furthermore, in May 2026, a final ordinary dividend of \$5.50 million (2024-25: \$5.00 million) and a special dividend of \$4.00 million (2024-25: \$4.00 million) were approved by the Board for payment, which occurred early in June 2026.

Significant Developments

During the prior year, TasWater reviewed the existing methodology and to advise on the most appropriate technique in assessing the fair value of TasWater's infrastructure assets. As a result of this review, TasWater determined the fair value of its infrastructure assets using the Income Approach, which was considered the most appropriate valuation technique given the lack of active market for the specialised nature of TasWater's infrastructure assets.

A detailed review of the valuation model, which included reviewing internal inputs, discount rate analysis and other key assumptions and estimates. The result of the review was that the revaluation exercise did not result in any change to the carrying values of water and sewerage assets as at 30 June 2026.

Table 58: Outcomes from our financial statement audit

Significant risk	Audit outcome
Management override of controls	From our audit procedures, no misstatements or audit findings were identified.
Revenue (incl. Unearned revenue)	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Capital works in progress	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.
Valuation of water and sewerage infrastructure	From our audit procedures, no control deficiencies, misstatements or audit findings were identified.

Statement of Corporate Intent

Not required as entity is not a GBE or SOC.

Key financial measures

Table 59: Key financial measures

	Budget (\$'000)	Actual (\$'000)	Met
Total revenue	475,700	494,939	✓
Net profit after tax	74,300	87,733	✓
Net current assets	n/a	(232,651)	n/a
Net assets	1,984,300	1,990,716	✓
Net cashflows from operating activities	145,000	126,923	✗

Balance sheet is not presented on a current vs non-current basis, therefore net current assets are not applicable.

Budget numbers sourced from TasWater's 2026-2030 Corporate Plan.

Sustainability Reporting and Assurance

Sustainability reporting is the process by which an entity discloses information about its environmental, social and governance (ESG) impacts, risks and opportunities, and how these matters may affect its performance, financial position, cash flows and long-term sustainability.

In Australia, mandatory climate-related financial disclosure requirements commenced for certain entities in accordance with the *Corporations Act 2001*. The reporting process has assisted entities in identifying emissions reduction opportunities, informing strategic planning and supporting progress towards both Australia and Tasmania's legislated net-zero emissions target. The reports have established baseline climate-related information and provided a foundation for the continued development of governance, strategic alignment and more mature sustainability reporting practices in future reporting periods.

Year 1 Sustainability Assurance

The *Corporations Act 2001* establishes the thresholds for determining which entities are required to prepare sustainability reports, and phases implementation over 3 reporting groups.

Audit Tasmania completed sustainability assurance engagements for all 3 Tasmanian State entities subject to first-year sustainability reporting requirements:

- Tasmanian Water & Sewerage Corporation Pty Ltd
- Tasmanian Networks Pty Ltd
- TT-Line Company Pty Ltd.

These entities prepared their Sustainability reports in accordance with AASB S2 *Climate-related Disclosures*. These reporting entities measured and disclosed greenhouse gas emissions using the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* or the *National Greenhouse and Energy Reporting (Measurement) Determination*, as applicable.

Sustainability assurance engagements are undertaken to provide assurance over information disclosed in sustainability reports. Such engagements are conducted in accordance with ASSA 5000 *General Requirements for Sustainability Assurance Engagements* and ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001*.

An unmodified Independent Auditor's Report was issued for each of the Year 1 reporting entities. The first year of sustainability reporting and assurance established a strong foundation for future reporting cycles and provide a sound basis for continued improvement as reporting requirements evolve.

Year 2 Sustainability Reporting Entities

For the 2026-27 financial year, sustainability reporting will become mandatory for 5 additional Tasmanian State entities.

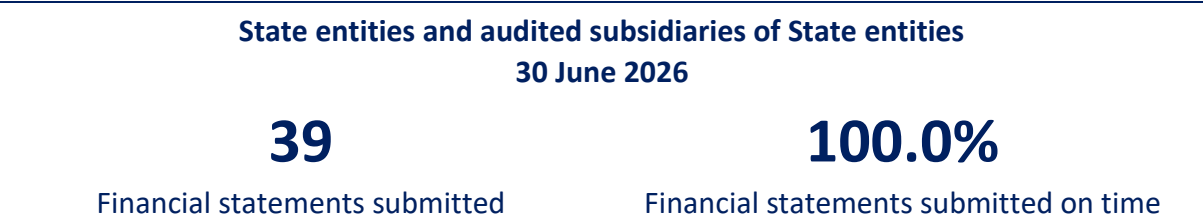
Drawing on lessons from the first year of sustainability assurance engagements, opportunities exist for reporting entities to strengthen the following areas:

- Quantification and clear linkage between climate-related risks and their financial effects.
- Design and operation of internal controls over sustainability reporting, including robust documentation supporting climate-related disclosures and management judgements.
- Connectivity and consistency between sustainability reporting and financial reporting.
- Governance processes that support reliable and transparent sustainability reporting.

Other matters

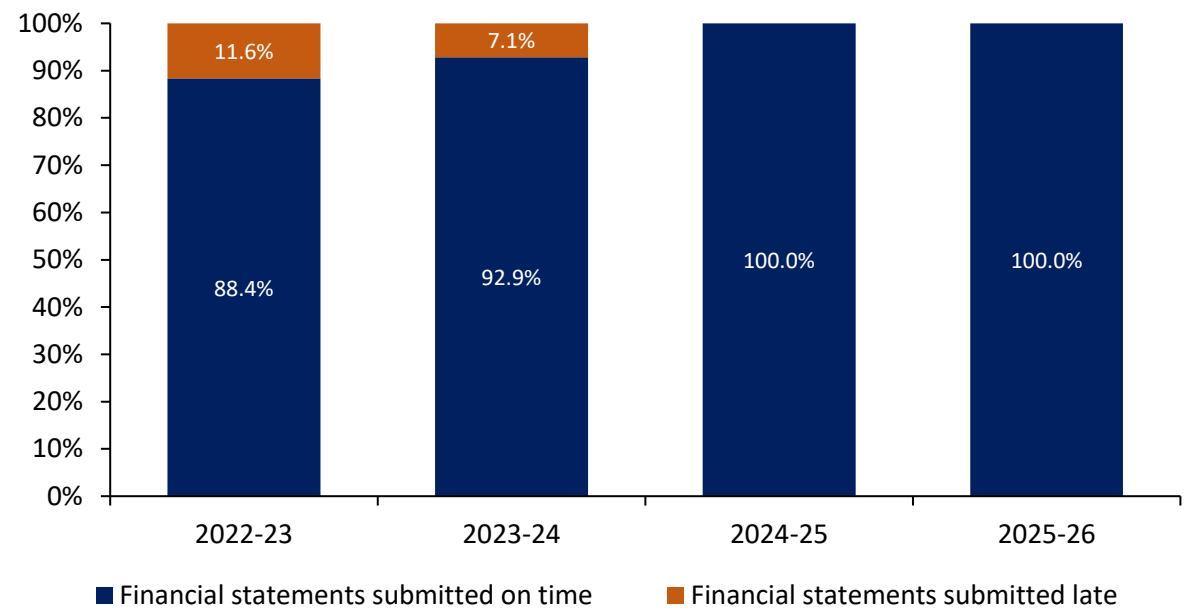
Submission of financial statements

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 2026 financial reporting, the deadline fell on 14 August 2026, respectively. Before accepting the financial statements as submitted, the Auditor-General determines whether the financial statements are complete in all material respects. If not materially complete, they are not considered to be submitted.



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 15.

Figure 15: Timeliness of submission of financial statements



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 2026, our deadline fell on 28 September 2026.

State entities and audited subsidiaries of State entities

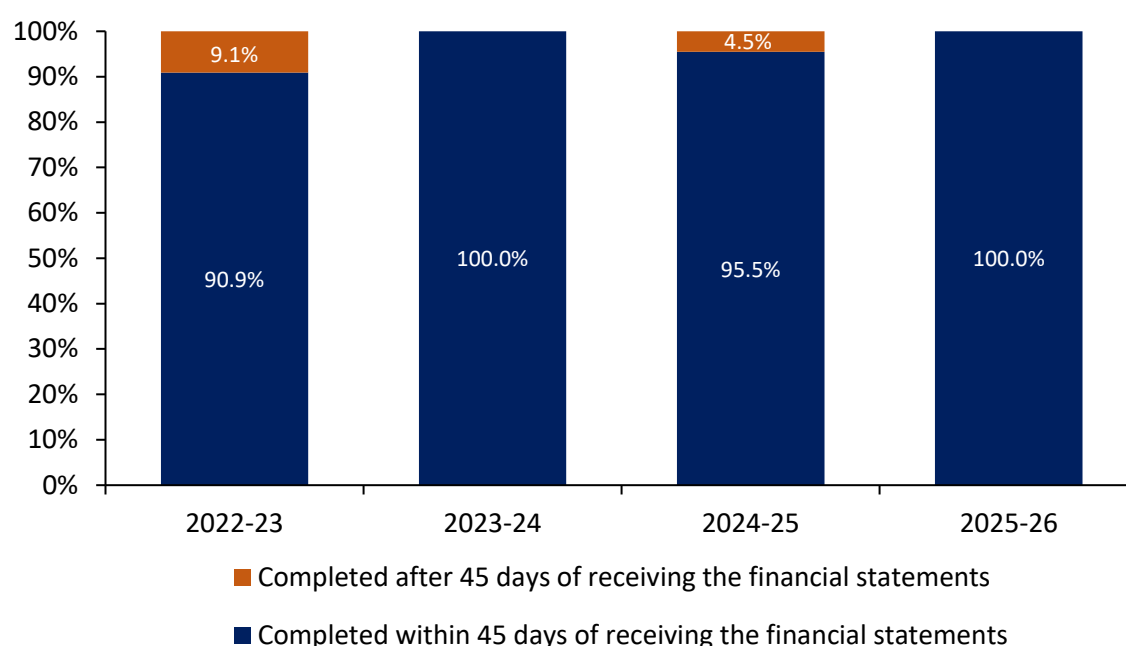
30 June 2026

21 (18 dispensed)

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 16.

Figure 16: Timeliness of audit completion



All audits for the year ended 30 June 2026 were completed within the statutory timeframe, whereas all audits but 1 for year ended 30 June 2025 were completed within the statutory timeframe.

Audit opinions on financial statements

Types of audit opinions on the financial statements

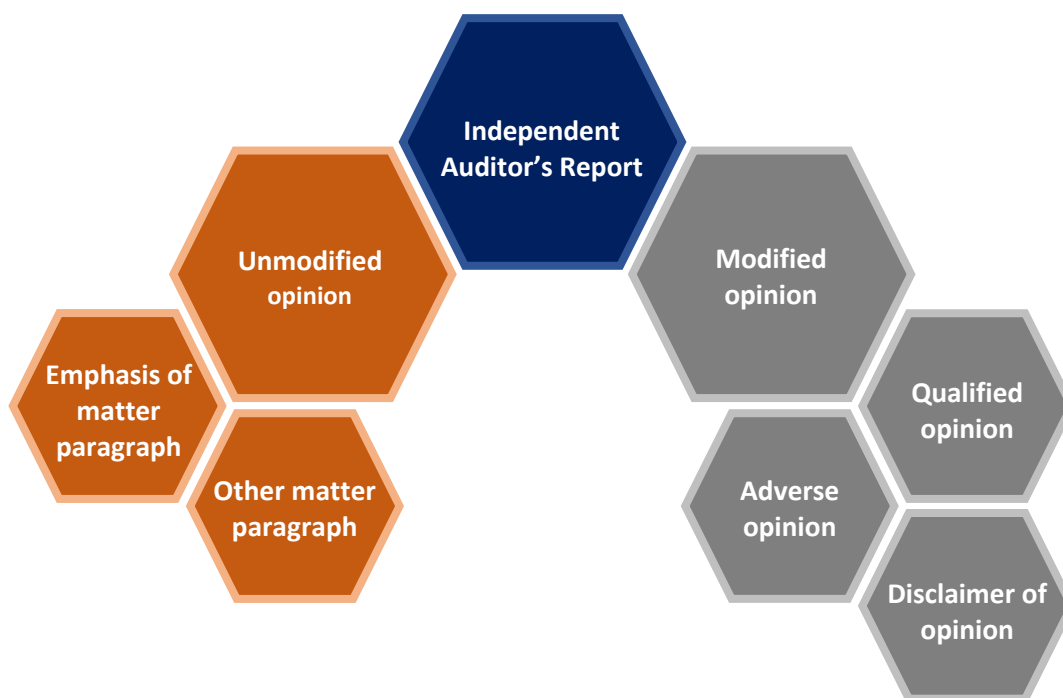
Under section 19(1) of the Audit Act, the Auditor-General is to prepare and sign an opinion on an audit of the financial statements of State entities in accordance with Australian Auditing and Assurance Standards. Australian Auditing and Assurance Standards prescribe the auditor's reporting responsibilities,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

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*.

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 17.

Figure 17: 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 21 auditor's opinions issued on the audits of the 30 June 2026 financial statements, all were unmodified.

Audit reports issued with an emphasis of matter paragraph

Of the 21 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 2026 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 2025.

Audit reports issued with a material uncertainty relating to going concern paragraph

Of the 21 auditor's reports issued, 3 contained a material uncertainty relating to going concern paragraph. A material uncertainty relating to going concern 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 a material uncertainty relating to going concern paragraph does not modify the audit opinion.

A material uncertainty relating to going concern paragraph was included in the auditor's report for the year ended 30 June 2026 for the following entities:

- TT Line – to draw attention to Note E4, E5 and E6 in the financial report, which indicates that there are material uncertainties which impact the Company's ability to continue as a going concern. As at 30 June 2026, the Company has committed Government equity injections of \$200.00 million to be received in 2026-27 which is considered sufficient by the Board to cover the operating expenses for 2026-27. As stated in Note E5, these events or conditions, along with other matters as set forth in Note E6, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.
- Homes Tasmania – to draw attention to Note 14.2 of the financial report, which indicates that there are material uncertainties which impacts Homes Tasmania's ability to continue as a going concern. Homes Tasmania continues to make net losses from continuing operations and has accumulated losses of \$141.97 million. Homes Tasmania is economically dependent from the State Government, and its continued operations are dependent upon securing additional funding beyond 30 June 2026. This, along with other matters, suggests an uncertainty exists on Homes Tasmania's ability to continue as a going concern. My opinion is not modified in respect of this matter.
- Metro Tasmania – to draw attention to Note F9 of the financial report, which outlines the economic dependence from the State Government and that the Company's continued operations are dependent upon securing funding beyond 30 June 2026, following government policy to implement free fares. At the date of this audit opinion, funding agreements for the period commencing 1 July 2026 had not been finalised, indicating the existence of a material uncertainty that may cast

doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

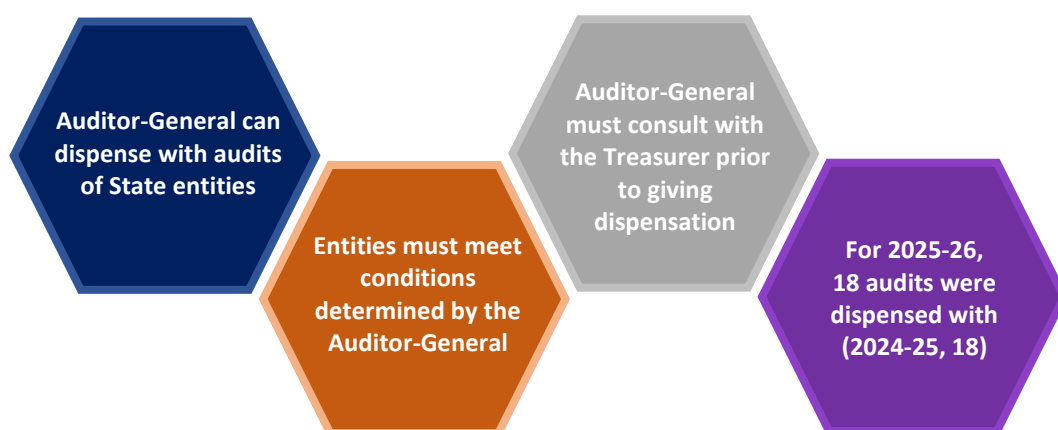
Audits dispensed with

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 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.
- Subject to any other condition that the Auditor-General may determine under section 18(2) of the Audit Act.

The audit dispensation process is illustrated in Figure 18.

Figure 18: 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 4.

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 21 financial statement audits for year ended 30 June 2026, 12 misstatements were identified, compared to 26 misstatements in 2024-25. Of the 12 misstatements, 11 were corrected by the entity before the auditor's report was issued. The number and value of the corrected and uncorrected misstatements, for 2022-23 to 2025-26, are shown in Figures 19 and 20, respectively.

Figure 19: Corrected misstatements

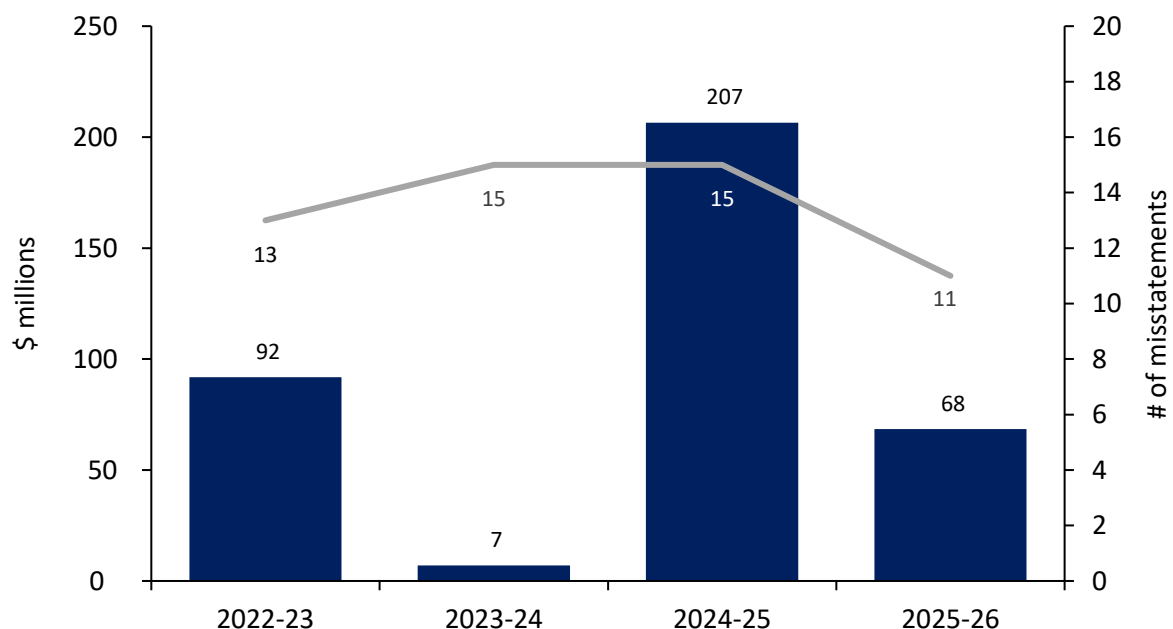
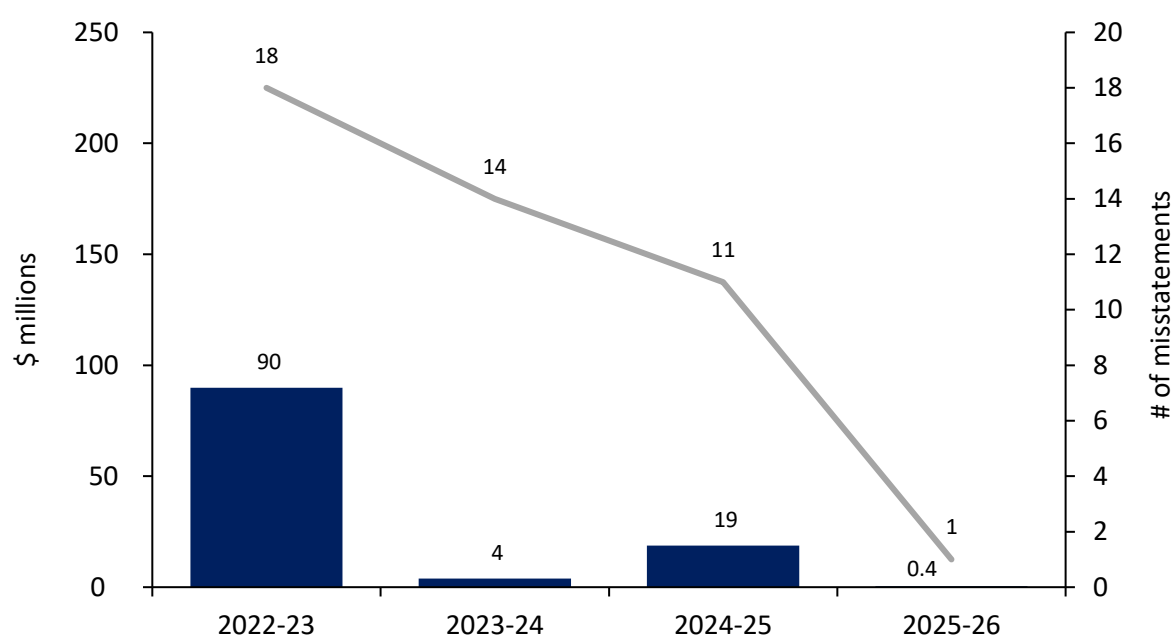


Figure 20: Uncorrected misstatements



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 21 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 – Completion of audits of financial statements

Status of audits of financial statements

The status of audits of PFC and PFNC audited subsidiaries as at 30 September 2026 is shown in the below.

Status of audits of State entities and audited subsidiaries as at 30 September 2026

Audits of financial statements	June 2026	June 2025
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)]	39	40
• after 45 days of the end of the financial year	0	0
	39	40
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	21
• completed after 45 days of receiving the financial statements	0	1
• audits dispensed	18	18
• Total audits completed	39	40
• Audits not yet completed	0	0
• Audits not yet dispensed	0	0
	39	40

Appendix 2 - About Public Non-Financial and Public Financial Corporations

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

PFCs 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* (GBE Act). 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. SOC also need to comply with the Treasurer's Instructions issued under the GBE Act.

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, government guarantee fees and rate equivalents. Further, they may deliver services for the Government through Community Service Obligations or under contract with the Government.

While TasWater does not form part of the PNFC / PFC sector, we have included a separate chapter on its operations in this report on the basis it is a significant Tasmanian Government business that the State has ownership interest in. Financial information for TasWater is not included in the sector analysis for PFCs and PNFCs.

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.

Appendix 3 – PNFC and PFC financial results

Details of PNFC and PFC financial results for 2025-26 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 2025-26

Entity	Underlying profit (loss) ¹ \$'000	Profit (loss) before tax \$'000
Aurora Energy Pty Ltd	12,611	12,611
Homes Tasmania	(51,397)	(52,655)
Hydro Tasmania	(3,544)	29,786
Macquarie Point Development Corporation	(758)	(2,085)
Metro Tasmania Pty Ltd	(7,178)	(7,200)
Motor Accidents Insurance Board	98,619	98,619
Port Arthur Historic Site Management Authority	(830)	(830)
Private Forests Tasmania	278	278
Stadiums Tasmania	(64)	47,983
Sustainable Timber Tasmania	834	42
Tasmanian Irrigation Pty Ltd	1,075	(90,585)
Tasmanian Networks Pty Ltd	65,754	65,627
Tasmanian Ports Corporation Pty Ltd	8,058	4,392
Tasmanian Public Finance Corporation	39,500	39,500
Tasmanian Railway Pty Ltd	(1,159)	(39,382)
Tasracing Pty Ltd	(1,894)	(1,894)
The Public Trustee	425	425
TT-Line Company Pty Ltd	(78,082)	(715,928)

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 2025-26

Entity	Underlying profit (loss) ¹ \$'000	Profit (loss) before tax \$'000
Bass Island Line Pty Ltd	(863)	(863)
FortyTwo24 Pty Ltd	2,340	2,536
Momentum Energy Pty Ltd	13,098	13,098

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 4 – 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 Company 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 5 – Transmittal letter



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27 October 2026

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

Dear President, Speaker

**Report of the Auditor-General No. 3 of 2026-27: 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 2026**

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 2026.

Yours sincerely

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

Martin Thompson
Auditor-General

Appendix 6 – 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
AEMO	Australian Energy Market Operator
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
CEFC	Clean Energy Finance Corporation
CHOs	Community Housing Organisations
Cth	Commonwealth
EBIT	Earnings before interest taxes
EBITDA	Earnings before interest taxes depreciation amortisation
ESG	environmental, social and governance
FID	Final Investment Decision
GBEs	Government Business Enterprises
GSEIS	Greater South East Irrigation Scheme
HAFF	Housing Australia Future Fund
KMP	Key Management Personnel
MAIB	Motor Accidents Insurance Board
MCHF	Mersey Community Hospital Fund
Metro	Metro Tasmania Pty Ltd
NWTD	North West Transmission Development
ORI	Office of Racing Integrity
PAHSMA	Port Arthur Historic Site Management Authority

PFC	Public Financial Corporations
PFT	Private Forests Tasmania
PNFC	Public Non-Financial Corporations
RAB	Regulated Asset Base
SAR	Supported Accommodation Renewal
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
TIU	Tasmanian Integrity Union
TT-Line	TT-Line Company Pty Ltd
WIP	Work in progress

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Front cover image: Gardiner Point [Edge of the World]

Photography: Sean Scott, Tourism Tasmania

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