Tasmania Development and Resources

Annual Report 2021–22

Department of State Growth

Tasmanian Government

Contents

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Submission to Minister

Guy Barnett

Minster for State Development, Construction and Housing

Dear Minister

In accordance with the requirements of Section 29E of the *Tasmanian Development Act 1983*, I submit to you, for presentation to Parliament, this report on the affairs and activities of Tasmania Development and Resources for the financial year ended 30 June 2022.

Yours sincerely

Mike Wallas

Chair
Tasmanian Development Board
October 2022

About this publication

Tasmania Development and Resources (TDR) is required under Section 29E of the *Tasmanian Development Act 1983* to produce an annual report for each financial year.

Further information is provided within the Department of State Growth Annual Report 2021–22.

Foreword from the Chair

It is my pleasure, for the first time as Chair, to present the Tasmanian Development Board 2021-22 Annual Report to the Minister for State Development, Construction and Housing.

It has been an honour to take over the reins of the TD Board from Brian Scullin who has so ably held the Chair role since 2014.

It has been timely that as the state, nation and world began to progressively emerge from most of the restrictions imposed due to the COVID-19 pandemic in November 2021, the new TDR Corporate Plan 2021-2024 was approved by the then Minister for State Growth.

The timing of the new plan and its approval allowed us to critically examine our role in the context of an economy coming through one of the most challenging periods in recent memory.

Since the change of portfolio responsibilities in April 2022 we have been pleased to have the new Minister meet with us and confirm our board's priorities and directions for the coming year.

Looking to the ongoing business of the board, this year sees the approval or recommendation of 50 loans and grants totalling more than $86 million, including 48 loans worth a combined $82.3 million and two grants totalling almost $4 million.

The increase in the total loan amount of around $133.8 million on last year's total new loan value, is largely attributable to the creation of the Building Construction Support Loan Scheme, as well as the one-off $100 million loan to Incat after agreement was reached on the loan terms this financial year, which is administered by the board.

At the end of the financial year there are 484 loans under management worth more than $145.6 million, noting that a range of approved loans are yet to be drawn down by proponents.

The Building Construction Support Loan Scheme was this year's biggest open-application loan initiative and following the closing of applications on 30 September 2021, eight loans totalling almost $43 million were approved.

The scheme encourages commercial building construction projects that were stalled, or likely to stall, without further capital support to proceed.

The eight loans approved this year will see $166 million in investment, providing a direct economic stimulus and supporting numerous local jobs.

This year a further 19 loans totalling more than $7 million were also approved through the Business Growth Loan Scheme which was first introduced in September 2020 to provide concessional loan funding to help our state's businesses recover, adapt and grow as we came out of COVID-19 trading restrictions and business downturns.

This financial year the AgriGrowth Loan Scheme, incorporating the Young Farmer Support Package, provided 10 low-interest loans totalling $10.82 million. This took the total approvals to 53 loans worth more than $47.8 million since 2014.

In April this year we also went beyond the boardroom and visited recipients of loans under the scheme. This provided us with first-hand insights into the real, on-ground benefits the loans we approve make to Tasmanian businesses. It was both enlightening and reassuring for the board.

In August this year the new Tourism Development Loan Scheme opened to assist the improvement and development of tourism products and experiences as the economy rebuilds from COVID-19 and travel began to return to normal. So far seven loans totalling almost $9.9 million were approved.

A special one-off loan of up to $600,000 was provided to PFG Group this year to construct a prototype vessel, The Sentinel Interdictor 1100, to showcase PFG's boat building capabilities in the defence sector and help support the operations of PFG, with flow-on benefits to many local Tasmanian businesses.

A loan of up to $954,000 was also approved to Supported Affordable Accommodation Pty Ltd during the financial year to accelerate construction of affordable accommodation, predominantly for the disability sector.

On the grants side of the ledger, $1.935 million was approved for ReadyTech Holdings to support the development of a centre of excellence for engineering, data science, analytics and customer support functions, expanding its Launceston operations.

A $2 million grant was also approved for Norske Skog Paper Mills (Australia) Ltd for projects at the Boyer Mill site. This will improve efficiency and support feasibility studies aimed at diversification of business activities and emissions reduction via the use of alternative fuels.

The Office of the Coordinator-General is once again to be recognised for its ongoing efforts and professionalism in attracting and facilitating investment to our state which this year came to $328 million. This brings the total investment generated since the office's formation to more than $2.9 billion.

In my first year as Chair of the Tasmanian Development Board I particularly acknowledge and thank my fellow directors, Naomi Edwards, Greg McCann, Kathryn McCann, Vince De Santis, Naomi Walsh, Paul Ranson and Kim Evans, for their commitment, passion and support. The current composition of the board provides a deep spread of knowledge and experience that guides our decision-making.

On behalf of the board, I again thank the Chief Executive of Tasmania Development and Resources, Kim Evans, and the staff from the Department of State Growth and the Office of the Coordinator-General for the support and professional standards delivered throughout the year.

Without the reliable, well-considered advice these teams provide us, we would not be able to make the best possible decisions for the state, our economy, businesses and the community.

To close, and on behalf of the board, I again acknowledge the contribution of Brian Scullin who stepped down as Chair in November 2021. Brian's leadership and commitment to the board over his seven-year term has positioned us well to respond to recent and ongoing challenges the state and the Tasmanian economy are navigating.

Mike Wallas

Chair
Tasmanian Development Board
October 2022

Tasmanian Development Board

1. Mike Wallas (Chair)
2. Naomi Edwards (Director)
3. Greg McCann (Director)
4. Vince De Santis (Director)
5. Kathryn McCann (Director)
6. Paul Ranson (Director)
7. Naomi Walsh (Director)
8. Kim Evans (Chief Executive)

Mike Wallas (Chair)

Mike started his executive career with Hewlett-Packard in South Africa and quickly progressed to senior executive positions, including that of Managing Director of a $400 million technology business.

In 1998 Mike emigrated with his family to Australia and he set up Enterprise Growth Solutions as a boutique consultancy business advising medium and large clients on strategy, growth and expansion internationally with a strong focus on execution and value-creation. At the same time, Mike set up a family office investing in early-stage technology and software businesses where he was able to add value as well as funding. A number of the businesses in this portfolio have grown into strong international operations.

Mike's non-executive board roles started in 1996 and since then he has served on numerous boards as non-executive director or Chair. Notably, Mike is currently Chairman of HS Fresh Food (formerly Houston's).

Over the last 12 years, Mike has become a successful turnaround specialist assisting distressed businesses in industries such as agriculture, mining services and technology.

Mike is a graduate of the Australian Institute of Company Directors (AICD) as well as a Fellow of the Australian Institute of Management (FAIM).

Throughout his career Mike has worked with businesses seeking to grow and expand, creating significant value and job creation. He served for more than 10 years as non-executive director at City Fertility Centre, one of the premier IVF businesses in Australia.

His strength in mergers and acquisitions assisted the centre in joining one of the world's premium health groups in 2017.

Joining the TD Board as a Director in February 2020, Mike was appointed Chair on 1 December 2021.

Naomi Edwards (Director)

Naomi was appointed to the board in 2016. She is Chairwoman of Spirit Super, an industry super fund managing more than $26 billion of members' retirement savings, including the retirement savings of more than 100,000 working Tasmanians.

She has had an extensive career in the financial services industry. In this capacity, she has been involved in investments in Australian and global companies, particularly companies in the renewable energy sector.

She is a former chair of Australian Ethical Investments, Australia's oldest ethical investment fund and currently sits on the boards of Yarra Investment Management, Propel Funeral Partners, Accurium, the Actuaries Institute and the Australian Institute of Company Directors. In 2023 she will be the President of the Actuaries Institute of Australia.

She also chairs the Department of State Growth's Risk and Audit Committee.

Naomi is a former partner of Deloitte and in her role as a consulting actuary she has worked with large financial services companies in the UK, Asia, New Zealand and Australia. She was a specialist in the valuation of wealth management companies during mergers and acquisitions, for example, advising NAB on its acquisition of MLC.

She has a first-class Honours degree in mathematics, is a Fellow of the Institute of Actuaries (United Kingdom and Australia) and a Fellow of the Australian Institute of Company Directors.

Greg McCann (Director)

Greg was appointed to the board in 2016 and has a long-term financial management and technology background. Greg grew up and was educated in Tasmania and after graduating from the University of Tasmania worked in public practice as an accountant in Launceston for 10 years.

Early in his career he joined Deloitte where he was a partner for 24 years and held a number of senior leadership roles including Managing Partner Papua New Guinea, Managing Partner Queensland, Managing Partner NSW and Managing Director for Deloitte Consulting/ICS in Australia as well as several international roles.

In 2004 he founded the Excentor Group of Companies, a Sydney-based independent software and professional services provider that employs approximately 2,000 people.

Greg has extensive corporate finance experience including as Chairman of ASX and NASDAQ listed companies. He also sat on the board of an eastern seaboard law firm for ten years and is the former chairman of NBN Tasmania Limited.

He is a Fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Company Directors.

Vince De Santis (Director)

Vince is the non-executive Chairman of ASX listed industrial engineering company Engenco Limited, having been appointed as a director in July 2010 and then Chairman in March 2016.

He has also been a member of Egenco's Audit and Risk Committee since July 2013 and is a non-executive director of Tasmanian Gas Pipeline Pty Ltd. In addition to his board roles, Vince also runs a small corporate advisory services firm.

Up until December 2018, Vince was the Managing Director of the Elphinstone Group, which he joined in 2000 as the Group's Legal Counsel and Finance and Investment Manager, before being appointed Managing Director in 2008. Vince also served as a director of various subsidiary and joint venture companies.

Prior to his time with the Elphinstone Group, Vince was a Senior Associate in the Energy, Resources and Projects team at national law firm Corrs Chambers Westgarth, based in Melbourne.

Vince grew up in north-west Tasmania and is a graduate of the University of Tasmania where he completed a combined degree in Commerce and Law, graduating with Honours in Law. He is a member of the Australian Institute of Company Directors and the Tasmanian Rhodes Scholarship Selection Committee.

Kathryn McCann (Director)

Kath has an extensive senior executive career in the public and private sectors across multiple sectors including tourism, aviation, education, hospitality, not-for-profit and entertainment.

She has held senior executive roles with a range of prominent Tasmanian organisations including Hobart Airport, Tourism Tasmania, Beacon Foundation and Federal Group, focused in the areas of strategy, marketing, operations, business development, communications and sales. Kath is currently working in the not-for-profit sector as Chief Operating Officer of the Beacon Foundation.

Throughout her working career Kath has also held, and continues to hold, a range of board positions.

Currently Kath is a Director of the Bank of Us Board and Chair of the Royal Tasmanian Botanical Gardens.

Kath grew up and was educated in Tasmania and is a Graduate of the University of Tasmania where she completed her degree in Arts and Commerce with majors in Psychology and Marketing.

Paul Ranson (Director)

Paul joined Bank of us as Chief Executive Officer in 2005 and has been responsible for laying the foundations for the growth and development of the company, Tasmania's only customer-owned bank.

Prior to joining Bank of us Paul had 25 years' experience in local government, including 18 years' combined experience as General Manager at Meander Valley and West Tamar councils.

Paul is a Director (Chair) of the Tasmanian Chamber of Commerce and Industry and is a past President of the Launceston Chamber of Commerce and Local Government Managers Australia (Tasmania Division) and member of the Premier's Economic and Social Recovery Advisory Council (PESRAC).

He is a life member of Local Government Managers Australia and a Fellow and Graduate of the Australian Institute of Company Directors.

Naomi Walsh (Director)

Naomi has 30 years' experience in accounting, finance and commercial management roles. She started her career as an accountant in Launceston, Tasmania, before pursuing opportunities in Perth, WA and the United Kingdom.

She currently has a portfolio of appointments as a director and is a part-time industry-focused academic at the University of Tasmania.

Returning to Tasmania in 2007, she held senior roles with a privately owned group with operations in construction, manufacturing, agriculture, tourism and hospitality sectors. In 2014 she was awarded the Telstra Business Women's Award, recognising her leadership in the Tasmanian construction industry.

Naomi is deputy chair of the Chartered Accountants Australia and New Zealand (CAANZ) Tasmanian Regional Council and Tasmanian representative on the CAANZ National Council.

Her board appointments include non-executive director of the Motor Accidents Insurance Board, TasTAFE, Launceston Chamber of Commerce, Mental Health Council of Tasmania and Commissioner for Tasmanian Legal Aid.

She has previously been a board member of the Tasmanian Building and Construction Industry Training Board, Tasmanian Traineeships and Apprenticeships Committee, Civil Contractors Federation and Tasmanian Hospitality Association.

Kim Evans (Chief Executive)

Kim has been a Head of Agency in Tasmania for more than 20 years and was appointed Secretary of the Department of State Growth in September 2014, where he also works closely with the Office of the Coordinator-General.

He has represented the Tasmanian Government on several state and national boards and committees, including the Tasmanian Institute of Agriculture, the Institute of Marine and Antarctic Studies and Tasmanian Irrigation.

Kim currently sits on the boards of the Macquarie Point Development Corporation and Tasmanian Leaders and is the Tasmanian Government's representative on the Board of SALTAS, a company established to assist the development of the Tasmanian salmon and trout industry.

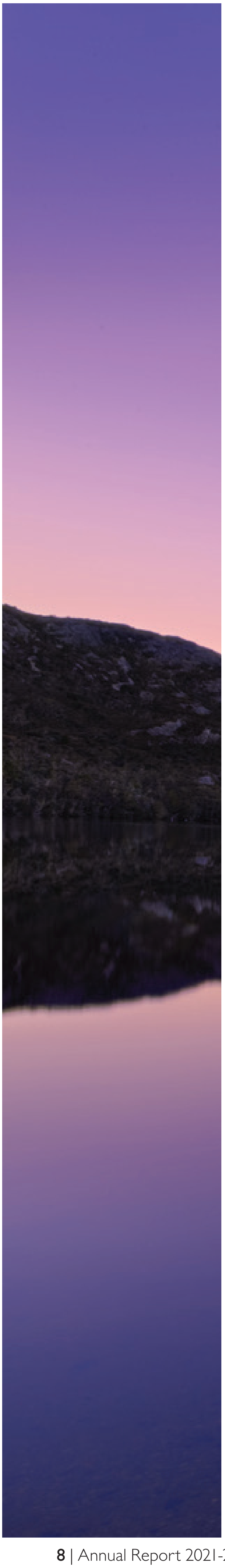
He supports growth in Tasmania's visitor economy as a member of the Premier's Visitor Economy Advisory Council and the T21 Steering Committee and is the state's representative on several national bodies, including the Transport and Infrastructure Senior Officials' Committee.

Kim is a graduate of the University of Tasmania where he completed his degree and Honours majoring in science and is a member of the Australian Institute of Company Directors.

Tasmanian Development and Resources Board meeting attendance

Member	Number of meetings attended
Chair, Mike Wallas	11
Brian Scullin (previous Chair)[1]	5
Vince De Santis	11
Naomi Edwards	10
Kim Evans	10
Gregory McCann	11
Kathryn McCann	11
Paul Ranson[2]	10
Naomi Walsh[2]	10

1. Brian Scullin's term expired on 1 December 2021
2. Naomi Walsh and Paul Ranson were appointed in July 2021



Policy objectives

The *Tasmania Development Act 1983* outlines the policy objectives of Tasmania Development and Resources (TDR), namely:

- the stability of business undertakings in Tasmania
- the maintenance of maximum employment in Tasmania
- the prosperity and welfare of the people of Tasmania.

These objectives reflect the goals and strategies for the economic development activities of the Department of State Growth.

The TDR Corporate Plan represented the focus of the board and its activities for the 2021-2024 period. The plan specified the strategic direction and focus areas and represents the role of TDR in achieving the goals outlined in the *Tasmania Development Act 1983*, recognising the board's important role in supporting the prosperity and welfare of the people of Tasmania.

The current key focus areas are:

- The administration of programs and assessment of applications for financial assistance to support strategic focus areas for growth agreed by the Tasmanian Government.
- Supporting industry sectors that have the capacity to accelerate growth in jobs and the Tasmanian economy through the provision of strategic government support and the capacity to both sustain current jobs and create new jobs.
- Supporting the role of the Office of the Coordinator-General to identify opportunities, attract investment and encourage businesses to establish, relocate, diversify and expand in Tasmania.
- Provision of advice to the Tasmanian Government on matters relating to the policy objectives of TDR and the government.

The priorities for 2021-2022 were to:

- promote and encourage the extension of portfolio loans in preference to grant assistance where the need can be demonstrated against clear criteria
- encourage businesses to ensure employment, social and environmental outcomes feature in proposals to the board in addition to realistic financial metrics
- facilitate investment in Tasmania by the strategic use of land and infrastructure to build capacity for strategic development
- prioritise requests for assistance that provide increased employment or new jobs for Tasmanians
- consider proposals that drive growth through and foster a culture of innovation in all sectors to create and maintain Tasmania's competitive strengths
- respond to policy and strategic objectives of the Tasmanian Government, including PESRAC, climate and emissions reduction
- promote and emphasise existing schemes for assistance across government, such as payroll tax relief where need can be demonstrated rather than seeking financial assistance and support from TDR
- consider proposals for grant assistance targeted in areas with the potential for long-term economic benefit but with short-term critical need.

Grants and loans approval for 2021-22

The following summary is provided in accordance with Section 29E of the *Tasmanian Development Act 1983*.

Loan/grant category	Number of loan/grant approvals	Total loan/grant approval amounts
Loans	48	$82.370 million
Loan approved under Section 37	1	$100 million
Grants	2	$3.935 million
Total	**51**	**$186.305 million**

Outstanding loan balances as at 30 June 2022

The following summary is provided in accordance with Section 29E of the *Tasmanian Development Act 1983*.

Loan category	Number of loans	Total loan balances
Other	484	$145.608 million
Total	**484**	**$145.608 million**

Statement of Certification

The accompanying Financial Statements of Tasmania Development and Resources (TDR) have been prepared under Section 29B of the *Tasmanian Development Act 1983* and are in agreement with the relevant accounts and records. The Financial Statements present fairly the financial transactions for the year ended 30 June 2022 and the financial position as at the end of the year.

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

Mike Wallas
Chair
Tasmanian Development Board
27 September 2022

Kim Evans
Chief Executive Officer
Tasmanian Development Board
27 September 2022

Tasmania Development and Resources

Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Income from continuing operations			
Revenue from Government			
Appropriation revenue – operating	1.1	5,578	5,314
Other revenue from Government	1.1	290	3,110
Interest	1.2	1,338	898
Other revenue	1.3	1,332	1,138
Total revenue from continuing operations		**8,538**	**10,460**
Net gain/(loss) on financial instruments and statutory receivables/payables	2.1	(91)	(95)
Total income from continuing operations		**8,447**	**10,365**
Expenses from continuing operations			
Employee benefits	3.1(a)	327	273
Directors fees	3.1(b)	333	282
Depreciation and amortisation	3.2	90	90
Supplies and consumables	3.3	1,691	1,554
Grants and subsidies	3.4	1,841	6,830
Finance costs	3.5	898	813
Other expenses	3.6	14	448
Total expenses from continuing operations		**5,194**	**10,290**
Net result from continuing operations		**3,253**	**75**
Net result		**3,253**	**75**
Other comprehensive income			
Items that will not be reclassified to net result in subsequent periods			
Changes in physical asset revaluation reserve	7.1	8,360	...
Total other comprehensive income		**8,360**	**...**
Comprehensive result		**11,613**	**75**

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

Tasmania Development and Resources

Statement of Financial Position as at 30 June 2022

	Notes	2022 $'000	2021 $'000
Assets			
Financial assets			
Cash and deposits	8.1	6,630	4,382
Receivables	4.1	30	227
Loan advances	4.2	145,602	136,885
Equity investments	4.3	...	...
Assets held for sale	4.4	1,720	
Non-financial assets			
Property, plant and equipment	4.5	15,594	9,242
Other assets	4.6	3	32
Total assets		**169,579**	**150,768**
Liabilities			
Payables	5.1	216	84
Borrowings	5.2	125,510	118,483
Employee benefit liabilities	5.3	77	64
Other liabilities	5.4	83	57
Total liabilities		**125,886**	**118,688**
Net assets (liabilities)		**43,693**	**32,080**
Equity			
Accumulated funds		35,333	32,080
Reserves	7.1	8,360	...
Total equity		**43,693**	**32,080**

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

Tasmania Development and Resources

Statement of Cash Flows for the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Cash inflows			
Appropriation receipts - recurrent		5,578	4,414
Appropriation receipts - other		290	3,110
Net GST		19	10
Interest received		1,338	832
Other cash receipts		1,539	1,464
Total cash inflows		**8,764**	**9,830**
Cash outflows			
Employee benefits		(314)	(384)
Directors fees		(333)	(282)
Grants and subsidies		(1,841)	(5,930)
Interest payments		(933)	(919)
Supplies and consumables		(1,553)	(1,551)
Other cash payments		(14)	(448)
Total cash outflows		**(4,988)**	**(9,514)**
Net cash from (used by) operating activities	8.2	**3,776**	**316**
Cash flows from investing activities			
Cash inflows			
Proceeds from the disposal of non-financial assets - Rural Properties		198	54
Repayment of loans by other entities		29,323	24,618
Total cash inflows		**29,521**	**24,672**
Cash outflows			
Loans made to other entities		(38,096)	(36,841)
Total cash outflows		**(38,096)**	**(36,841)**
Net cash from (used by) investing activities		**(8,575)**	**(12,169)**
Cash flows from financing activities			
Cash inflows			
Proceeds from borrowings		19,000	1,017
Monies held in Trust movement		20	...
Total cash inflows		**19,020**	**1,017**
Cash outflows			
Repayment of borrowings		(11,973)	(9,757)
Total cash outflows		**(11,973)**	**(9,757)**
Net cash from (used by) financing activities		**7,047**	**(8,740)**
Net increase (decrease) in cash held and cash equivalents		**2,248**	**(20,593)**
Cash and deposits at the beginning of the reporting period		**4,382**	**24,975**
Cash and deposits at the end of the reporting period	8.1	**6,630**	**4,382**

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

Tasmania Development and Resources

Statement of Changes in Equity for the year ended 30 June 2022

	Accumulated funds $'000	Reserves $'000	Total equity $'000
Balance as at 1 July 2021	**32,080**	**...**	**32,080**
Total comprehensive result	3,253	8,360	11,613
Balance as at 30 June 2022	**35,333**	**8,360**	**43,693**

	Accumulated funds $'000	Reserves $'000	Total equity $'000
Balance as at 1 July 2020	**32,005**	**...**	**32,005**
Total comprehensive result	75	...	75
Balance as at 30 June 2021	**32,080**	**...**	**32,080**

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

Note 1 Revenue

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

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

1.1 Revenue from Government

Appropriations, whether operating or capital, are recognised as revenues in the period in which Tasmania Development and Resources (TDR) gains control of the appropriated funds as allocated by the Department of State Growth (the Department) as they do not contain enforceable and sufficiently specific obligations as defined by AASB 15. Except for any amounts identified as carried forward in Note 1.1, 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.

	2022 $'000	2021 $'000
Continuing operations		
Appropriation revenue – operating		
Current year	5,578	5,314
Total	**5,578**	**5,314**
Other revenue from government		
Appropriation Rollover under section 23 of the *Financial Management Act 2016*	290	3,110
Total	290	3,110
Total revenue from Government	**5,868**	**8,424**

1.2 Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method. Interest revenue includes interest received by TDR on some Loan Advances.

	2022 $'000	2021 $'000
Interest	1,338	898
Total	**1,338**	**898**

1.3 Other revenue

Other revenue includes sundry fee revenues and rent including Hobart Technopark, and other income received relating to *War Service Land Settlement Act 1950*, rural properties and other properties and are recognised as revenue in the period in which TDR gains control of the funds.

	2022 $'000	2021 $'000
Property rental	1,239	847
Other	94	291
Total	**1,333**	**1,138**

Note 2 Net Gains/(Losses)

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

Financial assets are impaired under the expected credit loss approach required under AASB 9 *Financial Instruments*. The expected credit loss is recognised for all debt instruments not held at fair value through profit or loss.

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.

	2022 $'000	2021 $'000
Impairment reversals/(losses) for:		
Loans advances	(91)	(95)
Total net gain/(loss) on financial instruments	**(91)**	**(95)**

Note 3 Expenses

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.

3.1 Employee benefits

The activities of TDR are delivered by staff employed by the Department. TDR does not employ staff. However, there are a number of specific departmental employees directly charged to TDR operations, which are included in the Statement of Comprehensive Income as Employee Benefits and 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

	2022 $'000	2021 $'000
Wages and salaries	233	177
Annual leave	22	25
Long service leave	(1)	(10)
Sick leave	32	15
Superannuation	36	65
Other employee expenses	5	1
Total	**327**	**273**

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

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 10.0 per cent (2021: 9.5 per cent) of salary. In addition, departments are also required to pay into the Public Account a "gap" payment equivalent to 3.45 per cent (2021: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

(b) Remuneration of Key management personnel

2022	Short-term benefits		Long-term benefits		
	Salary $'000	Other Benefits $'000	Superannuation $'000	Other Benefits & Long-Service Leave $'000	Total $'000
Board Members					
Brian Scullin, Chairman (until 30/11/2021)	27	...	2	...	29
Mike Wallas, Chair (from 20/2/2022) & Director (until 19/2/2022)	55	...	6	...	61
Naomi Edwards, Director	36	...	5	...	41
Gregory McCann, Director	40	...	4	...	44
Kathryn McCann, Director	42	...	4	...	46
Vincent De Santis, Director	36	...	4	...	40
Naomi Walsh, Director (from 12/7/21)	33	...	3	...	36
Paul Ranson, Director (from 12/7/21)	33	...	3	...	36
Total	**302**	...	**31**	...	**333**

2021	Short-term benefits Salary $'000	Other Benefits $'000	Long-term benefits Superannuation $'000	Other Benefits & Long-Service Leave $'000	Total $'000
Board Members					
Brian Scullin, Chair	63	...	6	...	69
Naomi Edwards, Director	38	...	4	...	42
Gregory McCann, Director	39	...	4	...	43
Mike Wallas, Director	39	...	4	...	43
Kathryn McCann, Director	41	...	4	...	45
Vincent De Santis, Director	37	...	3	...	40
Total	**257**	**...**	**25**	**...**	**282**

TDR Chief Executive Kim Evans receives no remuneration for this role. Kim Evans' remuneration is for his role as Secretary of the Department of State Growth and is disclosed in the Department's Financial Statements.

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

Remuneration during 2021-22 for key personnel is set by the *Tasmanian Development Act 1983*. Remuneration and other terms of employment are specified in employment contracts. Short-term benefits include motor vehicle and car parking fringe benefits in addition to annual leave and any other short-term benefits. 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. Long term employee expenses include long service leave, superannuation obligations and termination payments.

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

The Department provides ongoing administrative support to TDR. Kim Evans, in addition to his role as a member of TDR's key management personnel, is the Secretary and the accountable authority of the Department. The Department charges TDR an annual amount to support administrative costs, disclosed in Note 3.3. The employment of TDR staff by the Department is disclosed in Note 3.1(a).

There are no other material related party transactions requiring disclosure.

3.2 Depreciation

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, being an asset with an unlimited useful life, is not depreciated.

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	3-25 years
Buildings	20-80 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 TDR. Major amortisation period is:

Software	1-5 years

(a) Depreciation

	2022 $'000	2021 $'000
Plant and equipment	...	...
Buildings	90	90
Total	**90**	**90**

3.3 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.

	2022 $'000	2021 $'000
Audit fees – financial audit	33	32
Consultants and contracted services	71	65
Property services	497	475
Maintenance	331	293
Communications	1	2
Information technology	24	19
Travel and transport	27	18
Administrative support charge	594	594
Other supplies and consumables	113	56
Total	**1,691**	**1,554**

3.4 Grants and subsidies

Grant and subsidies expenditure are 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 TDR 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.

	2022 $'000	2021 $'000
Scottsdale Pork	...	1,900
Hermal	...	4,500
UXC Enterprise Development Centre	181	70
Norske Skog	290	360
Serco	370	...
King Island Scheelite	1,000	...
Total	**1,841**	**6,830**

TDR Grants are generally funded by appropriation from the Public Account, which is reflected in the attributed revenue from government in the Statement of Comprehensive income.

3.5 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;

» unwinding of discounting of provisions;

» amortisation of discounts or premiums related to borrowings; and

» amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and

» lease charges.

	Note	2022 $'000	2021 $'000
Interest expense			
Interest on loans		898	813
Total		**898**	**813**

3.6 Other expenses

Other 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.

	2022 $'000	2021 $'000
Repayment of Australian Government Grant	...	432
Credit reports collection charges	12	11
Other	2	5
Total	**14**	**448**

Note 4 Assets

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

4.1 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 TDR has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

	2022 $'000	2021 $'000
Receivables	31	227
Less: Provision for impairment	(1)	...
Less: Expected credit loss	...	...
Total	**30**	**227**
Sales of goods and services (inclusive of GST)	35	209
Tax assets	(5)	18
Total	**30**	**227**
Settled within 12 months	30	227
Settled in more than 12 months	...	...
Total	**30**	**227**

For ageing analysis of the financial assets, refer to note 9.1.

4.2 Loan advances

	2022 $'000	2021 $'000
Section 35 Loans Administered by TDR	14,606	13,782
Section 37 Loans Administered by TDR	15,000	...
Tasmanian Development Act 1983	2,805	1,917
Farm Finance Loan Scheme	...	978
Agrigrowth Loan Program	11,499	18,720
Pacific Oyster Mortality Syndrome	250	595
Drought Dairy Recovery Concessional Program & Drought Recovery	3,045	3,105
Flood Recovery Rural	249	667
Farm Business Concessional Loan scheme - Dairy Recovery & Drought Assistance	12,864	17,188
Tourism Accommodation Refurbishment Loan Scheme	4,022	4,955
Farm Business Concessional Loan scheme - Dairy Recovery - July 2017 & Drought Assistance - July 2017	7,650	11,417
Heritage Renewal Loan Scheme	519	665
Agrigrowth Loan Scheme - Young Farmers	26,172	24,392
Federal Refinance Loans	100	100
COVID-19 Interest Free Business Support Loan Scheme	29,311	31,939
COVID-19 Business Support Loans	5,404	4,490
Business Growth Loan Scheme	7,197	2,070
Building Construction Support & Construction Loan Scheme	4,489	...
Tourism Development Loan Scheme	606	...
Less: Provision for impairment	(186)	(95)
Total	**145,602**	**136,885**
Settled within 12 months	32,789	10,058
Settled in more than 12 months	112,813	126,827
Total	**145,602**	**136,885**

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

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

Reconciliation of movement in provision for impairment of other financial assets	2022 $'000	2021 $'000
Carrying amount at 1 July	**95**	...
Increase/(decrease) in provision recognised in net result	91	95
Carrying amount at 30 June	**186**	**95**

Provisions for impairment only apply to loans under the control of TDR.

The impairment this year relates to an Unsecured Business Growth Loan.

4.3 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 equity method of accounting has not been used to bring to account the financial operations of equity investments within the Financial Statements. TDR's investment in these equity investments was made for the purpose of achieving industry development outcomes consistent with the goals and objectives of TDR, not for the purpose of achieving a commercial investment return or other standard commercial objectives.

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

	2022 $'000	2021 $'000
Unlisted equity instruments	800	800
Less: Provision for impairment	(800)	(800)
Total	...	...
Settled within 12 months	...	...
Settled in more than 12 months	...	...
Total	...	...

Reconciliation of movement in provision for impairment of equity investments	2022 $'000	2021 $'000
Carrying value at 1 July	**800**	**800**
Increase/(decrease) in provision recognised in net result	...	...
Carrying amount at 30 June	**800**	**800**

4.4 Assets held for sale

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

(a) Carrying amount

Reconciliation of movement in provision for impairment of other financial assets	2022 $'000	2021 $'000
Land	1,720	...
Total	**1,720**	...
Settled within 12 months	1,720	...
Settled in more than 12 months	...	...
Total	**1,720**	...

Assets held for sale include Launceston Technopark Land. Date of Completion will be around October and November 2022.

Key estimate and judgement

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

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

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

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

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

2022	Carrying value at 30 June	Fair value measurement at end of reporting period		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Land	1,720	…	1,720	…
Total	**1,720**	…	**1,720**	…

4.5 Property, plant and equipment

(i) Valuation basis

Land is recorded at fair value. Buildings 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. All assets within a class of assets are measured on the same basis.

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.

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 TDR 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 TDR 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 (other than where they form part of a group of similar items which are material in total).

(iv) Revaluations

TDR has adopted a revaluation threshold of $50,000. Land and buildings are revalued and measured at fair value every five years. Rural Properties are measured at fair value. Fair value of Rural properties equates to the option prices deemed on the individual properties.

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

(a) Carrying amount

	2022 $'000	2021 $'000
Land		
Properties - at fair value (30 June 2022)	4,866	2,935
Rural properties - at fair value (30 June 2022)	774	972
Total	**5,640**	**3,907**
Buildings		
At fair value (30 June 2022)	9,954	5,778
Less: Accumulated depreciation	...	(443)
Total	**9,954**	**5,335**
Plant and equipment		
At cost	169	436
Less: Accumulated depreciation	(169)	(436)
Total	...	...
Total property, plant and equipment	**15,594**	**9,242**

Land and buildings

Land and buildings revaluations were undertaken by Knight Frank Tasmania as at 30 June 2022. The primary valuation method used was the Capitalisation of Net Market Income approach with the Direct Comparison approach as a secondary method. Under the Capitalisation of Net Market Income approach, the assessed net face market income at the date of valuation is capitalised at an appropriate market yield to establish the property's core market value.

The valuation has been prepared in accordance with the International Valuation Standards (IVS) 2011 which are endorsed by the Australian Property Institute and in accordance with the International Financial Reporting Standards (IFRS) 13 *Fair Value Measurement.*

Rural properties

Rural properties are valued as at 30 June 2022 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.

(b) Reconciliation of movements

Reconciliations of the carrying amounts of each class of Property, plant and equipment 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.

30 June 2022	Land Level 2 (land and vacant land in active markets) $'000	Buildings Level 2 (general office buildings) $'000	Plant and equipment $'000	Total $'000
Carrying value at 1 July	**3,907**	**5,335**	...	**9,242**
Additions	...	...	...	...
Disposals	(198)	...	...	(198)
Assets held for sale	(1,720)	...	...	(1,720)
Revaluation increments (decrements)	3,651	4,709	...	8,360
Depreciation	...	(90)	...	(90)
Carrying value at 30 June	**5,640**	**9,954**	...	**15,594**

30 June 2021	Land Level 2 (land and vacant land in active markets) $'000	Buildings Level 2 (general office buildings) $'000	Plant and equipment $'000	Total $'000
Carrying value at 1 July	**4,339**	**5,425**	**...**	**9,764**
Additions	...	...	...	...
Disposals	(432)	...	...	(432)
Depreciation and amortisation	...	(90)	...	(90)
Carrying value at 30 June	**3,907**	**5,335**	**...**	**9,242**

4.6 Other assets

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

(a) Carrying amount

	2022 $'000	2021 $'000
Other current assets	...	...
Accrued revenue	...	3
Prepayments	3	29
Total	**3**	**32**
Recovered within 12 months	3	32
Recovered in more than 12 months	...	...
Total	**3**	**32**

(b) Reconciliation of movements

	2022 $'000	2021 $'000
Carrying amount at 1 July	**32**	**...**
Additions	...	32
Settled/consumed	(29)	...
Carrying amount at 30 June	**3**	**32**

Note 5 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.

5.1 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 TDR becomes obliged to make future payments as a result of a purchase of assets or services.

	2022 $'000	2021 $'000
Creditors	20	19
Accrued expenses	196	65
Total	**216**	**84**
Settled within 12 months	216	84
Settled in more than 12 months	...	...
Total	**216**	**84**

Settlement is usually made within 30 days.

5.2 Borrowings

Loans are initially measured at fair value, net of transaction costs. 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

	2022 $'000	2021 $'000
Loans from the State Government	2,350	2,820
Loans from the Australian Government	23,660	34,663
Loans from Tascorp	99,500	81,000
Total	**125,510**	**118,483**

(b) Maturity schedule

	2022 $'000	2021 $'000
One year or less	50,877	2,929
From one to five years	74,633	115,554
Total	**125,510**	**118,483**

During 2021-22 TDR repaid borrowings of $11 million owed to the Australian Government. TDR undertook a fixed term borrowing with Tascorp of $15 million in March 2022 to facilitate the first loan drawdown to Incat.

5.3 Employee benefits liabilities

Key estimate and judgement

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.

	2022 $'000	2021 $'000
Accrued salaries	18	12
Annual leave	30	23
Long service leave	27	28
Other employee provisions	2	1
Total	**77**	**64**
Expected to settle wholly within 12 months	52	26
Expected to settle wholly after 12 months	25	38
Total	**77**	**64**

5.4 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.

	2022 $'000	2021 $'000
Revenue received in advance		
Other revenue received in advance	12	12
Other liabilities		
Monies held in trust	70	45
Suspense accounts	1	...
Total	**83**	**57**
Expected to settle wholly within 12 months	83	57
Expected to settle wholly after 12 months	...	...
Total	**83**	**57**

Note 6 Commitments and Contingencies

6.1 Schedule of commitments

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

	2022 $'000	2021 $'000
By type		
Lease Commitments		
Other leases	...	6
Total lease commitments	**...**	**6**
Other commitments		
Loan commitments	181,574	175,226
Grant / Project commitments	11,597	10,517
Total other commitments	**193,171**	**185,743**
Total	**193,171**	**185,749**
By maturity		
Operating lease commitments		
One year or less	...	6
From one to five years	...	...
More than five years	...	...
Total operating lease commitments	**...**	**6**
Other commitments		
One year or less	155,290	81,347
From one to five years	37,881	104,396
More than five years	...	...
Total other commitments	**193,171**	**185,743**
Total	**193,171**	**185,749**

Loan commitments are loans approved but not drawn down by clients as at 30 June 2022.

Program / project commitments show amounts approved to clients payable over one year or greater than one year 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 2022 has been included in these cases.

6.2 Contingent assets and liabilities

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

(a) Quantifiable contingencies

A quantifiable contingent asset is a 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 a 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 a 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.

	2022 $'000	2021 $'000
Quantifiable contingent liabilities		
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	**25,000**	**25,000**

Note 7 Reserves

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in Specific Purpose Accounts, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

7.1 Reserves

2022	Land $'000	Buildings $'000	Total $'000
Asset revaluation reserve			
Balance at beginning of financial year	...	...	...
Revaluation increments / (decrements)	3,651	4,709	8,360
Balance at end of financial year	**3,651**	**4,709**	**8,360**

Note 8 Cash Flow Reconciliation

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in Specific Purpose Accounts, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

8.1 Cash and cash equivalents

Cash and cash equivalents includes the balance of the Specific Purpose Accounts held by TDR, and other cash held, excluding those accounts which are administered or held in a trustee capacity or agency arrangement.

	2022 $'000	2021 $'000
Specific Purpose Account balance		
S524 Department of State Growth Financial Management Account	6,630	4,382
Total	**6,630**	**4,382**
Total cash and deposits	**6,630**	**4,382**
Restricted use cash and cash equivalents	72	805
Unrestricted use cash and cash equivalents	6,558	3,577
Total cash and cash equivalents	**6,630**	**4,382**

Restricted use cash and deposit funds are for specific loan program purposes as designated by the Commonwealth funding bodies.

8.2 Reconciliation of net result to net cash from operating activities

	2022 $'000	2021 $'000
Net result	**3,253**	**75**
Depreciation and amortisation	90	90
Movement of Interest accruals within loan portfolio	(35)	(16)
Fee Calls	...	23
Impairment adjustments	91	95
Net (gain)/Loss on disposal of non-financial asset	...	380
Decrease (increase) in Receivables	197	(18)
Decrease (increase) in Other assets	29	(33)
Increase (decrease) in Employee benefits	13	(104)
Increase (decrease) in Payables	132	(22)
Increase (decrease) in Other liabilities	6	(154)
Net cash from (used by) operating activities	**3,776**	**316**

8.3 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.

2022	Borrowings $'000
Balance as at 1 July 2021	**118,483**
Changes from financing cash flows:	
Cash Received	19,000
Cash Repayments	(11,973)
Balance as at 30 June 2022	**125,510**

2021	Borrowings $'000
Balance as at 1 July 2020	**127,223**
Changes from financing cash flows:	
Cash Received	1,017
Cash Repayments	(9,757)
Balance as at 30 June 2021	**118,483**

Note 9 Financial Instruments

9.1 Risk exposures

(a) Risk management policies

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

» credit risk;

» liquidity risk; and

» market risk.

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

(b) Credit risk exposures

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

The credit risk on financial assets of TDR which have been recognised in the Statement of Financial Position, other than equity investments, is the carrying amount, net of any provision for impairment.

TDR manages credit risk on loan advances by obtaining security over assets in accordance with the provisions of the TD Act and by including appropriate risk margins in TDR's interest rate pricing, based on an assessment of the inherent risk of individual clients.

As at 30 June 2022 TDR is not materially exposed to any individual client. Concentration of credit risk by industry on loan advances is: Rural (40%) and the concentration for high risk Covid-19: (24%).

Financial Instrument	Accounting and strategic policies (including recognition criteria, 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 for expected credit loss as well as a provision for impairment raised when collection of a debt is judged to be doubtful.
Other Financial Assets - Loan advances	Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition. Impairment of loan advances is reviewed on an ongoing basis.	Loan advances include financial assistance provided by TDR to the private sector in the form of loans.
Cash and deposits	Deposits are recognised at the nominal amounts.	Cash means notes, coins and any deposits held at call with a bank or financial institution, as well as funds held in the Specific Purpose Accounts.

Expected credit loss analysis of receivables

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.

Expected credit loss analysis of receivables as at 30 June 2022	Not past due $'000	Past due 1-30 days $'000	Past due 31-60 days $'000	Past due 61-90 days $'000	Past due 91+ days $'000	Total $'000
Expected credit loss rate (A)	0.00%	0.12%	0.24%	0.84%	1.08%	
Total gross carrying amount (B)	...	...	...	...	35	**35**
Expected credit loss (A x B)	...	...	...	...	...	**...**

Expected credit loss analysis of receivables as at 30 June 2021	Not past due $'000	Past due 1-30 days $'000	Past due 31-60 days $'000	Past due 61-90 days $'000	Past due 91+ days $'000	Total $'000
Expected credit loss rate (A)	0.00%	0.02%	0.04%	0.13%	0.17%	
Total gross carrying amount (B)	106	19	...	36	69	**230**
Expected credit loss (A x B)	...	...	...	...	...	**...**

(c) Liquidity risk

Liquidity risk is the risk that TDR will not be able to meet its financial obligations as they fall due. TDR'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		
Borrowings	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. TDR regularly reviews its contractual outflows to ensure that there is sufficient cash available to meet contracted payments.	Contractual payments made on a regular basis.
Payables	Recognised upon the receipt of a good or service that has not been paid for, measured at face value	Settled within 30 days

The following tables detail the undiscounted cash flows payable by TDR relating to the remaining contractual maturity for its financial liabilities:

30 June 2022	Maturity analysis for financial liabilitiess							
	1 year	2 years	3 years	4 years	5 years	More than 5 years	Undiscounted total	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	216	...	...	...	...	...	216	216
Borrowings - Interest bearing	49,500	35,000	15,000	...	...	...	99,500	99,500
Borrowings - Non-interest bearing	1,377	2,312	2,817	2,825	3,053	13,626	26,010	26,010
Total	**51,093**	**37,312**	**17,817**	**2,825**	**3,053**	**13,626**	**125,726**	**125,726**

30 June 2021	Maturity analysis for financial liabilitiess							
	1 year	2 years	3 years	4 years	5 years	More than 5 years	Undiscounted total	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities								
Payables	84	...	...	...	...	...	84	84
Borrowings - Interest bearing	1,000	45,000	35,000	...	...	...	81,000	81,000
Borrowings - Non-interest bearing	1,077	2,227	3,518	4,121	3,710	22,830	37,483	37,483
Total	**2,161**	**47,227**	**38,518**	**4,121**	**3,710**	**22,830**	**118,567**	**118,567**

(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 TDR is exposed to is interest rate risk.

TDR seeks to manage exposure to movements in interest rates by matching the repricing profile of financial assets and financial liabilities. When applicable, TDR can enter into interest rate options on floating rate debt to match capped rate loan advances. The costs of such options are recovered in the interest rate applied to loan advances, when applicable.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as TDR intends to hold fixed rate assets and liabilities to maturity.

	2022	2021
	$'000	$'000
Fixed rate instruments		
Financial liabilities	(95,000)	(80,000)
Total	**(95,000)**	**(80,000)**
Variable rate instruments		
Financial assets	145,602	136,885
Financial liabilities	(4,500)	(1,000)
Total	**141,102**	**135,885**

Sensitivity analysis of the TDR's exposure to possible changes in interest rate

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

Sensitivity Analysis of TDR'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 2022				
Cash and deposits	...	...	...	...
Loan advances	1,456	(1,456)	1,456	(1,456)
Interest bearing facilities	(995)	995	(995)	995
Net sensitivity	**461**	**(461)**	**461**	**(461)**
30 June 2021				
Cash and deposits	...	...	...	...
Loan advances	1,369	(1,369)	1,369	(1,369)
Interest bearing facilities	(10)	10	(10)	10
Net sensitivity	**1,359**	**(1,359)**	**1,359**	**(1,359)**

This analysis assumes all other variables remain constant. The analysis was performed on the same basis as at 30 June 2021.

9.2 Categories of financial assets and liabilities

AASB 9 Carrying amount	2022 $'000	2021 $'000
Financial assets		
Amortised cost	153,986	141,267
Total	**153,986**	**141,267**
Financial liabilities		
Financial liabilities measured at amortised cost	(125,726)	(118,567)
Total	**(125,726)**	**(118,567)**

9.3 Net Fair Values of Financial Assets and Liabilities

2022	Net Fair Value Level 1 $'000	Net Fair Value Level 2 $'000	Net fair Value Level 3 $'000	Net Fair Value Total $'000
Financial assets				
Cash and deposits	6,630	...	...	6,630
Loan advances and receivables	...	145,636	...	145,636
Assets held for sale	...	1,720	...	1,720
Total financial assets	**6,630**	**147,356**	**...**	**153,986**
Financial liabilities				
Payables	...	216	...	216
Borrowings	...	125,510	...	125,510
Total financial liabilities	**...**	**125,726**	**...**	**125,726**

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 and deposits	4,382	...	...	4,382
Loan advances and receivables	...	137,112	...	137,112
Total financial assets	**4,382**	**137,112**	**...**	**141,494**
Financial liabilities				
Payables	...	84	...	84
Borrowings	...	118,483	...	118,483
Total financial liabilities	**...**	**118,567**	**...**	**118,567**

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. TDR 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.

Financial Assets

The net fair value of loan advances is based on the differential between the actual interest rates of loans advanced and the equivalent TDR market interest rates at the time of reporting. Loan advances are held to maturity and are measured at amortised cost subsequent to initial recognition.

Equity investments are revalued from time to time as considered appropriate by the directors and are not stated at values in excess of their recoverable amounts.

All financial assets are not readily traded on organised markets in a standardised form.

Financial Liabilities

The net fair values of payables approximate their carrying amounts.

The net fair value of borrowings is based on the differential between the actual interest rates of borrowings held and the equivalent market interest rates accessible by TDR at the time of reporting.

Note 10 Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on TDR's Financial Statements as at 30 June 2022.

Note 11 Other Significant Accounting Policies and Judgements

11.1 Objectives and Funding

The Tasmanian Development Authority (TDA) was established under the Tasmanian Development Act 1983 (the Act). Under Section 4(1) of the Act, the body corporate TDA operates under the corporate name Tasmania Development and Resources (TDR).

TDR has the mission to encourage and promote the balanced economic development of Tasmania by sustaining an effective partnership between business and government which fully utilises the strategic advantages and human resources of the State that will best contribute to:

- The stability of business undertakings in Tasmania;
- The maintenance of maximum employment in Tasmania; and
- The prosperity and welfare of the people of Tasmania.

TDR is committed to enhancing the capability of Tasmanian businesses and improving local, national and international opportunities for business in Tasmania.

The current TDR Corporate Plan for 2021-24 outlines the key focus areas for the Board, which are:

- Administration of Programs and assessment of applications for financial assistance to support strategic focus areas for Growth agreed by the Tasmanian Government;
- Supporting industry sectors that have the capacity to accelerate growth in jobs and the Tasmanian economy, through the provision of strategic government support; and the capacity to both sustain current jobs and create new jobs;
- Supporting the role of the Office of the Coordinator-General to identify opportunities, attract investment and encourage businesses to establish, relocate, diversify and expand in Tasmania; and
- Provision of advice to the Tasmanian Government on the matters relating to the policy objectives of TDR and government.

TDR forms part of the Department of State Growth. The activities of TDR are predominantly funded through Parliamentary appropriations.

The Financial Statements encompass all funds through which TDR controls resources to carry on its functions. TDR activities are classified as controlled. Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by TDR in its own right.

The financial management and reporting obligations of TDR are governed by the TD Act.

11.2 Basis of Accounting

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

- The *Tasmanian Development Act 1983*, and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board

Compliance with the Australian Accounting Standards (AAS) may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. TDR 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 11.5.

The Financial Statements have been prepared as a going concern. The continued existence of TDR in its present form, undertaking its current activities, is dependent on government policy and on continuing appropriations by parliament for TDR's administration and activities. Attributed revenue and expenses are allocated on a basis determined by the Department of State Growth.

11.3 Reporting Entity

The Financial Statements include all the controlled activities of TDR and consolidate material transactions and balances of TDR.

11.4 Functional and Presentation Currency

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

11.5 Changes in Accounting Policies

Impact of new and revised Accounting Standards

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

11.6 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.

11.7 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of any changes in accounting policy on comparative figures are at Note 11.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

11.8 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 "...".

11.9 Taxation

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

11.10 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO 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.

Tasmanian Audit Office

Independent Auditor's Report

To the Members of Parliament

Tasmania Development and Resources

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Tasmania Development and Resources (the Authority), which comprises the statement of financial position as at 30 June 2022, 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 and the statement of certification by the Chair of the Board.

In my opinion, the accompanying financial report:

(a) presents fairly, in all material respects, the financial position of the Authority as at 30 June 2022 and its financial performance and its cash flows for the year then ended

(b) is in accordance with the *Tasmanian Development Act 1983* 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 Report* section of my report. I am independent of the Authority 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 report 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.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the financial reporting requirements of *the Tasmanian Development Act 1983* and for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority is to be dissolved by an Act of Parliament, or the directors intend to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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 report, 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Authority'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 report 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 Authority to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors 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.

Jeff Tongs
Assistant Auditor-General
Delegate of the Auditor-General
Tasmanian Audit Office

29 September 2022
Hobart

Tasmanian Government

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