

Financial Statements 2022–23

Department of State Growth




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STATEMENT OF CERTIFICATION

The accompanying Financial Statements of the Department of State Growth are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management Act 2016* to present fairly the financial transactions for the year ended 30 June 2023 and the financial position as at end of the year.

At the date of signing, I am not aware of any circumstances which would render the particulars included in the Financial Statements misleading or inaccurate.



.....
Gary Swain

A/ SECRETARY

5 October 2023

Statement of Comprehensive Income for the year ended 30 June 2023

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022* Actual \$'000
Income from continuing operations				
Revenue from Government				
Appropriation revenue - operating	6.1	587,263	485,981	504,338
Appropriation revenue - capital	6.1	343,062	279,620	224,468
Other revenue from Government	6.1	25,382	49,449	23,550
Grants	6.2	442,593	316,746	235,156
Sales of goods and services	6.3	741	15,715	11,782
Fees and fines	6.4	16,665	18,394	16,568
Interest	6.5	4,067	3,800	1,423
Contributions received	6.6	...	15,561	12,579
Other revenue	6.7	24,165	23,034	105,535
Total revenue from continuing operations		1,443,938	1,208,300	1,135,399
Net gain/(loss) on non-financial assets	7.1	4	(23,895)	(13,090)
Net gain/(loss) on financial instruments and statutory receivables/payables	7.2	...	(402)	(347)
Total income from continuing operations		1,443,942	1,184,003	1,121,962
Expenses from continuing operations				
Employee benefits	8.1	99,182	98,905	89,882
Depreciation and amortisation	8.2	90,558	139,861	128,569
Supplies and consumables	8.3	146,523	154,479	122,917
Grants and subsidies	8.4	540,696	449,224	492,431
Finance costs	8.5	2,686	1,684	1,044
Other expenses	8.6	1,259	37,947	5,030
Total expenses from continuing operations		880,904	882,100	839,873
Net result from continuing operations		563,038	301,903	282,089
Net result		563,038	301,903	282,089
Other comprehensive income				
Items that will not be reclassified to net result in subsequent periods				
Changes in physical asset revaluation reserve	12.1	158,018	476,711	249,613
Administrative restructure taken directly to equity	12.2	30,826	32,178	152
Total other comprehensive income		188,844	508,889	249,765
Comprehensive result		751,882	810,792	531,854

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

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

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

*Certain numbers shown here do not correspond to the 2021-22 Financial Statements and reflect adjustments made as detailed in Note 6.6.

Statement of Financial Position as at 30 June 2023

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022* Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and cash equivalents	13.1	62,031	71,281	79,011
Receivables	9.1	12,480	18,488	46,346
Loan Advances	9.2	264,826	149,098	146,527
Equity investments	9.3	50	...	...
Other financial assets	9.4	331	403	724
<i>Non-financial assets</i>				
Inventories	9.5	372	1,538	5,263
Assets held for sale	9.6	....	...	1,722
Property, plant and equipment, artwork, heritage and cultural assets	9.7	710,019	746,520	715,393
Right-of-use assets	9.8	....	2,242	4,011
Infrastructure	9.9	6,419,915	6,562,717	5,783,504
Intangible assets	9.10	703	909	921
Other assets	9.11	8,224	52,166	3,550
Total assets		7,478,951	7,605,362	6,786,972
Liabilities				
Payables	10.1	13,349	33,920	13,215
Lease liabilities	10.2	4,440	2,343	5,583
Borrowings	10.3	243,360	118,063	125,510
Employee benefits	10.4	25,716	26,422	23,993
Provisions	10.5	7,277	8,037	7,727
Other liabilities	10.6	25,486	37,028	42,187
Total liabilities		319,628	225,813	218,215
Net assets		7,159,323	7,379,549	6,568,757
Equity				
Contributed capital		30,826	449,664	417,486
Reserves	12.1	2,806,261	3,224,719	2,748,008
Accumulated funds		4,322,236	3,705,166	3,403,263
Total equity		7,159,323	7,379,549	6,568,757

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

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

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

*Certain numbers shown here do not correspond to the 2021-22 Financial Statements and reflect adjustments made as detailed in Note 19.3.

Statement of Cash Flows for the year ended 30 June 2023

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts – operating		587,263	485,727	502,268
Appropriation receipts – capital		96,339	114,030	89,653
Appropriation receipts – other		25,382	49,449	23,550
Grants		54,136	34,449	72,392
Sales of goods and services		746	47,240	16,650
Fees and fines		16,665	18,394	16,571
GST receipts		16,898	81,395	67,626
Interest received		4,067	3,800	1,247
Other cash receipts		24,165	17,802	106,712
Total cash inflows		825,661	852,286	896,669
Cash outflows				
Employee benefits		(98,716)	(99,053)	(99,920)
Grants and subsidies		(540,621)	(446,224)	(492,818)
Supplies and consumables		(146,728)	(131,685)	(118,644)
Interest payments		(2,776)	(1,807)	(770)
GST payments		(16,899)	(83,351)	(65,706)
Other cash payments		(1,259)	(39,360)	(1,982)
Total cash outflows		(806,999)	(801,480)	(779,840)
Net cash from (used by) operating activities	0	18,662	50,806	116,829
Cash flows from investing activities				
Cash inflows				
Proceeds from the disposal of non-financial assets - Rural Properties		4	4,907	198
Receipts from non-operational capital funding – operating		1,437	254	2,070
Receipts from non-operational capital funding – capital		246,723	165,590	134,815
Receipts from Australian Government funding		388,457	282,297	125,861
Cash inflow on administrative restructure		...	1,479	...
Repayment of loans by other entities		167,365	35,353	30,277
Total cash inflows		803,986	489,880	293,221
Cash outflows				
Payments for acquisition of non-financial assets		(643,328)	(501,441)	(362,223)
Loans made to other entities		(203,392)	(37,986)	(38,789)
Payments for investments		...	...	(18)
Cash outflow on administrative restructure		...	...	(580)
Total cash outflows		(846,720)	(539,427)	(401,610)
Net cash from (used by) investing activities		(42,734)	(49,547)	(108,389)
Cash flows from financing activities				
Cash inflows				
Proceeds from borrowings		86,936	16,300	18,030
Trust receipts		...	3,407	12,720
Total cash inflows		86,936	19,707	30,750

Statement of Cash Flows for the year ended 30 June 2023 (continued)

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Cash outflows				
Repayment of borrowings		(53,871)	(23,747)	(11,003)
Trust payments		...	(4,949)	(1,581)
Total cash outflows		(53,871)	(28,696)	(12,584)
Net cash from (used by) financing activities		33,065	(8,989)	18,166
Net increase (decrease) in cash and cash equivalents held		8,993	(7,730)	26,606
Cash and deposits at the beginning of the reporting period		53,038	79,011	52,405
Cash and deposits at the end of the reporting period	13.1	62,031	71,281	79,011

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

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

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

Statement of Changes in Equity for the year ended 30 June 2023

	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total Equity \$'000
2023					
Balance as at 1 July 2022		417,486	2,748,008	3,403,263	6,568,757
Net result		...	...	301,903	301,903
Other comprehensive income – revaluation reserve	12.1	...	476,711	...	476,711
Total comprehensive result		...	476,711	301,903	778,614
Transactions with owners in their capacity as owners:					
Administrative restructure - Distributions to owners	12.2	32,178	...	...	32,178
Total		32,178	...	...	32,178
Balance as at 30 June 2023		449,664	3,224,719	3,705,166	7,379,549

	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total Equity \$'000
2022*					
Balance as at 1 July 2021		417,334	2,498,395	3,069,664	5,985,393
Net effect of correction of error				51,510	51,510
Restated balance as at 1 July 2021		417,334	2,498,395	3,121,174	6,036,903
Net result		...	...	282,089	282,089
Other comprehensive income – revaluation reserve	12.1	...	249,613	...	249,613
Administrative restructure - Distributions to owners	12.2	152	...	...	152
Balance as at 30 June 2022		417,486	2,748,008	3,403,263	6,568,757

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

*Certain numbers shown here do not correspond to the 2021-22 Financial Statements and reflect adjustments made as detailed in Note 19.3.

Notes to and forming part of the Financial Statements for the year ended 30 June 2023

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Note 1 Administered Financial Statements

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

1.1 Schedule of Administered Income and Expenses

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Administered revenue				
Revenue from Government				
Appropriation revenue – operating	16.2	32,177	31,899	48,252
Grants	16.3	...	...	1,594
State taxation	16.4	51,420	51,833	48,774
Sales of goods and services	16.5	5,724	8,510	9,358
Fees and fines	0	10,733	10,316	10,631
Other revenue	16.7	56,750	56,084	83,234
Total administered revenue		156,804	158,642	201,843
Net gain/(loss) on financial struments and statutory receivables/payables			545	...
Total administered income		156,804	159,187	201,843
Administered expenses				
Employee benefits	16.8	...	45	1,806
Depreciation and amortisation	0	...	...	35
Supplies and consumables	16.10	136	3,554	3,577
Grants and subsidies	0	32,041	31,875	47,492
Transfers to the Public Account		124,627	122,090	146,119
Other expenses	16.12	...	1	1,184
Total administered expenses		156,804	157,565	200,213
Administered net result		...	1,622	1,630
Administered comprehensive result		...	1,622	1,630

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

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

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

1.2 Schedule of Administered Assets and Liabilities

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Administered assets				
<i>Administered financial assets</i>				
Cash and deposits		...	(773)	325
Receivables	16.13	3,429	1,286	2,496
Total administered assets		3,429	513	2,821
Administered liabilities				
Other liabilities	16.14	3,135	(2,945)	983
Total administered liabilities		3,135	(2,945)	983
Administered net assets				
		294	3,458	1,838
Administered equity				
Contributed capital		...	(4,061)	(4,061)
Accumulated funds		294	7,519	5,899
Total administered equity		294	3,458	1,838

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

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

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

1.3 Schedule of Administered Changes in Equity

	Contributed Equity \$'000	Accumulated surplus / deficit \$'000	Total Equity \$'000
Balance as at 1 July 2022	(4,061)	5,897	1,836
Total comprehensive result	...	1,622	1,622
Balance as at 30 June 2023	(4,061)	7,519	3,458

	Contributed Equity \$'000	Accumulated surplus / deficit \$'000	Total Equity \$'000
Balance as at 1 July 2022	...	4,269	4,269
Total comprehensive result	...	1,628	1,628
Administrative restructure - Distributions to Department of Natural Resources and Environment Tasmania	(4,061)	...	(4,061)
Balance as at 30 June 2023	(4,061)	5,897	1,836

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

Note 2 Departmental Output Schedules

2.1 Output Group Information

Comparative information has not been restated for external administrative restructures.

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

Output Group 1 – Industry and Business Growth

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	119,997	53,508	102,925
Other revenue from government	1,799	28,172	8,096
Grants	462	1,177	37,134
Sales of goods and services	768	2,493	2,339
Interest	4,067	3,644	1,344
Other revenue	2,320	2,320	1,138
Total revenue from continuing operation	129,413	91,314	152,976
Net gain/(loss) on disposal of non-financial assets	...	(76)	...
Net gain/(loss) on financial assets	...	(239)	(347)
Total income from continuing operations	129,413	90,999	152,629
Expenses from continuing operations			
Employee Entitlements	24,667	23,052	21,927
Depreciation and Amortisation	2,636	696	428
Grants and subsidies	86,631	40,168	118,293
Supplies and Consumables:			
Consultants	1,649	1,176	1,669
Property Services	(348)	832	746
Maintenance	317	326	375
Communications	331	318	261
Information Technology	488	1,964	1,287
Travel and Transport	844	1,571	740
Operating Lease costs	1,355	2,213	1,858
Advertising and Promotion	1,725	719	1,364
Audit Expenses	...	134	...
Lease costs not subject to AASB 16	504	...	(21)
Other Supplies and Consumables	667	1,694	2,207
Borrowing costs	2,186	1,644	1,044
Other expenses	20	602	200
Total expenses from continuing operations	123,672	77,109	152,378
Net result from continuing operations	5,741	13,890	251
Net result	5,741	13,890	251
Other comprehensive income			
Changes in physical asset revaluation reserve	3,604	...	(1,057)
Total other comprehensive income	3,604	...	(1,057)
Comprehensive result	9,345	13,890	(806)
Expense by output			
1.1 Office of the Coordinator-General	32,780	7,279	13,924
1.2 Industry and Business Development	90,892	69,830	138,454
Total	123,672	77,109	152,378
Net Assets			
Total assets deployed for Output Group 1		171,552	63,493
Total liabilities incurred for Output Group 1		126,625	133,271
Net assets deployed for Output Group 1		44,927	

Output Group 2 – Infrastructure and Transport Services

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	57,673	42,068	41,823
Other revenue from government	3,389	4,231	1,073
Revenue from appropriation – capital	...	6,118	...
Grants	34,619	17,104	11,625
Sales of goods and services	2,735	10,337	7,096
Fees and fines	16,665	18,394	16,568
Contributions received	..	14,551	11,398
Interest	...	77	...
Other revenue	16,614	2,747	82,279
Total revenue from continuing operation	131,695	115,627	171,862
Net gain/(loss) on disposal of non-financial assets	3	(21,381)	(13,090)
Net gain/(loss) on financial assets	...	(193)	...
Total income from continuing operations	131,698	94,053	158,772
Expenses from continuing operations			
Employee Entitlements	28,555	30,193	25,938
Depreciation and Amortisation	660	3,215	2,619
Grants and subsidies	68,536	27,991	32,119
Supplies and Consumables:			
Consultants	1,335	4,839	1,979
Property Services	(871)	829	319
Maintenance	7,922	993	151
Communications	717	2,006	1,755
Information Technology	3,254	3,892	2,980
Travel and Transport	1	1,150	682
Operating Lease costs	1,417	2,205	2,016
Advertising and Promotion	638	2,166	1,750
Audit Expenses	...	109	...
Lease costs not subject to AASB 16	541	...	...
Other Supplies and Consumables	7,986	16,500	423
Other expenses	506	36,653	348
Borrowing costs	...	19	...
Total expenses from continuing operations	121,197	132,760	73,079
Net result from continuing operations	10,501	(38,707)	85,693
Net result	10,501	(38,707)	85,693
Other comprehensive income			
Changes in physical asset revaluation reserve	136,211	(12,975)	(764)
Other movements taken directly to equity	..	...	219
Total other comprehensive income	136,211	(12,975)	(545)
Comprehensive result	146,712	(51,682)	85,148
Expense by output			
2.1 Infrastructure Tasmania	73,970	82,890	24,453
2.2 Road User Services	27,389	31,065	39,423
2.3 Passenger Transport	19,775	14,461	9,2
Total	121,134	128,416	73,079
Net Assets			
Total assets deployed for Output Group 2		284,725	212,400
Total liabilities incurred for Output Group 2		12,232	16,878
Net assets deployed for Output Group 2		272,493	195,522

Output Group 3 – Skills, Training and Workforce Growth

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	169,583	174,468	149,284
Other revenue from government	1,612	12	...
Grants	8,208	5,239	11,465
Sales of goods and services	(158)	138	159
Fees and fines	...	...	...
Other revenue	...	143	367
Total revenue from continuing operation	179,245	180,000	161,275
Net gain/(loss) on disposal of non-financial assets	...	(9)	...
Net gain/(loss) on financial assets	...	...	...
Total income from continuing operations	179,245	179,991	161,275
Expenses from continuing operations			
Employee Entitlements	5,715	9,420	9,487
Depreciation and Amortisation	....	202	699
Grants and subsidies	166,971	172,638	148,530
Supplies and Consumables:			
Consultants	174	42	365
Property Services	773	162	131
Maintenance	41	16	24
Communications	73	157	184
Information Technology	221	937	881
Travel and Transport	(99)	711	616
Advertising and Promotion	36	153	306
Audit Expenses	...	44	...
Operating Lease costs	295	770	894
Lease costs not subject to AASB 16	794	...	21
Other Supplies and Consumables	4,354	(1,515)	(929)
Borrowing costs	...	7	...
Other expenses	118	120	101
Total expenses from continuing operations	179,466	183,864	161,310
Net result from continuing operations	(221)	(3,873)	(35)
Net result	(221)	(3,873)	(35)
Other comprehensive income			
Changes in physical asset revaluation reserve	...	...	(67)
Total other comprehensive income	...	...	(67)
Comprehensive result	(221)	(3,873)	(102)
Expense by output			
3.1 Skills and Workforce Growth	179,466	183,864	161,310
Total	179,466	183,864	161,310
Net Assets			
Total assets deployed for Output Group 3		821	83,391
Total liabilities incurred for Output Group 3		1,616	3,340
Net assets deployed for Output Group 3		(795)	80,051

Output Group 4 – Resources Policy and Regulatory Services

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	8,579	8,069	7,703
Other revenue from government	400	914	1,598
Grants	...	...	37
Sales of goods and services	...	238	254
Other revenue	776	38	451
Total revenue from continuing operation	9,755	9,259	10,043
Net gain/(loss) on disposal of non-financial assets	...	(3,328)	...
Net gain/(loss) on financial assets	...	...	...
Total income from continuing operations	9,755	5,931	10,043
Expenses from continuing operations			
Employee Entitlements	6,047	7,822	9,259
Depreciation and Amortisation	352	313	399
Grants and subsidies	1,149	714	305
Supplies and Consumables:			
Consultants	(7)	290	112
Property Services	678	413	196
Maintenance	(5)	87	50
Communications	66	110	119
Information Technology	292	913	735
Travel and Transport	(74)	422	396
Operating Lease costs	123	764	830
Advertising and Promotion	...	40	20
Audit Expenses	...	41	...
Lease costs not subject to AASB 16	34	...	...
Other Supplies and Consumables	821	(539)	782
Other expenses	12	199	9
Borrowing costs	...	7	...
Total expenses from continuing operations	9,488	11,596	13,212
Net result from transactions (net operating balance)	267	(5,665)	(3,169)
Net result	267	(5,665)	(3,169)
Other comprehensive income			
Changes in physical asset revaluation reserve	...	...	(314)
Other movements taken directly to equity	...	...	152
Total other comprehensive income	...	...	(162)
Comprehensive result	267	(5,665)	(3,331)
Expense by output			
4.1 Forestry Policy and Reform	...	...	2,308
4.2 Mineral Resources	9,488	11,596	10,904
Total	9,488	11,596	13,212
Net Assets			
Total assets deployed for Output Group 4		27,475	15,771
Total liabilities incurred for Output Group 4		29,476	27,287
Net assets deployed for Output Group 4		(2,001)	(11,516)

Output Group 5 – Cultural and Tourism Development

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	84,086	76,757	70,389
Other revenue from government	12,582	13,915	3,356
Grants	(167)	2,092	1,318
Sales of goods and services	(2,814)	2,158	1,108
Contributions received	...	1,010	1,181
Interest	...	79	79
Other revenue	3,716	2,609	4,869
Total revenue from continuing operation	97,403	98,620	82,300
Net gain/(loss) on non-financial assets	...	(92)	...
Net gain/(loss) on financial assets	...	30	...
Total income from continuing operations	97,403	98,558	82,300
Expenses from continuing operations			
Employee Entitlements	19,492	18,611	13,052
Depreciation and Amortisation	2,016	1,597	585
Grants and subsidies	70,815	72,135	58,195
Supplies and Consumables:			
Consultants	1,203	405	252
Property Services	620	1,541	1,037
Maintenance	818	604	643
Communications	291	230	177
Information Technology	305	789	394
Travel and Transport	247	561	162
Medical, Surgical and Pharmacy Supplies	6	...	...
Audit Expenses	12	60	...
Operating Lease costs	603	787	363
Advertising and Promotion	397	253	3,304
Lease costs not subject to AASB 16	257	...	...
Other Supplies and Consumables	2,686	4,081	1,678
Other expenses	157	175	294
Borrowing costs	...	7	...
Total expenses from continuing operations	99,925	101,836	80,136
Net result from continuing operations	(2,522)	(3,278)	2,164
Net result	(2,522)	(3,278)	2,164
Other comprehensive income			
Changes in physical asset revaluation reserve	18,203	...	(403)
Other movements taken directly to equity	29,347	29,347	...
Total other comprehensive income	47,550	29,347	(403)
Comprehensive result	45,028	26,069	1,761
Expense by output			
5.1 Tasmanian Museum and Art Gallery	11,067	13,118	11,761
5.2 Arts Industry Development	9,419	8,989	12,924
5.3 Screen Industry Development	1,730	2,835	3,346
5.4 Events and Hospitality	23,548	33,398	42,548
5.5 Visitor Economy Support	14,644	8,941	9,557
5.6 Sport and Recreation	39,517	34,555	...
Total	99,925	101,836	80,136
Net Assets			
Total assets deployed for Output Group 5		499,729	429,085
Total liabilities incurred for Output Group 5		6,747	5,186
Net assets deployed for Output Group 5		492,982	423,899

Output Group 6 – Subsidies and Concessions

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	110,065	112,013	113,549
Other revenue from government	...	283	...
Other revenue	...	271	1,626
Total revenue from continuing operation	110,065	112,567	115,175
Expenses from continuing operations			
Grants and subsidies	109,624	110,550	113,764
Supplies and Consumables:			
Consultants	...	...	173
Property Services	...	17	27
Maintenance	...	825	1,321
Information Technology	...	26	...
Advertising and promotion	441	...	5
Other Supplies and Consumables	...	(272)	271
Total expenses from continuing operations	110,065	111,146	115,561
Net result from continuing operations	...	1,421	(386)
Comprehensive result	...	1,421	(386)
Expense by output			
6.1 Shipping and Ferry Subsidies	1,245	1,321	1,121
6.2 General Access Services	68,107	73,504	79,938
6.3 School Bus Services	40,661	36,321	34,502
6.4 Construction of Street in Towns	52	...	...
Total	110,065	111,146	115,561
Net Assets			
Total assets deployed for Output Group 6		19	34
Total liabilities incurred for Output Group 6		179	405
Net assets deployed for Output Group 6		(160)	(371)

Output Group 7 – Renewables, Climate and Future Industries Tasmania

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	21,410	12,308	3,058
Other revenue from government	...	1,740	...
Grants	981	1,063	8
Sales of goods and services	...	...	30
Other revenue	728	748	74
Total revenue from continuing operation	23,119	15,859	3,170
Net gain/(loss) on non-financial assets	...	...	...
Net gain/(loss) on financial assets	...	...	...
Total income from continuing operations	23,119	15,859	3,170
Expenses from continuing operations			
Employee Entitlements	5,639	4,048	491
Depreciation and Amortisation	169	...	72
Grants and subsidies	13,846	5,080	6
Supplies and Consumables:			
Consultants	818	2,081	3
Property Services	84	...	26
Maintenance	1	...	5
Communications	53	139	23
Information Technology	470	14	122
Travel and Transport	39	23	46
Audit Expenses	79	...	...
Operating Lease costs	523	...	178
Advertising and Promotion	900	103	...
Lease costs not subject to AASB 16	5	...	...
Other Supplies and Consumables	1,634	1,659	...
Other expenses	...	(1)	30
Total expenses from continuing operations	24,260	13,146	1,002
Net result from continuing operations	(1,141)	2,713	2,168
Net result	(1,141)	2,713	2,168
Other comprehensive income			
Changes in physical asset revaluation reserve	1,479	2,831	(67)
Total other comprehensive income	1,479	2,831	(67)
Comprehensive result	338	5,543	2,101
Expense by output			
7.1 Energy and Renewables	16,782	11,138	1,002
7.2 Climate Change	7,541	2,008	...
Total	24,323	13,146	1,002
Net Assets			
Total assets deployed for Output Group 7		470	330
Total liabilities incurred for Output Group 7		5	374
Net assets deployed for Output Group 7		465	(44)

Output Group 89 – Public Building Maintenance Fund

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Grants	1,805	...	...
Other revenue	...	1,584	1,023
Total revenue from continuing operation	1,805	1,584	1,023
Total income from continuing operations	1,805	1,584	1,023
Expenses from continuing operations			
Employee Entitlements	...	19	161
Supplies and Consumables:			
Consultants	...	...	17
Maintenance	1,805	...	922
Communications	...	...	1
Other Supplies and Consumables	...	...	9
Total expenses from continuing operations	1,805	19	1,110
Net result from continuing operations	...	1,565	(87)
Comprehensive result	...	1,565	(87)
Expense by output			
89.001 Public Building Maintenance Fund	1,805	19	1,110
Total	1,805	19	1,110
Total assets deployed for Output Group 89		1,033	...
Total liabilities incurred for Output Group 89		...	6
Net assets deployed for Output Group 89		1,033	(6)

Output Group 90 – COVID- 19 Response

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation	15,870	6,790	15,607
Other revenue from government	5,550	...	426
Grants	...	...	...
Total revenue from continuing operation	21,420	6,790	16,033
Expenses from continuing operations			
Employee Entitlements	...	(3)	493
Grants and subsidies	20,920	7,481	8,797
Supplies and Consumables:			
Consultants	...	185	182
Communications	...	...	4
Information Technology	...	...	19
Advertising and promotion	...	...	4,861
Lease expenses	...	...	52
Other Supplies and Consumables	...	2,123	1,145
Borrowing costs	500	...	...
Other expenses	...	202	2
Total expenses from continuing operations	21,420	9,988	15,555
Net result from continuing operations	...	(3,198)	478
Comprehensive result	...	(3,198)	478
Expense by output			
90.001 Creative and Cultural Industries Support	...	...	3
90.002 Rapid Response Skills Initiative	1,500	1,000	1,000
90.003 Small Business \$50 million Interest Free Loans	500	500	1,000
90.004 Small Business Grants Program for Apprentices and Traineeships	...	...	293
90.008 Small Business Grants Program	...	...	11
90.015 Essential Air Freight Services Bass Strait	...	419	1,413
90.016 International Air Freight Assistance	1,290	...	...
90.018 Small Business Energy Support Grant Program	...	...	...
90.021 Make Yourself at Home Travel Vouchers	...	...	4,838
90.022 Peak Body Support Fund	400	...	55
90.023 Waratah-Wynyard Coastal Pathway	3,000	...	500
90.024 Small Business Sustainability and recovery Assistance Package	130	355	1,222
90.025 Priority Industry Skills Funding – More Teachers as TasTAFE	...	...	1,000
90.026 Expansion of the Apprentices and Trainees Small Business Grant	10,550	4,934	...
90.027 Funding of Key VET Courses (JobTrainer)	...	1,780	2,000
90.028 Airport Infrastructure	4,050	1,000	2,220
Total	21,420	9,988	15,555
Net Assets			
Total assets deployed for Output Group 90		33	17
Total liabilities incurred for Output Group 90		...	5
Net assets deployed for Output Group 90		33	12

Output Group – Capital Investment Program

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Income from continuing operations			
Revenue from appropriation – capital	343,062	273,502	224,468
Other revenue from government	50	182	9,001
Grants	396,685	290,071	173,569
Sales of goods and services	210	351	796
Other revenue	11	12,574	13,708
Total revenue from continuing operation	740,018	576,680	421,542
Net gain/(loss) on disposal of non-financial assets	...	991	...
Net gain/(loss) on financial assets	...	...	...
Total income from continuing operations	740,018	577,671	421,542
Expenses from continuing operations			
Employee Entitlements	9,067	5,743	9,074
Depreciation and Amortisation	84,725	133,838	123,767
Grants and subsidies	2,204	12,467	12,422
Supplies and Consumables:			
Consultants	1,997	6,077	3,318
Property Services	(47)	35	5,479
Maintenance	90,973	69,037	57,905
Communications	(7)	481	356
Information Technology	(4)	1,395	1,233
Travel and Transport	(157)	116	64
Operating Lease costs	(2)	11	13
Lease costs not subject to AASB 16	30	...	...
Advertising and Promotion	110	23	506
Audit Expenses	...	3	...
Other Supplies and Consumables	271	11,413	8,347
Other expenses	446	(3)	4,046
Total expenses from continuing operations	189,606	240,636	226,530
Net result from continuing operations	550,412	337,035	195,012
Net result	550,412	337,035	195,012
Other comprehensive income			
Changes in physical asset revaluation reserve	...	489,686	252,218
Total other comprehensive income	...	489,686	252,218
Comprehensive result	550,412	826,721	445,538
Net Assets			
Total assets deployed for Output – Capital Investment Program		6,619,515	5,982,451
Total liabilities incurred for Output – Capital Investment Program		48,943	31,463
Net assets deployed for Output – Capital Investment Program		6,570,572	5,950,988

Output Group – Capital Investment Program (cont.)

	2023	2023	2022
	Budget	Actual	Actual
	\$'000	\$'000	\$'000
Expense by output			
Bridge Renewal Program	554	2,046	2,601
Bus Stops Upgrades	...	171	...
Cygnnet Township Safety Upgrade	...	...	300
Domain Highway Planning	81	211	268
Dial Regional Sports Complex	...	148	...
East and West Tamar Highway Upgrades	...	763	...
Extending the Great Eastern Drive – Binalong Bay Road	...	16	...
Freight Access Bridge Upgrades	...	47	448
Glenora Road Upgrade	1,000	...	...
Greater Hobart Traffic Solution	2,000	8,146	24,604
Heavy Vehicle Safety and Productivity	...	342	704
Huon Highway / Summerleas Rd	...	...	...
Huntingfield Roundabout Improvements	...	39	...
Infrastructure Maintenance	92,572	70,526	57,123
Infrastructure Stimulus Funding	...	2,730	18,572
Launceston and Tamar Valley Traffic Vision	...	211	...
Midland Highway	...	...	18,688
Mowbray Connector	...	...	...
Network Planning	84,053	133,732	...
New Bridgewater Bridge	...	...	22,811
New Park and Ride Facilities	...	22	...
Palana Road Upgrades	...	...	2,000
Program Management	3,412	7,262	7,211
Road Safety Projects	1,549	8,473	8,760
Roads of Strategic Importance	...	326	42,995
Roads Package to Support Tasmania's Visitor Economy	...	126	1,890
South East Traffic Solution	...	...	10,204
State Road Upgrades – Northern Region	...	...	1,425
State Road Upgrades – Southern Region	...	864	1,874
State Roads Upgrades - North West & West Coast Region	...	666	...
State Roads Upgrades - North West & West Coast Region	...	170	...
Traffic Management and Engineering Services	3,735	3,462	3,452
Urban Congestion Fund	...	87	...
Victoria Street Redevelopment	650	50	600
Total	189,606	240,636	226,530

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

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Total comprehensive result of Output Groups	751,882	810,792	531,854
Reconciliation to comprehensive result			
Expenses unallocated to Output Groups (accruals)	...	...	...
Comprehensive result	751,882	810,792	531,854

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

	2023 Actual \$'000	2022 Actual \$'000
Total net assets deployed for Output Groups	7,379,549	6,568,757
Reconciliation to net assets		
Assets unallocated to Output Groups (overheads)	...	...
Liabilities unallocated to Output Groups (overheads)	...	...
Net assets	7,379,549	6,568,757

2.4 Administered Output Schedule

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

Output Group – Grants and Subsidies

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Administered revenue and other income from transactions			
Revenue from appropriation	31,677	31,899	48,252
Other revenue	...	3	6
Total administered revenue and other income from transactions	31,677	31,902	48,258
Administered expenses from transactions			
Grants and subsidies	31,541	31,875	48,215
Supplies and Consumables:			
Other Supplies and Consumables	136	29	40
Other expenses	...	...	3
Total administered expenses from transactions	31,677	31,904	48,258
Administered net result from transactions (net operating balance)	...	(2)	...
Total administered comprehensive result	...	(2)	...
Administered expense by output			
91.580 Government contribution to Tasmanian Symphony Orchestra	2,351	2,351	2,310
91.598 National Road Transport Commission: Local Government Contribution	1,500	1,500	1,500
91.621 Forest Practices Authority	...	...	1,594
91.624 Conveyance Allowance	1,630	694	723
91.625 Pensioner Air Travel Subsidy	10	10	6
91.626 Transport Access Scheme	4,518	4,774	4,985
91.643 Marine & Safety Authority	1,345	1,751	8,252
91.739 Private Forests Tasmania	...	...	1,680
91.751 Ten Days on the Island	1,423	1,423	1,132
91.759 Tasmanian Icon – State Cricket	...	500	...
91.878 Theatre Royal	1,000	1,000	976
91.882 Tasmanian Railway Pty Ltd	13,900	13,900	13,100
91.883 West Coast Wilderness Railway	4,000	4,000	4,000
91.884 Sustainable Timber Tasmania CSO	...	...	8,000
Total	31,677	31,904	48,258

Output Group – Grants and Subsidies (continued)

	2023 Actual \$'000	2022 Actual \$'000
Net Assets		
Total assets deployed for Output – Grants and Subsidies	...	828
Total liabilities incurred for Output – Grants and Subsidies	...	1,101
Net assets deployed for Output – Grants and Subsidies	...	(273)

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

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Total administered comprehensive result of Output Groups	...	(2)	...
Reconciliation to administered net surplus (deficit)			
Administered revenue collections	124,627	122,090	146,119
Transfers to the Public Account	(124,627)	(122,090)	(146,119)
Other administered transactions (ie unallocated to Output Groups)	...	1,624	1,630
Administered comprehensive result	...	1,622	1,630

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

	2023 Actual \$'000	2022 Actual \$'000
Total administered net assets deployed for Output Groups	...	(273)
Reconciliation to administered net assets		
Assets unallocated to Output Groups	513	(566)
Liabilities unallocated to Output Groups	(2,945)	2,677
Administered net assets	3,458	1,838

Note 3 Expenditure under Australian Government Funding Arrangements

	State Funds	Australian Govt Funds	State Funds	Australian Govt Funds
	2023 Actual \$'000	2023 Actual \$'000	2022 Actual \$'000	2022 Actual \$'000
Specific Purpose Payments				
National Partnership Payments				
Energy and Emissions Reduction				
Marinus Link	...	961	...	404
Infrastructure & Transport				
Asset Recycling Fund - IIP - New Investments	...	214	...	148
Black Spot Project	...	2,086	...	1,373
Bridgewater Bridge	42,644	170,865	9,901	26,937
IIP Bridges Renewal Programme - To States	431	2,046	2,280	2,601
Infrastructure Stimulus Funding	2,741	4,290	9,288	9,171
Launceston City Deal - Tamar River	108	14,000	...	1,500
Nation Building program - Heavy Vehicle Safety	198	209	3	705
Nation Building program - Road	79,860	62,154	48,696	53,381
Roads of Strategic Importance	37,994	46,417	32,565	77,331
Suicide Prevention	...	510	...	...
Tasman Bridge Upgrade	3,022	...	6,199	...
Urban Congestion Fund	731	1,052	60	514
Resources				
National Forestry Plan	...	...	...	252
Skills, Training and Workforce Development				
Building Australia's Future Workforce – Vocational Education	...	328	...	...
Energising Tasmania	...	2,143	...	1,430
Fee Free TAFE	...	1,571	...	...
Infection Control Training	...	...	17	29
Job Trainer Fund	9,533	225	4,340	226
North-West Tasmania Job Ready Generation	...	327	...	364
Revitalising TAFE Campuses Across Australia	5,000	...	2,000	5,000
Skilling Australians Fund	...	757	...	4,540
Small Business				
Supercharged Business Support Package	...	...	36,456	36,456
State Growth				
Regional Recovery Partnerships	...	250	...	...
Tasmanian Jobs and Investment Fund	...	600	...	310
Tourism				
Regional Recovery Partnerships	...	750	...	...
Total	183,845	311,753	151,807	222,673

Note that previous year figures have been restated to reflect a change to Australian Government classifications.

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

Note 4 Explanations of Material Variances between Budget and Actual Outcomes

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

4.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue - operating	(a)	587,263	485,981	(101,282)	(17%)
Appropriation revenue - capital	(b)	343,062	279,620	(63,442)	(18%)
Other revenue from Government	(c)	25,382	49,449	24,067	95%
Grants	(d)	442,593	316,746	(125,847)	(28%)
Sales of goods and services	(e)	741	15,715	14,974	2,021%
Fees and fines	(f)	16,665	18,394	1,729	10%
Contributions received	(g)	...	15,561	...	...
Other revenue	(h)	24,165	23,034	(1,131)	(5%)
Net gain/(loss) on non-financial assets	(i)	4	(23,895)	(23,891)	(5,972%)
Depreciation and amortisation	(j)	90,558	139,861	49,303	54%
Grants and subsidies	(k)	540,696	449,224	(91,472)	(17%)
Finance costs	(l)	2,686	1,684	(1,002)	(37%)
Other expenses	(m)	1,259	37,947	36,688	2,914%
Changes in physical asset revaluation reserve	(n)	158,018	476,711	318,693	202%

Notes to Statement of Comprehensive Income variances

- (a) Variance reflects revised cashflow of Budget Initiatives including City Deal Launceston (\$22.0M), Building Project Support Program (\$13.0M), Residential Land Rebate (\$10.8M), Tourism Innovation Grant Program (\$6.6M) and Tamar Dredging Program (\$3.8M).
- (b) Variance reflects revised cashflow of Capital Investment Program including Greater Hobart Traffic Solution (\$23.3M), Roads of Strategic Importance (\$11.8M), Urban Congestion Fund (\$8.9M) and New Park and Ride Facilities (\$7.6M).
- (c) Variance reflects the original budgeted estimate of Budget Rollovers compared to the final approved Budget Rollovers.
- (d) Variance reflects lower than originally anticipated Australian Government revenue for the Capital Investment Program including New Bridgewater Bridge (\$37.5M) and Roads of Strategic Importance (\$47.5) offset by the unbudgeted reimbursement of the Supercharged Business Support Package (\$37.6M).
- (e) The major variance reflects unbudgeted revenue including Abt Railway ticketing and sales (\$6.6M), Silverdome ticketing and sales (\$708,000) and the Skilled Migration application fee (\$855,000).
- (f) Variance reflects the above budgeted revenue for the Road Safety Levy.
- (g) Variance reflects unanticipated (in original budget) donations and bequests.
- (h) Variance represents less than anticipated (in original budget) revenue receipts relating to the reimbursement of funding for the Launceston City Deal project Tamar River Catchment.
- (i) Variance reflects unanticipated (in original budget) Net losses on non-financial assets.
- (j) Variance reflects as increase in the roads and bridges infrastructure depreciation.
- (k) Variance reflects revised cashflow of Budget Initiatives including City Deal Launceston (\$22.0M), Building Project Support Program (\$13.0M) Residential Land Rebate (\$10.8M) and Tourism Innovation Grant Program (\$6.6M).
- (l) Variance reflects the timing of borrowings from TASCORP in order to fund the activities of the TDR Board, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (m) Variance relates to the return of funds held in the Department's Specific Purpose Accounts to the Public Account including the Showground Renewal Project (\$20.0M), MyState Bank Arena (\$10.0M) and Silverdome Upgrade (\$5.0M).
- (n) Variance relates to the revaluation of incremental roads and bridges infrastructure.

4.2 Statement of Financial Position

		2023	2023	2022	Budget	Actual
	Note	Budget	Actual	Actual	Variance	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	(a)	62,031	71,281	79,011	9,250	(7,730)
Receivables	(b)	12,480	18,488	46,346	6,008	(27,858)
Loan advances	(c)	264,826	149,098	146,527	(115,728)	2,571
Inventories	(d)	372	1,538	5,263	1,166	(3,725)
Property, plant and equipment	(e)	710,019	746,520	715,393	36,501	31,127
Right of use assets	(f)	...	2,242	4,011	2,242	(1,769)
Payables	(g)	13,349	33,920	13,215	20,571	20,705
Lease liabilities	(h)	4,440	2,343	5,583	(2,097)	(3,240)
Borrowings	(i)	243,360	118,063	125,510	(125,297)	(7,447)
Provisions	(j)	7,277	8,037	7,727	760	310
Other liabilities	(k)	25,486	37,028	42,187	11,542	(5,159)

Notes to Statement of Financial Position variances

- (a) Variance reflects the activity through the Department's Specific Purpose Account.
- (b) Variance reflects lower than anticipated (Original Budget) receivables. Variance between actuals relates to the reimbursement of the Australian Government funded program Supercharged Business Support Package.
- (c) Variance reflects lower than anticipated (Original Budget) loans disbursed, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (d) Variance primarily relates to the value inventories held for the personal, protective equipment stockpile held for emergency management reserves.
- (e) Variance primarily relates to newly identified assets including general land and buildings.
- (f) The variance to actual relates a change in methodology regarding the discount rate applied. No original budget was set.
- (g) The variance to actual and original budget primarily relates to accrued expenses for progress claims for the New Bridgewater Bridge.
- (h) The variance reflects lower than anticipated (Original Budget) lease liabilities, following a change in methodology regarding the discount rate applied.
- (i) Variance reflects lower than anticipated (Original Budget) borrowing required from TASCORP in order to fund the activities of the TDR Board.
- (j) Variance reflects higher than anticipated (Original Budget) provisions for the compulsory acquisition of land for roadworks.
- (k) Variance reflects unanticipated (in Original Budget) level of Monies held in trust.

4.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts – operating	(a)	587,263	485,727	(101,536)	(17%)
Appropriation receipts – capital	(b)	96,339	114,030	17,691	18%
Appropriation receipts – other	(c)	25,382	49,449	24,067	95%
Grants	(d)	54,136	34,449	(19,687)	(36%)
Sales of goods and services	(e)	746	47,367	46,621	6249%
GST receipts/payments (net)	(f)	16,898	81,395	64,497	382%
Other cash receipts	(g)	24,165	17,802	(6,363)	(26%)
Grants and subsidies	(h)	(540,621)	(446,224)	94,397	(17%)
Interest payments	(i)	(2,776)	(1,807)	969	(35%)
GST payments	(j)	(16,899)	(83,351)	(66,452)	393%
Other cash payments	(k)	(1,259)	(39,360)	(38,101)	3026%
Proceeds from the disposal of non-financial assets	(l)	4	4,907	4,903	NA
Receipts from non-operational capital funding – operating	(m)	1,437	254	(1,183)	(82%)
Receipts from non-operational capital funding – capital	(n)	246,723	165,590	(81,133)	(33%)
Receipts from Australian Government funding	(o)	388,457	282,297	(106,160)	(27%)
Repayment of loans by other entities	(p)	167,365	35,353	(132,012)	(79%)
Payments for acquisition of non-financial assets	(q)	(643,328)	(501,441)	141,887	(22%)
Loans made to other entities	(r)	(203,392)	(37,986)	165,406	(81%)
Proceeds from borrowings	(s)	86,936	16,300	(70,636)	(81%)
Repayment of borrowings	(t)	(53,871)	(23,747)	30,124	(56%)
Trust payments	(u)	0	(4,949)	(4,949)	0%

Notes to Statement of Cash Flows variances

- (a) Variance reflects revised cashflow of Budget Initiatives including City Deal Launceston (\$22.0M), Building Project Support Program (\$13.0M), Residential Land Rebate (\$10.8M), Tourism Innovation Grant Program (\$6.6M) and Tamar Dredging Program (\$3.8M).
- (b) Variance reflects Original Budget classification of appropriation split between Appropriation receipts capital and Receipts from non-operational capital funding – capital. Less expenditure on the roads program was capitalise then anticipated in the Original Budget.
- (c) Variance reflects the original budgeted estimate of Budget Rollovers compared to the final approved Budget Rollovers.
- (d) Variance reflects lower than originally anticipated Australian Government revenue for projects including Launceston City Deal project Tamar River Catchment.
- (e) The major variance reflects unanticipated (in original budget) revenue from reimbursement of the Australian Government funded program Supercharged Business Support Package.
- (f) Variance reflects timing differences of the receipt of GST refunds over the end of financial years.
- (g) Variance represents less than anticipated (in original budget) revenue receipts relating to the reimbursement of State funding for the Launceston City Deal project Tamar River Catchment.
- (h) Variance reflects revised cashflow of Budget Initiatives including City Deal Launceston (\$22.0M), Building Project Support Program (\$13.0M) Residential Land Rebate (\$10.8M) and Tourism Innovation Grant Program (\$6.6M).
- (i) Variance reflects the timing of borrowings from TASCORP in order to fund the activities of the TDR Board, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (j) Variance reflects timing differences of the payment of GST over the end of financial years.
- (k) Variance relates to the return of funds held in the Department's Specific Purpose Accounts to the Public Account including the Showground Renewal Project (\$20.8M), MyState Bank Arena (\$10.2M) and Silverdome Upgrade (\$5.0M).
- (l) Variance reflects the unbudgeted Proceeds from the disposal of non-financial assets.
- (m) Variance reflects Original Budget classification of appropriation split between Appropriation receipts – operating and Receipts from non-operational capital funding – operating.
- (n) Variance reflects Original Budget classification of appropriation split between Appropriation receipts capital and Receipts from non-operational capital funding – capital.
- (o) Variance reflects lower than originally anticipated Australian Government revenue for the Capital Investment Program including New Bridgewater Bridge (\$37.5M) and Roads of Strategic Importance (\$47.5).
- (p) Variance reflects lower than originally anticipated repayment of TDR loan advances.

- (q) The major variance reflects lower than anticipated (in original budget) capitalised expenditure for the Capital Investment Program including New Bridgewater Bridge (\$37.5M), Roads of Strategic Importance (\$47.5), Greater Hobart Traffic Solution (\$23.3M), Roads of Strategic Importance (\$11.8M), Urban Congestion Fund (\$8.9M) and New Park and Ride Facilities (\$7.6M).
- (r) Variance reflects lower than anticipated (in Original Budget) disbursement of TDR loan advances including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (s) Variance reflects lower than anticipated (Original Budget) borrowing required from TASCORP in order to fund the activities of the TDR Board, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (t) Variance reflects lower than anticipated (Original Budget) repayment of borrowings to TASCORP in order to fund the activities of the TDR Board,
- (u) Variance primarily relates to unbudgeted monies received in the Mines Deposit Account that are held in trust as mining rehabilitation bonds

Note 5 Underlying net result

Non-operational capital funding is the income from continuing operations relating to funding for capital projects. This funding is classified as revenue from continuing operations and included in the Net result from continuing operations. However, the corresponding capital expenditure is not included in the calculation of the Net result from continuing operations. Accordingly, the Net result from continuing operations will portray a position that is better than the true underlying financial result.

For this reason, the Net result from continuing operations is adjusted to remove the effects of funding for capital projects.

	Notes	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Net result from continuing operations		563,038	301,903	282,089
<i>Less impact of Non-operational capital funding:</i>				
Revenue from Government – capital	6.1	246,730	149,666	134,751
Revenue from Australian Government		388,457	282,297	125,861
Contributions received	6.6	...	1,010	1,181
Total		635,187	432,973	261,793
Underlying Net result from continuing operations		(72,149)	(131,070)	20,296

Note 6 Revenue

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

Income is recognised in accordance with the requirements of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities, dependent on whether there is a contract with a customer defined by AASB 15.

6.1 Revenue from Government

Appropriations, whether operating or capital, are recognised as revenues in the period in which the Department gains control of the appropriated funds as they do not contain enforceable and sufficiently specific obligations as defined by AASB 15. Except for any amounts identified as carried forward, control arises in the period of appropriation.

Revenue from Government includes revenue from appropriations, unexpended appropriations rolled over under section 23 of the *Financial Management Act 2016* and Items Reserved by Law.

Section 23 of the Financial Management Act allows for an unexpended appropriation at the end of the financial year, as determined by the Treasurer, to be issued and applied from the Public Account in the following financial year. The amount determined by the Treasurer must not exceed five per cent of an Agency's appropriation for the financial year.

The Budget information is based on original estimates and has not been subject to audit.

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Continuing operations			
Appropriation revenue – operating			
Current year	587,263	485,981	504,338
	587,263	485,981	504,338
Appropriation revenue - capital	96,332	129,954	89,717
Other revenue from Government			
Appropriation Rollover under section 23 of the <i>Financial Management Act 2016</i>	25,382	49,449	23,550
Total revenue from Government from continuing operations	708,977	665,384	617,605
Non-operational capital funding			
Capital Services	246,730	149,666	134,751
Total	246,730	149,666	134,751
Total Revenue from Government	955,707	815,050	752,356

6.2 Grants

Grants revenue, where there is a sufficiently specific performance obligation attached, are recognised when the Department satisfies the performance obligation and transfers the promised goods or services. The Department typically satisfies its performance obligations when the corresponding expenditure is incurred, more bespoke grants will detail how the performance obligations are to be satisfied within the grant documentation. The Department recognises revenue associated with performance obligations as performance obligations are deemed to be met, typically revenue is received as a reimbursement and can be recognised on receipt.

Note 10.6 outlines the transaction price that is allocated to the performance obligations that have not yet been satisfied at the end of the year, within revenue received in advance.

Grants revenue without a sufficiently specific performance obligation are recognised when the Department gains control of the asset (typically Cash).

Grants to acquire/construct a recognisable non-financial asset to be controlled by the Department are recognised when the Department satisfies its obligations under the transfer. The Department satisfies its performance obligations over time as the non-financial assets are being constructed using the expenses incurred for the asset as the trigger for recognition of the grant.

	2023 \$'000	2022 \$'000
Grants with sufficiently specific performance obligations		
Grants from the Australian Government	9,816	48,710
Grants from the Tasmanian Government	925	7,830
Industry contributions	1,649	1,462
Total	12,390	58,002
Grants to acquire/construct a recognisable non-financial asset		
Grants from the Australian Government	297,311	175,894
Grants from the Tasmanian Government	7,045	1,260
Total	304,356	177,154
Total revenue from Grants	316,746	235,156

6.3 Sales of goods and services

Revenue from Sales of goods are recognised when the Department satisfies a performance obligation by transferring the goods to the customer.

Goods	Nature of timing of satisfaction of Performance Obligation, including significant payment terms	Revenue recognition policies
Registration and Licensing Tasmanian Museum and Art Gallery – Retail Passenger Transport	The Department typically satisfies its performance obligations at the time of the transaction.	The Department recognises revenue associated with performance obligations at the time of transaction or in line with relevant contractual arrangements.
Services	Nature of timing of satisfaction of Performance Obligation, including significant payment terms	Revenue recognition policies
Global Education and Migration Registration and Licensing Tasmanian Museum and Art Gallery Arts Tasmania Skills Tasmania	The Department typically satisfies its performance obligations at the time of the transaction or in line with contractual arrangements.	The Department recognises revenue associated with performance obligations as they occur or in line with the relevant contractual arrangements.

	2023 \$'000	2022 \$'000
Goods	5,555	3,602
Services	4,110	3,430
Abt Railway ticketing sales and retail revenue	3,603	2,564
Rental revenue	2,447	2,186
Total	15,715	11,782

6.4 Fees and fines

Revenue from fees and fines is recognised when obligation to pay arises, pursuant to the issue of an assessment.

	2023 \$'000	2022 \$'000
Road Safety Levy	17,459	16,301
Other	935	267
Total	18,394	16,568

6.5 Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method. Interest revenue includes interest received by the Department on loan advances.

	2023 \$'000	2022 \$'000
Interest – loan advances	3,800	1,423
Total	3,800	1,423

6.6 Contributions received

Services received free of charge by the Department, are recognised as income when a fair value can be reliably determined and at the time the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the Department obtains control of the asset, it is probable that future economic benefits comprising the contribution will flow to the Department and the amount can be measured reliably. However, where the contribution received is from another government agency as a consequence of restructuring of administrative arrangements, they are recognised as contributions by owners directly within equity and in these circumstances, book values from the transferor agency have been used.

	2023 \$'000	2022 \$'000
Fair value of additions to TMAG Collections at no cost	229	74
TMAG Donations and bequests	781	1,107
Roads transferred from West Coast Council	11,451	...
Roads transferred from Break O'Day Council*	...	11,398
Land and building transferred from Department of Education, Children & Young People	3,100	...
Total	15,561	12,579

*Roads transferred from Break O'Day Council \$11.398M in 2021-22 financial statements has been reclassified from note 7.1 net gain on non-financial assets to note 6.6 in 2022-23 financial statements

6.7 Other revenue

Revenue from sources other than those identified above are recognised in the Income Statement when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Other revenue includes sundry fee revenues and other income received relating to *War Service Land Settlement Act 1950* rural properties.

	2023	2022
	\$'000	\$'000
Administrative support charge – Tourism Tasmania	903	903
Administrative support charge – Macquarie Point Development Corporation	139	112
Recoveries – Derwent Entertainment Centre	6,382	50,291
Recoveries – COVID-19	1,689	12,444
Showground Upgrade Project	...	25,000
Other recoveries and contributions received	...	8,299
Miscellaneous revenue	13,921	8,486
Total	23,034	105,535

Note 7 Net Gain/(Losses)

7.1 Net gain/(loss) on non-financial assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

Key Judgement

Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use.

Specialised non-financial assets are not used for the purpose of generating cash flows; therefore their recoverable amount is expected to be materially the same as fair value, as determined under AASB 13 Fair Value Measurement.

All other non-financial assets are assessed to determine whether any impairment exists, with impairment losses recognised in Statement of Comprehensive Income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the Estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

	2023 \$'000	2022 \$'000
Write off of replaced road assets	(8,245)	(10,527)
Write off of replaced bridge assets	(176)	(343)
Write off of traffic signals replaced/upgraded	(100)	(35)
Write off of Marine Vessel	...	(2,208)
Write off of land	(2,828)	...
Write off of Artwork	(27)	...
Net gain/(loss) on disposal of land and buildings	(10,048)	...
Net gain/(loss) on disposal of plant and equipment	52	23
Net gain/(loss) on disposal of Aerodrome	(115)	...
Net gain/(loss) on the disposal of Artwork	(90)	...
Impairment of non-financial assets - Abt Railway Infrastructure	(2,318)	...
	(23,895)	(13,090)

7.2 Net gain/(loss) on financial instruments and statutory receivables/payables

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Key Judgement

An impairment loss using the expected credit loss method for all trade debtors uses a lifetime expected loss allowance. The expected loss rates are based upon historical observed loss rates that are adjusted to reflect forward looking macroeconomic factors.

For other financial instruments that are not trade receivables, contract assets or lease receivables, the Department has measured the expected credit loss using a probability-weighted amount that takes into account the time value of money and forward looking macroeconomic factors.

	2023 \$'000	2022 \$'000
Impairment reversals/(losses) of:		
Loans advances	(240)	(320)
Equity investments	30	(15)
Receivables	(192)	...
Receivables written off during the year	...	(12)
Total net gain/(loss) on financial instruments	(402)	(347)

Note 8 Expenses from transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

8.1 Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

(a) Employee expenses

	2023	2022
	\$'000	\$'000
Wages and salaries	73,358	67,572
Annual leave	5,696	6,145
Long service leave	912	741
Superannuation	13,180	10,863
Other post-employment benefits	1,144	1,001
Other employee expenses	4,086	3,071
Other employee benefits – Fringe Benefits Tax	529	489
Total	98,905	89,882

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on a department contribution rate determined by the Treasurer, on the advice of the State Actuary. The current department contribution is 12.95 per cent (2021-22: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 10.5 per cent (2021-22: 10 per cent) of salary. In addition, departments are also required to pay into the Consolidated Fund a “gap” payment equivalent to 3.45 per cent (2021-22: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

(b) **Remuneration of key management personnel**

2023	Short-term benefits		Long-term benefits		Termination Benefits	Total
	Salary	Other Benefits	Super-annuation	Other Benefits & Long-Service Leave		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Key management personnel</i>						
Office of the Coordinator-General:						
John Perry, Coordinator-General	449	(64)	49	(8)	...	426
Department of State Growth:						
Kim Evans, Secretary	389	39	58	(17)	...	469
Gary Swain, Deputy Secretary, Transport and Infrastructure	226	67	24	8	...	325
Gary Swain, Acting Secretary (23/12/22 to 22/1/23)	31	...	3	...	...	34
Martin Crane, Acting Deputy Secretary, Transport and Infrastructure (7/4/23 to 7/5/23)	19	38	2	42	...	101
Denise McIntyre, Acting Deputy Secretary, Transport and Infrastructure (15/8/22 to 23/9/22)	28	35	3	58	...	124
Amanda Russell, Deputy Secretary, Business Services (until 3/2/23)	137	(22)	18	...	...	133
Angela Conway, Acting Deputy Secretary, Business Services (from 6/2/23)	75	48	10	73	...	206
Angela Conway, Acting Deputy Secretary, Culture, Arts and Sport (1/7/22 to 29/7/22)	21	...	3	...	...	24
Kate Kent, Deputy Secretary, Culture, Arts and Sport (from 1/7/22)	207	56	22	43	...	328
Mark Bowles, Deputy Secretary, Business and Jobs	209	7	22	10	...	248
Jenna Cairney, Acting Deputy Secretary, Business and Jobs (15/3/23 to 21/4/23)	22	9	2	1	...	34
Brett Stewart, Deputy Secretary, Resources, Strategy and Policy	212	51	24	(5)	...	282
Andrew Smythe, Acting Deputy Secretary, Resources, Strategy and Policy (29/9/22 to 28/10/22)	18	22	2	18	...	60
Anton Voss, Chief Executive Officer – Renewables, Climate and Future Industries Tasmania (from 13/9/22)	332	30	20	8	...	390
Total	2,375	316	262	231	...	3,184

2022	Short-term benefits		Long-term benefits		Termination Benefits	Total
	Salary	Other Benefits	Super-annuation	Other Benefits & Long-Service Leave		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Key management personnel</i>						
Office of the Coordinator-General:						
John Perry, Coordinator-General	439	20	46	16	...	521
Department of State Growth:						
Kim Evans, Secretary	380	25	57	7	...	469
Gary Swain, Deputy Secretary Transport Services (1/7/2021 to 25/7/2021 and 10/8/2021 to 30/6/2022)	226	19	23	20	...	288
Gary Swain, Acting Secretary (26/7/2021 to 9/8/2021)	16	...	2	...	...	18
Jacqui Allen, Deputy Secretary Cultural and Tourism Industry Development (until 4/3/2022)	201	16	16	...	...	233
Amanda Russell, Deputy Secretary, Business Services (1/7/2021 to 2/1/2022 and 24/1/2022 to 30/6/2022)	203	...	25	11	...	239
Amanda Russell, Acting Secretary (3/1/2022 to 23/1/2022)	22	26	4	...	...	52
Mark Bowles, Deputy Secretary, Business and Jobs	195	21	20	(19)	...	217
Brett Stewart, Deputy Secretary, Resources, Strategy and Policy (1/7/2021 to 3/1/2022 and 15/1/2022 to 30/6/2022)	189	28	19	10	...	246
Brett Stewart, Acting Deputy Secretary, Transport and Infrastructure (4/1/2022 to 14/1/2022)	8	...	1	...	...	9
Yvette Steele, Acting Deputy Secretary, Business Services (10/1/2022 to 21/1/2022 and 26/1/2022 to 1/2/2022)	11	18	1	10	...	40
Total	1,890	173	214	55	...	2,332

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

Remuneration during 2022-23 for key personnel is set by the *State Service Act 2000*. Remuneration and other terms of employment are specified in employment contracts. Remuneration includes salary, motor vehicle and other non-monetary benefits. Long-term employee expenses include long service leave, superannuation obligations and termination payments. Fringe benefits have been reported at the grossed up reportable fringe benefits amount. The Fringe Benefits Tax (FBT) year runs from 1 April to 31 March each year, any FBT attributable to key management personnel is reported on that basis.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

(c) **Related party transactions**

AASB 124 *Related Party Disclosures* requires related party disclosures to ensure that the financial statements contain disclosures necessary to draw attention to the possibility that the Department's financial results may have been affected by the existence of related parties and by transactions with such parties.

The aggregate value of related party transactions and outstanding balances (if any) is as follows:

	2023 Aggregate value of transactions \$'000	30 June 2023 Total Amount Outstanding or Committed \$'000
Voluntary non-reciprocal donations to TMAG	8	...
Consultancy services	5	...

8.2 Depreciation and amortisation

All applicable Non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential. Land and the earthworks component of major roadworks, being assets with an unlimited useful life, are not depreciated.

The depreciable amount of improvements to or on leaseholds is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is reasonably certain.

The following table details the asset lives, and depreciation rates and the methods for the various classes of assets employed in the current and previous reporting periods. Asset useful lives depreciation methods are reviewed annually and adjusted according to the expected rate and/or pattern of consumption, asset condition, and industry best practice.

Asset	Estimated Useful Life (years)	Depreciation Rate (per annum)	Method
Road Infrastructure:			
Earthworks	Unlimited	Nil	NA
Pavement base – category 1	40	2.50%	Straight Line
category 2	45	2.22%	Straight Line
category 3	60	1.67%	Straight Line
category 4	65	1.54%	Straight Line
category 5	70	1.43%	Straight Line
(Note: road categories are determined by freight carrying task, ie category 1 the highest freight task, category 5, the lowest)			
Pavement sub-base – categories 1 to 3	70	1.43%	Straight Line
categories 4 and 5	80	1.25%	Straight Line
Surface, seal – category 1	12	8.33%	Straight Line
category 2	15	6.67%	Straight Line
category 3	15	6.67%	Straight Line
category 4	18	5.56%	Straight Line
category 5	20	5.00%	Straight Line
category 5 unsealed	15	6.67%	Straight Line
Bridge Infrastructure:			
Bridges over water	25 - 100	1.00% - 4.00%	Parabolic
Bridges over roads, pedestrian bridges, culverts	70 - 100	1.00% - 1.43%	Parabolic
Truss bridges	83 - 250	1.20% - 0.40%	Parabolic
Masonry Arch structures	250	0.40%	Parabolic
Major structures	70 - 100	1.00% - 1.43%	Parabolic

Retaining walls and gantries	50 - 70	1.43% - 2.00%	Parabolic
Traffic Signal Installations: (Residual value 10% applies to all traffic signals assets)			
Cable	50	2.00%	Straight Line
Above and below ground	30	3.33%	Straight Line
Electronics	25	4.00%	Straight Line
Site Hardware	10	10.00%	Straight Line
Buildings	20 - 80	1.25% - 5.00%	Straight Line
Leasehold improvements	5 - 12	8.33% - 20.00%	Straight Line
Electrical, technical and office equipment	5	20.00%	Straight Line
Plant	5 - 25	4.00% - 10.00%	Straight Line
Computer Hardware	3	33.33%	Straight Line
Marine Vessels and Equipment (Residual value 10%)	4	25.0%	Straight Line
Abt Railway Infrastructure:			
Tracks, bridges, structures, culverts and station buildings	20 - 100	1.00% - 5.00%	Straight Line
Railway carriages	30 - 75	1.33% - 3.33%	Straight Line
Locomotives	25	4.00%	Straight Line
Buildings	20 - 30	3.33% - 5.00%	Straight Line
Rail wagons	5	20.00%	Straight Line

Road Infrastructure

The identifiable components of the road infrastructure have been grouped into three major components for the purpose of assessing and of assigning an estimated useful life. Useful lives are based on analysis of historical data, road condition surveys, and best practice employed by other State Road Authorities.

The components that have a limited useful life (ie pavement, surfacing) are systematically depreciated over their useful lives in a manner that reflects the consumption of service potential embodied in those components. Earthworks, representing the cut and fill activity associated with major roadworks, is similar to land in that its useful life is unlimited, therefore is not depreciated.

Bridge Infrastructure

Bridges are depreciated systematically over their useful life having regard to their unique rate of deterioration. Bridge values are depreciated parabolically to reflect the greater depreciation towards the end of a bridge's life, i.e.:

$$\text{Present Value} = \text{Replacement Cost} \times (1 - (\text{age}/\text{life})^2)$$

Intangible Assets

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Department.

Major amortisation rates applicable to intangible assets appear in the table below:

Asset	Estimated Useful Life (years)	Depreciation Rate (per annum)	Method
Motor Registry System	10	10.00%	Straight Line
Other computer software	3	33.33%	Straight Line

The Motor Registry System is computer software developed internally over a four year period and is essential for the collection of motor registry and driver licensing revenues and data maintenance. The system was implemented on 25 August 2008 and its useful life was estimated at 10 years.

(a) **Depreciation**

	2023	2022
	\$'000	\$'000
Plant and equipment	1,189	827
Abt Railway Rolling Stock	181	176
Marine vessels and equipment	...	25
Traffic signal installations	730	915
Buildings	2,226	881
Road infrastructure	95,843	85,584
Bridges	37,964	37,886
Other infrastructure	990	1,003
Right-of-use assets	559	1,087
Total	139,682	128,384

(b) **Amortisation**

	2023	2022
	\$'000	\$'000
Intangibles	12	12
Leasehold improvements	167	173
Total	179	185
Total depreciation and amortisation	139,861	128,569

8.3 Supplies and consumables

Supplies and consumables, including audit fees, advertising and promotion, communications, consultants and contracted services, information technology, operating lease costs, property expenses, purchase of goods and services, travel and transport, and legal expenses, are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

	2023	2022
	\$'000	\$'000
Audit fees – financial audit	216	216
Audit fees – internal audit	175	212
Operating lease costs	6,714	6,203
Consultants	15,091	9,523
Property services	3,829	2,712
Maintenance	71,888	65,642
Communications	3,441	2,881
Information technology	9,930	7,660
Travel and transport	4,558	2,799
Advertising and promotion	3,459	11,762
Legal expenses	1,811	818
Contractor payments (non road-works)	17,299	4,790
Other supplies and consumables	16,068	7,699
Total	154,479	122,917

Lease expense includes lease rentals for short-term leases, lease of low value assets and variable lease payments. Refer to note 10.2 for breakdown of lease expenses and other lease disclosures.

8.4 Grants and subsidies

Grant and subsidies expenditure is recognised to the extent that:

- the services required to be performed by the grantee have been performed; or
- the grant eligibility criteria have been satisfied.

A liability is recorded when the Department has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

Program / project commitments discloses amounts approved to clients payable over a period of one year or greater, where the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases in Note 11.1.

	2023 \$'000	2022 \$'000
Grants		
Advanced Manufacturing grants	2,051	385
AFL Agreement - Hawthorn Football Club	4,339	...
AFL Tasmania	500	...
AFLW Agreement - NMFC	927	579
Airport Infrastructure	1,000	...
Ancillary Dwelling Grants Program	695	480
Antarctic contributions and grants	302	297
Arts grants	5,057	9,170
Blundstone Arena	2,750	3,000
Building Project Support Fund	5,110	1,100
Business and Industry Assistance	6,425	5,837
Business Enterprise Centres	811	...
Business Events Attraction Fund	500	391
City Deal Devonport	65	241
City Deal Launceston	7,473	6,035
Climate Change grants	5	...
Coastal Pathway Project	2,960	2,780
Community Support Levy	4	...
Copper Mines of Tasmania	500	...
COVID-19 grants	1,211	89,048
Cricket Tasmania	1,560	...
Cycle Tourism Fund	...	260
Destination Action Plan	5	246
Energy Policy and contributions	1,047	...
Energy Saver Loan Scheme	304	...
Enterprise Hubs	250	250
Event Support and Attraction Fund	520	144
Events Tasmania grants	19,303	27,994
Global Education Strategy	22	65
Grants to Councils - Road works	10,699	13,086
Great Customer Experience	950	550
High Vis Army	2,977	1,477
Hobart to Strahan Air Service	...	100
Improving Mobile coverage for the Great Eastern Drive	1,451	...
Jobs Tasmania grants	9,434	6,171
Learner Driver Mentoring program	1,302	1,236
Macquarie Point Development Corporation	5,000	3,500
Menzies ICON	500	500
Mining Exploration Grants Program	630	224
Museums and Art Galleries	2,616	1,806

	2023 \$'000	2022 \$'000
Other contributions	463	714
Other grants	1,413	1,025
Regional Events Recovery Fund	251	758
Regional Recovery Partnerships	1,250	500
Regional Tourism Organisations	244	239
Residential Land Rebate	8,718	10,209
Road Safety grants	1,886	-
Rural Towns Security Cameras	1,400	-
Science and Technology grants	334	193
Screen Tasmania grants	1,801	2,054
Serco Contact Centre Industry support	370	370
Showground Renewal Project	...	4,150
Skills Tasmania grants	1,548	1,384
Small Business grants	1,989	1,182
Sport and Recreation grants	7,143	...
Sport and Recreation Infrastructure grants	16,873	...
Start up Accelerator	175	200
Tamar Estuary	14,108	1,500
Tamar River Dredging	392	359
Tasmanian Hospitality Association	375	750
Tasmanian Institute of Sport grants	296	...
Tasmanian Leaders Program	193	229
Tasmanian Polar Network	25	62
Tasmanian Renewable Hydrogen Development Fund	3,309	100
TasTAFE	33,593	22,250
Ticket to Play	1,013	...
Tourism and Hospitality grants	6,801	5,304
UXC Support	210	181
West Coast Wilderness Railway	3,000	7,600
Total grants	210,428	253,641
Subsidies		
Apprentice and trainee subsidies	7,729	8,398
Derwent River Ferry Service	3,287	...
Flight Subsidies	583	630
General Access Bus Services	67,490	78,772
Shipping and ferry subsidies	645	950
Student Only Bus Services	36,480	34,502
Vocational Education Training (VET) delivery	122,582	115,538
Total subsidies	238,796	238,790
Total grants and subsidies	449,224	492,431

8.5 Finance costs

All finance costs are expensed as incurred using the effective interest method.

Finance costs include:

- interest on bank overdrafts and short term and long term borrowings;
- amortisation of discounts or premiums related to borrowings; and
- finance lease charges.

	2023 \$'000	2022 \$'000
Interest expense		
Interest on loans	1,625	898
Interest on leases	54	142
Total	1,679	1,040
Other finance costs		
Penalty interest on late payments to creditors	5	4
Total	5	4
Total finance costs	1,684	1,044

8.6 Other expenses

Expenses from activities other than those identified above are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in asset or an increase of a liability has arisen that can be measured reliably.

	2023 \$'000	2022 \$'000
Workers compensation	800	835
Other employee expenses (including training/development, W&S, recruitment)	1,813	1,762
Miscellaneous expenses*	35,334	2,433
Total	37,947	5,030

* Includes return of funds held in the Department's Specific Purpose Accounts to the Public Account - Showground Renewal Project (\$20M), MyState Bank Arena (\$10M) and Silverdome Upgrade (\$5.0M).

Note 9 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

9.1 Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Receivables are held with the objective to collect the contractual cash flows and are subsequently measured at amortised cost using the effective interest method. Any subsequent changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process. An allowance for expected credit losses is recognised for all debt financial assets not held at fair value through profit and loss. The expected credit loss is based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, a simplified approach in calculating expected credit losses is applied, with a loss allowance based on lifetime expected credit losses recognised at each reporting date. The Department has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

	2023 \$'000	2022 \$'000
Receivables	18,781	46,447
Less: Expected credit loss	(293)	(101)
Total	18,488	46,346
Sales of goods and services (inclusive of GST)	4,249	37,207
Fees and fines (inclusive of GST)	1,246	5
Tax assets	12,993	9,134
Other receivables (inclusive of GST)	...	...
Total	18,488	46,346
Settled within 12 months	18,390	46,248
Settled in more than 12 months	98	98
Total	18,488	46,346

	2023 \$'000	2022 \$'000
Reconciliation of movement in expected credit loss for receivables		
Carrying amount at 1 July	101	210
Amounts written off during the year	...	12
Increase/(decrease) in provision recognised in profit or loss	192	(121)
Carrying amount at 30 June	293	101

For ageing analysis of the financial assets, refer to note 14.1.

9.2 Loan advances

Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of loan advances are reviewed on an ongoing basis. Impairment losses are recognised when there is an indication that there is a measurable decrease in the collectability of loan advances.

	2023 \$'000	2022 \$'000
Section 35 Loans Administered by TDR	24,232	14,606
Section 37 Loans Administered by TDR	15,000	15,000
<i>Tasmanian Development Act 1983</i>	1,874	2,805
Agrigrowth Loan Program	10,373	11,499
Pacific Oyster Mortality Syndrome	...	250
Drought Dairy Recovery Concessional Program & Drought Recovery – Non-Debt	2,872	3,045
Flood Recovery Rural	60	249
Farm Business Concessional Loan scheme - Dairy Recovery & Drought Assistance	8,305	12,864
Tourism Accommodation Refurbishment Loan Scheme	3,173	4,022
Farm Business Concessional Loan scheme - Dairy Recovery - JUL 2017 & Drought Assistance - JUL 2017	7,555	7,650
Heritage Renewal Loan Scheme	244	519
Agrigrowth Loan Scheme - Young Farmers	35,957	26,172
Federal Refinance Loans	263	100
COVID-19 Interest Free Business Support Loan Scheme	18,147	29,312
COVID-19 Business Support Loans	2,582	5,404
Business Growth Loan Scheme	8,382	7,197
Building Construction Support & Construction S35	6,594	4,489
Tourism Development Loan Scheme	3,060	606
Screen Tasmania Loans	230	230
Arts Loans	849	926
Less: Provision for impairment	(655)	(415)
Total	149,097	146,530
Settled within 12 months	20,587	33,605
Settled in more than 12 months	128,511	112,922
Total	149,098	146,527

Loan advances include financial assistance provided by the government to the private sector in the form of loans.

Under the provisions of the *Tasmanian Development Act 1983*, the Department, through Tasmania Development and Resources (TDR), has the power to provide loans to clients that assist in the development and expansion of the Tasmanian economy.

	2023 \$'000	2022 \$'000
Reconciliation of movement in provision for impairment of other financial assets		
Carrying amount at 1 July	415	95
Increase/(decrease) in provision recognised in net result	240	320
Carrying amount at 30 June	655	415

9.3 Equity investments

Equity investments are initially recorded at cost and at net recoverable value subsequent to initial recognition determined as follows:

- Listed companies - the share's current market value for listed public companies; and
- Unlisted companies – based on estimated recoverable amount.

Changes in the value of equity investments are accounted for as net increases or reversals of impairment losses.

The Department's investment in equity investments was made for the purpose of achieving industry development outcomes consistent with the goals and objectives of the Department, not for the purpose of achieving a commercial investment return or other standard commercial objectives.

As such, the Department considers that it would be inappropriate to apply the equity method of accounting. The incorporation into the Department's Financial Statements of financial information relating to these equity investments could provide users of the Department's Financial Statements with a misleading indication of its financial performance.

	2023 \$'000	2022 \$'000
Unlisted equity instruments	15,407	15,436
Less: Provision for impairment	(15,407)	(15,436)
Total	...	...
Settled within 12 months	...	...
Settled in more than 12 months	...	...
Total	...	...

	2023 \$'000	2022 \$'000
Reconciliation of movement in provision for impairment of equity investments		
Carrying amount at 1 July	15,436	15,421
Increase(decrease) in provision recognised in net result	(29)	15
Carrying amount at 30 June	15,407	15,436

The Provision for Impairment movement is the result of the revaluation of Screen Tasmania's equity portfolio.

9.4 Other financial assets

Other financial assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

Other financial assets consist mainly of accrued revenue such as Commonwealth funding expended not claimed from Treasury at year end to be redeemed in the next twelve months.

	2023 \$'000	2022 \$'000
Accrued revenue	403	724
Total	403	724
Settled within 12 months	403	724
Total	403	724

9.5 Inventories

Inventories held for distribution are valued at cost adjusted, when applicable, for any loss of service potential. Inventories acquired for no cost or nominal considerations are valued at current replacement cost.

	2023 \$'000	2022 \$'000
Inventory held for sale – Tasmanian Museum and Art Gallery (TMAG)	125	132
Inventory held for sale – Abt Railway	211	196
Inventory held for use – DSG	1,202	4,935
Total	1,538	5,263
Consumed within 12 months	1,538	5,263
Total	1,538	5,263

9.6 Assets held for sale

Assets held for sale (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before classification as held for sale, fair value assets (or components of a disposal group) are remeasured in accordance with the Departmental policy. Upon initial classification to assets held for sale, assets are remeasured at the lower of carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down from the carrying amount measured immediately before re-measurement to fair value less costs of disposal. Such assets are no longer amortised or depreciated upon being classified as held for sale.

(a) Carrying amount

	2023 \$'000	2022 \$'000
Land	...	1,722
Total	...	1,722
Settled within 12 months	...	1,722
Settled in more than 12 months
Total	...	1,722

Assets held for sale include Technopark Land. Sale transaction was completed in October 2022.

Key estimate and judgement

The recognised fair value of non-financial assets is classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements.

Level 1 the fair value is calculated using quoted prices in active markets;

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

(b) Fair value measurement of assets held for sale (including fair value levels)

2023	Carrying value at 30 June \$'000	Fair value measurement at end of reporting period		
		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000
Land
Total

9.7 Property, plant and equipment, artwork, heritage and cultural assets

Property, plant and equipment and artwork

(i) Valuation basis

Land, artwork, heritage and cultural assets are recorded at fair value. Infrastructure, buildings and other long-lived assets are recorded at fair value less accumulated depreciation. All other Non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment such as exhibitions.

The value of exhibitions is included in plant and equipment and represents capitalisation of the development and establishment costs of exhibitions that will continue to generate revenue or provide a community service beyond the financial year or years in which these costs were incurred.

Fair value is based on the highest and best use of the asset. Unless there is an explicit Government policy to the contrary, the highest and best use of an asset is the current purpose for which the asset is being used or build occupied.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Department and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The asset capitalisation threshold adopted by the Department is \$10,000. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

Assets are revalued at least once in every five years with the following exceptions:

- plant and equipment having a cost or revaluation less than the threshold of \$50,000;
- land and buildings that are to be utilised for future roadworks (as required), and;
- land remaining after the completion of the relevant roadworks project which is regarded as non-saleable due to, for example, limited or no access (as required).

Assets are grouped on the basis of having a similar nature or function in the operations of the Department.

Those assets that are restricted by government directives or legislation are disclosed in the Statement of Financial Position as administered assets. The restriction on these assets includes the inability of the Department to benefit from the asset in the pursuit of its objectives and to deny access of others to that benefit.

Heritage and cultural assets

(i) Valuation basis

Heritage and cultural assets are recorded at fair value. Acquired items exceeding the recognition threshold are added to the collections initially at cost. Where an item is acquired at no cost, or for nominal cost, the cost is its estimated fair value at acquisition. The value is recognised as a contribution (income) in the Statement of Comprehensive Income in the year of acquisition.

(ii) Asset recognition threshold

The asset capitalisation threshold adopted by TMAG is \$10,000 for all assets. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase.

(iii) Revaluations

Heritage and cultural assets are revalued every five years unless management or the Board consider the carrying amount of an asset or collections materially differ from attributed fair value, then it shall be revalued regardless of when the last valuation occurred. Only items registered in the collections are recognised for valuation purposes. Collections are valued on the following basis:

1. Icons – valued by an appropriately qualified independent valuer, based on market values of similar items;
2. Cultural heritage collections – valued under a statistical valuation model by an appropriately qualified independent valuer, dependent upon the stratification of the collection;
3. Natural history collections - estimated recollection cost, ie the cost of mounting an expedition to collect similar specimens, together with the costs associated with their documentation and preparation.
4. Numismatics collections – valued at either fair value or market rate for weight of precious metals.

(iv) Highest and best use

A characteristic of many heritage and cultural assets is that they have few or no alternative uses because there are natural, legal and financial restrictions on their use and disposal. Therefore, the highest and best use is the current existing use, in combination with other related heritage assets or on a stand-alone basis. Where an alternative use is feasible within the existing socio-political environment, then the asset may be valued at a higher alternative use.

(a) Carrying amount

	2023	2022
	\$'000	\$'000
Land holdings		
Land (including land under buildings) Level 2 - at fair value	72,320	80,029
Land (including land under buildings) Level 3 - at fair value	2,193	2,193
Rural properties - at option value	643	774
Rail Corridor land - at fair value	73,259	73,259
Total	148,415	156,255
Buildings		
Level 2 - at fair value	112,737	84,128
Level 3 - at fair value	5,465	5,489
Less: Accumulated depreciation	(2,839)	(1,219)
	115,363	88,398
Work in progress (at cost)	65,169	55,430
Total	180,532	143,828
Aerodromes		
At fair value	165	150
Less: Accumulated depreciation	...	(11)
Total	165	139
Plant and equipment (including computer equipment)		
At cost	13,394	9,077
Less: Accumulated depreciation	(6,733)	(4,328)
	6,661	4,749
Work in progress (at cost)	...	333
Total	6,661	5,082
Abt Railway rolling stock		
At fair value	5,083	5,082
Less: Accumulated depreciation	(181)	...
	4,902	5,082
Work in progress (at cost)	2,062	1,405
Total	6,964	6,487
Traffic Signal installations		
At fair value	21,060	20,378
Less: Accumulated depreciation	(728)	...
Total	20,332	20,378
Leasehold improvements		
At cost	1,815	1,783
Less: Accumulated depreciation	(772)	(605)
	1,043	1,178
Work in progress (at cost)	98	...
Total	1,141	1,178
Heritage and cultural assets and Artwork		
At fair value	382,290	382,046
	382,290	382,046
Work in progress (at cost)	20	...
Total	382,310	382,046
Total property, plant and equipment, artwork, heritage and cultural assets	746,520	715,393

Land and buildings

Land and buildings revaluations were based on the most recent valuations undertaken by the Valuer-General as publicly available on the Land Information System Tasmania's (LIST) website. TDR's were undertaken by Knight Frank Tasmania as at 30 June 2022. TMAG used valuations undertaken by independent valuers Brothers and Newton Opteon as at 30 June 2020.

All the valuations have been prepared in accordance with the International Valuation Standards (IVS) 2011 which are endorsed by the Australian Property Institute and in accordance with the International Financial Reporting Standards (IFRS) 13 *Fair Value Measurement*. Land and the buildings have been classified as non-specialised assets and accordingly valued on the basis of market value with reference to observable prices in an active market, using traditional valuation methods including sales comparison. No indexation has been applied in the current year.

Rural properties

Rural properties are valued as at 30 June 2023 to fair value. Fair value of these properties equates to the option prices deemed on the individual properties. These option prices are the amounts receivable should the tenants exercise the option to purchase the freehold title.

Rail Corridor land

Rail Corridor Land (ie the land beneath the State's rail lines) was transferred to the control of the Department by the *Crown Lands (Railway Land) Order 2006* on 1 December 2009, as part of the purchase of the Tasmanian Rail operation and the Melba Line by Tasmanian Railway Pty Ltd, the associated corridor land was also transferred to the control of the Department.

The land is valued at either current Valuer-General valuation where one exists, or at the average rate per land area in each Municipality according to adjacent land zoning. Every five years the Valuer General provides average values per hectare or square metre for the residential, commercial, industrial and primary industrial sectors in each Municipality, from the most recent valuations of land titles adjoining and within a 200 metre corridor of the rail lines. The most recent update of average values was provided by the Valuer-General as at 30 June 2019. No indexation has been applied in the current year.

Aerodrome

The Aerodrome is located in Cape Barren Island. The department currently administers a grant deed with the Aboriginal Land Council of Tasmania (ALCT) and the Cape Barren Island Aboriginal Association to undertake routine maintenance and minor works on roads and the aerodrome. The latest revaluation undertaken by the department was based on the most recent valuations undertaken by the Valuer-General as publicly available on the Land Information System Tasmania's (LIST) website as at 30 June 2023.

Abt Railway rolling stock

The latest revaluation of ABT Railway rolling stock as at 30 June 2022 was completed by Colliers on a current replacement cost basis. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight-line basis on the expired proportion of the estimated useful life of the asset.

Traffic Signals installations

Traffic Signals assets are valued as at 30 June 2022 by Colliers on a current replacement cost basis. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight-line basis on the expired proportion of the estimated useful life of the asset.

Heritage and cultural assets - Tasmanian Museum and Art Gallery (TMAG) Collections

An independent valuation of heritage and cultural assets was last undertaken by independent specialist valuer Aon Valuation Services with the assets valued as at 30 June 2019. The valuation report was issued 7 February 2020. The valuation was undertaken in accordance with accounting standards for fair value applicable to cultural and heritage collections AASB 13 *Fair Value Measurement*. The definition of fair value is defined in AASB 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. It is based on the principle of an exit price and refers to the price an entity expects to receive when it sells an asset, or the price an entity expects to pay when it transfers a liability.

Artwork

Artwork assets were independently valued with an effective date of 30 June 2023 by specialist valuer Rosanna Cameron from Rosanna M Cameron Art Valuations & Consultations. The valuation of these assets was on a fair value basis in accordance with relevant accounting standards.

Where possible the valuation was prepared on the basis of market value. Market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller at arms length transaction after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.

The valuation reflects market conditions as at the date of valuation but does not contemplate a forced sale. In the case of the works of art that are site specific and could not be removed and judged in the open market, the value represents the cost at the time of commissioning with consideration, if noted, for depreciation due to wear and tear and damage and increased replacement cost in present market.

(b) **Reconciliation of movements (including fair value levels)**

Reconciliations of the carrying amounts of each class of Property, plant and equipment, artwork, heritage and cultural assets at the beginning and end of the current and previous financial year are set out below. Carrying value means the net amount after deducting accumulated depreciation and accumulated impairment losses:

2023	Land Level 2 (land in active markets)	Land Level 3 (specific purpose/ use land)	Buildings Level 2 (general office buildings)	Buildings Level 3 (specific purpose/ use buildings)	Aero-dromes Level 3 (specific purpose/ use)	Plant and equipment (including computer equipment)	Marine Vessels Level 3 (specific purpose/ use)	Abt Railway Rolling Stock Level 3 (specific purpose/ use)	Traffic Signal installations Level 3 (specific purpose/ use)	Lease-hold improvements	Heritage and cultural assets and Artwork Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying value at 1 July	80,029	76,226	137,443	6,385	139	5,082	...	6,487	20,378	1,178	382,046	715,393
Additions	...	...	9,754	175	...	989	...	658	787	130	128	12,621
Contributions received	...	...	...	...	...	...	...	...	...	...	229	229
Disposals	(9,726)	(131)	(3,317)	...	(116)	...	...	...	(103)	...	(95)	(13,488)
Net transfers	165	...	2,935	...	...	...	...	...	...	...	...	3,100
Reclassification of assets/corrections	...	...	...	(896)	...	...	...	...	...	...	...	(896)
<i>Gains/losses recognised in other comprehensive income</i>												
Revaluation increments (decrements)	(2,828)	...	...	...	...	...	...	...	...	...	(27)	(2,855)
<i>Gains/losses recognised in other comprehensive income</i>												
Revaluation increments/(decrements)	2,487	...	1,005	...	142	...	...	...	...	...	29	3,663
Net additions through restructuring	2,193	...	29,274	...	...	1,779	...	...	...	...	...	33,246
Depreciation & amortisation	...	...	(2,027)	(199)	...	(1,189)	...	(181)	(730)	(167)	...	(4,493)
Carrying value at 30 June	72,320	76,095	175,067	5,465	165	6,661	...	6,964	20,332	1,141	382,310	746,520

2022*	Land Level 2 (land in active markets)	Land Level 3 (specific purpose/ use land)	Buildings Level 2 (general office buildings)	Buildings Level 3 (specific purpose/ use buildings)	Aero-dromes Level 3 (specific purpose/ use)	Plant and equipment (including computer equipment)	Marine Vessels Level 3 (specific purpose/ use)	Abt Railway Rolling Stock Level 3 (specific purpose/ use)	Traffic Signal installations Level 3 (specific purpose/ use)	Lease-hold improvements	Heritage and cultural assets and Artwork Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying value at 1 July	62,452	57,795	57,989	5,684	139	4,040	2,232	5,383	20,967	1,291	381,858	599,830
Pror period error correction	8,300	17,478	25,453	...	...	152	...	...	...	60	67	51,510
Re-stated carrying value at 1 July	70,752	75,273	83,442	5,684	139	4,192	2,232	5,383	20,967	1,351	381,925	651,340
Additions	370	12	41,604	1,198	...	963	...	1,380	535	...	47	46,109
Contributions received	...	...	...	...	...	...	...	...	...	...	74	74
Disposals	...	(198)	...	...	...	(15)	(2,207)	...	(35)	...	...	(2,455)
Assets held for sale	(1,720)	...	...	...	...	...	...	...	...	...	...	(1,720)
<i>Gains/losses recognised in other comprehensive income</i>												
Revaluation increments/(decrements)	10,627	1,139	13,050	(269)	...	769	...	(100)	(174)	...	...	25,042
Depreciation & amortisation	...	...	(653)	(228)	...	(827)	(25)	(176)	(915)	(173)	...	(2,997)
Carrying value at 30 June	80,0297	76,226	137,443	6,385	139	5,082	...	6,487	20,378	1,178	382,046	715,393

*Certain numbers shown here do not correspond to the 2021-22 Financial Statements and reflect adjustments made as detailed in Note 19.3.

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Land – Rural properties - specific purpose/use land	643	A – option price in individual contracts	Nil alternatives	Option prices are locked in individual contracts
Land - Rail Corridor – specific purpose/use land	73,259	A – market value of adjacent land per square metre B –discount factor on market value of adjacent land to reflect specialised nature of asset	\$0.01 - \$453 per sq metre 30%	Increase / decrease in rates per square metre would increase / decrease the fair value Increase / decrease in discount rate would decrease / increase the fair value
Land – Abt Railway – specific purpose, including rail reserve	2,193	A –reference to available evidence in each location related to local economic and property market conditions	Highly variable due to location	Reliance on valuer's professional judgement
Buildings – specific purpose/use (ie Abt Railway buildings)	5,465	A – Physical depreciation and obsolescence adjustments B – useful life of specialised buildings	Variable 20 to 30 years	Reliance on valuer's professional judgement Increase / decrease in useful life would increase / decrease the fair value
Aerodromes – specific purpose/use	165	A – market value of land B - labour and materials cost to replace C – useful life of specialised buildings	Highly variable due to location 20 years	Increase / decrease in replacement costs would increase / decrease the fair value Increase / decrease in useful life would increase / decrease the fair value
Abt Railway Rolling Stock – specific purpose/use	6,964	A – Physical depreciation and obsolescence adjustments B – useful life of rolling stock	Variable 5 – 75 years	Reliance on valuer's professional judgement Increase / decrease in useful life would increase / decrease the fair value
Traffic Signal installations – specific purpose/use	20,332	A – labour costs to replace B – materials costs to replace C – useful life of installation components	\$2,000 to \$52,000 /site \$3,000 to \$130,000 /site 10 – 50 years	Increase / decrease in replacement costs would increase / decrease the fair value Increase / decrease in useful life would increase / decrease the fair value
Heritage and cultural assets and Artwork	382,310	A – independent specialist valuation	Nil - alternatives	Reliance on valuer's professional judgement

9.8 Right-Of-Use Assets

AASB 16 requires the Department to recognise a right-of-use asset, where it has control of the underlying asset over the lease term. A right-of-use asset is measured at the present value of initial lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The Department has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases, rental arrangements for which Finance-General has substantive substitution rights over the assets and leases for which the underlying asset is of low-value. Substantive substitution rights relate primarily to office accommodation. An asset is considered low-value when it is expected to cost less than \$10,000.

Right-of-use assets are depreciated over the shorter of the assets useful life and the term of the lease. Where the Department obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the Department will exercise a purchase option, the Department depreciates the right-of-use asset over its useful life.

(a) Carrying amount

	2023	2022
	\$'000	\$'000
Buildings		
Level 2 - at fair value	3,545	4,798
Less: Accumulated depreciation	(1,450)	(1,338)
Total	2,095	3,460
Plant and equipment and vehicles (including computer equipment)		
At cost	707	2,396
Less: Accumulated depreciation	(560)	(1,845)
Total	147	551
Total property, plant and equipment	2,242	4,011

(b) Reconciliation of movements

2023	Buildings	Plant, equipment & vehicles	Total
	\$'000	\$'000	\$'000
Carrying value at 1 July	3,461	551	4,012
Depreciation and amortisation	(429)	(129)	(558)
Other movements in opening balance	...	(275)	(275)
Other movement CPI rent adjustments	(937)	...	(937)
Carrying value at 30 June	2,095	147	2,242

2022	Buildings	Plant, equipment & vehicles	Total
	\$'000	\$'000	\$'000
Carrying value at 1 July	2,768	1,000	3,768
Depreciation and amortisation	(560)	(527)	(1,087)
Other movements in opening balance	...	78	78
Other movement CPI rent adjustments	1,253	...	1,253
Carrying value at 30 June	3,460	551	4,011

9.9 Infrastructure

Revaluations

Assets are revalued at least once in with sufficient regulatory to ensure carrying value represents fair value.

Assets are grouped on the basis of having a similar nature or function in the operations of the Department.

Those assets that are restricted by government directives or legislation are disclosed in the Statement of Financial Position as administered assets. The restriction on these assets includes the inability of the Department to benefit from the asset in the pursuit of its objectives and to deny access of others to that benefit.

The most recent revaluation of the Road asset as at 30 June 2023 was completed by The Department's Asset Management Branch on a current replacement cost basis. Replacement cost was calculated using most recent contract cost experience for Tasmanian road construction. Values are indexed annually between revaluations using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17). Current replacement cost is depreciated by the proportion of the asset that has been consumed.

Road Infrastructure

The Road Infrastructure valuation is based on current replacement cost, calculated on a base unit construction cost rate per square metre of given road carriageway area. The rate is then adjusted to reflect the additional factors that contribute significantly to the replacement cost. These factors are as follows:

- land use;
- traffic volumes; and
- national highway as the Commonwealth Government demands a higher standard.

The relative importance of each factor is determined by a statistical analysis of recent road construction project costs.

The road replacement cost gives the cost to provide a new road of the existing standard, less accumulated depreciation calculated on the basis of such cost to reflect the already consumed future economic benefits of the asset.

As a result of a review of road infrastructure valuation methodology during 2017-18, road infrastructure is divided into four components or strata, primarily for depreciation purposes, as follows:

Earthworks, cut and fill – are in the nature of land and therefore are non-depreciable and represents the cost of the earthworks in building road infrastructure.

Pavement sub-base and base – pavement has been split into two separate components, sub-base and base recognising the different useful life and service capacity characteristics for each part of the pavement. Whilst pavement thicknesses vary according to category of road, as an example a category 1 road (major highways) which typically have a 550mm deep pavement, the bottom sub-base is 350mm deep, and the upper base is 200mm deep. Useful life of the sub-base is between 70 and 80 years, while the useful life of the base is between 40 and 70 years.

Surface – the surface component consists of the bitumen seal visible on the road surface, designed to protect the pavement from water and weathering, as well as items of "road furniture" such as guard rails, wire rope barriers, signs, line marking and other traffic management facilities. Useful life of the surface component is 15 years.

Each of the four components is valued separately based on current unit rates per square metre to replace the asset, depreciated according to the age of the existing asset component. Full valuation occurs with sufficient regulatory to ensure carrying value represents fair value, with the last valuation incorporating new methodology and useful lives conducted as at 30 June 2023. Values are indexed annually using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17).

Bridge Infrastructure

Bridge infrastructure valuation is based on current replacement cost, calculated from base unit rates for construction of different bridge types.

The bridge replacement cost gives the cost to provide a new bridge of the existing standard, less accumulated depreciation calculated on the basis of such cost to reflect the already consumed future economic benefits of the asset.

Full valuation occurs every five years, with the last valuation completed by GHD on 30 June 2023. Values are indexed annually using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17).

Land Under Roads and within Road Reserves

Land under roads and within road reserves value is determined by the Valuer-General every five years from the most recent valuations of land titles adjoining and within a 200 metre corridor of the State road network. The Valuer General provides average values per hectare or square metre for the urban and non-urban sectors in each Municipality, and the Department inputs the average values into the land areas in each sector and Municipality. The last full revaluation was completed as at 30 June 2019, Valuation Adjustment Factor released by OVG was used in 2023 for indexation purpose.

ABT Railway Infrastructure

ABT Railway infrastructure comprises of the rail track, bridges, culverts, sidings, ramps and earthworks owned by the ABT Railway Ministerial Corporation. Railway assets are revalued with sufficient regulatory to ensure carrying value represents fair value on a current replacement cost basis, with the last valuation completed by Colliers as at 30 June 2022. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight line basis on the expired proportion of the estimated useful life of the asset.

Property Acquired for Roadworks

Expenditure on the acquisition of land and buildings acquired for roadworks is recognised in the accounts at settlement date and is capitalised until such time as formal possession of the property takes place for the purpose of commencing construction on the roadway.

Three methods of valuation for property and land purchased for infrastructure purposes are used by the Department, which are:

Valuer-General Sale Valuation

A sale valuation is obtained from the Valuer-General for properties that are intended to be sold in the near future. In most cases, these are the pieces of property that are left over as a result of the completion of a road construction project.

Valuer-General Rates Valuation

The rates valuation is considered to be a reasonable valuation of properties held, mostly for future roadwork purposes.

Department of State Growth Valuation

This valuation is applied to properties that remain as a result of completion of the relevant road construction project, where the Valuer-General valuation is considered inappropriate. Due to factors such as non-accessibility, usefulness of land and marketability, the true value of a property may be close to zero when accounting for disposal costs or, in any case, significantly lower than the Valuer-General's valuation.

Roads

(a) Carrying amount

	2023 \$'000	2022 \$'000
At fair value	6,951,140	6,197,475
Less: Accumulated depreciation	(2,585,831)	(2,244,012)
	4,365,309	3,953,463
Work in progress at cost	15,254	748
Total	4,380,563	3,954,211

(b) Reconciliation of movements

		2023 Level 3 \$'000	2022 Level 3 \$'000
	Notes		
Carrying amount at 1 July		3,954,211	3,650,631
Capital improvements		243,310	285,954
Write-off of replaced road assets	7.1	(8,245)	(10,527)
Transferred from West Coast Council for Nil consideration	7.1	11,451	...
Transferred from Break O'Day Council for Nil consideration	7.1	...	11,398
Revaluation increments (decrements) – annual indexation	12.1	275,679	102,339
Depreciation expense		(95,843)	(85,584)
Carrying amount at 30 June		4,380,563	3,954,211

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Road Infrastructure	4,380,563	A – labour and materials cost to replace	\$62 to \$231 per sq metre depending on component and road category	Increase / decrease in replacement costs would increase / decrease the fair value
		B – useful life of road components	15 years to unlimited	Increase / decrease in useful life would increase / decrease the fair value
		C – annual indexation factor (ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17))	7.4%	Increase / decrease in indexation factor would increase / decrease the fair value

Land Under Roads and within Road Reserves

(a) Carrying amount

	2023 \$'000	2022 \$'000
At fair value	361,362	241,897
Total	361,362	241,897

(b) Reconciliation of movements

	Notes	2023 Level 3 \$'000	2022 Level 3 \$'000
Carrying amount at 1 July		241,897	234,088
Additions		...	7,806
Transfer from Break O'Day Council at NIL consideration	7.1	...	1
Revaluation increments (decrements)	12.1	119,465	2
Carrying amount at 30 June		361,362	241,897

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Land under Roads	361,362	A – market value of adjacent land per square metre	\$0.01 - \$282 per sq metre	Increase / decrease in rates per square metre would increase / decrease the fair value
		B – discount factor on market value of adjacent land to reflect specialised nature of asset	30%	Increase / decrease in discount rate would decrease / increase the fair value

Bridges

(a) Carrying amount

	2023 \$'000	2022 \$'000
At fair value	2,620,296	2,550,700
Less: Accumulated depreciation	(1,032,848)	(1,014,105)
	1,587,448	1,536,595
Work in progress at cost	202,069	20,189
Total	1,789,517	1,556,784

(b) Reconciliation of movements

	Notes	2023 Level 3 \$'000	2022 Level 3 \$'000
Carrying amount at 1 July		1,556,784	1,455,673
Capital improvements		192,967	21,713
Write-off of replaced bridges	7.1	(176)	(343)
Revaluation increments (decrements)	12.1	77,906	117,628
Depreciation expense		(37,964)	(37,886)
Carrying amount at 30 June		1,789,517	1,556,784

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Bridges	1,839,517	A – labour and materials cost to replace	\$1,937 to \$11,192 per sq metre	Increase / decrease in replacement costs would increase / decrease the fair value
		B – useful life of bridges	25 – 250 years	Increase / decrease in useful life would increase / decrease the fair value
		C – annual indexation factor (ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17))	3.7%	Increase / decrease in indexation factor would increase / decrease the fair value

Abt Railway Infrastructure**(a) Carrying amount**

	2023 \$'000	2022 \$'000
At fair value	25,022	24,795
Less: Accumulated depreciation	(990)	...
	24,032	24,795
Work in progress at cost	7,242	5,817
Total	31,274	30,612

(b) Reconciliation of movements

	2023 Level 3 \$'000	2022 Level 3 \$'000
Carrying amount at 1 July	30,612	26,327
Additions	2,853	829
Impairment losses	(1,201)	(145)
Revaluation increments (decrements)	...	4,604
Depreciation expense	(990)	(1,003)
Carrying amount at 30 June	31,274	30,612

(c) Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Abt Railway Infrastructure	31,274	A – Physical depreciation and obsolescence adjustments	Variable	Reliance on valuer's professional judgement
		B – useful life of infrastructure	20 – 100 years	Increase / decrease in useful life would increase / decrease the fair value

	2023 \$'000	2022 \$'000
Total Infrastructure	6,562,717	5,783,504

9.10 Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Department; and
- the cost of the asset can be reliably measured.

Intangible assets held by the Department are valued at cost less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

(a) Carrying amount

	2023 \$'000	2022 \$'000
Intangibles with a finite useful life (at cost)		
Motor Registry System	17,504	17,504
Other software systems	1,356	1,356
Less: Accumulated amortisation	(18,824)	(18,812)
	36	48
Work in progress (at cost)	873	873
Total intangible assets	909	921

(b) **Reconciliation of movements**

	2023 \$'000	2022 \$'000
Carrying amount at 1 July	921	733
Additions	...	200
Amortisation expense	(12)	(12)
Carrying amount at 30 June	909	921

The above listed Intangible assets are all in-house developed specialised computer software systems.

9.11 Other assets

Other assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Department and the asset has a cost or value that can be measured reliably.

(a) **Carrying amount**

	2023 \$'000	2022 \$'000
Prepayments	51,890	3,274
Other assets	276	276
Total	52,166	3,550
Recovered within 12 months	51,857	3,249
Recovered in more than 12 months	309	301
Total	52,166	3,550

(b) **Reconciliation of movements**

	2023 \$'000	2022 \$'000
Carrying amount at 1 July	3,550	3,853
Additions	51,091	1,456
Settled/consumed	(2,475)	(1,758)
Carrying amount at 30 June	52,166	3,550

Note 10 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

10.1 Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Department becomes obliged to make future payments as a result of a purchase of assets or services.

	2023 \$'000	2022 \$'000
Creditors	11,845	7,573
Accrued expenses	22,075	5,642
Total	33,920	13,215
Settled within 12 months	33,920	13,215
Settled in more than 12 months	...	...
Total	33,920	13,215

Settlement is usually made within 30 days.

10.2 Lease Liabilities

A lease liability is measured at the present value of the lease payments that are not paid at that date. The discount rate used to calculate the present value of the lease liability is the rate implicit in the lease. Where the implicit rate is not known and cannot be determined, the Tascorp indicative lending rate including the relevant administration margin is used.

The Department has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases, rental arrangements for which Finance-General has substantive substitution rights over the assets and leases for which the underlying asset is of low-value. Substantive substitution rights relate primarily to office accommodation and vehicles within the whole of Government motor pool. An asset is considered low-value when it is expected to cost less than \$10,000.

The Department has entered into the following leasing arrangements:

Class of right-of-use asset	Details of leasing arrangements
Plant and equipment	IT equipment leases range between 2 and 5 years with fixed repayments and no residual. The Departments exposure is limited to the liability recorded.
Buildings	Building leases relate to buildings of a specialist nature or of a small size not classified as major office accommodation by Finance-General. Leases of this nature may be under 5 years, however, will generally allow of multiple extensions which have been incorporated within the lease liability calculated below. Lease payments are subject to variation relating to annual CPI indexations, for which the Department is potentially exposed to increase future cash outflows beyond the liability calculated.

	2023 \$'000	2022 \$'000
Current		
Lease liabilities	513	1,126
Non-current		
Lease liabilities	1,830	4,457
Total	2,343	5,583

Maturity analysis of lease liabilities

	2023 \$'000	2022 \$'000
One year or less	513	1,126
From two to three years	...	...
From four to five years	1,830	4,457
More than five years	...	...
Total	2,343	5,583

The lease liability in the maturity analysis is presented using undiscounted contractual amounts before deducting finance charges.

The following amounts are recognised in the Statement of Comprehensive Income

	2023 \$'000	2022 \$'000
Interest on lease liabilities included in note 8.5	54	102
Lease expenses included in note 8.3		
Lease of low-value assets	21	4
Lease expenses relating to whole of government fleet and major office accommodation	513	4,589
Income from sub-leasing right-of-use assets	(1)	(1)
Net expenses from leasing activities	587	5,447

10.3 Borrowings

Bank loans and other loans are initially measured at fair value, net of transaction costs. Bank loans and other loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(a) Carrying amount

	2023 \$'000	2022 \$'000
Loans from the State Government	1,880	2,350
Loans from the Australian Government	18,883	23,660
Loans from Tascorp	97,300	99,500
Total	118,063	125,510

(b) Maturity schedule

	2023 \$'000	2022 \$'000
One year or less	78,430	50,877
From one to five years	39,633	74,633
Total	118,063	125,510

10.4 Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

A liability for on-costs (ie workers compensation premiums) is recognised and disclosed as part of Other liabilities. On-costs are not classified as an employee benefit.

	2023 \$'000	2022 \$'000
Accrued salaries	3,238	2,375
Annual leave	8,654	8,152
Long service leave	14,450	13,346
Other employee provisions	80	120
Total	26,422	23,993
Expected to settle within 12 months	13,449	11,824
Expected to settle in more than 12 months	12,973	12,169
Total	26,422	23,993

10.5 Provisions

A provision arises if, as a result of a past event, the Department has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

(a) Carrying amount

	2023 \$'000	2022 \$'000
Compulsory acquisition of land for roadworks	8,037	7,727
Total	8,037	7,727
Settled within 12 months	8,037	7,727
Settled in more than 12 months	...	...
Total	8,037	7,727

(b) Reconciliation of movements in provisions

	2023 \$'000	2022 \$'000
Balance at 1 July	7,727	7,357
Additions/increases	3,321	1,468
Settled acquisitions	(3,011)	(1,098)
Balance at 30 June	8,037	7,727

10.6 Other liabilities

Other liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

	2023 \$'000	2022 \$'000
Revenue received in advance		
Other revenue received in advance	1,333	5,132
Other liabilities		
Monies held in trust	32,857	34,399
Suspense accounts	2,580	2,397
PAYG withholding tax liability over year end	62	59
Employee benefits – on costs	186	194
Other	10	6
Total	37,028	42,187
Settled within 12 months	36,923	42,076
Settled in more than 12 months	105	111
Total	37,028	42,187

Monies held in Trust are primarily Mines Deposit Accounts (\$32.86M), which are held by the Department in trust as mine rehabilitation bonds and Provision for Land Acquisitions.

Note 11 Commitments and Contingencies

11.1 Schedule of Commitments

Commitments represent those contractual arrangements entered by the Department that are not reflected in the Statement of Financial Position.

Leases are recognised as right of use assets and lease liabilities in the Statement of Financial Position, excluding short term leases and leases for which the underlying asset is of low value, which are recognised as an expense in the Statement of Comprehensive Income.

	2023 \$'000	2022 \$'000
By type		
Capital commitments		
Infrastructure – Roads	537,350	346,234
Total capital commitments	537,350	346,234
Commitments held with Finance-General		
Major office accommodation	47,485	53,116
Motor vehicle fleet (base usage charge)	1,370	1,166
Other – low value assets	43	2
Total Commitments held with Finance-General	48,898	54,334
Other commitments		
Loan commitments	178,921	181,574
Program/project commitments	866,022	1,014,928
Total other commitments	1,044,943	1,196,502
Total	1,631,192	1,597,070
By maturity		
Capital commitments		
One year or less	341,646	251,021
From one to five years	195,704	95,118
More than five years	...	95
Total capital commitments	537,350	346,234
Commitments held with Finance-General		
One year or less	5,376	5,422
From one to five years	21,856	23,231
More than five years	21,666	25,681
Total Commitments held with Finance-General	48,898	54,334
Other commitments		
One year or less	427,050	606,595
From one to five years	614,793	589,848
More than five years	3,100	59
Total other commitments	1,044,943	1,196,502
Total	1,631,192	1,597,070

The Department has entered into a number of other lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

Lease income from other leases where the Department is a lessor is recognised in income on a straight-line basis.

NB: Commitments are shown as GST exclusive.

Capital commitments are predominantly associated with maintenance and development of State and National road and bridge infrastructure. State Roads infrastructure commitments will be funded by capital appropriations by the State Government, together with funds provided and held over from prior years. Funding of commitments for National Roads is provided by the Australian Government through the Nation Building, Strategic Regional and Blackspots programs.

The majority of the Department's leases are represented by land and building rental costs and motor vehicles leased through the government's fleet manager. The rentals on leased premises generally contain renewal options that extend the lease to match the current lease periods. These range from 2 to 20 years. The total lease commitment excludes local government and other executory costs where they are paid directly to a party other than the lessor. These costs are included elsewhere in the Department's expenditures.

The minimum lease payment for vehicles is based on the average age of the vehicle fleet and a standard lease period of 36 months.

Loans commitments are loans approved but not drawn down by clients as at 30 June.

The program / project commitments shows amounts approved to clients payable over a period of one year or greater on which the actual amount payable is dependent upon expenditure being incurred and certain conditions being met by these clients and a claim submitted and approved for payment. The estimated commitment as at 30 June has been included in these cases.

11.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding any possible amount or timing of any possible underlying claim or obligation.

(a) Quantifiable contingencies

A quantifiable contingent asset is any possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is any possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or any present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. To the extent that any quantifiable contingencies are insured, details provided below are recorded net.

	2023 \$'000	2022 \$'000
Quantifiable Contingent Liabilities		
Asbestos removal from traffic signal sites: This involves the identification and removal of any asbestos from approximately 1,000 traffic signal sites, predominantly pits, associated with traffic signals. The nature and location of the individual traffic signal sites will have a significant impact on the cost of any remediation with the cost range from a few hundred dollars per site to more than \$10,000 for some complex sites. The extent of work on each site will be based on individual assessment which creates significant uncertainty about the final cost.	3,500	3,500
In late 2015 and following a recommendation from the TDR Board, the Minister for State Growth and Treasurer jointly approved the provision of a \$25 million financial assistance package to Copper Mines of Tasmania (CMT) to support a possible reopening of the Mt Lyell Copper Mine. The assistance package was approved in the form of a grant to reimburse CMT for payroll tax and mineral royalties paid over a seven-year period, contingent on the mine reopening.	25,000	25,000
Total quantifiable contingent liabilities	28,500	28,500

(b) Unquantifiable Contingencies

At 30 June 2023 the Department had a number of legal claims against it for:

- compensation in relation to a deceased's personal injury caused by exposure to asbestos that TDR is partially liable for.
- compensation in relation to the acquisition of property for road construction; and
- personal injury, damage, or loss allegedly caused by the actions or inactions of the Department.

It is not possible at the reporting date to accurately estimate the amounts of any eventual payments that may be required in relation to these claims.

Note 12 Reserves

12.1 Reserves

2023	Land	Rail corridor land	Buildings	Aero- dromes	Plant and Equip- ment	Traffic Signals	Road Infras- tructure	Bridges	Other Infras- tructure	Artwork	Heritage and Cultural assets	Total
Asset revaluation reserve	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	42,970	23,700	23,463	710	6,576	8,498	1,719,479	892,635	13,581	17	16,379	2,748,008
Revaluation increments/ (decrements)	121,951	...	1,005	141	...	...	275,679	77,906	...	29	...	476,711
Balance at 30 June	164,921	23,700	24,468	851	6,576	8,498	1,995,158	970,541	13,581	46	16,379	3,224,719

2022	Land	Rail corridor land	Buildings	Aero- dromes	Plant and Equip- ment	Traffic Signals	Road Infras- tructure	Bridges	Other Infras- tructure	Artwork	Heritage and Cultural assets	Total
Asset revaluation reserve	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	31,202	23,700	10,682	710	5,907	8,672	1,617,140	775,007	8,977	17	16,379	2,498,393
Revaluation increments/ (decrements)	11,766	...	12,781	...	669	(174)	102,339	117,628	4,604	...	...	249,615
Balance at 30 June	42,970	23,700	23,463	710	6,576	8,498	1,719,479	892,635	13,581	17	16,379	2,748,008

(a) Nature and purpose of reserves

The Asset revaluation reserve is used to record increments and decrements on the revaluation of non-financial assets.

12.2 Administrative Restructuring

Net assets received under a restructuring of administrative arrangements are designated as contributions by owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners. Net assets transferred are initially recognised at the amounts at which they were recognised by the transferring department immediately prior to the transfer.

As a result of a restructuring of administrative arrangements, the Department of State Growth assumed responsibility for Renewables Energy, Climate, and Future Industries Tasmania (ReCFIT), effective on 1 October 2022.

In respect of activities assumed, the net book values of assets and liabilities transferred to the Department from the Department of Treasury and Finance for no consideration and recognised as at the date of transfer were:

Renewables Energy, Climate, and Future Industries Tasmania

	As at 1 Oct 2022 \$'000
Contribution by owners	
Cash and deposits	1,478
Plant and equipment	150
Total assets relinquished	1,628
Employee entitlements	1,144
Other liabilities	7
Total liabilities relinquished	1,151
Net assets (liabilities) assumed on restructure	477

Expenses and revenues attributable to ReCFIT area for the current year, up to the date of transfer, are:

	1 Oct 2022 \$'000
Revenues	
Recognised by the Department of State Growth	15,859
Recognised by the Department of Treasury and Finance	2,778
Total revenues	18,637
Expenses	
Recognised by the Department of State Growth	13,146
Recognised by the Department of Treasury and Finance	2,945
Total expenses	16,091

Prior year comparatives have not been adjusted or realigned to reflect the restructure.

As a result of a restructuring of administrative arrangements, the Department of State Growth assumed responsibility for Sport and Recreation, effective on 1 July 2022.

In respect of activities assumed, the net book values of assets and liabilities transferred to the Department from the Department of Communities Tasmania for no consideration and recognised as at the date of transfer were:

Sport and Recreation

As at
1 July 2022
\$'000

Contribution by owners

Cash and deposits	2
Receivables	97
Property, plant and equipment	33,094
Total assets relinquished	33,193
Employee entitlements	1,433
Other liabilities	59
Total liabilities relinquished	1,492
Net assets (liabilities) assumed on restructure	31,701

Note 13 Cash Flow Reconciliation

13.1 Cash and deposits

Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the Department, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2023 \$'000	2022 \$'000
Specific Purpose Account balances		
S524 Department of State Growth Financial Management Account	29,125	39,853
Commonwealth Bank account – Abt Railway Ministerial Corporation	4,599	3,951
Petty cash – Abt Railway Ministerial Corporation	7	7
Commonwealth Bank account – Tasmanian Museum and Art Gallery	4,968	5,304
Total S524	38,699	49,115
Agency Trust Accounts		
T466 Mines Deposit Account	26,658	23,982
T003 Provision for Land Acquisition Account	5,924	5,914
Total	32,582	29,896
Total cash and deposits	71,281	79,011
Restricted use cash and deposits	4,536	5,376
Unrestricted use cash and deposits	66,745	73,635
Total cash and deposits	71,281	79,011

TMAG receives funding from State and Federal Government Agencies, large corporations, private philanthropists and individuals who have designated the funds for use towards museum outcomes. There are stipulated restrictions on the use of the majority of these funds (\$4.39M). The balance relates to TDR accounts.

13.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2023 \$'000	2022 \$'000
Net results	301,903	282,089
Depreciation and amortisation	139,861	128,569
(Gain) loss on non-financial assets	23,895	1,692
Interest capitalised	(177)	...
Impairment adjustments	402	347
Decrease (increase) in Receivables	27,858	(33,829)
Decrease (increase) in Other Financial Assets	321	(393)
Decrease (increase) in Inventories	3,725	(4,911)
Decrease (increase) in Right of Use Asset	8	(243)
Decrease (increase) in Prepayments	1,384	27
Decrease (increase) in Other Assets	...	276
Increase (decrease) in Employee entitlements	2,479	244
Increase (decrease) in Payables	17,227	(356)
Increase (decrease) in Lease liabilities	...	908
Increase (decrease) in Other liabilities	(5,159)	5,229
Less: contributions received	(14,780)	(74)
Less: non-operational capital funding – recurrent appropriation	(254)	(2,070)
Less: non-operational capital funding - works & services appropriation	(165,590)	(134,815)
Less: non-operational capital funding – Australian Government grants	(282,297)	(125,861)
Net cash from (used by) operating activities	50,806	116,829

13.3 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

2023	Borrowings \$'000	Monies Held in Trust \$'000
Balance as at 1 July 2022	125,510	34,399
Trust receipts	...	3,407
Trust payments	...	(1,560)
Other movements	...	(3,389)
Changes from financing cash flows:	16,300	...
Cash Received	...	...
Cash Repayments	(23,747)	...
Balance as at 30 June 2023	118,063	32,857
2022	Borrowings \$'000	Monies Held in Trust \$'000
Balance as at 30 June 2021	118,483	23,610
Trust receipts	...	12,720
Trust payments	...	(1,581)
Other movements	...	(350)
Changes from financing cash flows:	19,000	...
Cash Received	...	...
Cash Repayments	(11,973)	...
Balance as at 30 June 2022	125,510	34,399

13.4 Acquittal of Capital Investment and Specific Purpose Accounts

The Department received Capital Appropriation funding and revenues from Specific Purpose Accounts to fund specific projects.

Cash outflows relating to these projects are listed below by category.

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

(a) Project expenditure

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Capital Investment Program			
<i>National Highway System</i>			
Algona Interchange and Kingston Bypass	1,000	...	...
Bass Highway - Birralee to Exton	...	214	148
Bridge Renewal Program	554	2,046	2,601
Channel Highway Bypass of Huonville	200	...	...
Domain Highway Planning	...	321	269
Freight Access Bridge Upgrade	...	2,422	7,335
Heavy Vehicle Safety and Productivity	3,552	209	1,588
Infrastructure Maintenance	7,674	7,888	11,570
Infrastructure Stimulus Funding	5,339	4,290	8,144
Midland Highway	37,498	50,057	18,467
New Bridgewater Bridge	208,400	170,865	26,937
Road Safety Projects	20,200	4,896	9,393
Roads of Strategic Importance	96,289	46,417	77,331
Rokeby Stage 3 - Pass Road to Oakdowns	2,700	...	...
Urban Congestion Fund	13,279	1,052	514
<i>State Funded Projects</i>			
Algona Interchange and Kingston Bypass	551	994	410
Arthur Highway Upgrades	500	248	...
Bridge Renewal Program	...	1	...
Bruny Island Landside Infrastructure	...	1,358	2,771
Bus Services As Part Of The Hobart City Deal	...	319	222
Bus Stop Upgrades	1,320	432	70
Cycling Infrastructure	500	...	...
Cygnets Township Safety Upgrade	700	...	300
Devonport to Cradle Mountain Upgrade	...	342	...
Dial Regional Sports Complex	...	148	...
Domain Highway Planning	81	(110)	...
East and West Tamar Highway Upgrades	2,340	1,878	92
Esk Main Road	...	...	138
Extending the Great Eastern Drive – Binalong Bay Road	1,599	57	2,135
Freight Access Bridge Upgrade	...	748	1,778
Glenora Road Upgrade	1,000	...	...
Great Eastern Drive	980	359	17
Greater Hobart Traffic Solution	44,354	21,045	24,813
Heavy Vehicle Safety and Productivity	...	198	3
Huntingfield Roundabout Improvements	...	1,848	327
Infrastructure Maintenance	90,322	107,225	82,282
Infrastructure Stimulus Funding	6,945	4,737	23,452
Launceston and Tamar Valley Traffic Vision	4,872	3,231	1,209
Midland Highway	157	1	26
Mowbray Connector	...	...	17
Network Planning	1,086	506	856
New Bridgewater Bridge	42,600	42,644	9,901
New Park and Ride Facilities	7,780	225	424
Northern Suburbs Multi- Sports Facility	33,500	6,871	...

	2023 Budget \$'000	2023 Actual \$'000	2022 Actual \$'000
Palana Road Upgrades	100	...	2,000
Program Management	8,162	7,061	6,682
Road Safety Projects	10,172	7,291	6,619
Roads of Strategic Importance	27,197	15,428	11,764
Roads Package to Support Tasmania's Visitor Economy	3,709	4,812	13,715
Rokeby Stage 3 - Pass Road to Oakdowns	100	114	144
Sideling Upgrades Stage 2	...	9	...
Signage	178	170	...
South East Traffic Solution	10,190	6,251	13,981
State Road Upgrades – Northern Region	17,427	29,324	6,029
State Road Upgrades – Southern Region	3,660	4,204	18,782
State Roads Upgrades - North West & West Coast Region	13,393	16,069	7,474
Traffic Management and Engineering Services	3,591	3,462	3,452
Urban Congestion Fund	9,593	731	60
Victoria Street Redevelopment	650	50	600
West Tamar Highway Traffic Solution	...	39	5,366
Total cash outflows	745,994	580,997	412,208

(b) Classification of cash flows

The project expenditure above is reflected in the Statement of Cash Flows as follows.

	2023 \$'000	2022 \$'000
Cash outflows		
Supplies and consumables:		
Maintenance	43,969	42,179
Other supplies and consumables	54,314	7,806
Payments for acquisition of assets	482,714	362,223
Total cash outflows	580,997	412,208

Note 14 Financial Instruments

14.1 Risk exposures

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Head of Agency has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Department does not hold any derivative financial instruments.

(b) **Credit risk exposures**

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables (including Tax assets)	Recognised upon the provision of a good or service and the issuance of an invoice or claim ie BAS, measured at face value	Payment terms generally 30 days. Collectability of receivables is reviewed at balance date and a provision for impairment raised when collection of a debt is judged to be doubtful.
Cash and deposits	Recognised upon receipt of cash, measured at face value	At call
Loan advances	Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of Loan advances are reviewed on an ongoing basis.	Loan advances include financial assistance provided by the government to the private sector in the form of loans.
Other financial assets (ie accrued revenue)	Recognised upon the accrual of the future benefit, measured at face value	Majority of accrued revenues are settled within 6 months

Receivables age analysis - expected credit loss

The simplified approach to measuring expected credit losses is applied, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on historical observed loss rates adjusted for forward looking factors that will have an impact on the ability to settle the receivables. The loss allowance for trade debtors as at 30 June 2022 and 30 June 2023 are as follows.

Expected credit loss analysis of receivables as at 30 June 2023						
	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate (A)	0.00%	0.00%	0.00%	0.00%	21.08%	
Total gross carrying amount (B)	1,905	2,169	22	9	1,390	5,495
Expected credit loss (A x B)	...	...	...	...	(293)	(293)

Expected credit loss analysis of receivables as at 1 July 2022						
	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate (A)	0.00%	0.01%	0.05%	0.01%	0.04%	
Total gross carrying amount (B)	36,305	515	...	361	36	37,212
Expected credit loss (A x B)	...	(51)	...	(36)	(14)	(101)

(c) Liquidity risk

Liquidity risk is the risk that the Department will not be able to meet its financial obligations as they fall due. The Department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Recognised upon the receipt of a good or service that has not been paid for, measured at face value	Settled within 30 days
Interest bearing liabilities	Bank loans and other loans are initially measured at fair value, net of transaction costs. These loans are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The Department regularly reviews its contractual outflows to ensure that there is sufficient cash available to meet contracted payments.	Contractual payments made on a regular basis.
Monies held in Trust	Recognised upon receipt of monies, measured at face value	At call
Revenue received in advance	Recognised upon receipt of monies, measured at face value	Expended by 30 September of the following year in terms of section 8A of the <i>Public Account Act 1986</i>

The Department is not exposed to liquidity risk of any significance. Appropriation funding is provided to the Department from State Treasury as funds are spent by the Department, provided the Department does not exceed its budget. The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2023

Maturity analysis for financial liabilities:

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	33,919	...	...	...	...	...	33,919	33,919
Borrowings - Interest bearing	12,300	70,000	15,000	...	...	...	97,300	97,300
Borrowings - Non-interest bearing	470	6,365	...	...	12,518	1,410	20,763	20,763
Monies held in Trust	32,857	...	...	...	...	...	32,857	32,857
Total	79,546	76,365	15,000	...	12,518	1,410	184,839	184,839

Maturity analysis for financial liabilities:

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Payables	13,215	...	...	...	...	...	13,215	13,215
Borrowings - Interest bearing	49,500	35,000	15,000	...	...	...	99,500	99,500
Borrowings - Non-interest bearing	1,377	2,312	2,817	2,825	3,053	13,626	26,010	26,010
Monies held in Trust	34,399	...	...	...	...	...	34,399	34,399
Total	98,491	37,312	17,817	2,825	3053	13,626	173,124	173,124

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the Department is exposed to is interest rate risk.

At the reporting date, the interest rate profile of the Department's interest-bearing financial instruments was:

	2023 \$'000	2022 \$'000
Fixed rate instruments		
Financial assets	...	...
Less Financial liabilities	(85,000)	(95,000)
Total	(85,000)	(95,000)
Variable rate instruments		
Financial assets	154,066	151,831
Less Financial liabilities	(12,627)	(4,819)
Total	141,439	147,012

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Department's profit or loss and equity:

Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates:

	Statement of Comprehensive Income		Equity	
	100 basis points increase \$'000	100 basis points decrease \$'000	100 basis points Increase \$'000	100 basis points decrease \$'000
30 June 2023				
Cash and deposits	50	(50)	50	(50)
Loan advances	1,491	(1,491)	1,491	(1,491)
Monies held in Trust	(973)	973	(973)	973
Borrowings	(3)	3	(3)	3
Net sensitivity	564	(564)	564	(564)
30 June 2022				
Cash and deposits	53	(53)	53	(53)
Loan advances	1,465	(1,465)	1,465	(1,465)
Monies held in Trust	(995)	995	(995)	995
Borrowings	(3)	3	(3)	3
Net sensitivity	520	(520)	520	(520)

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2021.

14.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2023 \$'000	2022 \$'000
Financial assets		
Amortised cost	225,874	262,751
Total	225,874	262,751
Financial liabilities		
Financial liabilities measured at amortised cost	(184,840)	(138,725)
Total	(184,840)	(138,725)

There has been no change, during the period and cumulatively, in the fair value of any receivables or financial liabilities that is attributable to changes in the credit risk of that asset or liability.

14.3 Derecognition of Financial Assets

The Department has not transferred financial assets in such a way that part or all of the financial assets do not qualify for derecognition.

14.4 Comparison between Carrying Amount and Net Fair Value of Financial Assets and Liabilities

	Carrying Amount 2023 \$'000	Net Fair Value 2023 \$'000	Carrying Amount 2022 \$'000	Net Fair Value 2022 \$'000
Financial assets				
Cash at bank	32,582	32,582	29,896	29,896
Cash and Deposits	38,699	38,699	49,115	49,115
Receivables	5,495	18,488	37,213	46,346
Loan advances	149,098	149,098	146,527	146,527
Total financial assets	225,874	238,867	262,751	271,884
Financial liabilities				
Trade creditors	33,920	33,920	13,215	13,215
Borrowings	118,063	116,111	125,510	122,152
Other financial liabilities:				
Monies held in Trust	32,857	32,857	34,399	34,399
Total financial liabilities	184,840	182,888	173,124	169,766

14.5 Net Fair Values of Financial Assets and Liabilities

2023

	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net fair Value Total \$'000
Financial assets				
Cash at bank	32,582	...	...	32,582
Cash in Special Deposits and Trust Fund	38,699	...	...	38,699
Receivables	...	18,488	...	18,488
Loan advances	...	149,098	...	149,098
Total financial assets	71,281	167,586	...	238,867
Trade creditors	...	33,920	...	33,920
Borrowings	...	116,111	...	116,111
Monies held in Trust	...	32,857	...	32,857
Total financial liabilities	...	182,888	...	182,888

2022

	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net fair Value Total \$'000
Financial assets				
Cash at bank	29,896	...	...	29,896
Cash in Special Deposits and Trust Fund	49,115	...	...	49,115
Receivables	...	46,346	...	46,346
Loan advances	...	146,527	...	146,527
Total financial assets	79,011	192,873	...	271,884
Financial liabilities				
Trade creditors	...	13,215	...	13,215
Borrowings	...	122,152	...	122,152
Other financial liabilities:				
Monies held in Trust	...	34,399	...	34,399
Total financial liabilities	...	169,766	...	169,766

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair values of receivables are based on the nominal amounts due less any provision for impairment.

The net fair values of other financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors and other financial liabilities are approximated by their carrying amounts.

Note 15 Details of Consolidated Entities

15.1 List of Entities

The following entities have been consolidated by the Department:

Entity	Ownership Interest	Proportion of Ownership Interest
Tasmania Development and Resources	State of Tasmania	100%
The Tasmanian Museum and Art Gallery	State of Tasmania	100%
Abt Railway Ministerial Corporation	State of Tasmania	100%

Note 16 Notes to Administered Statements

Budget information refers to original estimates as disclosed in the 2022-23 Budget Papers and is not subject to audit.

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

16.1 Explanations of Material Variances between Budget and Actual Outcomes

(a) Schedule of Administered Income and Expenses

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Sales of goods and services	(i)	5,724	8,510	2,786	49
Supplies and consumables	(ii)	136	3,555	3,419	2,514

Notes to Schedule of Administered Income and Expenses variances

- (i) Variance reflects higher than anticipated revenue from custom vehicle plate (Tasplates) sales.
- (ii) Variance reflects higher than anticipated transfers of funds relating to custom vehicle plate (Tasplates) sales.

(b) Schedule of Administered Assets and Liabilities

	Note	Budget \$'000	2023 Actual \$'000	2022 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(i)	...	(773)	325	(773)	(1,098)
Receivables	(ii)	3,429	1,286	2,496	(2,143)	(1,210)
Other liabilities	(iii)	3,135	(2,945)	983	(6,080)	(3,928)

Notes to Schedule of Administered Assets and Liabilities Variances

- (i) Variance reflects a lower than anticipated cash position relating to third party revenue collections for the Motor Registry System.
- (ii) Variance reflects the lower than anticipated receivables for Motor Registry third party revenue collections.
- (iii) Variance reflects a lower than anticipated cash position relating to third party revenue collections for the Motor Registry System.

16.2 Administered revenue from Government

For significant Accounting Policies relating to Administered Revenue from Government please refer to note 6.1.

	2023	2023	2022
	Budget	Actual	Actual
	\$'000	\$'000	\$'000
Continuing operations			
Appropriation revenue - recurrent			
Current year	32,177	31,899	48,252
Total	32,177	31,899	48,252

16.3 Administered Grants

	2023	2022
	\$'000	\$'000
<i>Continuing operations</i>		
Grants from other Government Departments	...	1,594
Total revenue from grants	...	1,594

16.4 Administered State taxation

	2023	2022
	\$'000	\$'000
Vehicle Registration Fees	51,833	48,774
Total	51,833	48,774

16.5 Administered Sales of goods and services

	2023	2022
	\$'000	\$'000
Goods		
Mineral Land Rentals	1,197	1,182
Custom Plates	4,622	5,094
Services		
MAIB Commission	2,405	2,203
Registration and Licensing	234	117
Forest Practice Plan fees	...	666
Other	52	96
Total	8,510	9,358

16.6 Administered Fees and fines

	2023	2022
	\$'000	\$'000
Regulatory Fees		
Vehicle escorts	5	304
Public Vehicle Licensing	18	28
Fees from Mineral Lands	1,397	872
Driver Licensing	8,835	9,273
Fines		
Weighbridge	21	6
Other	40	148
Total	10,316	10,631

16.7 Administered other revenue

	2023	2022
	\$'000	\$'000
Mineral Royalties	56,084	83,234
Total	56,084	83,234

Revenue from Mineral Royalties is recognised on receipt based on self-assessment by mining companies. The royalties are calculated and paid based on mined volumes each quarter and supported by spot audits by Mineral Resources Tasmania staff. Due to inherent difficulties of accounting for this revenue on an accrual basis, mineral royalties' revenue is accounted for on a cash basis.

16.8 Administered Employee benefits

	2023	2022
	\$'000	\$'000
Wages and salaries	37	1,299
Annual leave	2	164
Long service leave	2	63
Superannuation	3	204
Other employee benefits	1	76
Total	45	1,806

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on a department contribution rate determined by the Treasurer, on the advice of the State Actuary. The current department contribution is 13.95 per cent (2022: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 10.5 per cent (2022: 10 per cent) of salary. In addition, departments are also required to pay into the Consolidated Fund a "gap" payment equivalent to 3.45 per cent (2022: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

16.9 Depreciation and amortisation

All applicable non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their service potential.

Key estimate and judgement

Depreciation is provided for on a straight-line basis using rates which are reviewed annually. The major depreciation periods are:

Plant and equipment	5 years
Computer equipment	3 years

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by FPA. Major amortisation period is:

Software	1-5 years
----------	-----------

(a) Depreciation

	2023 \$'000	2022 \$'000
Plant and equipment	...	3
Right-of-use-asset	...	32
Total	...	35

16.10 Administered Supplies and consumables

	2023 \$'000	2022 \$'000
Personalised number plate production costs	3,047	3,922
Other supplies and consumables	508	(334)
Total	3,555	3,588

16.11 Administered Grants and subsidies

	2023	2022
	\$'000	\$'000
Grants		
National Road Transport Commission: Local Government Contribution	1,500	1,500
Private Forests Tasmania	...	1,680
Contribution to Marine and Safety Tasmania	1,751	8,252
Cricket Tasmania	500	...
Tasmanian Railway Pty Ltd	13,900	13,100
West Coast Wilderness Railway	4,000	4,000
Forest Practices Authority	...	1,594
Government contribution to the Tasmanian Symphony Orchestra	2,351	2,310
Ten Days on the Island	1,423	1,132
Theatre Royal	1,000	976
Sustainable Timber Tasmania – Community Service Obligation	...	8,000
Total Grants	26,425	42,544
Subsidies		
Conveyance Allowances	694	...
Pensioner Air Travel Subsidy	10	4
Transport Access Scheme	4,746	4,944
Total Subsidies	5,450	4,948
Total	31,875	47,492

16.12 Administered Other expenses

	2023	2022
	\$'000	\$'000
Miscellaneous expenses	1	1,184
Total	1	1,184

16.13 Administered Receivables

	2023	2022
	\$'000	\$'000
Receivables	1,286	3,041
Less: Expected credit loss	...	(545)
Total	1,286	2,496
Sales of goods and services (inclusive of GST)	1,287	2,998
Less: Provision for impairment	...	(545)
GST receivable	(1)	43
Total	1,286	2,496
Settled within 12 months	1,286	2,496
Total	1,286	2,496

Reconciliation of movement in expected credit loss for administered receivables	2023	2022
	\$'000	\$'000
Carrying amount at 1 July	(545)	(316)
Increase/(decrease) in provision recognised in profit or loss	545	(229)
Carrying amount at 30 June	...	(545)

For ageing analysis of administered financial assets past due but not impaired please refer to note 16.26.

16.14 Administered Other liabilities

	2023	2022
	\$'000	\$'000
Other liabilities		
Monies held in trust	(2,945)	983
Total	(2,945)	983
Settled within 12 months	(2,945)	983
Total	(2,945)	983

Monies held in Trust are primarily third party revenues collected by the Department through motor registration receipts, held pending daily transfer to the owning third parties. Third parties include MAIB, State Revenue Office and Tasmania Fire Service (refer Note 17).

16.15 Administered Cash and deposits

Administered Cash and deposits includes the balance of the Special Deposits and Trust Fund Accounts held by the Department, and other cash held, which are administered or held in a trustee capacity or agency arrangement.

	2023	2022
	\$'000	\$'000
S524 State Growth Financial Management Account	(773)	325
Total	(773)	325
Total cash and deposits	(773)	325

16.16 Administered Financial Instruments

(a) Risk management policies

The Department has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Head of Agency has overall responsibility for the establishment and oversight of the Department's risk management framework. Risk management policies are established to identify and analyse risks faced by the Department, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Department does not hold any derivative financial instruments.

(a) Credit risk exposures

Credit risk is the risk of financial loss to the Department if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Assets		
Receivables	Recognised upon the provision of a good or service and the issuance of an invoice.	Payment terms generally 30 days.
Cash and deposits	Recognised upon receipt of cash, measured at face value	At call
Other financial assets (ie accrued revenue)	Recognised upon the accrual of the future benefit, measured at face value	Majority of accrued revenues are settled within 6 months

Receivables age analysis - expected credit loss

The simplified approach to measuring expected credit losses is applied, which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on historical observed loss rates adjusted for forward looking factors that will have an impact on the ability to settle the receivables. The loss allowance for trade debtors as at 30 June 2023 and 30 June 2022 are as follows.

Expected credit loss analysis of receivables as at 30 June 2023						
	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate (A)	0.38%	...
Total gross carrying amount (B)	1,284	3	1,287
Total Expected credit loss (A x B)

Expected credit loss analysis of receivables as at 30 June 2022						
	Not past due	Past due 1-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected credit loss rate (A)	11.3%	9.2%	0.04%	28.4%	13.3%	
Total gross carrying amount (B)	1,449	48	...	1,175	325	2,997
Total Expected credit loss (A x B)	(164)	(4)	...	(334)	(43)	(545)

(b) Liquidity risk

Liquidity risk is the risk that the Department will not be able to meet its financial obligations as they fall due. The Department's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial Liabilities		
Payables	Recognised upon the receipt of a good or service that has not been paid for, measured at face value	Settled within 30 days
Monies held in Trust	Recognised upon receipt of monies, measured at face value	At call

The Department is not exposed to liquidity risk of any significance. Appropriation funding is provided to the Department from State Treasury as funds are spent by the Department, provided the Department does not exceed its budget. The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

2023

Maturity analysis for financial liabilities:

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Monies held in Trust	(2,945)						(2,945)	(2,945)
Total	(2,945)						(2,945)	(2,945)

2022

Maturity analysis for financial liabilities:

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
Financial liabilities								
Monies held in Trust	983	...	...	...	...	...	983	983
Total	983	...	...	...	...	...	983	983

Changes in variable rates of 100 basis points at reporting date would have the following effect on the Department's profit or loss and equity:

Sensitivity Analysis of Department's Exposure to Possible Changes in Interest Rates:				
	Statement of Comprehensive Income		Equity	
	100 basis points increase \$'000	100 basis points decrease \$'000	100 basis points increase \$'000	100 basis points decrease \$'000
30 June 2023				
Monies held in trust	(29)	29	(29)	29
Net sensitivity	(29)	29	(29)	29
30 June 2022				
Monies held in trust	(10)	10	(10)	10
Net sensitivity	(10)	10	(10)	10

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2022.

16.17 Categories of Administered Financial Assets and Liabilities

AASB 9 Carrying amount	2023 \$'000	2022 \$'000
Financial assets		
Amortised cost	513	2,777
Total	513	2,777
Financial Liabilities		
Financial liabilities measured at amortised cost	2,945	(983)
Total	2,945	(983)

There has been no change, during the period and cumulatively, in the fair value of any receivables or financial liabilities that is attributable to changes in the credit risk of that asset or liability.

16.18 Derecognition of Administered Financial Assets

The Department has not transferred financial assets in such a way that part or all of the financial assets do not qualify for derecognition.

16.19 Comparison between Carrying Amount and Net Fair Value of Administered Financial Assets and Liabilities

	Carrying Amount 2023 \$'000	Net Fair Value 2023 \$'000	Carrying Amount 2022 \$'000	Net Fair Value 2022 \$'000
Financial assets				
Cash and deposits	(773)	(773)	325	325
Receivables	1,286	1,286	2,452	2,452
Total financial assets	513	513	2,777	2,777
Financial liabilities				
Other financial liabilities:				
Monies held in Trust	(2,945)	(2,945)	983	983
Total financial liabilities	(2,945)	(2,945)	983	983

16.20 Net Fair Values of Administered Financial Assets and Liabilities

2023	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net fair Value Total \$'000
Financial assets				
Cash in Specific Purpose Accounts	...	(773)	...	(773)
Receivables	1,286	1,286
Total financial assets	...	(773)	1,286	513
Financial liabilities				
Other financial liabilities:				
Monies held in Trust	...	(2,945)	...	(2,945)
Total financial liabilities	...	(2,945)	...	(2,945)

2022	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net fair Value Total \$'000
Financial assets				
Cash in Specific Purpose Accounts	...	325	...	325
Receivables	2,452	2,452
Total financial assets	...	325	2,452	2,777
Financial liabilities				
Other financial liabilities:				
Monies held in Trust	...	983	...	983
Total financial liabilities	...	983	...	983

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets;

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Department uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Administered Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair values of receivables are based on the nominal amounts due less any provision for impairment.

The net fair values of other financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values for trade creditors and other financial liabilities are approximated by their carrying amounts.

Note 17 Transactions and Balances Relating to a Trustee or Agency Arrangement

Account/Activity	Opening balance \$'000	Net transactions during 2022-23 \$'000	Closing balance \$'000
Monies collected on behalf of external bodies through Motor Registrations (refer below), Net transactions is made up of:	(791)		
Correction to opening balance	(976)		
Net monies transferred to external bodies		(1,178)	(2,945)
Agreement for the Conservation of Albatrosses and Petrels (ACAP)	5,024	3,421	1,603
Mine Rehabilitation Bonds	23,983	2,675	26,658
Pacific National Compensation Fund	64	2	66
Provision for land acquisition	7,069	(1,145)	5,924

The Department is responsible for the collection of revenue on behalf of other agencies and organisations and the transfer of those funds on an agreed basis, through the function of collecting and processing Motor Vehicle registrations. The following revenues are processed through the Department's Operating Account and then forwarded to the relevant organisation:

- Motor tax (State);
- Duties;
- Motor Accidents Insurance Board premiums;
- State Fire Service levy; and
- Motor Tax – National Heavy Vehicle Regulator.

The balance of these activities merely reflects a timing difference between receipt of the revenue and forwarding the funds to the relevant body.

The Department holds monies in trust and performs transactions on behalf of various bodies as listed above, and in those instances trustee funds are held within the Department's Operating Account in separate true trust accounts for each trustee.

Note 18 Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on the Department's Financial Statements as at 30 June 2023.

Note 19 Other Significant Accounting Policies and Judgements

19.1 Objectives and Funding

The Department was established on 1 July 2014 to strategically pursue jobs, growth and opportunity for Tasmanians. The Department actively pursues and promotes investment, facilitates major projects, supports business and industry to grow and ensures strategic investment in infrastructure. The Department also works closely with business and industry to address barriers to growth; reduce red and green tape; provide a skilled workforce; develop our creative and cultural industries; and ensure efficient, cost effective transport and logistics systems.

The Department provides portfolio support for the following Ministers:

- Minister for Advanced Manufacturing and Defence Industries
- Minister for the Arts
- Minister for Climate Change
- Minister for Energy and Renewables
- Minister for Infrastructure and Transport
- Minister for Hospitality and Events
- Minister for Resources
- Minister for Science and Technology
- Minister for Skills, Training and Workforce Growth
- Minister for Small Business
- Minister for Sport and Recreation
- Minister for State Development, Construction and Housing
- Minister for Tourism
- Minister for Trade

By providing a strategic approach to the provision of both physical infrastructure and regulatory frameworks, the Department aims to:

- facilitate industry and jobs growth, and reduce barriers to growth;
- support Tasmanian industry to succeed nationally and internationally, and encourage investment in Tasmania;
- enhance infrastructure decision-making across Government;
- facilitate a safe, sustainable and efficient transport system that enhances economic and social development, in the context of the challenges of climate change;
- promote reliable, efficient, safe and sustainable energy systems;
- facilitate forest policy for Tasmania's sustainable forestry practices and forest industries;
- develop Tasmania's art community and promote cultural activity and events; and
- facilitate mineral exploration and land management of Tasmanian land and offshore waters.

Department activities contributing towards these outcomes are classified as either controlled or administered.

Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department on behalf of the Government of items controlled or incurred by the Government.

The Department is a Tasmanian Government not-for-profit entity that is predominantly funded by parliamentary appropriations. Other funding sources include Commonwealth grants, industry grants and miscellaneous recoveries from various sources. Entities consolidated within these Financial Statements are detailed in Note 15.1.

19.2 Basis of Accounting

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards issued by the Australian Accounting Standards Board and Interpretations; and
- The Treasurer's Instructions issued under the provisions of the *Financial Management Act 2016*.

Compliance with the Australian Accounting Standards (AAS) may not result in compliance with International Financial Reporting Standards, as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Department is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year except for those changes outlined in Note 19.5.

The Financial Statements have been prepared as a going concern. The continued existence of the Department in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Department's administration and activities.

19.3 Reporting Entity

The Financial Statements include all the controlled activities of the Department. The Financial Statements consolidate material transactions and balances of the Department and entities included in its output groups. Material transactions and balances between the Department and such entities have been eliminated.

Refer to Note 15 for Consolidated Entities.

19.4 Functional and Presentation Currency

These Financial Statements are presented in Australian dollars, which is the Department's functional currency.

19.5 Changes in Accounting Policies

(a) Impact of new and revised Accounting Standards

There are no new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to Department's operations.

(b) Impact of new and revised Accounting Standards yet to be applied

The Department has reviewed the pending Standards and Interpretations issued by the Australian Accounting Standards Board and conclude they will not have a material impact on the Department's operations.

19.6 Activities Undertaken Under a Trustee or Agency Relationship

Transactions relating to activities undertaken by the Department in a trust or fiduciary (agency) capacity do not form part of the Department's activities. Trustee and agency arrangements, and transactions/balances relating to those activities, are neither controlled nor administered.

Fees, commissions earned and expenses incurred in the course of rendering services as a trustee or through an agency arrangement are recognised as controlled transactions.

Transactions and balances relating to a trustee or an agency arrangement are not recognised as departmental revenues, expenses, assets or liabilities in these Financial Statements. Details of these transactions are provided in Note 17.

19.7 Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated gains and losses are not material.

19.8 Comparative Figures

Comparative figures have not been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 19.5.

19.9 Budget Information

Budget information refers to original estimates as disclosed in the 2022-23 Budget Papers and is not subject to audit.

19.10 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$500 are rounded to zero and are indicated by the symbol "...".

19.11 Departmental Taxation

The Department is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (GST).

19.12 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the Australian Taxation Office is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

19.13 Correction of an error

Comparative figures have been restated in the Statement of Financial Position and the Statement of Changes in Equity. These changes are a result of prior period errors in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The overall impact, of these prior period errors, on the Statement of Financial Position comparative figures is an increase in Net assets and Total equity of \$51.510 million.

During 2022-23, it was identified that land and buildings owned by the Department for a number of years were not included in the Department's asset register, and therefore have not been reported in past financial statements. The omission of these assets has been corrected and the impact of the correction is \$51.510M in fair value.

In 2022-23, a stocktake of the property asset was conducted. In preparation for the stocktake, a reconciliation was performed between the Department's financial management system asset register and the State Roads asset management system, to ensure the two systems reconciled to align with the data in both registers. Through this reconciliation process, a further 1,037 assets were identified as existing assets that were not recorded on the Department's asset register. These assets, which are mostly made up by Rail Corridor land and general land and buildings. As this error was made in a reporting period prior to the comparative period, the Statement of Financial Position balances as at 30 June 2021 were restated as below:

Correction: 9.7 Property, plant and equipment, artwork, heritage and cultural assets	Published Financial Statements	Correction of error	Restated Actuals
(a) Carrying amount	\$'000	\$'000	\$'000
Land Holdings	120,247	25,778	146,025
Buildings	63,673	25,453	89,126
Aerodromes	139	...	139
Plant and equipment	6,272	152	6,424
Abt Railway rolling stock	5,383	...	5,383
Traffic Signal installations	20,967	...	20,967
Leasehold improvements	1,291	60	1,351
Heritage and cultural assets and artwork	381,858	67	381,925
Total property, plant and equipment, heritage and cultural assets and artwork	599,830	51,510	651,340

Note 20 Independent Auditor's Report



Independent Auditor's Report To the Members of Parliament Department of State Growth Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of the Department of State Growth (the Department), which comprises the statement of financial position as at 30 June 2023 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification signed by the Secretary of the Department.

In my opinion, the accompanying financial statements:

- (a) present fairly, in all material respects, the Department's financial position as at 30 June 2023 and its financial performance and its cash flows for the year then ended
- (b) are in accordance with the *Financial Management Act 2016* and Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in the Department's financial statements.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of infrastructure assets, depreciation expense and recognition of capital expenditure <i>Refer to notes 8.2 and 9.9</i>	
<p>The Department's infrastructure assets were recognised at fair value of \$6.56 billion as at 30 June 2023.</p> <p>The fair value of land under roads and within road reserves value is determined by the Valuer-General from the most recent valuations of land titles adjoining and within a 200 metre corridor of the State road network.</p> <p>The fair value of all other infrastructure assets is based on current replacement cost. Inputs used in the valuation of these infrastructure assets include construction costs, design life, age and condition of the assets and remaining useful life. In the years between valuations, carrying values are updated using indices determined by management. The calculation of fair value is judgemental and highly dependent on a range of assumptions and estimates.</p> <p>In 2022-23 road assets were revalued by the Department's Asset Management Branch, and bridge infrastructure assets were revalued by an external consultant.</p> <p>The calculation of depreciation requires estimation of asset useful lives and residual values which involves a high degree of subjectivity. Changes in assumptions can significantly impact depreciation charged.</p> <p>The Department undertakes a number of significant capital expenditure programs to upgrade and maintain these assets. Capital improvements in 2022-23 totalled \$436.28 million.</p>	<ul style="list-style-type: none"> • Evaluating the appropriateness of the methodology applied to determine the fair values. • Assessing the scope, expertise and independence of those involved to assist in the valuations. • Critically assessing assumptions and other key inputs in the valuation model. • Testing, on a sample basis, the mathematical accuracy of the indexation calculations. • Evaluating management's assessment of the useful lives. • Reviewing the assumptions and inputs applied for the calculation of depreciation expense and performing substantive analytical procedures. • Tested, on a sample basis, the allocation of costs between capital and operating expenditure. • Testing, on a sample basis, costs capitalised to work in progress to ensure projects resulted in useable assets and that assets commissioned were transferred in a timely manner. • Evaluating the adequacy of disclosures made in the financial statements, including those regarding key assumptions used.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.	

Other Information

The Secretary is responsible for the other information. The other information comprises the information included in the Department's annual report for the year ended 30 June 2023, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Secretary for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of Section 42 (1) of the *Financial Management Act 2016*. This responsibility includes such internal control as determined necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department's ability to continue as a going concern unless the Department's operations will cease as a result of an administrative restructure. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary.
- Conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Secretary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Secretary, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Jeff Tongs
Assistant Auditor-General
Tasmanian Audit Office

10 October 2023
Hobart



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