

Department of State Growth
Financial Statements
2020–21



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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 2021 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.



Kim Evans

SECRETARY

24 September 2021

Statement of Comprehensive Income for the year ended 30 June 2021

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations				
Revenue from Government				
Appropriation revenue - operating	6.1	458,240	398,563	412,849
Appropriation revenue - capital	6.1	260,727	182,309	194,076
Other revenue from Government	6.1	25,457	24,283	9,316
Grants	6.2	254,948	145,082	85,710
Sales of goods and services	6.3	4,255	7,024	8,091
Fees and fines	6.4	14,862	15,994	16,418
Interest	6.5	1,180	1,002	950
Contributions received	6.6	...	981	26,807
Other revenue	6.7	5,122	45,535	7,322
Total revenue from continuing operations		1,024,791	820,773	761,539
Net gain/(loss) on non-financial assets	7.1	4	(22,316)	(37,038)
Net gain/(loss) on financial instruments and statutory receivables/payables	7.2	...	(202)	(812)
Total income from continuing operations		1,025,795	798,255	723,689
Expenses from continuing operations				
Employee benefits	8.1	74,768	80,577	80,193
Depreciation and amortisation	8.2	89,094	114,497	108,016
Supplies and consumables	8.3	121,870	98,738	80,667
Grants and subsidies	8.4	428,530	353,848	362,869
Finance costs	8.5	1,200	918	305
Other expenses	8.6	972	3,564	2,580
Total expenses from continuing operations		716,434	652,142	634,630
Net result from continuing operations		308,361	146,113	89,059
Net result		308,361	146,113	89,059
Other comprehensive income				
Items that will not be reclassified to net result in subsequent periods				
Changes in physical asset revaluation reserve	12.1	149,955	(188,170)	(280,142)
Adjustment to accumulated surplus/(deficit) due to a change in accounting policy	19.5	...	...	(9)
Total other comprehensive income		149,955	(188,170)	(280,151)
Comprehensive result		458,316	(42,057)	(191,092)

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.

Statement of Financial Position as at 30 June 2021

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Assets				
<i>Financial assets</i>				
Cash and cash equivalents	13.1	30,110	52,405	75,165
Receivables	9.1	7,196	12,517	9,575
Loan Advances	9.2	148,684	138,162	126,218
Equity investments	9.3	50	...	...
Other financial assets	9.4	462	331	482
<i>Non-financial assets</i>				
Inventories	9.5	365	352	386
Property, plant and equipment and artwork	9.6	168,420	218,260	170,673
Heritage and cultural assets	9.6	429,150	381,570	380,941
Right-of-use assets	9.7		3,768	1,062
Infrastructure	9.8	6,313,877	5,366,718	5,450,023
Intangible assets	9.9	...	733	...
Other assets	9.10	8,769	3,853	1,909
Total assets		7,107,083	6,178,669	6,216,434
Liabilities				
Payables	10.1	14,468	13,571	13,676
Lease liabilities	10.2	...	4,675	1,052
Borrowings	10.3	128,382	118,483	127,223
Employee benefits	10.4	20,823	23,749	21,546
Provisions	10.5	5,221	7,357	5,601
Other liabilities	10.6	19,165	25,443	19,888
Total liabilities		188,059	193,278	188,986
Net assets		6,919,024	5,985,391	6,027,448
Equity				
Contributed capital		...	417,334	417,334
Reserves	12.1	3,266,615	2,498,393	2,686,563
Accumulated funds		3,652,409	3,069,664	2,923,551
Total equity		6,919,024	5,985,391	6,027,448

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.

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities				
Cash inflows				
Appropriation receipts – operating		458,240	397,973	413,620
Appropriation receipts – capital		67,614	39,891	41,813
Appropriation receipts – other		25,457	24,294	...
Other revenue from Government		...	...	25
Grants		54,342	52,244	26,265
Sales of goods and services		4,260	7,187	8,835
Fees and fines		14,862	16,082	16,548
GST receipts		16,898	49,698	41,747
Interest received		1,180	903	1,134
Other cash receipts		5,122	48,841	4,807
Total cash inflows		647,975	637,113	554,794
Cash outflows				
Employee benefits		(74,388)	(91,263)	(86,259)
Grants and subsidies		(428,455)	(354,056)	(351,883)
Supplies and consumables		(122,076)	(95,842)	(76,565)
Interest payments		(1,290)	(919)	(122)
GST payments		(16,899)	(54,485)	(42,824)
Other cash payments		(972)	(1,341)	(1,462)
Total cash outflows		(644,080)	(597,906)	(559,115)
Net cash from (used by) operating activities	13.2	3,895	39,207	(4,321)
Cash flows from investing activities				
Cash inflows				
Proceeds from the disposal of non-financial assets		4	...	...
Receipts from non-operational capital funding – operating		...	590	1,473
Receipts from non-operational capital funding – capital		193,113	143,321	150,019
Receipts from Australian Government funding		200,606	91,813	60,579
Repayment of loans by other entities		...	26,529	9,679
Total cash inflows		393,723	262,253	221,750
Cash outflows				
Payments for acquisition of non-financial assets		(410,019)	(282,782)	(221,892)
Loans made to other entities		(80,648)	(38,501)	(63,768)
Payments for investments		...	(122)	(1,315)
Total cash outflows		(490,667)	(321,405)	(286,975)
Net cash from (used by) investing activities		(96,944)	(59,152)	(65,225)
Cash flows from financing activities				
Cash inflows				
Proceeds from borrowings		80,180	1,017	77,700
Trust receipts		...	6,236	8,852
Total cash inflows		80,180	7,253	86,552

Statement of Cash Flows for the year ended 30 June 2021 (continued)

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Cash outflows				
Repayment of borrowings		...	(9,757)	(6,309)
Trust payments		...	(311)	(4,126)
Total cash outflows		...	(10,068)	(10,435)
Net cash from (used by) financing activities	13.3	80,180	(2,815)	76,117
Net increase (decrease) in cash and cash equivalents held		(12,869)	(22,760)	6,571
Cash and deposits at the beginning of the reporting period		42,979	75,165	68,594
Cash and deposits at the end of the reporting period	13.1	30,110	52,405	75,165

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 2021

	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total Equity \$'000
Balance as at 1 July 2020		417,334	2,686,563	2,923,551	6,027,448
Net result		...	...	146,113	146,113
Other comprehensive income – revaluation reserve	12.1	...	(188,170)	...	(188,170)
Total		...	(188,170)	146,113	(42,057)
Balance as at 30 June 2021		417,334	2,498,393	3,069,664	5,985,391

	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total Equity \$'000
Balance as at 1 July 2019		417,334	2,966,705	2,834,501	6,218,540
Net result		...	...	89,059	89,059
Other comprehensive income – revaluation reserve	12.1	...	(280,142)	...	(280,142)
Other comprehensive income – changes to accounting policy		...	...	(9)	(9)
Total		...	(280,142)	89,050	(191,092)
Balance as at 30 June 2020		417,334	2,686,563	2,923,551	6,027,448

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2021

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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	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Administered revenue				
Revenue from Government				
Appropriation revenue – operating	16.2	46,073	46,148	40,448
Grants	16.3	...	535	524
State taxation	16.4	44,777	47,875	47,468
Sales of goods and services	16.5	5,515	7,346	6,137
Fees and fines	16.6	10,094	10,329	10,315
Other revenue	16.7	35,200	60,388	31,773
Total administered revenue		141,659	172,621	136,665
Administered expenses				
Employee benefits	16.8	...	2,122	2,132
Depreciation and amortisation	16.9	...	17	3
Supplies and consumables	16.10	136	3,836	2,149
Grants and subsidies	16.11	45,937	44,782	39,847
Transfers to the Public Account		95,586	123,106	92,942
Other expenses	16.12	...	(17)	2
Total administered expenses		141,659	173,846	137,075
Administered net result		...	(1,225)	(410)
Administered comprehensive result		...	(1,225)	(410)

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	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Administered assets				
<i>Administered financial assets</i>				
Cash and deposits	16.24	7,792	3,055	3,838
Financial Investments	16.13	1,750	1,000	1,000
Receivables	16.14	154	3,338	845
Other financial assets	16.15	96	147	242
<i>Administered non-financial assets</i>				
Plant and equipment	16.16	11	5	8
Right-of-use-asset	16.17	...	251	...
Other assets	16.18	16	33	31
Total administered assets		9,819	7,829	5,964
Administered liabilities				
Payables	16.19	35	29	522
Lease liabilities	16.20	...	251	...
Employee benefits	16.21	407	425	422
Other liabilities	16.22	3,473	2,855	(474)
Total administered liabilities		3,915	3,560	470
Administered net assets		5,904	4,269	5,494
Administered equity				
Accumulated funds		5,904	4,269	5,494
Total administered equity		5,904	4,269	5,494

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 Cash Flows

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Administered cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
Administered cash inflows				
Appropriation receipts – operating		46,073	46,148	40,448
Taxation		44,777	48,160	47,184
Grants		...	559	530
Sales of goods and services		5,515	7,479	6,035
Fees and fines		10,094	10,210	10,252
Other cash receipts		35,200	60,508	31,633
Total administered cash inflows		141,659	173,064	136,082
Administered cash outflows				
Employee benefits		...	(2,119)	(2,117)
Grants and subsidies		(45,937)	(44,779)	(39,846)
Transfers to the Public Account		(95,586)	(123,106)	(92,942)
Other cash payments		(136)	(3,311)	(2,257)
Total administered cash outflows		(141,659)	(173,315)	(137,162)
Administered net cash from (used by) operating activities	16.25	...	(251)	(1,080)
Administered cash flows from investing activities				
Administered cash inflows				
Proceeds from maturing Term Deposits		...	1,000	1,750
Total administered cash inflows		...	1,000	1,750
Administered cash outflows				
Investment in long term deposits		...	(1,000)	(1,000)
Payments for acquisition of non-financial assets		...	...	...
Total administered cash outflows		...	(1,000)	(1000)
Administered net cash from (used by) investing activities		...	...	750
Administered cash flows from financing activities				
Administered cash inflows				
Trust receipts		...	(518)	(3,624)
Total administered cash inflows		...	(518)	(3,624)
Administered cash outflows				
Repayment of lease liabilities (excluding interest)		...	(14)	...
Trust payments		...	...	...
Total administered cash outflows		...	(14)	...
Administered net cash from (used by) financing activities		...	(532)	(3,624)
Net increase (decrease) in administered cash held		...	(783)	(3,954)
Administered cash and deposits at the beginning of the reporting period		7 792	3,838	7,792
Administered cash and deposits at the end of the reporting period	16.24	7 792	3,055	3,838

This Schedule of Administered 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 16.1 of the accompanying notes.

1.4 Schedule of Administered Changes in Equity

	Accumulated surplus / deficit \$'000	Total Equity \$'000
Balance as at 1 July 2020	5,494	5,494
Total comprehensive result	(1,225)	(1,225)
Balance as at 30 June 2021	4,269	4,269

	Accumulated surplus / deficit \$'000	Total Equity \$'000
Balance as at 1 July 2019	5,904	5,904
Total comprehensive result	(410)	(410)
Balance as at 30 June 2020	5,494	5,494

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, Skills Development and Business Growth

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Revenue from appropriation	187,806	139,536	161,577
Other revenue from government	9,379	12,145	3,293
Grants	15,879	4,949	8,895
Sales of goods and services	610	1,710	1,767
Interest	1,180	1,002	665
Other revenue	2,320	5,782	1,844
Total revenue from continuing operation	217,174	165,126	178,041
Net gain/(loss) on disposal of non-financial assets	...	(1,461)	(59)
Net gain/(loss) on financial assets	...	(95)	...
Total income from continuing operations	217,174	163,570	177,982
Expenses from continuing operations			
Employee Entitlements	20,275	25,547	21,930
Depreciation and Amortisation	2,636	734	562
Grants and subsidies	175,115	149,971	147,304
Supplies and Consumables:			
Consultants	1,522	1,216	1,246
Property Services	620	881	604
Maintenance	341	361	432
Communications	382	461	310
Information Technology	1,337	2,385	1,525
Travel and Transport	748	1,072	1,214
Operating Lease costs	1,928	2,049	1,393
Advertising and Promotion	1,078	2,699	956
Lease costs not subject to AASB 16	737	...	...
Other Supplies and Consumables	10,760	2,090	(139)
Borrowing costs	200	168	273
Other expenses	133	1,059	240
Total expenses from continuing operations	217,812	190,693	177,850
Net result from continuing operations	(638)	(27,123)	132
Net result	(638)	(27,123)	132
Other comprehensive income			
Changes in physical asset revaluation reserve	3,604	...	...
Other movements taken directly to equity	...	...	...
Total other comprehensive income	3,604	...	...
Comprehensive result	2,966	(27,123)	132
Expense by output			
1.1 Office of the Coordinator-General	33,926	27,700	18,369
1.2 Industry and Business Development	51,152	41,600	33,150
1.3 Skills and Workforce Development	132,734	121,393	126,331
Total	217,812	190,694	177,850
Net Assets			
Total assets deployed for Output Group 1		153,907	12,955
Total liabilities incurred for Output Group 1		141,148	134,442
Net assets deployed for Output Group 1		12,759	(121,487)

Output Group 2 – Infrastructure and Transport Services

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Revenue from appropriation	26,076	39,836	44,009
Other revenue from government	...		363
Grants	13,369	9,602	6,326
Sales of goods and services	2,735	4,450	5,628
Fees and fines	14,387	15,994	16,604
Other revenue	2,014	26,590	832
Total revenue from continuing operation	58,581	96,472	73,762
Net gain/(loss) on non-financial assets	3	(988)	(578)
Total income from continuing operations	58,584	95,484	73,184
Expenses from continuing operations			
Employee Entitlements	21,975	25,168	25,208
Depreciation and Amortisation	660	2,224	2,564
Grants and subsidies	14,750	9,970	4,775
Supplies and Consumables:			
Consultants	1,239	507	715
Property Services	(688)	365	414
Maintenance	11,653	(1,317)	(1,627)
Communications	686	1,509	1,678
Information Technology	1,846	3,209	3,104
Travel and Transport	(9)	680	1,238
Operating Lease costs	1,241	1,617	2,107
Advertising and Promotion	627	1,900	1,963
Lease costs not subject to AASB 16	495	...	...
Other Supplies and Consumables	1,903	318	3,574
Borrowing costs	...	...	8
Other expenses	428	954	995
Total expenses from continuing operations	56,806	47,104	46,716
Net result from continuing operations	1,778	48,380	26,468
Net result	1,778	48,380	26,468
Other comprehensive income			
Changes in physical asset revaluation reserve	136,211	432	1,502
Other movements taken directly to equity	...	...	...
Total other comprehensive income	136,211	432	1,502
Comprehensive result	137,989	48,812	27,970
Expense by output			
2.1 Infrastructure Tasmania	18,340	16,499	11,512
2.2 Road User Services	31,887	24,305	25,181
2.3 Passenger Transport	6,579	6,300	4,944
Total	56,806	47,104	41,637
Net Assets			
Total assets deployed for Output Group 2		156,690	(63,018)
Total liabilities incurred for Output Group 2		11,006	11,566
Net assets deployed for Output Group 2		145,684	(74,584)

Output Group 3 – Energy Policy and Advice

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Revenue from appropriation	13,240	9,289	7,499
Other revenue from government	...	11	29
Grants	1,710	1,127	731
Sales of goods and services	...	3	20
Fees and fines	475	...	0
Other revenue	1	789	744
Total revenue from continuing operation	15,426	11,219	9,023
Net gain/(loss) on non-financial assets	...	(75)	(3)
Total income from continuing operations	15,426	11,144	9,020
Expenses from continuing operations			
Employee Entitlements	4,744	3,242	2,345
Depreciation and Amortisation	...	46	36
Grants and subsidies	4,725	1,556	1,025
Supplies and Consumables:			
Consultants	609	421	41
Property Services	31	29	14
Maintenance	...	5	9
Communications	13	29	21
Information Technology	...	176	106
Travel and Transport	19	73	62
Advertising and Promotion	(1)	36	2
Operating Lease costs	...	143	95
Other Supplies and Consumables	5,287	5,090	5,025
Other expenses	...	18	12
Total expenses from continuing operations	15,427	10,864	8,793
Net result from continuing operations	(2)	280	(227)
Net result	(2)	280	(227)
Other comprehensive income			
Other movements taken directly to equity	...	...	...
Total other comprehensive income	...	...	...
Comprehensive result	(2)	280	(227)
Expense by output			
3.1 Energy Policy and Advice	15,428	10,864	8,793
Total	15,428	10,864	8,793
Net Assets			
Total assets deployed for Output Group 3		10,864	(11,125)
Total liabilities incurred for Output Group 3		674	1,102
Net assets deployed for Output Group 3		(562)	(12,227)

Output Group 4 – Resources Policy and Regulatory Services

	2020 Budget \$'000	2020 Actual \$'000	2021 Actual \$'000
Income from continuing operations			
Revenue from appropriation	9,559	9,330	10,425
Other revenue from government	2,616	2,365	150
Grants	...	...	307
Sales of goods and services	...	72	121
Other revenue	776	1,394	137
Total revenue from continuing operation	12,951	13,161	11,140
Net gain/(loss) on non-financial assets	...	(352)	(15)
Total income from continuing operations	12,951	12,809	11,125
Expenses from continuing operations			
Employee Entitlements	6,316	8,480	7,297
Depreciation and Amortisation	352	267	240
Grants and subsidies	2,952	313	907
Supplies and Consumables:			
Consultants	(3)	109	71
Property Services	651	993	135
Maintenance	(14)	91	80
Communications	575	127	100
Information Technology	280	941	812
Travel and Transport	(73)	354	384
Operating Lease costs	126	665	521
Advertising and Promotion	...	...	92
Lease costs not subject to AASB 16	34	...	...
Other Supplies and Consumables	3,031	1,279	(60)
Borrowing costs	...	...	...
Other expenses	12	83	160
Total expenses from continuing operations	14,239	13,702	10,739
Net result from transactions (net operating balance)	1,288	(893)	386
Net result	1,288	(893)	386
Other comprehensive income			
Changes in physical asset revaluation reserve	...	...	...
Other movements taken directly to equity	...	...	...
Total other comprehensive income	...	...	...
Comprehensive result	1,288	(893)	386
Expense by output			
4.1 Forestry Policy and Reform	3,291	2,137	1,918
4.2 Mineral Resources	10,948	11,565	8,821
Total	14,239	13,702	10,739
Net Assets			
Total assets deployed for Output Group 4		17,653	(49,285)
Total liabilities incurred for Output Group 4		14,523	10,220
Net assets deployed for Output Group 4		3,130	59,505

Output Group 5 – Cultural and Tourism Development

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Revenue from appropriation	44,925	50,742	43,954
Other revenue from government	9,442	9,442	339
Grants	650	2,013	4,121
Sales of goods and services	700	487	1,088
Contributions received	...	981	...
Other revenue	...	2,815	2,221
Total revenue from continuing operation	55,717	66,480	51,723
Net gain/(loss) on non-financial assets	...	(151)	(62)
Net gain/(loss) on financial assets	...	(107)	(1,295)
Total income from continuing operations	55,717	66,222	50,366
Expenses from continuing operations			
Employee Entitlements	12,751	12,170	13,261
Depreciation and Amortisation	496	502	718
Grants and subsidies	37,255	35,503	27,397
Supplies and Consumables:			
Consultants	911	244	544
Property Services	277	1,019	1,561
Maintenance	632	472	824
Communications	215	158	273
Information Technology	104	394	918
Travel and Transport	241	175	401
Operating Lease costs	246	293	812
Advertising and Promotion	379	434	1,605
Lease costs not subject to AASB 16	118	...	...
Other Supplies and Consumables	2,535	4,138	1,628
Other expenses	43	95	190
Total expenses from continuing operations	56,203	55,597	50,132
Net result from continuing operations	(486)	10,625	234
Net result	(486)	10,625	234
Other comprehensive income			
Changes in physical asset revaluation reserve	10,140	20,309	(28,268)
Other movements taken directly to equity	...	...	...
Total other comprehensive income	10,140	20,309	(28,268)
Comprehensive result	9,654	30,934	(28,034)
Expense by output			
5.1 Tasmanian Museum and Art Gallery	10,918	12,121	11,482
5.2 Arts Industry Development	13,654	14,601	12,120
5.3 Screen Industry Development	1,925	2,085	1,454
5.4 Events and Hospitality	25,886	24,939	23,606
5.5 Visitor Economy Support	3,820	1,851	1,471
Total	56,203	55,597	50,132
Net Assets			
Total assets deployed for Output Group 5		428,110	330,038
Total liabilities incurred for Output Group 5		3,560	4,025
Net assets deployed for Output Group 5		424,550	326,013

Output Group 6 – Subsidies and Concessions

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Revenue from appropriation	105,022	102,782	83,176
Reserved by Law	52	...	...
Other revenue	...	672	390
Total revenue from continuing operation	105,074	103,454	83,566
Total income from continuing operations	105,074	103,454	83,566
Expenses from continuing operations			
Grants and subsidies	104,651	101,203	95,002
Supplies and Consumables:			
Consultants	...	16	19
Property Services	...	7	...
Maintenance	...	120	348
Advertising and promotion	...	64	58
Other Supplies and Consumables	423	739	701
Other expenses	...	917	693
Total expenses from continuing operations	105,074	103,066	96,821
Net result from continuing operations	...	388	(13,255)
Comprehensive result	...	388	(13,255)
Expense by output			
6.1 Shipping and Ferry Subsidies	1,190	717	638
6.2 General Access Services	64,724	69,053	62,789
6.3 School Bus Services	39,108	33,296	33,394
6.4 Construction of Streets in Towns	52	...	...
Total	105,074	103,066	96,821
Net Assets			
Total assets deployed for Output Group 6		(2)	208
Total liabilities incurred for Output Group 6		...	420
Net assets deployed for Output Group 6		(2)	(212)

Output Group 89 –Public Building Maintenance Fund

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Grants	3,344	...	...
Other revenue	...	975	272
Total revenue from continuing operation	3,344	975	272
Total income from continuing operations	3,344	975	272
Expenses from continuing operations			
Employee Entitlements	...	131	...
Supplies and Consumables:			
Consultants	...	65	18
Property Services	...	3	...
Maintenance	3,344	519	188
Other Supplies and Consumables	...	297	46
Other expenses	...	...	...
Total expenses from continuing operations	3,344	1,015	252
Net result from continuing operations	...	(40)	20
Comprehensive result	...	(40)	20
Expense by output			
89.001 Public Building Maintenance Fund	3,344	1,015	252
Total	3,344	1,015	252
Net Assets			
Total assets deployed for Output Group 89		...	216
Total liabilities incurred for Output Group 89		...	...
Net assets deployed for Output Group 89		...	216

Output Group 90 –COVID- 19 Response

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Revenue from appropriation	71,560	47,048	64,452
Other revenue from government	3,700	...	...
Grants	10,500	...	...
Total revenue from continuing operation	85,760	47,048	64,452
Total income from continuing operations	85,760	47,048	64,452
Expenses from continuing operations			
Employee Entitlements	...	490	...
Grants and subsidies	84,760	38,437	64,413
Supplies and Consumables:			
Consultants	...	176	95
Property Services	...	3	...
Maintenance	...	7	...
Communications	...	5	...
Information Technology	...	8	...
Travel and Transport	...	...	1
Advertising and promotion	...	6,885	5
Lease expenses	...	7	...
Other Supplies and Consumables	...	278	(62)
Borrowing costs	1,000	750	...
Other expenses	...	2	...
Total expenses from continuing operations	85,760	47,048	64,452
Net result from continuing operations	...	...	...
Comprehensive result	...	...	...
Expense by output			
90.001 Creative and Cultural Industries Support	550	550	845
90.002 Rapid Response Skills Initiative	6,000	1,675	183
90.003 Small Business \$50 million Interest Free Loans	1,000	1,000	...
90.004 Small Business Grants Program for Apprentices and Traineeships	1,333	996	800
90.006 Tourism and Hospitality financial counselling	100	100	150
90.007 TCCI Human Resource and Industrial Relations Assistance	...	...	78
90.008 Small Business Grants Program	600	622	59,467
90.009 Digital Ready for Business program	50	50	100
90.010 Small Business Continuity Advice	...	...	1,414
90.011 Rural Financial Counselling Service	100	100	100
90.012 Supporting our local Chamber of Commerce	...	...	67
90.013 Critical Airfreight Support - Bass Strait Islands	...	...	1,221
90.014 Critical Airfreight Support - Time sensitive air freight including seafood	...	...	27
90.015 Essential Air Freight Services Bass Strait	4,130	2,740	...
90.016 International Air Freight Assistance	2,397	288	...
90.018 Small Business Energy Support Grant Program	1,000	129	...
90.021 Make Yourself at Home Travel Vouchers	12,500	7,827	...
90.022 Peak Body Support Fund	500	...	...
90.023 Waratah-Wynyard Coastal Pathway	6,000	...	...
90.024 Small Business Sustainability and recovery Assistance Package	20,000	13,803	...
90.025 Priority Industry Skills Funding – More Teachers as TasTAFE	1,000	1,000	...

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
90.027 Funding of Key VET Courses (Job Trainer)	21,000	6,168	...
90.028 Airport Infrastructure	7,500	10,000	...
Total	85,760	47,048	64,452
Net Assets			
Total assets deployed for Output Group 90		17	...
Total liabilities incurred for Output Group 90		...	...
Net assets deployed for Output Group 90		17	...

Output Group –Capital Investment Program

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Income from continuing operations			
Revenue from appropriation – capital	260,727	182,309	191,832
Other revenue from government	320	320	5,142
Grants	209,496	127,391	66,451
Sales of goods and services	210	302	285
Other revenue	11	6,516	11,952
Total revenue from continuing operation	470,764	316,838	275,662
Net gain/(loss) on non-financial assets	1	(19,289)	(43,751)
Net gain/(loss) on financial assets	...	...	...
Total income from continuing operations	470,765	297,549	231,911
Expenses from continuing operations			
Employee Entitlements	8,707	5,349	17,783
Depreciation and Amortisation	84,950	110,724	103,895
Grants and subsidies	4,322	16,895	21,338
Supplies and Consumables:			
Consultants	(1)	4,762	3,792
Maintenance	(15)	16,929	24,601
Property Services	63,288	7,192	4,165
Communications	(3)	1,618	211
Information Technology	(1)	1,541	854
Travel and Transport	(154)	78	174
Operating Lease costs	...	106	13
Advertising and Promotion	31	41	213
Operating Lease costs	116	...	...
Other Supplies and Consumables	173	17,814	1,791
Other expenses	355	4	19
Total expenses from continuing operations	161,768	183,053	178,849
Net result from continuing operations	308,997	114,496	53,062
Net result	308,997	114,496	53,062
Other comprehensive income			
Changes in physical asset revaluation reserve	...	(208,911)	(222,601)
Total other comprehensive income	...	(208,911)	(222,601)
Comprehensive result	308,997	(94,415)	(169,539)
Net Assets			
Total assets deployed for Output – Capital Investment Program		5,422,182	6,000,447
Total liabilities incurred for Output – Capital Investment Program		22,367	22,223
Net assets deployed for Output – Capital Investment Program		5,399,815	5,978,224

Output Group –Capital Investment Program (cont.)

	2021	2021	2020
	Budget	Actual	Actual
	\$'000	\$'000	\$'000
Expense by output			
A Workforce for Now and the Future	100	100	...
Bass Highway – Birrallee to Exton	...	...	2
Bridge Renewal Program	5,112	401	4,680
Bridge Strengthening on Esk and Tasman Highways	...	...	...
Bridport Western Access Road	...	...	785
Brooker Hwy – Elwick, Goodwood, Howards Roads	1,222	49	828
Bruny Island Main Road	7,500	4,282	...
Domain Highway Planning	1,200	39	...
Esk Main Road	247	2	16
Extending the Great Eastern Drive – Binalong Bay Road	2,200	727	5
Freight Access Bridge Upgrades	8,765	3,395	4,907
Great Eastern Drive	350	268	3,643
Greater Hobart Traffic Solution	17,272	7,062	4,991
Heavy Vehicle Safety and Productivity	6,048	1,767	6,494
Highland Lakes Road	...	...	451
Hobart Airport Interchange	...	...	265
Huon Highway / Summerleas Rd	...	53	46
Huon Highway Upgrade - Glendevie	...	...	916
Infrastructure Maintenance	76,213	5,221	2,458
Infrastructure Stimulus Funding	45,300	18,300	...
Launceston and Tamar Valley Traffic Vision	7,322	928	2,238
Midland Highway	23,107	31,923	42,872
Mowbray Connector	261	21	3,632
Network Planning	906	17,234	1 164
New Bridgewater Bridge	33,000	6,962	1,916
Program Management	7,706	4,745	9,816
Real-Time Traffic Congestion Management in Hobart	...	...	185
Road Safety Projects	9,776	19,068	10,646
Roads of Strategic Importance	98,422	20,356	7,116
Roads Package to Support Tasmania's Visitor Economy	26,339	7,428	18,599
South East Traffic Solution	698	4,344	11,034
State Road Upgrades – Northern Region	12,593	3,149	13,926
State Road Upgrades – Southern Region	42,806	6,257	16,265
State Roads Upgrades - North West & West Coast Region	10,750	6,845	8,077
Tasman Ramps	...	...	103
Tasmanian Journeys	720	443	31
Traffic Management and Engineering Services	3,385	3,517	...
Urban Congestion Fund	8,768	616	49
West Tamar Traffic Solution	12,677	7,551	693
Total	470,765	183,053	178,849

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

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Total comprehensive result of Output Groups	458,316	(42,057)	(182,092)
Reconciliation to comprehensive result			
Expenses unallocated to Output Groups (accruals)	...	...	(10)
Comprehensive result	458,316	(42,057)	(182,102)

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

	2021 Actual \$'000	2020 Actual \$'000
Total net assets deployed for Output Groups	5,985,391	6,036,438
Reconciliation to net assets		
Assets unallocated to Output Groups (overheads)	...	...
Liabilities unallocated to Output Groups (overheads)	...	...
Net assets	5,985,391	6,036,438

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

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Administered revenue and other income from transactions			
Revenue from appropriation	46,073	46,148	40,448
Grants	...	535	2,057
Sales of goods and services	...	910	957
Fees and fines	...	292	60
Other revenue	...	12	72
Total administered revenue and other income from transactions	46,073	47,897	43,594
Administered expenses from transactions			
Employee Entitlements	...	2,034	2,145
Depreciation and Amortisation	...	17	3
Grants and subsidies	45,937	46,095	40,365
Supplies and Consumables:			
Consultants	...	322	498
Property Services	...	34	40
Maintenance	...	1	1
Communications	...	15	17
Information Technology	...	69	107
Travel and Transport	...	110	110
Operating Lease costs	...	91	80
Advertising and Promotion	...	2	3
Other Supplies and Consumables	136	483	289
Other expenses	...	6	(22)
Total administered expenses from transactions	46,073	49,279	43,636
Administered net result from transactions (net operating balance)	...	(1,382)	(42)
Total administered comprehensive result	...	(1,382)	(42)
Administered expense by output			
91.580 Government contribution to Tasmanian Symphony Orchestra	2,271	2,271	2,019
91.598 National Road Transport Commission: Local Government Contribution	1,500	1,500	1,500
91.621 Forest Practices Authority	1,563	4,687	4,712
91.624 Conveyance Allowance	1,630	761	703
91.625 Pensioner Air Travel Subsidy	10	11	7
91.626 Transport Access Scheme	4,518	5,218	4,939
91.643 Marine & Safety Authority	3,092	3,092	2,142
91.739 Private Forests Tasmania	1,356	1,647	1,615
91.751 Ten Days on the Island	1,647	1,606	1,027
91.878 Theatre Royal	886	886	870
91.882 Tasmanian Railway Pty Ltd	11,600	11,600	10,100
91.883 West Coast Wilderness Railway	8,000	8,000	4,000
91.884 Sustainable Timber Tasmania CSO	8,000	8,000	10,000
Total	46,073	49,279	43,634

Output Group – Grants and Subsidies (continued)

	2021 Actual \$'000	2020 Actual \$'000
Net Assets		
Total assets deployed for Output – Grants and Subsidies	4,653	(939)
Total liabilities incurred for Output – Grants and Subsidies	2,852	461
Net assets deployed for Output – Grants and Subsidies	1,801	(1,400)

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

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Total administered comprehensive result of Output Groups	...	(1,382)	(42)
Reconciliation to administered net surplus (deficit)			
Administered revenue collections	95,586	124,770	91,968
Transfers to the Public Account	(95,586)	(123,106)	(92,942)
Other administered transactions (ie unallocated to Output Groups)	...	(1,507)	606
Administered comprehensive result	...	(1,225)	(410)

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

	2021 Actual \$'000	2020 Actual \$'000
Total administered net assets deployed for Output Groups	1,801	(1,400)
Reconciliation to administered net assets		
Assets unallocated to Output Groups	3,176	6,902
Liabilities unallocated to Output Groups	(708)	(10)
Administered net assets	4,269	5,492

Note 3 Expenditure under Australian Government Funding Arrangements

	State Funds	Australian Govt Funds	State Funds	Australian Govt Funds
	2021 Actual \$'000	2021 Actual \$'000	2020 Actual \$'000	2020 Actual \$'000
National Partnership Payments				
Energy and Emissions Reduction				
Project Marinus	1	1,082	...	681
Infrastructure & Transport				
Black Spot Projects	...	1,645	257	1,464
Bridge Renewal Program	2,136	3,773	4,365	3,902
Heavy Vehicle Safety and Productivity	(863)	2,130	4,906	1,594
Infrastructure Stimulus Funding	6,207	18,677	...	...
Launceston City Deal - Tamar River	(400)	6,900	...	...
Nation Building Program – Roads	55,006	44,729	67,33	5,886
New Bridgewater Bridge	6,000	5,230	1,764	20
Roads of Strategic Importance	6,133	40,923	1,428	4,671
Urban Congestion Fund	265	460	99	34
Skills, Training and Workforce Development				
Building Aust Future Workforce - Vocational Education	...	...	...	3,940
Energising Tasmania	...	911	...	1
Job Trainer Fund	6,168	333	...	...
National Infection Control Training Fund	77	85	...	...
North-West Tasmania Job Ready Generation	...	754	...	654
Revitalising TAFE Campuses Across Australia	5,000	2,000	...	...
Skilling Australians Fund	...	822	...	792
State Growth				
Tourism Growth Package	436	...	145	314
Developing Demand Driver Infrastructure for Tourism Industry	...	...	...	26
Total	86,166	130,454	80,302	76,956

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)	458,240	398,563	(59,677)	(13%)
Appropriation revenue – capital	(b)	260,727	182,309	(78,418)	(30%)
Grants	(c)	254,948	145,082	(109,866)	(43%)
Sale of goods and services	(d)	4,255	7,024	2,769	65%
Contributions received	(e)	...	981	981	100%
Other revenue	(f)	5,122	44,523	39,401	769%
Net gain/(loss) on non-financial assets	(g)	4	(22,316)	(22,316)	(100)%
Net gain/(loss) on financial instruments and statutory receivables/payables	(h)	...	(202)	(202)	(100)%
Depreciation and amortisation	(i)	89,094	114,497	25,403	29%
Grants and subsidies	(j)	428,530	353,848	(74,682)	(17%)
Other expenses	(k)	972	3,564	2,592	267%

Notes to Statement of Comprehensive Income variances

- (a) The major variance between budget and actual relates to delays with the delivery of key initiatives relating to the ongoing impact of COVID-19 and the revenue being cash flowed into future years.
- (b) The major variance between budget and actual relates to revenue being cash flowed into future years.
- (c) Variance reflects Australian Government revenue for the Capital Investment Program cash flowed into future years.
- (d) The major variance reflects unanticipated (in original budget) rental revenue from Abt Railway ticketing and sales revenues (\$3.5m).
- (e) Variance represents additions to the TMAG collection at no cost and donations and bequests to TMAG.
- (f) Variance represents unanticipated (in original budget) revenue receipts relating to emergency and flood repairs in the Capital Investment Program along with reimbursement of additional expenditure linked to COVID-19.
- (g) Variance represents write-off of road, bridge, land under roads and traffic signal assets (\$19.4m), transfer of assets to local government (\$0.6m) and acquisition of Infrastructure assets (Roads and Land under Roads).
- (h) Variance to original budget reflects the impairment of Screen Tasmania investments in various film productions (\$0.107m) and COVID-19 loan impairment of \$0.95m.
- (i) Variance reflects ongoing adjustments in the change of the road infrastructure valuation and deprecation methodology which was adopted in 2018-19.
- (j) The major variance between budget and actual relates to projects being cash flowed into future years and includes Waratah-Wynyard Coastal Pathway (\$9.1m), Northern Cities Major Development Launceston (\$5.0m), Essential Air Freight Services (\$4.13m), Rapid Response Skills Initiative (\$4.1m) and International Air Freight Assistance (\$2.4m).
- (k) Variance relates to sundry expenses consolidated in for Abt Railway. No original budget is set for Abt railway operations. Repayment of a Federal Government Grant of \$432,000 was also not budgeted for.

4.2 Statement of Financial Position

Budget estimates for the 2020-21 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2019-20. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2019-20. The following variance analysis therefore includes major movements between the 30 June 2019 and 30 June 2021 actual balances.

		2021	2021	2020	Budget	Actual
	Note	Budget	Actual	Actual	Variance	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	(a)	30,110	52,405	75,165	22,295	(22,760)
Receivables	(b)	7,196	12,517	9,575	5,321	2,942
Property, plant and equipment	(c)	168,420	218,260	170,673	49,840	47,587
Right of use assets	(d)	...	3,768	1,062	3,768	2,706
Infrastructure	(e)	6,313,877	5,366,718	5,450,023	(947,159)	(83,305)
Other assets	(f)	8,769	3,853	1,909	(4,916)	1,944
Lease liabilities	(g)	...	4,675	1,052	4,675	3,623
Employee Benefits	(h)	20,823	23,749	21,546	2,926	2,203
Other liabilities	(i)	19,165	25,443	19,888	6,278	5,555

Notes to Statement of Financial Position variances

- (a) Variance reflects an increase in borrowings from TASCORP in order to fund the activities of the TDR Board including the COVID-19 Interest Free Business Support Loan Scheme.
- (b) Variance reflects higher than anticipated (Original Budget) tax asset receivables
- (c) Variance to budget relates to a revaluation of TMAG's land and buildings, as well as the Derwent Entertainment Centre redevelopment for which the budget was allocated to the Department of Communities.
- (d) The variance relates to the Department being responsible for other office accommodation and low value leases with the balance of all other leases the responsibility of the Department of Treasury and Finance. No original budget was set.
- (e) Variance represents write-off of road, bridge, land under roads and traffic signal assets, transfer of assets to local government and acquisition of Infrastructure assets (Roads and Land under Roads).
- (f) Variance primarily reflects the additional loans provided as part of the Government's Economic Stimulus Package funding, which included the COVID-19 Interest Free Business Support Loan Scheme.
- (g) The variance relates to the Department being responsible for other office accommodation and low value leases with the balance of all other leases the responsibility of the Department of Treasury and Finance. No original budget was set.
- (h) Employee benefits primarily relates to Capital Investment Program salary and wages not capitalised.
- (i) 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)	458,240	397,973	(60,267)	(13%)
Appropriation receipts - capital	(b)	67,614	39,891	(27,723)	(41%)
Grants	(c)	54,342	52,244	2,098	4%
Fees and fines	(d)	14,862	16,082	1,220	29%
GST receipts/payments (net)	(e)	(2,037)	1,138	3,175	279%
Other cash receipts	(f)	5,122	48,841	43,719	854%
Employee benefits	(g)	(74,388)	(91,263)	(16,875)	23%
Grants and subsidies	(h)	(428,455)	(354,056)	74,399	(17%)
Receipts from non-operational capital funding – operating	(i)	...	590	590	100%
Receipts from non-operational capital funding - capital	(j)	193,113	143,321	(49,792)	(26%)
Receipts from Australian Government funding	(k)	200,606	83,240	(117,366)	(59%)
Repayment of loans by other entities	(l)	...	26,529	26,529	100%
Payments for acquisition of non-financial assets	(m)	(410,019)	(282,782)	127,237	(31%)
Loans made to other entities	(n)	80,648	38,501	(42,147)	(52%)
Proceeds from borrowings	(o)	80,180	1,017	(79,163)	(100%)

Notes to Statement of Cash Flows variances

(a) The major variance between budget and actual relates to delays with the delivery of key initiatives relating to the ongoing impact of COVID-19.

(b) Variance reflects Original Budget classification of appropriation split between Appropriation receipts capital and Receipts from non-operational capital funding – capital – overall, no net variance exists (refer note i and j).

(c) Variance reflects Australian Government revenue for the Capital Investment Program cash flowed into future years.

(d) Variance reflects change in anticipated revenue collections for vehicles as it relates to the Road Safety Levy.

(e) Variance reflects timing differences of the receipt of GST refunds over the end of financial years.

(f) Variance reflects unanticipated (in original budget) revenue receipts relating to emergency and flood repairs in the Capital Investment Program along with reimbursement of additional expenditure linked to COVID-19.

(g) variance to original budget for employee benefits primarily relates to Capital Investment Program salary and wages being classified as capital expenditure.

(h) The major variance between budget and actual relates to projects being cash flowed into future years and includes Waratah-Wynyard Coastal Pathway (\$9.1m), Northern Cities Major Development Launceston (\$5.0m), Essential Air Freight Services (\$4.13m), Rapid Response Skills Initiative (\$4.1m) and International Air Freight Assistance (\$2.4m).

(i) Variance reflects Original Budget classification of appropriation split between Appropriation receipts capital and Receipts from non-operational capital funding – capital – overall, no net variance exists (refer note b and j).

(j) The major variance between budget and actual relates to projects being cash flowed into future years.

(k) Variance reflects Australian Government revenue for the Capital Investment Program cash flowed into future years.

(l) Variance reflects higher than anticipated repayment of TDR loan advances.

(m) The major variance between budget and actual relates to projects being cash flowed into future years.

(n) Variance reflects higher than anticipated (in Original Budget) disbursement of TDR loan advances including the additional COVID-19 Interest Free Business Support Loan Scheme loans provided through the Government's Economic Stimulus Package.

(o) Variance reflects delays in drawdown of approved borrowings, programs not being fully subscribed as well as some drawdowns being funded through loan repayments.

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	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Net result from continuing operations		308,361	146,113	89,059
<i>Less impact of Non-operational capital funding:</i>				
Revenue from Government – operating	6.1	...	448	289
Revenue from Government – capital	6.1	193,113	61,754	143,941
Revenue from Australian Government		200,606	83,240	59,063
Contributions received		...	981	26,807
Total		393,719	146,423	230,019
Underlying Net operating balance		(85,358)	310	(140,960)

Note 6 Income from transactions

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.

6.1 Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Department gains control of the appropriated funds. 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. Rollover of unexpended appropriations under section 23 will be disclosed under the Financial Management Act for the first time in 2020-21.

In the 2019-20 comparative year, Revenue from Government included appropriations carried forward under section 8A(2) of the now repealed *Public Account Act 1986* and taken up as revenue in the current year.

Section 8A(2) of the Public Account Act allowed for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year (2018-19), the carry forward was recognised as a liability, Revenue Received in Advance. The carry forward from the initial year was recognised as revenue in the reporting year, assuming that the conditions of the carry forward were met and the funds were expended.

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

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Continuing operations			
Appropriation revenue – operating			
Current year	458,240	398,115	412,551
Items Reserved by Law (specify specific)	...	...	...
	458,240	398,115	412,551
Appropriation revenue - capital	67,614	120,555	50,135
Other revenue from Government			
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year:	...	...	9,316
Appropriation Rollover under section 23 of the <i>Financial Management Act 2016</i>	25,457	24,283	...
Total revenue from Government from continuing operations	551,311	542,953	472,002
Non-operational capital funding			
Operating Services	...	448	298
Capital Services	193,113	61,754	143,941
Total	193,113	62,202	144,239
Total Revenue from Government	744,424	605,155	616,241

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.

	2021 \$'000	2020 \$'000
Grants with sufficiently specific performance obligations		
Grants from the Australian Government	6,484	6,909
Grants from the Tasmanian Government	9,651	6,999
Industry contributions	1,363	1,442
Total	17,489	15,350
Grants to acquire/construct a recognisable non-financial asset		
Grants from the Australian Government	125,654	64,440
Grants from the Tasmanian Government	1,930	5,920
Total	127,584	70,360
Total revenue from Grants	145,082	85,710

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.

	2021 \$'000	2020 \$'000
Goods	1,083	1,239
Services	1,219	1,163
Abt Railway ticketing sales and retail revenue	3,530	4,145
Rental revenue	1,192	1,544
Total	7,024	8,091

6.4 Fees and fines

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

	2021 \$'000	2020 \$'000
Road Safety Levy	15,568	15,496
Other	426	922
Total	15,994	16,418

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.

	2021 \$'000	2020 \$'000
Interest – loan advances	1,002	950
Total	1,002	950

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.

	2021 \$'000	2020 \$'000
Fair value of additions to TMAG Collections at no cost	553	201
Land under Roads transferred from Launceston City Council	...	3,392
Roads transferred from Launceston City Council	...	22,929
Other contributions and sponsorship received	428	285
Total	981	26,807

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.

	2021 \$'000	2020 \$'000
Administrative support charge – Tourism Tasmania	903	903
Administrative support charge – Macquarie Point Development Corporation	102	102
Recoveries – Derwent Entertainment Centre	22,834	...
Recoveries – COVID-19	16,726	...
Other recoveries and contributions received	2,245	1,344
Miscellaneous revenue	2,717	4,973
Total	45,535	7,322

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.

	2021 \$'000	2020 \$'000
Revaluation increment Land under Roads applied to statement of comprehensive income	...	7,429
Write-off of replaced road assets	(5,808)	(32,430)
Write-off of replaced bridge assets	(695)	(529)
Write-off of land under roads assets due to changes in List area details	(10,759)	...
Bridges transferred to Derwent Valley Council	(16)	...
Bridges transferred to Central Coast Council	(314)	...
Bridges transferred to Launceston City Council	(235)	(1,428)
Roads transferred to Launceston City Council	...	(9,365)
Write off of traffic signals replaced/upgraded	(2,509)	(277)
Net loss on disposal of plant and equipment	...	(35)
Net loss on disposal of land - Midland Hwy Mangalore	...	(105)
Net loss on disposal of land – Techno Park Drive	...	...
Net loss on disposal of buildings - Midland Hwy Mangalore	...	(135)
Net loss on disposal of buildings	(133)	...
Net loss on disposal of Leasehold Improvements on Cornwall Square premises	...	(163)
Impairment of non-financial assets – Abt Railway	(1,847)	...
	(22,316)	(37,038)

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.

	2021 \$'000	2020 \$'000
Impairment reversals/(losses) of:		
Loans advances	(95)	483
Equity investments	(107)	(1,295)
Receivables written off during the year	...	...
Total net gain/(loss) on financial instruments	(202)	(812)

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

	2021 \$'000	2020 \$'000
Wages and salaries	58,979	60,249
Annual leave	5,475	5,080
Long service leave	1,805	1,159
Superannuation	10,155	9,650
Other post-employment benefits	1,325	1,187
Other employee expenses	2,448	2,451
Other employee benefits – Fringe Benefits Tax	390	417
Total	80,577	80,193

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 (2020: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.5 per cent (2020: 9.5 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 (2020: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of key management personnel

2021	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 Co-ordinator General:						
John Perry, Co-ordinator General	429	19	42	27	...	517
Department of State Growth:						
Kim Evans, Secretary	372	23	56	(14)	...	437
Bob Rutherford, Deputy Secretary Industry and Business Development (to 26/3/21)	200	22	42	...	323	587
Gary Swain, Deputy Secretary Transport Services	224	23	21	2	...	270
Amanda Russell, Deputy Secretary Business Services (1/7/20-16/8/20 & 20/3/21-30/6/21)	102	23	13	13	...	151
Jacqui Allen, Deputy Secretary Cultural & Tourism Industry Development	210	21	22	1	...	254
Mark Bowles, Deputy Secretary, Industry & Business Development (29/3/21 - 6/6/21) Deputy Secretary, Business and Jobs (from 7/6/21)	54	17	5	77	...	153

Brett Stewart, Deputy Secretary, Resources, Strategy and Policy (from 7/6/21)	10	28	1	44	...	83
Yvette Steele, Acting Deputy Secretary, Business Services (17/8/20 - 4/12/20)	59	19	6	64	...	148
Anne Beach, Acting Deputy Secretary, Business Services (7/12/20 - 19/3/21)	59	16	5	35		115
Total	1,719	211	213	250	323	2,716

2020	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	417	19	41	18	...	495
Department of State Growth:						
Kim Evans, Secretary	370	22	56	22	...	470
Bob Rutherford, Deputy Secretary Industry and Business Growth	258	22	39	(8)	...	311
Gary Swain, Deputy Secretary Transport Services	224	22	21	11	...	278
Amanda Russell, Deputy Secretary Business Services	201	25	26	12	...	264
Jacqui Allen, Deputy Secretary Cultural & Tourism Industry Development	205	21	21	(2)	...	245
Allan Garcia, Chief Executive Officer Infrastructure Tasmania	168	20	18	(32)	21	195
Total	1,843	151	222	21	21	2,258

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 2020-21 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:

	2021 Aggregate value of transactions \$'000	30 June 2021 Total Amount Outstanding or Committed \$'000
Voluntary non-reciprocal donations to TMAG	57	...
Consultancy services	25	...
Arts grant	28	...

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 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

	2021 \$'000	2020 \$'000
Plant and equipment	752	700
Abt Railway Rolling Stock	181	176
Marine vessels and equipment	431	414
Traffic signal installations	773	781
Buildings	852	726
Aerodromes	...	1
Road infrastructure	74,648	69,639
Bridges	34,896	34,257
Other infrastructure	914	911
Right-of-use assets	927	301
Total	114,374	107,906

(b) Amortisation

	2021 \$'000	2020 \$'000
Intangibles	1	...
Leasehold improvements	122	110
Total	123	110
Total depreciation and amortisation	114,497	108,016

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.

	2021 \$'000	2020 \$'000
Audit fees – financial audit	196	133
Audit fees – internal audit	132	87
Operating lease costs	4,944	4,941
Consultants	6,885	6,495
Property services	5,012	6,894
Maintenance	17,244	31,558
Communications	3,998	2,594
Information technology	8,823	7,320
Travel and transport	2,517	3,473
Advertising and promotion	11,514	4,893
Legal expenses	5,467	5,344
Contractor payments (non-roadworks)	10,250	4,924
Other supplies and consumables	10,728	249
COVID-19 related expenses	11,028	1,763
Total	98,738	80,667

Audit fees paid or payable to the Tasmanian Audit Office for the audit of the Department's financial statements were \$208,020 (2019-20 \$202,030).

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.

	2021 \$'000	2020 \$'000
Grants		
Academy of Creative Industries and Performing Arts	5,320	3,000
Advanced Manufacturing Action Plan	161	182
AFL Agreement - Hawthorn Football Club	3,181	1,023
Airport Infrastructure	10,000	...
Arts Grants	5,728	4,506
Bus Stops infrastructure	98	1,817
Bushfire disruption to Business Grants	...	62
Business & Jobs Attraction and Population Growth Initiative - other	10	135
Business and Industry Assistance	4,446	5,826
Business Enterprise Centres	807	971

	2021 \$'000	2020 \$'000
Business Events Attraction Fund	174	148
CCAMLR	170	178
City Deal Devonport	...	11,000
City Deal Launceston	...	1,801
Coastal Pathway Project	1,200	480
Community Infrastructure Fund	1,092	550
Copper Mines of Tasmania	...	1,627
Cycle Tourism Fund	330	2,152
Destination Action Plan	148	140
Economic Stimulus Package	23,580	65,213
Energy Policy and contributions	758	783
Enterprise development	258	245
Enterprize Hubs	250	250
Forest Practices Authority	...	150
Global Education Strategy	66	211
Grants to Councils - road works	10,731	9,471
Great Customer Experience	700	700
Hobart City Deal	300	125
Hobart to Strahan Air Service	...	128
Improving Mobile coverage for the Great Eastern Drive	...	340
Learner Driver Mentoring program	1,022	1,139
Macquarie Point Development Corporation	5,245	...
Major events	14,391	12,608
Menzies ICON	500	500
Mining Exploration Grants Program	303	301
Museums and Art Galleries	1,621	1,594
No Interest Loan scheme for Energy Efficient Products	500	250
Northern Cities Major Development	17,850	12,500
Other contributions	557	731
Other grants	1,409	722
Regional Events Startup Program	...	3
Regional Tourism Organisations	235	230
Road Safety Grants	7,219	1,660
Screen Grants	1,034	534
Start-up Accelerator	70	190
State Growth Plan - Forest Industries	...	500
Tamar Estuary	7,532	1,238
Tamar River Dredging	339	338
Tasmanian Amalgamated Renewable Timbers	4,500	...
Tasmanian Demand Driver Infrastructure Program	...	26
Tasmanian Hospitality Association	950	750
Tasmanian Innovation, ICT & Science Agenda	110	110
Tasmanian Polar Network	...	25
Tourism and Hospitality grants	852	235
UXC Support	278	278
Total grants	136,025	149,676
Subsidies		
Apprentice and trainee subsidies	3,370	3,980
General Access Bus Services	68,317	59,871
Shipping and ferry subsidies	618	556
Student Only Bus Service	33,281	33,333
Vocational Education Training (VET) delivery	112,237	115,455
Total subsidies	217,823	213,193

	2021 \$'000	2020 \$'000
Total grants and subsidies	353,848	362,869

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.

	2021 \$'000	2020 \$'000
Interest expense		
Interest on loans	813	274
Interest on leases	102	18
Total	915	292
Other finance costs		
Penalty interest on late payments to creditors	3	13
Total	3	13
Total finance costs	918	305

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.

	2021 \$'000	2020 \$'000
Workers compensation	539	556
Other employee expenses (including training/development, OH&S, recruitment)	990	1,002
Miscellaneous expenses	1,603	1,022
Repayment of Federal Government grant	432	...
Total	3,564	2,580

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.

	2021 \$'000	2020 \$'000
Receivables	12,727	9,650
Less: Expected credit loss	(210)	(75)
Total	12,517	9,575
Sales of goods and services (inclusive of GST)	257	228
Fees and fines (inclusive of GST)	15	93
Tax assets	11,185	6,343
Other receivables (inclusive of GST)	1,060	2,911
Total	12,517	9,575
Settled within 12 months	12,419	9,477
Settled in more than 12 months	98	98
Total	12,517	9,575

(a) Reconciliation of movement in expected credit loss for receivables

	2021 \$'000	2020 \$'000
Carrying amount at 1 July	(75)	(36)
Increase/(decrease) in provision recognised in profit or loss	(135)	(39)
Carrying amount at 30 June	(210)	(75)

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.

	2021 \$'000	2020 \$'000
Section 35 Loans Administered by TDR	13,782	6,253
<i>Tasmanian Development Act 1983</i>	1,917	2,087
<i>Fire Damage Relief Act 1967</i>	...	18
Farm Finance Loan Scheme	978	3,659
Agrigrowth Loan Program	18,720	16,255
Drought Relief Loans	...	303
Pacific Oyster Mortality Syndrome	595	692
Drought Dairy Recovery Concessional Program & Drought Recovery	3,105	3,106
Flood Recovery Rural	667	1,129
Farm Business Concessional Loan Scheme - Dairy Recovery & Drought Assistance	17,188	21,059
Tourism Accommodation Refurbishment Loan Scheme	4,955	4,651
Farm Business Concessional Loan Scheme - Dairy Recovery – (Jul 2017) & Drought Assistance – (Jul 2017)	11,417	13,724
Heritage Renewal Loan Scheme	665	660
Agrigrowth Loan Scheme - Young Farmers	24,392	18,369
Federal Refinance Loans	100	764
COVID-19 Interest Free Business Support Loan Scheme	31,939	28,860
COVID-19 Business Support Loans	4,490	3,101
Business Growth Loan Scheme	2,070	...
Screen Tasmania Loans	230	230
Arts Loans	1,047	898
No Interest Loan Scheme	...	400
Less: Provision for impairment	(95)	...
Total	138,162	126,218
Settled within 12 months	10,960	9,037
Settled in more than 12 months	127,202	117,181
Total	138,162	126,218

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.

(a) Reconciliation of movement in provision for impairment of other financial assets

	2021 \$'000	2020 \$'000
Carrying amount at 1 July	...	483
Increase/(decrease) in provision recognised in net result	95	(483)
Carrying amount at 30 June	95	...

Tasmanian Development Act 1983 loan advance impaired in previous years related to J & A Gretschmann. This loan was repaid in full during the year resulting in the full reversal of previous impairment.

The impairment this year relates to a COVID-19 Business Support Loan.

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.

	2021 \$'000	2020 \$'000
Unlisted equity instruments	15,421	15,314
Less: Provision for impairment	(15,421)	(15,314)
Total	...	...
Settled within 12 months	...	...
Settled in more than 12 months	...	...
Total	...	...

(a) Reconciliation of movement in provision for impairment of equity investments

	2021 \$'000	2020 \$'000
Carrying amount at 1 July	15,314	14,019
Increase(decrease) in provision recognised in net result	107	1,295
Carrying amount at 30 June	15,421	15,314

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.

	2021 \$'000	2020 \$'000
Accrued interest	...	22
Accrued revenue	331	460
Total	331	482
Settled within 12 months	331	482
Total	331	482

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.

	2021 \$'000	2020 \$'000
Inventory held for sale – Tasmanian Museum and Art Gallery (TMAG)	135	168
Inventory held for sale – Abt Railway	217	218
Total	352	386
Consumed within 12 months	352	386
Total	352	386

9.6 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

	2021	2020
	\$'000	\$'000
Land holdings		
Land (including land under buildings) Level 2 - at fair value	62,453	42,530
Land (including land under buildings) Level 3 - at fair value	1,041	1,011
Rural properties - at option value	972	1,024
Rail Corridor land - at fair value	55,781	55,349
Total	120,247	99,914
Buildings		
Level 2 - at fair value	45,367	37,227
Level 3 - at fair value	6,461	6,243
Less: Accumulated depreciation	(3,143)	(3,782)
	48,685	39,688
Work in progress (at cost)	14,988	...
Total	63,673	39,688
Aerodromes		
At fair value	150	150
Less: Accumulated depreciation	(11)	(11)
Total	139	139
Plant and equipment (including computer equipment)		
At cost	9,752	9,287
Less: Accumulated depreciation	(6,787)	(6,134)
	2,965	3,153
Work in progress (at cost)	1,062	614
Total	4,040	3,767
Marine vessels and equipment		
At fair value	3,938	3,938
Less: Accumulated depreciation	(1,706)	(1,275)
Total	2,232	2,663
Abt Railway rolling stock		
At fair value	5,665	5,223
Less: Accumulated depreciation	(697)	(516)
	4,968	4,707
Work in progress (at cost)	556	...
Total	5,383	4,707
Traffic Signal installations		
At fair value	23,742	20,350
Less: Accumulated depreciation	(2,774)	(2,124)
Total	20,967	18,226
Leasehold improvements		
At cost	1,723	1,107
Less: Accumulated depreciation	(432)	(310)
	1,291	797
Work in progress (at cost)	...	484
Total	1,291	1,281
Artwork		
At fair value	288	288
Total	288	288
Heritage and cultural assets		
At fair value	381,570	380,941
Total	381,570	380,941
Total property, plant and equipment, artwork, heritage and cultural assets	599,830	551,614

Rural properties

Rural properties are valued as at 30 June 2021 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 urban and non-urban 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.

Marine vessels and Traffic Signals installations

Marine vessel and Traffic Signals assets last valued in 2017 by Australian Valuation Solutions 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.

Abt Railway rolling stock

The latest revaluation of ABT Railway rolling stock as at 30 June 2017 was completed by Australian Valuation Solutions 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 2014 by Bett Gallery Valuers. The valuation of these assets was on a fair value basis in accordance with relevant accounting standards.

The valuation was undertaken by a specialist valuer who has expertise with the objects in question. For the majority of these assets the valuers use the market value basis, however for a small number of items with no current commercial activity, the valuers used the cost of these items at the time of commissioning with consideration for damage, wear and tear.

(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:

2021	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)	Leasehold improvements Level 2	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	42,530	57,384	33,987	5,701	139	3,767	2,663	4,707	18,226	1,281	381,229	551,614
Additions	1,440	30	21,548	218	...	1,025	...	857	6,028	132	76	31,354
Additions – Provisions for land under roads	1,757	...	...	...	...	...	...	...	...	...	...	1,757
Contributions received	...	...	...	...	...	...	...	...	...	...	553	553
Disposals	(380)	(51)	(133)	...	...	...	...	...	(2,514)	...	...	(3,078)
<i>Gains/losses recognised in other comprehensive income</i>												
Revaluation increments/(decrements)	17,105	432	3,204	...	...	...	...	...	...	...	...	22,741
Depreciation & amortisation	...	...	(617)	(235)	...	(752)	(431)	(181)	(773)	(122)	...	(3,111)
Carrying value at 30 June	62,452	57,795	57,989	5,684	139	4,040	2,232	5,383	20,967	1,291	381,858	599,830

2020	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)	Leasehold improvements Level 2	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	42,336	56,077	34,657	5,313	140	2,648	2,200	4,502	16,740	899	409,158	574,670
Additions	300	...	...	580	...	1,854	877	381	2,545	654	138	7,329
Contributions received	...	...	...	...	...	...	...	...	...	...	201	201
Disposals	(106)	(195)	(136)	...	...	(35)	...	...	(278)	(162)	...	(912)
<i>Gains/losses recognised in other comprehensive income</i>												
Revaluation increments/(decrements)	...	1,502	...	...	...	...	...	...	...	...	(28,268)	(26,766)
Depreciation & amortisation	...	...	(534)	(193)	(1)	(700)	(414)	(176)	(781)	(110)	...	(2,908)
Carrying value at 30 June	42,530	57,384	33,987	5,701	139	3,767	2,663	4,707	18,226	1,281	381,229	551,614

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

Description	Fair value at 30 June	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
	\$'000			
Land – Rural properties - specific purpose/use land	972	A – option price in individual contracts	Nil alternatives	Option prices are locked in individual contracts
Land - Rail Corridor – specific purpose/use land	55,781	A – market value of adjacent land per square metre	\$0.01 - \$453 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
Land – Abt Railway – specific purpose, including rail reserve	1,041	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)	5,684	A – Physical depreciation and obsolescence adjustments	Variable	Reliance on valuer's professional judgement
		B – useful life of specialised buildings	20 to 30 years	Increase / decrease in useful life would increase / decrease the fair value
Aerodromes – specific purpose/use	139	A – market value of land B - labour and materials cost to replace	Highly variable due to location	Increase / decrease in replacement costs would increase / decrease the fair value
		C – useful life of specialised buildings	20 years	Increase / decrease in useful life would increase / decrease the fair value
Marine Vessels and equipment – specific purpose/use vessel (Bruny Island Ferry)	2,232	A – Australian Valuation Solutions valuation based on a current replacement cost methodology B – useful life of Ferry	10% - 20% 3 years remaining	Increase / decrease in replacement cost would increase / decrease the fair value Increase / decrease in useful life would increase / decrease the fair value
Abt Railway Rolling Stock – specific purpose/use	5,383	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	20,967	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	381,570	A – independent specialist valuation	Nil - alternatives	Reliance on valuer's professional judgement

9.7 Right-Of-Use Assets

From 1 July 2019, 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. Right-of-use assets includes assets in respect of leases previously treated as operating leases under AASB 117, and therefore not recognised on the Statement of Financial Position.

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

	2021 \$'000	2020 \$'000
Buildings		
Level 2 - at fair value	3,380	1,189
Level 3 - at fair value	...	...
Less: Accumulated depreciation	(612)	(426)
Total	2,768	763
Plant and equipment and vehicles (including computer equipment)		
At cost	2,345	574
Less: Accumulated depreciation	(1,345)	(275)
Total	1,000	299
Total property, plant and equipment	3,768	1,062

(b) Reconciliation of movements

2021	Buildings \$'000	Plant, equipment & vehicles \$'000	Total \$'000
Carrying value at 1 July	763	299	1,062
Additions	2,394	75	2,469
Disposals / derecognition	...	...	...
Depreciation and amortisation	(395)	(531)	(926)
Other movements errors in opening balance	...	1,157	1,157
Other movement CPI rent adjustments	6	...	6
Carrying value at 30 June	2,768	1,000	3,768

2020	Buildings	Plant, equipment & vehicles	Total
	\$'000	\$'000	\$'000
Carrying value at 1 July	911	275	1,186
Additions	...	177	177
Disposals / derecognition	...	...	...
Depreciation and amortisation	(148)	(153)	(301)
Carrying value at 30 June	763	299	1,062

9.8 Infrastructure

Revaluations

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

- 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), and;
- Road and Bridge infrastructure which is revalued every five years, with values indexed annually between valuations.

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.

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 every 5 years, with the last valuation incorporating new methodology and useful lives conducted as at 30 June 2018. 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 in 2017. 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 valuation was completed as at 30 June 2019.

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 every five years on a current replacement cost basis, with the last valuation completed by Australian Valuation Solutions in 2017. 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

	2021 \$'000	2020 \$'000
At fair value	5,636,144	5,685,668
Less: Accumulated depreciation	(2,102,382)	(2,143,924)
	3,533,762	3,541,744
Work in progress at cost	116,868	153,612
Total	3,650,630	3,695,356

The most recent revaluation of the Road asset as at 30 June 2019 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.

(b) Reconciliation of movements

	Notes	2021 Level 3 \$'000	2020 Level 3 \$'000
Carrying amount at 1 July		3,695,356	3,848,424
Capital improvements		230,211	199,625
Write-off of replaced road assets	7.1	(5,808)	(32,429)
Transferred to Launceston City Council for Nil consideration	7.1	...	(9,365)
Transferred from Launceston City Council for Nil consideration	6.6	...	22,929
Revaluation increments (decrements) – annual indexation	12.1	(194,481)	(264,189)
Depreciation expense		(74,648)	(69,639)
Carrying amount at 30 June		3,650,630	3,695,356

(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	3,650,630	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))	3.7%	Increase / decrease in indexation factor would increase / decrease the fair value

Land Under Roads and within Road Reserves

(a) Carrying amount

	2021 \$'000	2020 \$'000
At fair value	234,088	244,467
Total	234,088	244,467

The latest valuation of land under road assets was completed as at 30 June 2019 calculated on Valuer-General provided average rateable values per hectare or square metre as determined by the Valuer-General from the most recent valuations (at 2019) of land titles adjoining and within a 200 metre corridor of the State road network.

(b) Reconciliation of movements

	Notes	2021 Level 3 \$'000	2020 Level 3 \$'000
Carrying amount at 1 July		244,467	233,424
Additions		...	7,429
Write off reduction in land area due to changes in The List area details	7.1	(10,379)	...
Transfer from Launceston City Council	6.6	...	3,392
Revaluation increments (decrements)	12.1	...	222
Carrying amount at 30 June		234,088	244,467

(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	234,088	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

	2021 \$'000	2020 \$'000
At fair value	2,386,201	2,369,662
Less: Accumulated depreciation	(944,106)	(891,346)
	1,442,095	1,478,316
Work in progress at cost	13,578	2,126
Total	1,455,673	1,480,442

The latest revaluation of the Bridge assets as at 30 June 2019 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 bridge construction. Values are indexed annually between revaluations using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17).

(b) Reconciliation of movements

	Notes	2021 Level 3 \$'000	2020 Level 3 \$'000
Carrying amount at 1 July		1,480,442	1,493,396
Capital improvements		25,817	12,669
Write-off of replaced bridges	7.1	(695)	(529)
Transfer to Derwent Valley Council for Nil consideration	7.1	(16)	...
Transfer to Central Coast Council for Nil consideration	7.1	(314)	...
Transfer to Launceston Council for Nil consideration	7.1	(235)	(1,428)
Revaluation increments (decrements)	12.1	(14,430)	10,591
Depreciation expense		(34,896)	(34,257)
Carrying amount at 30 June		1,455,673	1,480,442

(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	1,455,673	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

(d) Carrying amount

	2021 \$'000	2020 \$'000
At fair value	24,871	32,447
Less: Accumulated depreciation	(3,602)	(2,689)
	21,269	29,758
Work in progress at cost	5,058	...
Total	26,327	29,758

The latest revaluation of ABT Railway infrastructure as at 30 June 2017 was completed by Australian Valuation Solutions 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.

(e) Reconciliation of movements

	2021 Level 3 \$'000	2020 Level 3 \$'000
Carrying amount at 1 July	29,758	22,842
Additions	663	7,827
Reclassification of assets/corrections by Audit	(1,335)	...
Impairment losses	(1,845)	...
Depreciation expense	(914)	(911)
Carrying amount at 30 June	26,327	29,758

(f) 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	26,327	A – Physical depreciation and obsolescence adjustments B – useful life of infrastructure	Variable 20 – 100 years	Reliance on valuer's professional judgement Increase / decrease in useful life would increase / decrease the fair value
Total Infrastructure				5,366,718

9.9 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

	2021 \$'000	2020 \$'000
Intangibles with a finite useful life (at cost)		
Motor Registry System	17,504	17,504
Other software systems	1,426	1,745
Less: Accumulated amortisation	(18,869)	(19,249)
	61	...
Work in progress (at cost)	672	
Total intangible assets	733	...

(b) Reconciliation of movements

	2021 \$'000	2020 \$'000
Carrying amount at 1 July	...	...
Additions	734	
Amortisation expense	(1)	...
Carrying amount at 30 June	733	...

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

9.10 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

	2021 \$'000	2020 \$'000
Prepayments	3,301	1,357
Other assets	552	552
Total	3,853	1,909
Recovered within 12 months	3,223	1,901
Recovered in more than 12 months	630	8
Total	3,853	1,909

(b) Reconciliation of movements

	2021 \$'000	2020 \$'000
Carrying amount at 1 July	1,909	12,273
Additions	2,114	636
Settled/consumed	(170)	(11,000)
Carrying amount at 30 June	3,853	1,909

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.

	2021 \$'000	2020 \$'000
Creditors	9,617	10,649
Accrued expenses	3,954	3,027
Total	13,571	13,676
Settled within 12 months	13,571	13,676
Settled in more than 12 months	...	...
Total	13,571	13,676

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.

	2021 \$'000	2020 \$'000
Current		
Lease liabilities	1,240	214
Non-current		
Lease liabilities	3,435	838
Total	4,675	1,052

The following amounts are recognised in the Statement of Comprehensive Income

	2021 \$'000	2020 \$'000
Interest on lease liabilities included in note 8.5	102	18
Lease expenses included in note 8.3		
Short term leases	...	56
Lease of low-value assets	3	25
Variable lease payments	...	...
Lease expenses relating to whole of government fleet and major office accommodation	4,589	4,255
Income from sub-leasing right-of-use assets	(1)	(7)
Net expenses from leasing activities	4,693	4,347

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

	2021 \$'000	2020 \$'000
Loans from the State Government	2,820	3,290
Loans from the Australian Government	34,663	43,933
Loans from Tascorp	81,000	80,000
Total	118,483	127,223

(b) Maturity schedule

	2021 \$'000	2020 \$'000
One year or less	2,929	38,647
From one to five years	115,554	88,576
Total	118,483	127,223

During 2020-21 TDR repaid \$9.29 million of the borrowing with the Australian Government; \$2.02 million relating to Farm Finance Loan Scheme, \$2.88 million Farm Business 2016-17 and \$4.39 million Farm Business 2017-18.

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 Payables. On-costs are not classified as an employee benefit.

	2021 \$'000	2020 \$'000
Accrued salaries	1,860	1,328
Annual leave	7,670	6,962
Long service leave	14,140	13,180
Other employee provisions	79	76
Total	23,749	21,546
Expected to settle within 12 months	10,751	9,832
Expected to settle in more than 12 months	12,998	11,714
Total	23,749	21,546

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

	2021 \$'000	2020 \$'000
Compulsory acquisition of land for roadworks	7,357	5,601
Total	7,357	5,601
Settled within 12 months	7,357	5,601
Settled in more than 12 months	...	...
Total	7,357	5,601

(b) Reconciliation of movements in provisions

	2021 \$'000	2020 \$'000
Balance at 1 July	5,601	5,301
Additions/increases	3,115	621
Settled acquisitions	(1,359)	(321)
Balance at 30 June	7,357	5,601

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.

	2021 \$'000	2020 \$'000
Revenue received in advance		
Other revenue received in advance	867	1,173
Other liabilities		
Monies held in trust	22,910	17,685
Suspense accounts	1,331	800
PAYG withholding tax liability over year end	171	64
Employee benefits – on costs	153	159
Other	7	8
Total	25,443	19,888
Settled within 12 months	25,351	19,795
Settled in more than 12 months	92	93
Total	25,443	19,888

Monies held in Trust are primarily Mines Deposit Accounts (\$11.9M), which are held by the Department in trust as mine rehabilitation bonds and Provision for Land Acquisitions (\$7.02M).

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.

	2021 \$'000	2020 \$'000
By type		
Capital commitments		
Infrastructure – Roads	250,558	150,261
Total capital commitments	250,558	150,261
Lease Commitments		
Operating leases	48,181	47,534
Total lease commitments	48,181	47,534
Other commitments		
Loan commitments	175,226	68,549
Program/project commitments	699,846	569,693
Total other commitments	875,072	638,242
Total	1,173,811	836,037
By maturity		
Capital commitments		
One year or less	195,583	67,115
From one to five years	54,975	83,146
More than five years	...	...
Total capital commitments	250,558	150,261
Lease commitments		
One year or less	4,331	4,688
From one to five years	18,782	15,880
More than five years	25,068	26,966
Total lease commitments	48,181	47,534
Other commitments		
One year or less	300,967	228,840
From one to five years	572,855	409,152
More than five years	1,250	250
Total other commitments	875,072	638,242
Total	1,173,811	836,037

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.

	2021 \$'000	2020 \$'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 2021 the Department had a number of legal claims against it for:

- compensation in relation to the acquisition of property for road construction; and
- personal injury or damage 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

2021	Land	Rail corridor land	Buildings	Aero-dromes	Plant and Equipment	Traffic Signals	Road Infrastructure	Bridges	Other Infrastructure	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	14,097	23,268	7,478	710	5,907	8,672	1,811,621	789,437	8,977	17	16,379	2,686,563
Net Movements through restructuring	...	...	...	...	...	...	...	...	...	...	...	...
Revaluation increments/ (decrements)	17,105	432	3,204	...	...	...	(194,481)	(14,430)	...	...	...	(188,170)
Impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Reversals of impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Balance at 30 June	31,202	23,700	10,682	710	5,907	8,672	1,617,140	775,007	8,977	17	16,379	2,498,393

2020	Land	Rail corridor land	Buildings	Aero-dromes	Plant and Equipment	Traffic Signals	Road Infrastructure	Bridges	Other Infrastructure	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	13,875	21,766	7,478	710	5,907	8,672	2,075,811	778,845	8,977	17	44,647	2,966,705
Net Movements through restructuring	...	...	...	...	...	...	...	...	...	...	...	...
Revaluation increments/ (decrements)	222	1,502	...	...	...	...	(264,190)	10,592	...	...	(28,268)	(280,142)
Impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Reversals of impairment losses	...	...	...	...	...	...	...	...	...	...	...	...
Balance at 30 June	14,097	23,268	7,478	710	5,907	8,672	1,811,621	789,437	8,977	17	16,379	2,686,563

(a) Nature and purpose of reserves

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

Note 13 Cash Flow Reconciliation

13.1 Cash and deposits

Cash and deposits include 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.

	2021 \$'000	2020 \$'000
Specific Purpose Account balances		
S524 Department of State Growth Financial Management Account	27,213	52,188
Commonwealth Bank account – Abt Railway Ministerial Corporation	2,498	2,231
Commonwealth Bank account – Tasmanian Museum and Art Gallery	3,754	3,712
Total S524	33,465	55,530
Agency Trust Accounts		
T466 Mines Deposit Account	11,909	7,984
T003 Provision for Land Acquisition Account	7,024	9,036
Total	18,933	17,020
Other cash held:		
Petty cash	7	14
Total	7	14
Total cash and deposits	52,405	75,165
Restricted use cash and deposits	4,186	22,963
Unrestricted use cash and deposits	48,219	52,202
Total cash and deposits	52,405	75,165

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 (\$3.38M).

13.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2021 \$'000	2020 \$'000
Net results	146,113	89,059
Depreciation and amortisation	114,497	108,016
(Gain) loss on non-financial assets	22,316	37,038
Impairment losses	202	812
Decrease (increase) in Receivables	(2,942)	(2,381)
Decrease (increase) in Other Financial Assets	151	(20)
Decrease (increase) in Inventories	34	(41)
Decrease (increase) in Right of use asset	(2,706)	(1,062)
Decrease (increase) in Prepayments	(1,944)	(84)
Decrease (increase) in Other assets	...	10,448
Increase (decrease) in Employee entitlements	2,203	1,603
Increase (decrease) in Payables	(105)	(1,036)
Increase (decrease) in Lease liabilities	3,623	1,052
Increase (decrease) in Other liabilities	(6,005)	(9,133)
Less: contributions received	(553)	(26,521)
Less: non-operational capital funding – recurrent appropriation	(590)	(1,473)
Less: non-operational capital funding - works & services appropriation	(143,274)	(150,019)
Less: non-operational capital funding – Australian Government grants	(91,813)	(60,579)
Net cash from (used by) operating activities	39,207	(4,321)

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.

2021	Borrowings \$'000	Monies Held in Trust \$'000
Balance as at 1 July 2020	127,223	17,685
Trust receipts	...	6,236
Trust payments	...	(661)
Other movements	...	350
Changes from financing cash flows:		
Cash Received	1,017	...
Cash Repayments	(9,757)	...
Balance as at 30 June 2021	118,483	22,910

2020	Borrowings \$'000	Monies Held in Trust \$'000
Balance as at 30 June 2019	55,832	8,744
Trust receipts	...	12,686
Trust payments	...	(4,126)
Other movements	...	31
Changes from financing cash flows:		
Cash Received	77,700	...
Cash Repayments	(6,309)	...
Balance as at 30 June 2020	127,223	17,685

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

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Capital Investment Program			
<i>National Highway System</i>			
Bass Highway – Wynyard	...	...	188
Bridge renewal program	5,167	388	3,822
Bridport Western Access Road	...	...	785
Brooker Highway – Elwick, Goodwood, Howards Roads	1,063	38	1,240
Domain Highway planning	1,000	39	...
Freight Access Bridge Upgrade	6,000	1,806	...
Greater Hobart Traffic Solution	510	...	340
Heavy Vehicle Safety and productivity	6,048	3,746	1,594
Highland Lakes Road	...	...	(5)
Hobart Airport Interchange	...	...	927
Huon Highway / Summerleas Road	...	68	105
Infrastructure Maintenance	8,125	8,011	6,154
Infrastructure Stimulus Funding	32,600	17,348	...
Midland Highway	23,107	34,199	46,289
Network Planning	...	...	283
New Bridgewater Bridge	30,000	5,230	...
Road Safety Projects	3,516	5,255	1,464
Roads of Strategic Importance	88,325	40,978	5,734
Tasman Ramps	...	...	103
Urban Congestion Fund	4,090	460	34
<i>State Funded Projects</i>			
A Workforce for Now and the Future	50	100	...
Asset Management	...	...	5,394
Bass Highway – Wynyard	...	...	(186)
Bridge renewal program	...	60	873
Bridge Strengthening on Esk and Tasman Highways	...	...	(37)
Brooker, Elwick, Goodwood, Howards Roads	159	11	909
Bruny Island Landside Infrastructure	7,500	6,525	...
Domain Highway planning	200	...	...
Environmental Management	...	...	599
Esk Main Road	247	3	(35)
Extending the Great Eastern Drive – Binalong Bay Road	2,200	833	5
Freight Access Bridge Upgrade	2,765	2,927	4,916
Great Eastern Drive	350	385	3,597
Greater Hobart Traffic Solution	16,762	7,737	4,727
Heavy Vehicle Safety and Productivity Program	...	(863)	4,906
Highland Lakes Road	...	...	457
Hobart Airport Interchange	...	...	(687)
Huon Highway / Summerleas Road	...	14	(31)
Huon Highway – Glendevie	...	(7)	916
Infrastructure Maintenance	67,866	81,609	79,059
Infrastructure Stimulus Funding	24,650	11,621	...
Launceston and Tamar Valley Traffic Vision	7,322	3,783	2,175
Midland Highway	...	391	1,674
Mowbray Connector	261	1,338	3,983

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Network Planning	906	988	780
New Bridgewater Bridge	3,000	6,000	2,164
Program Management	7,806	4,630	521
Real-Time Traffic Congestion Management in Hobart	...	...	173
Road Safety Projects	9,368	13,984	9,219
Roads of Strategic Importance	10,097	2,728	1,428
Roads Package to Support Tasmania's Visitor Economy	26,339	14,503	20,842
South East Traffic Solution	698	999	11,050
State Road Upgrades – Northern Region	12,593	3,484	17,003
State Road Upgrades – Southern Region	42,806	18,449	20,639
State Roads Upgrades - North West & West Coast Region	10,750	4,805	7,994
Strategic Policy and Planning	...	(182)	2,557
Tasmanian Journeys	720	443	31
Traffic Management and Engineering Services	3,507	3,517	...
Urban Congestion Fund	4,678	265	99
West Tamar Traffic Solution	12,677	10,560	864
Total cash outflows	485,828	319,209	277,635

(b) Classification of cash flows

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

	2021 \$'000	2020 \$'000
Cash outflows		
Other cash payments		
Maintenance	48,226	37,387
Other (overheads, management, systems)	5,436	8,472
Payments for acquisition of assets	265,547	231,776
Total cash outflows	319,209	277,635

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 2020 and 30 June 2019 are as follows.

Expected credit loss analysis of receivables as at 30 June 2021						
	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%	0.15%	0.30%	1.03%	13.29%	
Total gross carrying amount (B)	151	44	...	80	812	1,087
Expected credit loss (A x B)	...	...	...	1	108	109

Expected credit loss analysis of receivables as at 1 July 2020

	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%	0.09%	0.18%	0.62%	7.95%	
Total gross carrying amount (B)	2,050	82	...	63	892	3,087
Expected credit loss (A x B)	...	...	...	...	75	75

(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:

2021
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	13,571	...	...	...	...	...	13,571	13,571
Borrowings	36,000	45,000	...	...	...	...	81,000	81,000
Lease liabilities	4,675	...	...	...	...	...	4,675	4,675
Monies held in Trust	22,910	...	...	...	...	...	22,910	22,910
Total	77,156	45,000	...	...	...	...	122,156	122,156

2020

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	13,676	...	...	...	...	...	13,676	13,676
Borrowings	35,000	...	45,000	...	...	...	80,000	80,000
Monies held in Trust	17,685	...	...	...	...	...	17,685	17,685
Total	66,361	...	45,000	...	...	...	111,361	111,361

(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:

	2021 \$'000	2020 \$'000
Fixed rate instruments		
Financial assets	...	...
Less Financial liabilities	(80,000)	(80,000)
Total	(80,000)	(80,000)
Variable rate instruments		
Financial assets	144,730	129,930
Less Financial liabilities	(1,319)	(317)
Total	143,411	129,613

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 2021				
Cash and deposits	38	(38)	...	...
Loan advances	1,382	(1,382)	...	...
Monies held in Trust	(3)	3	...	...
Interest bearing facilities	(10)	10	...	...
Net sensitivity	1,407	(1,407)	...	...
30 June 2020				
Cash in Special Deposits and Trust Fund	37	(37)	...	...
Loan advances	1,262	(1,262)	...	...
Monies held in Trust	(3)	3	...	...
Interest bearing facilities	...	...	...	...
Net sensitivity	1,296	(1,296)	...	...

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2020.

14.2 Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2021 \$'000	2020 \$'000
Financial assets		
Amortised cost	197,135	204,615
Total	197,135	204,615
Financial Liabilities		
Financial liabilities measured at amortised cost	136,729	141,249
Total	136,729	141,249

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 2021 \$'000	Net Fair Value 2021 \$'000	Carrying Amount 2020 \$'000	Net Fair Value 2020 \$'000
Financial assets				
Cash at bank	35,385	35,385	5,957	5,957
Cash and Deposits	17,020	17,020	69,208	69,208
Receivables	12,517	12,517	9,575	9,575
Loan advances	138,162	138,159	126,218	126,212
Total financial assets	203,084	203,081	210,958	210,952
Financial liabilities				
Trade creditors	13,571	13,571	13,676	13,676
Interest bearing facilities	81,000	81,170	80,000	80,170
Lease liabilities	4,675	4,675	...	...
Other financial liabilities:				
Monies held in Trust	22,910	22,910	17,685	17,685
Total financial liabilities	122,156	122,326	111,361	111,531

14.5 Net Fair Values of Financial Assets and Liabilities

2021

	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	35,385	...	...	35,385
Cash in Special Deposits and Trust Fund	17,020	...	...	17,020
Receivables	...	12,517	...	12,517
Loan advances	...	138,159	...	138,159

Total financial assets	52,405	150,676	...	203,081
Financial liabilities				
Trade creditors	...	13,571	...	13,571
Interest bearing facilities	...	81,170	...	81,170
Lease liabilities	...	4,675	...	4,675
Other financial liabilities:				
Monies held in Trust	...	22,910	...	22,910
Total financial liabilities	...	122,326	...	122,326

2020

	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	5,957	...	...	5,957
Cash in Special Deposits and Trust Fund	69,208	...	...	69,208
Receivables	...	9,575	...	9,575
Loan advances	...	126,212	...	126,212
Total financial assets	75,165	135,787	...	210,952
Financial liabilities				
Trade creditors	...	13,676	...	13,676
Interest bearing facilities	...	80,170	...	80,170
Other financial liabilities:				
Monies held in Trust	...	17,685	...	17,685
Total financial liabilities	...	111,531	...	111,531

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%
Forest Practices Authority (consolidated within the Administered Financial Statements)	State of Tasmania	100%

Note 16 Notes to Administered Statements

16.1 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.

(a) Schedule of Administered Income and Expenses

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Grants	(i)	....	535	535	100
Sales of goods and services	(ii)	5,515	7,346	1,831	33
Other revenue	(iii)	35,200	60,388	25,188	72
Employee benefits	(iv)	...	2,122	2,122	100
Supplies and consumables	(v)	136	3,836	3,700	2,721
Transfers to the Public Account	(vi)	95,586	123,106	27,520	72

Notes to Schedule of Administered Income and Expenses variances

- (i) Variance reflects the budget exclusion of Forest Practices Authority revenue estimates.
- (ii) Variance reflects the improved performance of custom vehicle plate (Tasplates) sales (\$1.2M), and the budget exclusion of Forest Practices Authority revenue estimates.
- (iii) Variance reflects higher the anticipated revenue collection for Mineral Royalties (\$30M)
- (iv) Difference reflects the budget exclusion of Forest Practices Authority salaries funded from revenues.
- (v) variance primarily reflects increased production costs for personalised number plates, which is in line with increased revenue.
- (vi) Variance reflects higher the anticipated revenue collection and subsequent transfers to the Public Account for Mineral Royalties (\$30M).

(b) Schedule of Administered Assets and Liabilities

			2021	2020	Budget	Actual
	Note	Budget	Actual	Actual	Variance	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000
Cash and deposits	(i)	7,792	3,055	3,838	(4,737)	(783)
Financial Investments	(ii)	1,750	1,000	1,000	(750)	...
Receivables	(iii)	154	3,338	845	3,184	2,493
Other liabilities	(iv)	3,473	2,855	(474)	(618)	3,329

Notes to Schedule of Administered Assets and Liabilities Variances

- (i) Variance reflect lower than expected cash and deposits held related to Motor Registry third party revenue collections and the Tasmanian Forests intergovernmental Agreement.
- (ii) Variance reflects the value of term deposits held by Forest Practices Authority.
- (iii) Variance reflects lower than expected receivable for Motor Registry third party revenue collections.
- (iv) Variance in actuals primarily reflects monies held in trust which are primarily third-party revenues collected by the Department through motor registration receipts, held pending daily transfer to the owning third parties.

(c) Schedule of Administered Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Grants	(i)	....	559	559	100
Sales of goods and services	(ii)	5,515	7,479	1,964	36
Other cash receipts	(iii)	35,200	60,508	25,308	72
Employee benefits	(iv)	....	(2,119)	(2,119)	(100)
Transfers to the Public Fund	(v)	(95,586)	(123,106)	(27,520)	29
Other cash payments	(vi)	(138)	(3,311)	(3,175)	2335
Proceeds from maturing Term Deposits	(vii)	....	1,000	1,000	100
Trust receipts	(viii)	....	(518)	(518)	(100)

Notes to Schedule of Administered Cash Flow variances

- (i) Variance reflects the budget exclusion of Forest Practices Authority revenue estimates.
(ii) Variance reflects the improved performance of custom vehicle plate (Tasplates) sales (\$1.2M), and the budget exclusion of Forest Practices Authority revenue estimates.
(iii) Variance reflects higher the anticipated revenue collection for Mineral Royalties (\$30M)
(iv) Difference reflects the budget exclusion of Forest Practices Authority salaries funded from revenues.
(v) Variance reflects higher the anticipated revenue collection and subsequent transfers to the Public Account for Mineral Royalties (\$30M).
(vi) Variance primarily reflects increased production costs for personalised number plates, which is in line with increased revenue.
(vii) Reflects budget exclusion for Forest Practices Authority.
(viii) Variance reflects the non-budgeted net cash flows of Motor Registry third party revenue collections and other funds held in trust.

16.2 Administered revenue from Government

Administered revenue from Government includes revenue from appropriations, appropriations carried forward under section 23 of the *Financial Management Act 2016* and Items Reserved by Law.

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

	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
Continuing operations			
Appropriation revenue - recurrent			
Current year	46,073	46,148	40,448
Total	46,073	46,148	40,448

16.3 Administered Grants

	2021 \$'000	2020 \$'000
Continuing operations		
Grants from other Government Department	500	500
Industry contributions	35	24
Total revenue from grants	535	524

16.4 Administered State taxation

	2021	2020
	\$'000	\$'000
Vehicle Registration Fees	47,875	47,468
Total	47,875	47,468

16.5 Administered Sales of goods and services

	2021	2020
	\$'000	\$'000
Goods		
Mineral Land Rentals	1,119	1,148
Custom Plates	2,544	1,380
Services		
MAIB Commission	2,521	2,542
Registration and Licensing	175	100
Forest Practice Plan fees	770	822
Forest Practice consulting fees	98	87
Other	119	58
Total	7,346	6,137

16.6 Administered Fees and fines

	2021	2020
	\$'000	\$'000
Regulatory Fees		
Vehicle escorts	158	550
Public Vehicle Licensing	45	32
Fees from Mineral Lands	624	793
Driver Licensing	9,205	8,876
Fines		
Weighbridge	5	4
Other	292	60
Total	10,329	10,315

16.7 Administered other revenue

	2021	2020
	\$'000	\$'000
Mineral Royalties	60,814	31,910
Other	(426)	(137)
Total	60,388	31,773

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

	2021 \$'000	2020 \$'000
Wages and salaries	1,671	1,614
Annual leave	132	109
Long service leave	33	43
Superannuation	226	224
Other employee benefits	60	142
Total	2,122	2,132

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 (2020: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 9.5 per cent (2020: 9.5 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 (2019: 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
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(a) Depreciation

	2021 \$'000	2020 \$'000
Plant and equipment	3	3
Right-of-use-asset	14	...
Total	17	3

(b) Amortisation

	2021 \$'000	2020 \$'000
Intangibles	...	...
Total	...	...
Total depreciation and amortisation	17	3

16.10 Administered Supplies and consumables

	2021	2020
	\$'000	\$'000
Audit fees – financial audit	3	3
Operating Lease costs	36	80
Consultants	354	510
Property services	75	40
Maintenance	1	1
Communications	15	17
Information technology	71	107
Travel and transport	115	110
Advertising and promotion	52	17
Contractor payments	73	54
Personalised number plate production costs	2,184	998
Other supplies and consumables	857	212
Total	3,836	2,149

16.11 Administered Grants and subsidies

	2021	2020
	\$'000	\$'000
Grants		
National Road Transport Commission: Local Government Contribution	1,500	1,500
Private Forests Tasmania	1,647	1,615
Contribution to Marine and Safety Tasmania	3,092	2,143
Tasmanian Railway Pty Ltd	11,600	10,100
West Coast Wilderness Railway	8,000	4,000
Forest Industry grants	250	1,015
Government contribution to the Tasmanian Symphony Orchestra	2,271	1,519
Tasmanian Icon program – Tasmanian Symphony Orchestra	...	500
Ten Days on the Island	1,606	1,027
Theatre Royal	886	870
Sustainable Timber Tasmania – Community Service Obligation	8,000	10,000
Total Grants	38,852	34,289
Subsidies		
Student-Only Passenger Services	...	1
Conveyance Allowances	761	703
Pensioner Air Travel Subsidy	11	7
Transport Access Scheme	5,158	4,847
Total Subsidies	5,930	5,558
Total	44,782	39,847

16.12 Administered Other expenses

	2021	2020
	\$'000	\$'000
Workers Compensation	1	2
Interest on lease liabilities	...	...
Miscellaneous expenses	(18)	...
Total	(17)	2

16.13 Administered Financial Investments

	2021 \$'000	2020 \$'000
Term deposits	1,000	1,000
Total	1,000	1,000
Settled within 12 months	1,000	1,000
Total	1,000	1,000

16.14 Administered Receivables

	2021 \$'000	2020 \$'000
Receivables	3,654	891
Less: Provision for impairment	(316)	(46)
Total	3,338	845
Sales of goods and services (inclusive of GST)	3,289	834
GST receivable	49	57
Total	3,338	845
Settled within 12 months	3,338	845
Total	3,338	845

Reconciliation of movement in expected credit loss for administered receivables	2021 \$'000	2020 \$'000
Carrying amount at 1 July	(46)	...
Increase/(decrease) in provision recognised in profit or loss	(270)	(46)
Carrying amount at 30 June	(316)	(46)

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

16.15 Administered Other financial assets

	2021 \$'000	2020 \$'000
Accrued revenue	143	230
Accrued interest	4	12
Total	147	242
Settled within 12 months	113	242
Settled in more than 12 months	34	
Total	147	242

16.16 Administered Plant and equipment

(a) Carrying amount

	2021 \$'000	2020 \$'000
Plant and equipment		
At cost	15	15
Less: Accumulated depreciation	(10)	(7)
Total plant and equipment	5	8

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	2021 \$'000	2020 \$'000
Carrying amount at 1 July	8	11
Additions	...	...
Depreciation expense	(3)	(3)
Carrying amount at 30 June	5	8

16.17 Administered Right-Of-Use Assets

AASB 16 requires FPA 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.

FPA 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 FPA obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that FPA will exercise a purchase option, FPA depreciates the right-of-use asset over its useful life.

	2021 \$'000	2020 \$'000
Buildings		
Level 2 - at fair value (30 June 2020)	266	...
Less: Accumulated depreciation	(15)	...
Total	251	...
Total property, plant and equipment	251	...

2021	Buildings \$'000	Total \$'000
Carrying value at 1 July	...	...
Additions	266	266
Disposals / derecognition	...	...
Depreciation and amortisation	(15)	(15)
Carrying value at 30 June	251	251

16.18 Administered Other assets

	2021 \$'000	2020 \$'000
Prepayments	33	31
Total	33	31
Settled within 12 months	33	31
Total	33	31

16.19 Administered Payables

	2021 \$'000	2020 \$'000
Creditors	10	6
Accrued expenses	19	516
Total	29	522
Settled within 12 months	29	522
Total	29	522

Settlement is usually made within 30 days.

16.20 Administered 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.

FPA 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.

FPA 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. FPA's 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 FPA is potentially exposed to increase future cash outflows beyond the liability calculated.

	2021 \$'000	2020 \$'000
Current		
Lease liabilities	88	...
Non-current		
Lease liabilities	163	...
Total	251	...

The following amounts are recognised in the Statement of Comprehensive Income

	2021 \$'000	2020 \$'000
Interest on lease liabilities included in note 16.12	...	...
Lease expenses included in note 16.10:		
Short term leases	75	...
Lease of low-value assets	3	...
Variable lease payments		
Lease expenses relating to whole of government fleet and major office accommodation	40	...
Income from sub-leasing right-of-use assets	...	...
Net expenses from leasing activities	118	...

16.21 Administered Employee benefits

	2021 \$'000	2020 \$'000
Accrued salaries	23	28
Annual leave	123	129
Long service leave	279	258
Other employee provisions	...	7
Total	425	422
Settled within 12 months	168	191
Settled in more than 12 months	257	231
Total	425	422

16.22 Administered Other liabilities

	2021	2020
	\$'000	\$'000
Other liabilities		
Monies held in trust	2,852	(478)
PAYG withholding tax payable	1	1
Other liabilities	2	3
Total	2,855	(474)
Settled within 12 months	2,855	(474)
Total	2,855	(474)

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).

16.23 Schedule of Administered Commitments

	2021	2020
	\$'000	\$'000
By type		
Lease Commitments		
Other leases	45	79
Total lease commitments	45	79
Other commitments		
Project commitments	302	...
Total other commitments	302	...
Total	347	79
By maturity		
Other lease commitments		
One year or less	37	44
From one to five years	8	35
More than five years	...	...
Total other lease commitments	45	79
Other commitments		
One year or less	179	...
From one to five years	123	...
More than five years	...	...
Total other commitments	302	...
Total	347	79

Note: Commitments are GST exclusive where relevant.

Major office accommodation and vehicles are recorded under AASB 16 within the Department of Treasury financial statements and as such remain lease expenses within the Department's accounts.

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 14 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.

16.24 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.

	2021 \$'000	2020 \$'000
S524 State Growth Financial Management Account	(206)	606
S117 Tasmanian Forest Agreement Account	2,315	2,601
Total	2,109	3,207
Other cash held		
Tascorp Interest Bearing Deposit	946	631
Total	946	631
Total cash and deposits	3,055	3,838

FPA also holds \$1.02 million (2020 \$1 million) in term deposits held for periods greater than three months. These do not meet the classification requirements of Cash under accounting standard AASB 107 and therefore have been excluded from the above balance. Refer to note 16.13.

16.25 Reconciliation of Administered Net Result to Net Cash from Administered Operating Activities

	2021 \$'000	2020 \$'000
Net operating result from transactions	(1,225)	(410)
Depreciation and amortisation	17	3
Decrease (increase) in Receivables	(2,493)	(691)
Decrease (increase) in Other financial assets	95	(146)
Decrease (increase) in Right-of-use-assets	(251)	...
Decrease (increase) in Other assets	(2)	(15)
Increase (decrease) in Employee entitlements	3	15
Increase (decrease) in Payables	(493)	487
Increase (decrease) in Lease liabilities	405	...
Increase (decrease) in Other liabilities	3,693	(323)
Net cash from (used by) operating activities	(251)	(1,080)

16.26 Administered Financial Instruments

16.27 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.

(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 2020 and 30 June 2019 are as follows.

Expected credit loss analysis of receivables as at 30 June 2021

	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%	0.15%	0.30%	1.03%	13.29%	
Total gross carrying amount (B)	72	24	...	16	239	351
Expected credit loss (A x B)	...	...	...	...	32	32

Expected credit loss analysis of receivables as at 30 June 2020

	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%	0.09%	0.18%	0.62%	7.95%	
Total gross carrying amount (B)	103	56	...	35	573	767
Expected credit loss (A x B)	...	...	...	...	46	46

(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:

2021

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	29	...	...	...	...	...	29	29
Lease liabilities	88	88	75	...	...	...	251	251
Monies held in Trust	2,852	...	...	...	...	...	2,852	2,852
Total	2,969	88	75	...	...	...	3,132	3,132

2020

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	522	...	...	...	...	...	522	522
Monies held in Trust	(478)	...	...	...	...	...	(478)	(478)
Total	44	...	...	...	...	...	44	44

(c) 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:

	2021 \$'000	2020 \$'000
Fixed rate instruments		
Financial assets	1,000	1,000
Financial liabilities	(405)	...
Total	595	1,000
Variable rate instruments		
Financial assets	946	631
Financial liabilities	...	...
Total	946	631

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 decrease \$'000
30 June 2021			
Cash and deposits	9	(9)	...
Financial investments	10	(10)	...
Monies held in trust	(29)	29	...
Net sensitivity	(10)	10	...
30 June 2020			
Cash and deposits	6	(6)	...
Net sensitivity	6	(6)	...

This analysis assumes all other variables remain constant. The analysis was performed on the same basis for 2020.

16.28 Categories of Administered Financial Assets and Liabilities

AASB 9 Carrying amount	2021 \$'000	2020 \$'000
Financial assets		
Amortised cost	7,473	5,925
Total	7,469	5,925
Financial Liabilities		
Financial liabilities measured at amortised cost	3,132	48
Total	3,132	48

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.

16.29 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.

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

	Carrying Amount 2021 \$'000	Net Fair Value 2021 \$'000	Carrying Amount 2020 \$'000	Net Fair Value 2020 \$'000
Financial assets				
Cash and deposits	3,055	3,055	3,838	3,838
Financial Investments	1,000	1,000	1,000	1,000
Receivables	3,338	3,338	845	845
Other financial assets:				
Accrued revenue	80	80	242	242
Total financial assets	7,473	7,473	5,925	5,925
Financial liabilities				
Trade creditors	29	29	522	522
Lease liabilities	251	251	...	...
Other financial liabilities:				
Monies held in Trust	2,852	2,852	(478)	(478)
Total financial liabilities	3,132	3,132	44	44

16.31 Net Fair Values of Administered Financial Assets and Liabilities

2021	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 Tascorp	...	946	...	946
Commonwealth Bank term deposits	...	1,000	...	1,000
Cash in Specific Purpose Accounts	...	2,109	...	2,109
Receivables	3,338	3,338
Other financial assets:				
Accrued revenue and interest	80	80
Total financial assets	...	4,055	3,418	7,473
Financial liabilities				
Trade creditors	29	29
Lease liabilities	...	405	...	405
Other financial liabilities:				
Monies held in Trust	...	2,852	...	2,852
Total financial liabilities	...	3,257	29	3,286
2020	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 Tascorp	...	631	...	631
Commonwealth Bank term deposits	...	1,000	...	1,000
Cash in Specific Purpose Accounts	...	3,207	...	3,207
Receivables	845	845
Other financial assets:				
Accrued revenue and interest	242	242
Total financial assets	...	4,838	1,087	5,925
Financial liabilities				
Trade creditors	522	522
Other financial liabilities:				

Monies held in Trust	...	(478)	...	(478)
Total financial liabilities	...	(478)	522	44

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	Net transactions during 2020-21	Closing balance
	\$'000	\$'000	\$'000
Monies collected on behalf of external bodies through Motor Registrations (refer below),	154		
Less: Monies collected through Motor Registrations		345,407	
Transferred to external bodies		(344,889)	672
Agreement for the Conservation of Albatrosses and Petrels (ACAP)	924	253	1,177
Mine Rehabilitation Bonds	7,984	3,925	11,909
Pacific National Compensation Fund	64	...	64
Provision for land acquisition	9,010	(1,986)	7,024

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 2021.

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 Education
- Minister for Energy and Emissions Reduction
- 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 State Development, Construction and Housing
- Minister for State Growth
- 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

In the current year, the Department has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- *AASB 1059 Service Concession Arrangements: Grantors* – This Standard prescribes the accounting for a service concession arrangement by a grantor that is a public sector entity. Service concession arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services. There is no financial impact.

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

There are no Standards issued by the AASB yet to be applied.

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 2016-17 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.

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 2021 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 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 2021 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
Infrastructure assets <i>Refer to notes 8.2 and 9.8</i>	
<p>The Department's infrastructure assets as at 30 June 2021 included roads and bridges totalling \$4.98bn recognised at fair value.</p> <p>The fair value of infrastructure assets is based on current replacement cost. Inputs used in the valuation of 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 2020-21 both road and bridge infrastructure asset were indexed by the Asset Management Branch of the Department, to ensure the fair value of those assets.</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 2020-21 totalled \$0.26bn.</p> <p>Capital projects can contain a combination of enhancement and maintenance activity which are not distinct and therefore the</p>	<ul style="list-style-type: none"> • Evaluating the appropriateness of the indexation 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. • Performing substantive analytical procedures on depreciation expenses. • 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
allocation of costs between capital and operating expenditure is inherently judgemental.	

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 this 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
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Delegate of the Auditor-General

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29 September 2021
Hobart



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