

Department of State Growth  
Financial Statements  
2021–22



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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 2022 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**

27 September 2022

# Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>				
Revenue from Government				
Appropriation revenue - operating	6.1	553,753	504,338	398,563
Appropriation revenue - capital	6.1	234,289	224,468	182,309
Other revenue from Government	6.1	24,505	23,550	24,283
Grants	6.2	151,160	235,156	145,082
Sales of goods and services	6.3	4,255	11,782	7,024
Fees and fines	6.4	15,351	16,568	15,994
Interest	6.5	1,180	1,423	1,002
Contributions received	6.6	...	1,181	981
Other revenue	6.7	33,068	105,535	45,535
<b>Total revenue from continuing operations</b>		<b>1,017,561</b>	<b>1,124,001</b>	<b>820,773</b>
Net gain/(loss) on non-financial assets	7.1	4	(1,692)	(22,316)
Net gain/(loss) on financial instruments and statutory receivables/payables	7.2	...	(347)	(202)
<b>Total income from continuing operations</b>		<b>1,017,565</b>	<b>1,121,962</b>	<b>798,255</b>
<b>Expenses from continuing operations</b>				
Employee benefits	8.1	79,147	89,882	80,577
Depreciation and amortisation	8.2	88,880	128,569	114,497
Supplies and consumables	8.3	122,059	122,917	98,738
Grants and subsidies	8.4	519,610	492,431	353,848
Finance costs	8.5	4,487	1,044	918
Other expenses	8.6	2,061	5,030	3,564
<b>Total expenses from continuing operations</b>		<b>816,244</b>	<b>839,873</b>	<b>652,142</b>
<b>Net result from continuing operations</b>		<b>201,321</b>	<b>282,089</b>	<b>146,113</b>
<b>Net result</b>		<b>201,321</b>	<b>282,089</b>	<b>146,113</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to net result in subsequent periods</b>				
Changes in physical asset revaluation reserve	12.1	149,955	249,613	(188,170)
Administrative restructure taken directly to equity	12.2	...	152	...
<b>Total other comprehensive income</b>		<b>149,955</b>	<b>249,765</b>	<b>(188,170)</b>
<b>Comprehensive result</b>		<b>351,276</b>	<b>531,854</b>	<b>(42,057)</b>

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 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Assets</b>				
<i>Financial assets</i>				
Cash and cash equivalents	13.1	64,394	79,011	52,405
Receivables	9.1	9,323	46,346	12,517
Loan Advances	9.2	277,096	146,527	138,162
Equity investments	9.3	50	...	...
Other financial assets	9.4	483	724	331
<i>Non-financial assets</i>				
Inventories	9.5	407	5,263	352
Assets held for sale	9.6	...	1,720	...
Property, plant and equipment, artwork, Heritage and cultural assets	9.7	617,308	663,883	599,830
Right-of-use assets	9.8	...	4,011	3,768
Infrastructure	9.9	6,062,663	5,783,504	5,366,718
Intangible assets	9.10	1,782	921	733
Other assets	9.11	3,149	3,550	3,853
<b>Total assets</b>		<b>7,036,655</b>	<b>6,735,460</b>	<b>6,178,669</b>
<b>Liabilities</b>				
Payables	10.1	12,842	13,215	13,571
Lease liabilities	10.2	...	5,583	4,675
Borrowings	10.3	280,714	125,510	118,483
Employee benefits	10.4	21,806	23,993	23,749
Provisions	10.5	5,521	7,727	7,357
Other liabilities	10.6	19,793	42,187	25,443
<b>Total liabilities</b>		<b>340,676</b>	<b>218,215</b>	<b>193,278</b>
<b>Net assets</b>		<b>6,695,979</b>	<b>6,517,245</b>	<b>5,985,391</b>
<b>Equity</b>				
Contributed capital		1,474	417,486	417,334
Reserves	12.1	2,986,649	2,748,006	2,498,393
Accumulated funds		3,707,856	3,351,753	3,069,664
<b>Total equity</b>		<b>6,695,979</b>	<b>6,517,245</b>	<b>5,985,391</b>

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 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>				
<b>Cash inflows</b>				
Appropriation receipts – operating		553,753	502,268	397,973
Appropriation receipts – capital		71,373	89,653	39,891
Appropriation receipts – other		24,505	23,550	24,294
Grants		4,690	72,392	52,244
Sales of goods and services		4,260	16,650	7,187
Fees and fines		15,351	16,571	16,082
GST receipts		16,898	67,626	49,698
Interest received		1,180	1,247	903
Other cash receipts		33,068	106,712	48,841
<b>Total cash inflows</b>		<b>725,078</b>	<b>896,669</b>	<b>637,113</b>
<b>Cash outflows</b>				
Employee benefits		(78,767)	(99,920)	(91,263)
Grants and subsidies		(519,535)	(492,818)	(354,056)
Supplies and consumables		(122,265)	(118,644)	(95,842)
Interest payments		(4,577)	(770)	(919)
GST payments		(16,899)	(65,706)	(54,485)
Other cash payments		(2,061)	(1,982)	(1,341)
<b>Total cash outflows</b>		<b>(744,104)</b>	<b>(779,840)</b>	<b>(597,906)</b>
<b>Net cash from (used by) operating activities</b>	13.2	<b>(19,026)</b>	<b>116,829</b>	<b>39,207</b>
<b>Cash flows from investing activities</b>				
<b>Cash inflows</b>				
Proceeds from the disposal of non-financial assets - Rural Properties		4	198	54
Receipts from non-operational capital funding – operating		...	2,070	590
Receipts from non-operational capital funding – capital		162,916	134,815	143,321
Receipts from Australian Government funding		146,470	125,861	91,813
Repayment of loans by other entities		17,419	30,277	26,529
<b>Total cash inflows</b>		<b>309,390</b>	<b>293,221</b>	<b>262,307</b>
<b>Cash outflows</b>				
Payments for acquisition of non-financial assets		(297,358)	(362,223)	(282,728)
Loans made to other entities		(146,831)	(38,789)	(38,501)
Payments for investments		...	(18)	(122)
Cash outflow on administrative restructure		...	(580)	...
<b>Total cash outflows</b>		<b>(426,770)</b>	<b>(401,610)</b>	<b>(321,351)</b>
<b>Net cash from (used by) investing activities</b>		<b>(117,380)</b>	<b>(108,389)</b>	<b>(59,152)</b>
<b>Cash flows from financing activities</b>				
<b>Cash inflows</b>				
Proceeds from borrowings		134,912	18,030	1,017
Trust receipts		...	12,720	6,236
<b>Total cash inflows</b>		<b>134,912</b>	<b>30,750</b>	<b>7,253</b>

## Statement of Cash Flows for the year ended 30 June 2022 (continued)

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Cash outflows</b>				
Repayment of borrowings		(3,490)	(11,003)	(9,757)
Trust payments		...	(1,581)	(311)
<b>Total cash outflows</b>		<b>(3,490)</b>	<b>(12,584)</b>	<b>(10,068)</b>
<b>Net cash from (used by) financing activities</b>		<b>131,442</b>	<b>18,166</b>	<b>(2,815)</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>(4,964)</b>	<b>26,606</b>	<b>(22,760)</b>
<b>Cash and deposits at the beginning of the reporting period</b>		<b>42,979</b>	<b>52,405</b>	<b>75,165</b>
<b>Cash and deposits at the end of the reporting period</b>	13.1	<b>30,110</b>	<b>79,011</b>	<b>52,405</b>

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 2022

	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated funds \$'000	Total Equity \$'000
<b>Balance as at 1 July 2021</b>		<b>417,334</b>	<b>2,498,393</b>	<b>3,069,664</b>	<b>5,985,391</b>
Net result		...	...	282,089	<b>282,089</b>
Other comprehensive income – revaluation reserve	12.1	...	249,613	...	<b>249,613</b>
Administrative restructure - Distributions to owners	12.2	152	...	...	<b>152</b>
<b>Total</b>		<b>152</b>	<b>249,613</b>	<b>282,800</b>	<b>531,854</b>
<b>Balance as at 30 June 2022</b>		<b>417,486</b>	<b>2,748,006</b>	<b>3,352,464</b>	<b>6,517,245</b>

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

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 2022

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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	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Administered revenue</b>				
Revenue from Government				
Appropriation revenue – operating	16.2	48,702	48,252	46,148
Grants	16.3	...	1,594	535
State taxation	16.4	48,326	48,774	47,875
Sales of goods and services	16.5	5,619	9,358	7,346
Fees and fines	16.6	10,490	10,631	10,329
Other revenue	16.7	55,023	83,234	60,388
<b>Total administered revenue</b>		<b>168,160</b>	<b>201,843</b>	<b>172,621</b>
<b>Administered expenses</b>				
Employee benefits	16.8	...	1,806	2,122
Depreciation and amortisation	16.9	...	35	17
Supplies and consumables	16.10	136	3,577	3,836
Grants and subsidies	16.11	48,566	47,492	44,782
Transfers to the Public Account		121,035	146,119	123,106
Other expenses	16.12	...	1,184	(17)
<b>Total administered expenses</b>		<b>169,737</b>	<b>200,213</b>	<b>173,846</b>
<b>Administered net result</b>		<b>(1,577)</b>	<b>1,630</b>	<b>(1,225)</b>
<b>Administered comprehensive result</b>		<b>(1,577)</b>	<b>1,630</b>	<b>(1,225)</b>

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	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Administered assets</b>				
<i>Administered financial assets</i>				
Cash and deposits		1,496	325	3,055
Financial Investments	16.13	...	...	1,000
Receivables	16.14	648	2,496	3,338
Other financial assets	16.15	138	...	147
<i>Administered non-financial assets</i>				
Plant and equipment	16.16	...	...	5
Right-of-use-asset	16.17	...	...	251
Other assets	16.18	1	...	33
<b>Total administered assets</b>		<b>2,283</b>	<b>2,821</b>	<b>7,829</b>
<b>Administered liabilities</b>				
Payables	16.19	287	...	29
Lease liabilities	16.20	...	...	251
Employee benefits	16.21	...	...	425
Other liabilities	16.22	...	983	2,855
<b>Total administered liabilities</b>		<b>287</b>	<b>983</b>	<b>3,560</b>
<b>Administered net assets</b>		<b>1,996</b>	<b>1,838</b>	<b>4,269</b>
<b>Administered equity</b>				
Contributed capital		(1,577)	(4,061)	...
Accumulated funds		3,573	5,899	4,269
<b>Total administered equity</b>		<b>1,996</b>	<b>1,838</b>	<b>4,269</b>

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

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

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

### 1.3 Schedule of Administered Changes in Equity

	Note	Contributed Equity \$'000	Accumulated surplus / deficit \$'000	Total Equity \$'000
<b>Balance as at 1 July 2021</b>		...	4,269	4,269
Total comprehensive result		...	1,628	1,628
Administrative restructure - Distributions to Department of Natural Resources and Environment Tasmania	16.24	(4,061)	...	(4,061)
<b>Balance as at 30 June 2022</b>		<b>(4,061)</b>	<b>5,897</b>	<b>1,836</b>

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

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

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation	254,810	252,209	139,536
Other revenue from government	7,877	8,096	12,145
Grants	16,010	48,599	4,949
Sales of goods and services	610	2,498	1,710
Interest	1,180	1344	1,002
Other revenue	2,320	1,505	5,782
<b>Total revenue from continuing operation</b>	<b>282,807</b>	<b>314,251</b>	<b>165,126</b>
Net gain/(loss) on disposal of non-financial assets	...	...	(1,461)
Net gain/(loss) on financial assets	...	(347)	(95)
<b>Total income from continuing operations</b>	<b>282,807</b>	<b>313,904</b>	<b>163,570</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	22,402	31,414	25,547
Depreciation and Amortisation	2,647	1,127	734
Grants and subsidies	232,727	266,823	149,971
Supplies and Consumables:			
Consultants	3,449	2,034	1,216
Property Services	531	877	881
Maintenance	349	399	361
Communications	395	445	461
Information Technology	891	2,168	2,385
Travel and Transport	557	1,356	1,072
Operating Lease costs	2,039	2,752	2,049
Advertising and Promotion	1,460	1,670	2,699
Lease costs not subject to AASB 16	767	...	...
Other Supplies and Consumables	11,618	1,278	2,090
Borrowing costs	3,487	1,044	168
Other expenses	137	301	1,059
<b>Total expenses from continuing operations</b>	<b>283,456</b>	<b>313,688</b>	<b>190,693</b>
<b>Net result from continuing operations</b>	<b>(649)</b>	<b>216</b>	<b>(27,123)</b>
<b>Net result</b>	<b>(649)</b>	<b>216</b>	<b>(27,123)</b>
<b>Other comprehensive income</b>			
Changes in physical asset revaluation reserve	3,604	(1,057)	...
<b>Total other comprehensive income</b>	<b>3,604</b>	<b>(1,057)</b>	<b>...</b>
<b>Comprehensive result</b>	<b>2,955</b>	<b>(841)</b>	<b>(27,123)</b>
<b>Expense by output</b>			
1.1 Office of the Coordinator-General	28,608	13,924	27,700
1.2 Industry and Business Development	78,869	138,454	41,600
1.3 Skills and Workforce Development	175,979	161,310	121,393
<b>Total</b>	<b>283,456</b>	<b>313,688</b>	<b>190,694</b>
<b>Net Assets</b>			
Total assets deployed for Output Group 1		146,884	153,907
Total liabilities incurred for Output Group 1		136,611	141,148
<b>Net assets deployed for Output Group 1</b>		<b>10,273</b>	<b>12,759</b>

## Output Group 2 – Infrastructure and Transport Services

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation	44,609	41,823	39,836
Other revenue from government	1,073	1,073	...
Grants	14,419	11,625	9,602
Sales of goods and services	2,735	7,096	4,450
Fees and fines	14,876	16,568	15,994
Other revenue	29,960	82,279	26,590
<b>Total revenue from continuing operation</b>	<b>107,672</b>	<b>160,464</b>	<b>96,472</b>
Net gain/(loss) on non-financial assets	3	...	(988)
<b>Total income from continuing operations</b>	<b>107,675</b>	<b>160,464</b>	<b>95,484</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	22,394	25,938	25,168
Depreciation and Amortisation	660	2,619	2,224
Grants and subsidies	37,980	32,119	9,970
Supplies and Consumables:			
Consultants	3,314	1,979	507
Property Services	(772)	319	365
Maintenance	8,875	151	(1,317)
Communications	701	1,755	1,509
Information Technology	1,872	2,980	3,209
Travel and Transport	(8)	682	680
Operating Lease costs	1,325	2,016	1,617
Advertising and Promotion	631	1,750	1,900
Lease costs not subject to AASB 16	515	...	...
Other Supplies and Consumables	4,041	423	318
Other expenses	435	348	954
<b>Total expenses from continuing operations</b>	<b>81,963</b>	<b>73,079</b>	<b>47,104</b>
<b>Net result from continuing operations</b>	<b>25,712</b>	<b>87,385</b>	<b>48,380</b>
<b>Net result</b>	<b>25,712</b>	<b>87,385</b>	<b>48,380</b>
<b>Other comprehensive income</b>			
Changes in physical asset revaluation reserve	136,211	(764)	432
<b>Total other comprehensive income</b>	<b>136,211</b>	<b>(764)</b>	<b>432</b>
<b>Comprehensive result</b>	<b>161,923</b>	<b>86,621</b>	<b>48,812</b>
<b>Expense by output</b>			
2.1 Infrastructure Tasmania	42,949	24,453	16,499
2.2 Road User Services	29,388	39,423	24,305
2.3 Passenger Transport	9,626	9,203	6,300
<b>Total</b>	<b>81,963</b>	<b>73,079</b>	<b>47,104</b>
<b>Net Assets</b>			
Total assets deployed for Output Group 2		162,957	156,690
Total liabilities incurred for Output Group 2		16,878	11,006
<b>Net assets deployed for Output Group 2</b>		<b>146,079</b>	<b>145,684</b>



## Output Group 3 – Energy Policy and Advice

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation	12,363	3,058	9,289
Other revenue from government	827	...	11
Grants	2,215	8	1,127
Sales of goods and services	...	30	3
Fees and fines	475	...	...
Other revenue	1	74	789
<b>Total revenue from continuing operation</b>	<b>15,881</b>	<b>3,170</b>	<b>11,219</b>
Net gain/(loss) on non-financial assets	...	...	(75)
<b>Total income from continuing operations</b>	<b>15,881</b>	<b>3,170</b>	<b>11,144</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	5,672	491	3,242
Depreciation and Amortisation	...	72	46
Grants and subsidies	7,502	6	1,556
Supplies and Consumables:			
Consultants	1,021	3	421
Property Services	31	26	29
Maintenance	...	5	5
Communications	14	23	29
Information Technology	...	122	176
Travel and Transport	20	46	73
Advertising and Promotion	498	...	36
Operating Lease costs	...	178	143
Other Supplies and Consumables	1,374	...	5,090
Other expenses	1	30	18
<b>Total expenses from continuing operations</b>	<b>16,133</b>	<b>1,002</b>	<b>10,864</b>
<b>Net result from continuing operations</b>	<b>(252)</b>	<b>2,168</b>	<b>280</b>
<b>Net result</b>	<b>(252)</b>	<b>2,168</b>	<b>280</b>
<b>Other comprehensive income</b>			
Other movements taken directly to equity	...	(67)	...
<b>Total other comprehensive income</b>	<b>...</b>	<b>(67)</b>	<b>...</b>
<b>Comprehensive result</b>	<b>(252)</b>	<b>2,101</b>	<b>280</b>
<b>Expense by output</b>			
3.1 Energy Policy and Advice	16,133	1,002	10,864
<b>Total</b>	<b>16,133</b>	<b>1,002</b>	<b>10,864</b>
<b>Net Assets</b>			
Total assets deployed for Output Group 3		330	10,864
Total liabilities incurred for Output Group 3		374	674
<b>Net assets deployed for Output Group 3</b>		<b>(44)</b>	<b>(562)</b>

## Output Group 4 – Resources Policy and Regulatory Services

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation	11,141	7,703	9,330
Other revenue from government	1,748	1,598	2,365
Grants	...	37	...
Sales of goods and services	...	254	72
Other revenue	776	451	1,394
<b>Total revenue from continuing operation</b>	<b>13,665</b>	<b>10,043</b>	<b>13,161</b>
Net gain/(loss) on non-financial assets	...	...	(352)
<b>Total income from continuing operations</b>	<b>13,665</b>	<b>10,043</b>	<b>12,809</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	6,721	9,259	8,480
Depreciation and Amortisation	352	399	267
Grants and subsidies	2,908	305	313
Supplies and Consumables:			
Consultants	(2)	112	109
Property Services	663	196	993
Maintenance	(7)	50	91
Communications	78	119	127
Information Technology	285	735	941
Travel and Transport	(74)	396	354
Operating Lease costs	129	830	665
Advertising and Promotion	...	20	...
Lease costs not subject to AASB 16	34	...	...
Other Supplies and Consumables	2,304	782	1,279
Other expenses	12	9	83
<b>Total expenses from continuing operations</b>	<b>13,403</b>	<b>13,212</b>	<b>13,702</b>
<b>Net result from transactions (net operating balance)</b>	<b>262</b>	<b>(3,169)</b>	<b>(893)</b>
<b>Net result</b>	<b>262</b>	<b>(3,169)</b>	<b>(893)</b>
<b>Other comprehensive income</b>			
Changes in physical asset revaluation reserve	...	(314)	...
Other movements taken directly to equity	...	152	...
<b>Total other comprehensive income</b>	<b>...</b>	<b>(162)</b>	<b>...</b>
<b>Comprehensive result</b>	<b>262</b>	<b>(3,331)</b>	<b>(893)</b>
<b>Expense by output</b>			
4.1 Forestry Policy and Reform	2,487	2,308	2,137
4.2 Mineral Resources	10,916	10,904	11,565
<b>Total</b>	<b>13,403</b>	<b>13,212</b>	<b>13,702</b>
<b>Net Assets</b>			
Total assets deployed for Output Group 4		15,771	17,653
Total liabilities incurred for Output Group 4		27,287	14,523
<b>Net assets deployed for Output Group 4</b>		<b>(11,516)</b>	<b>3,130</b>

## Output Group 5 – Cultural and Tourism Development

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation	85,718	70,389	50,742
Other revenue from government	3,056	3,356	9,442
Grants	...	1,318	2,013
Sales of goods and services	700	1,108	487
Contributions received	...	1,181	981
Interest	...	79	...
Other revenue	...	4,869	2,815
<b>Total revenue from continuing operation</b>	<b>89,474</b>	<b>82,300</b>	<b>66,480</b>
Net gain/(loss) on non-financial assets	...	...	(151)
Net gain/(loss) on financial assets	...	...	(107)
<b>Total income from continuing operations</b>	<b>89,474</b>	<b>82,300</b>	<b>66,222</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	13,078	13,052	12,170
Depreciation and Amortisation	496	585	502
Grants and subsidies	71,400	58,195	35,503
Supplies and Consumables:			
Consultants	929	252	244
Property Services	267	1,037	1,019
Maintenance	645	643	472
Communications	223	177	158
Information Technology	105	394	394
Travel and Transport	247	162	175
Operating Lease costs	264	363	293
Advertising and Promotion	385	3,304	434
Lease costs not subject to AASB 16	122	...	...
Other Supplies and Consumables	1,756	1,678	4,138
Other expenses	43	294	95
<b>Total expenses from continuing operations</b>	<b>89,960</b>	<b>80,136</b>	<b>55,597</b>
<b>Net result from continuing operations</b>	<b>(486)</b>	<b>2,164</b>	<b>10,625</b>
<b>Net result</b>	<b>(486)</b>	<b>2,164</b>	<b>10,625</b>
<b>Other comprehensive income</b>			
Changes in physical asset revaluation reserve	10,140	(403)	20,309
<b>Total other comprehensive income</b>	<b>10,140</b>	<b>(403)</b>	<b>20,309</b>
<b>Comprehensive result</b>	<b>9,654</b>	<b>1,761</b>	<b>30,934</b>
<b>Expense by output</b>			
5.1 Tasmanian Museum and Art Gallery	10,334	11,761	12,121
5.2 Arts Industry Development	13,332	12,924	14,601
5.3 Screen Industry Development	4,950	3,346	2,085
5.4 Events and Hospitality	42,272	42,548	24,939
5.5 Visitor Economy Support	19,072	9,557	1,851
<b>Total</b>	<b>89,960</b>	<b>80,136</b>	<b>55,597</b>
<b>Net Assets</b>			
Total assets deployed for Output Group 5		429,085	428,110
Total liabilities incurred for Output Group 5		5,186	3,560
<b>Net assets deployed for Output Group 5</b>		<b>423,899</b>	<b>424,550</b>

## Output Group 6 – Subsidies and Concessions

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation	107,360	113,549	102,782
Reserved by Law		...	...
Other revenue		1,626	672
<b>Total revenue from continuing operation</b>	<b>107,360</b>	<b>115,175</b>	<b>103,454</b>
<b>Expenses from continuing operations</b>			
Grants and subsidies	106,930	113,764	101,203
Supplies and Consumables:			
Consultants	...	173	16
Property Services	...	27	7
Maintenance	...	1,321	120
Advertising and promotion	...	5	64
Other Supplies and Consumables	430	271	739
Other expenses	...	...	917
<b>Total expenses from continuing operations</b>	<b>107,360</b>	<b>115,561</b>	<b>103,066</b>
<b>Net result from continuing operations</b>	<b>...</b>	<b>(386)</b>	<b>388</b>
<b>Comprehensive result</b>	<b>...</b>	<b>(386)</b>	<b>388</b>
<b>Expense by output</b>			
6.1 Shipping and Ferry Subsidies	1,214	1,121	717
6.2 General Access Services	66,285	79,938	69,053
6.3 School Bus Services	39,809	34,502	33,296
<b>Total</b>	<b>107,308</b>	<b>115,561</b>	<b>103,066</b>
<b>Net Assets</b>			
Total assets deployed for Output Group 6		34	(2)
Total liabilities incurred for Output Group 6		405	...
<b>Net assets deployed for Output Group 6</b>		<b>(371)</b>	<b>(2)</b>

## Output Group 89 – Public Building Maintenance Fund

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Grants	2,591	...	...
Other revenue	...	1,023	975
<b>Total revenue from continuing operation</b>	<b>2,591</b>	<b>1,023</b>	<b>975</b>
<b>Total income from continuing operations</b>	<b>2,591</b>	<b>1,023</b>	<b>975</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	...	161	131
Supplies and Consumables:			
Consultants	...	17	65
Property Services	...	...	3
Maintenance	2,591	922	519
Communications	...	1	...
Other Supplies and Consumables	...	9	297
<b>Total expenses from continuing operations</b>	<b>2,591</b>	<b>1,110</b>	<b>1,015</b>
<b>Net result from continuing operations</b>	<b>...</b>	<b>(87)</b>	<b>(40)</b>
<b>Comprehensive result</b>	<b>...</b>	<b>(87)</b>	<b>(40)</b>
<b>Expense by output</b>			
89.001 Public Building Maintenance Fund	2,591	1,110	1,015
<b>Total</b>	<b>2,591</b>	<b>1,110</b>	<b>1,015</b>
Total assets deployed for Output Group 89		...	...
Total liabilities incurred for Output Group 89		6	...
<b>Net assets deployed for Output Group 89</b>		<b>(6)</b>	<b>...</b>

## Output Group 90 –COVID- 19 Response

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation	37,750	15,607	47,048
Other revenue from government	795	426	...
Grants	1,000	...	...
<b>Total revenue from continuing operation</b>	<b>39,545</b>	<b>16,033</b>	<b>47,048</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	...	493	490
Grants and subsidies	38,545	8,797	38,437
Supplies and Consumables:			
Consultants	...	182	176
Property Services	...	...	3
Maintenance	...	...	7
Communications	...	4	5
Information Technology	...	19	8
Advertising and promotion	...	4,861	6,885
Lease expenses	...	52	7
Other Supplies and Consumables	...	1,145	278
Borrowing costs	1,000	...	750
Other expenses	...	2	2
<b>Total expenses from continuing operations</b>	<b>39,545</b>	<b>15,555</b>	<b>47,048</b>
<b>Net result from continuing operations</b>	<b>...</b>	<b>478</b>	<b>...</b>
<b>Comprehensive result</b>	<b>...</b>	<b>478</b>	<b>...</b>
<b>Expense by output</b>			
90.001 Creative and Cultural Industries Support	...	3	550
90.002 Rapid Response Skills Initiative	3,500	1,000	1,675
90.003 Small Business \$50 million Interest Free Loans	1,000	1,000	1,000
90.004 Small Business Grants Program for Apprentices and Traineeships	293	293	996
90.006 Tourism and Hospitality financial counselling	...	...	100
90.008 Small Business Grants Program	...	11	622
90.009 Digital Ready for Business program	...	...	50
90.011 Rural Financial Counselling Service	...	...	100
90.015 Essential Air Freight Services Bass Strait	1,300	1,413	2,740
90.016 International Air Freight Assistance	2,109	...	288
90.018 Small Business Energy Support Grant Program	...	...	129
90.021 Make Yourself at Home Travel Vouchers	5,156	4,838	7,827
90.022 Peak Body Support Fund	500	55	...
90.023 Waratah-Wynyard Coastal Pathway	6,000	500	...
90.024 Small Business Sustainability and recovery Assistance Package	5,237	1,222	13,803
90.025 Priority Industry Skills Funding – More Teachers as TasTAFE	1,000	1,000	1,000
90.026 Expansion of the Apprentices and Trainees Small Business Grant	5,400	...	...
90.027 Funding of Key VET Courses (JobTrainer)	5,400	2,000	6,168
90.028 Airport Infrastructure	3,050	2,220	10,000
<b>Total</b>	<b>39,945</b>	<b>15,555</b>	<b>47,048</b>

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	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Net Assets</b>			
Total assets deployed for Output Group 90		17	17
Total liabilities incurred for Output Group 90		5	...
<b>Net assets deployed for Output Group 90</b>		<b>12</b>	<b>17</b>

## Output Group –Capital Investment Program

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>			
Revenue from appropriation – capital	234,291	224,468	182,309
Other revenue from government	9,129	9,001	320
Grants	114,925	173,569	127,391
Sales of goods and services	210	796	302
Other revenue	11	13,708	6,516
<b>Total revenue from continuing operation</b>	<b>358,564</b>	<b>421,542</b>	<b>316,838</b>
Net gain/(loss) on non-financial assets	1	(1,692)	(19,289)
<b>Total income from continuing operations</b>	<b>358,567</b>	<b>419,850</b>	<b>297,549</b>
<b>Expenses from continuing operations</b>			
Employee Entitlements	8,880	9,074	5,349
Depreciation and Amortisation	84,725	123,767	110,724
Grants and subsidies	21,618	12,422	16,895
Supplies and Consumables:			
Consultants	...	3,318	4,762
Maintenance	63,091	57,905	16,929
Property Services	...	5,479	7,192
Communications	...	356	1,618
Information Technology	1,718	1,233	1,541
Travel and Transport	...	64	78
Operating Lease costs	146	13	106
Advertising and Promotion	...	506	41
Other Supplies and Consumables	222	8,347	17,814
Other expenses	1,433	4,046	4
<b>Total expenses from continuing operations</b>	<b>181,833</b>	<b>226,530</b>	<b>183,053</b>
<b>Net result from continuing operations</b>	<b>176,734</b>	<b>193,320</b>	<b>114,496</b>
<b>Net result</b>	<b>176,734</b>	<b>193,320</b>	<b>114,496</b>
<b>Other comprehensive income</b>			
Changes in physical asset revaluation reserve	...	252,218	(208,911)
<b>Total other comprehensive income</b>	<b>...</b>	<b>252,218</b>	<b>(208,911)</b>
<b>Comprehensive result</b>	<b>176,734</b>	<b>445,538</b>	<b>(94,415)</b>
<b>Net Assets</b>			
Total assets deployed for Output – Capital Investment Program		5,982,451	5,422,182
Total liabilities incurred for Output – Capital Investment Program		31,463	22,367
<b>Net assets deployed for Output – Capital Investment Program</b>		<b>5,950,988</b>	<b>5,399,815</b>



## Output Group –Capital Investment Program (cont.)

	2022	2022	2021
	Budget	Actual	Actual
	\$'000	\$'000	\$'000
<b>Expense by output</b>			
A Workforce for Now and the Future	...	...	100
Bridge Renewal Program	2,084	2,601	401
Brooker Hwy – Elwick, Goodwood, Howards Roads	...	...	49
Bruny Island Main Road	...	...	4,282
Cygnets Township Safety Upgrade	...	300	...
Domain Highway Planning	1,068	268	39
Esk Main Road	...	...	2
Extending the Great Eastern Drive – Binalong Bay Road	...	...	727
Freight Access Bridge Upgrades	...	448	3,395
Great Eastern Drive	...	...	268
Greater Hobart Traffic Solution	...	24,604	7,062
Heavy Vehicle Safety and Productivity	...	704	1,767
Huon Highway / Summerleas Rd	...	...	53
Infrastructure Maintenance	64,955	57,123	5,221
Infrastructure Stimulus Funding	...	18,572	18,300
Launceston and Tamar Valley Traffic Vision	...	...	928
Midland Highway	...	18,688	31,923
Mowbray Connector	...	...	21
Network Planning	84,053	...	17,234
New Bridgewater Bridge	...	22,811	6,962
Palana Road Upgrades	...	2,000	...
Program Management	5,053	7,211	4,745
Road Safety Projects	20,932	8,760	19,068
Roads of Strategic Importance	...	42,995	20,356
Roads Package to Support Tasmania's Visitor Economy	...	1,890	7,428
South East Traffic Solution	...	10,204	4,344
State Road Upgrades – Northern Region	...	1,425	3,149
State Road Upgrades – Southern Region	...	1,874	6,257
State Road Upgrades - North West & West Coast Region	...	...	6,845
Tasmanian Journeys	...	...	443
Traffic Management and Engineering Services	3,688	3,452	3,517
Urban Congestion Fund	...	...	616
Victoria Street Redevelopment	...	600	...
West Tamar Traffic Solution	...	...	7,551
<b>Total</b>	<b>181,833</b>	<b>226,530</b>	<b>183,053</b>

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

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Total comprehensive result of Output Groups</b>	351,276	531,854	(42,057)
<b>Reconciliation to comprehensive result</b>			
Expenses unallocated to Output Groups (accruals)	....	....	....
<b>Comprehensive result</b>	<u>351,276</u>	<u>531,854</u>	<u>(42,057)</u>

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

	2022 Actual \$'000	2021 Actual \$'000
<b>Total net assets deployed for Output Groups</b>	6,517,245	5,985,391
<b>Reconciliation to net assets</b>		
Assets unallocated to Output Groups (overheads)	...	...
Liabilities unallocated to Output Groups (overheads)	...	...
<b>Net assets</b>	<u>6,517,245</u>	<u>5,985,391</u>

## 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

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Administered revenue and other income from transactions</b>			
Revenue from appropriation	48,702	48,252	46,148
Grants	...	...	535
Sales of goods and services	...	...	910
Fees and fines	...	...	292
Other revenue	...	6	12
<b>Total administered revenue and other income from transactions</b>	<b>48,702</b>	<b>48,258</b>	<b>47,897</b>
<b>Administered expenses from transactions</b>			
Employee Entitlements	...	...	2,034
Depreciation and Amortisation	...	...	17
Grants and subsidies	48,566	48,215	46,095
Supplies and Consumables:			
Consultants	...	...	322
Property Services	...	...	34
Maintenance	...	...	1
Communications	...	...	15
Information Technology	...	...	69
Travel and Transport	...	...	110
Operating Lease costs	...	...	91
Advertising and Promotion	...	...	2
Other Supplies and Consumables	136	40	483
Other expenses	...	3	6
<b>Total administered expenses from transactions</b>	<b>48,702</b>	<b>48,258</b>	<b>49,279</b>
<b>Administered net result from transactions (net operating balance)</b>	<b>...</b>	<b>...</b>	<b>(1,382)</b>
<b>Total administered comprehensive result</b>	<b>...</b>	<b>...</b>	<b>(1,382)</b>
<b>Administered expense by output</b>			
91.580 Government contribution to Tasmanian Symphony Orchestra	2,310	2,310	2,271
91.598 National Road Transport Commission: Local Government Contribution	1,500	1,500	1,500
91.621 Forest Practices Authority	1,594	1,594	4,687
91.624 Conveyance Allowance	1,630	723	761
91.625 Pensioner Air Travel Subsidy	10	6	11
91.626 Transport Access Scheme	4,518	4,985	5,218
91.643 Marine & Safety Authority	8,252	8,252	3,092
91.739 Private Forests Tasmania	1,680	1,680	1,647
91.751 Ten Days on the Island	1,132	1,132	1,606
91.878 Theatre Royal	976	976	886
91.882 Tasmanian Railway Pty Ltd	13,100	13,100	11,600
91.883 West Coast Wilderness Railway	4,000	4,000	8,000
91.884 Sustainable Timber Tasmania CSO	8,000	8,000	8,000
<b>Total</b>	<b>48,702</b>	<b>48,258</b>	<b>49,279</b>

## Output Group – Grants and Subsidies (continued)

	2022 Actual \$'000	2021 Actual \$'000
<b>Net Assets</b>		
Total assets deployed for Output – Grants and Subsidies	828	4,653
Total liabilities incurred for Output – Grants and Subsidies	1,101	2,852
<b>Net assets deployed for Output – Grants and Subsidies</b>	<b>(273)</b>	<b>1,801</b>

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

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Total administered comprehensive result of Output Groups</b>	...	...	(1,382)
<b>Reconciliation to administered net surplus (deficit)</b>			
Administered revenue collections	121,035	146,119	124,770
Transfers to the Public Account	(121,035)	(146,119)	(123,106)
Other administered transactions (ie unallocated to Output Groups)	1,577	1,630	(1,507)
<b>Administered comprehensive result</b>	<b>1,577</b>	<b>1,630</b>	<b>(1,225)</b>

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

	2022 Actual \$'000	2021 Actual \$'000
<b>Total administered net assets deployed for Output Groups</b>	<b>(273)</b>	<b>1,801</b>
<b>Reconciliation to administered net assets</b>		
Assets unallocated to Output Groups	(566)	3,176
Liabilities unallocated to Output Groups	2,677	(708)
<b>Administered net assets</b>	<b>1,838</b>	<b>4,269</b>

## Note 3 Expenditure under Australian Government Funding Arrangements

	State Funds	Australian Govt Funds	State Funds	Australian Govt Funds
	2022 Actual \$'000	2022 Actual \$'000	2021 Actual \$'000	2021 Actual \$'000
<b>National Partnership Payments</b>				
<b>Energy and Emissions Reduction</b>				
Marinus Link	...	404	1	1,082
<b>Infrastructure &amp; Transport</b>				
Asset Recycling Fund - IIP - New Investments	...	148	...	...
Black Spot Project	...	1,373	...	1,645
Bridgewater Bridge	9,901	26,937	6,000	5,230
IIP Bridges Renewal Programme - To States	2,280	2,601	2,136	3,773
Infrastructure Stimulus Funding	9,288	9,342	6,207	18,677
Launceston City Deal - Tamar River	...	1,500	(400)	6,900
Nation Building program - Heavy Vehicle Safety	3	705	(863)	2,130
Nation Building program - Road	1,177	54,052	55,006	44,729
Roads of Strategic Importance	31,762	76,490	6,133	40,923
Tasman Bridge Upgrade	54,522	...	...	...
Urban Congestion Fund	60	514	265	460
<b>Resources</b>				
National Forestry Plan	...	252	...	...
<b>Skills, Training and Workforce Development</b>				
Energising Tasmania	...	1,430	...	911
Infection Control Training	17	29	77	85
Job Trainer Fund	4,340	226	6,168	333
North-West Tasmania Job Ready Generation	...	364	...	754
Revitalising TAFE Campuses Across Australia	2,000	5,000	5,000	2,000
Skilling Australians Fund	...	4,540	...	822
<b>Small Business</b>				
Supercharged Business Support Package	36,456	36,456	...	...
<b>State Growth</b>				
Tourism Growth Package	...	...	436	...
Tasmanian Jobs and Investment Fund	...	310	...	...
<b>Total</b>	<b>151,807</b>	<b>222,673</b>	<b>86,166</b>	<b>130,454</b>

Note that previous year figures have been restated to reflect a change to Australian Government classifications. Additional details of capital expenditures included in the above note are included within Note 13.4.

## Note 4 Explanations of Material Variances between Budget and Actual Outcomes

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

### 4.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Grants	(a)	151,160	235,156	83,996	56
Sale of goods and services	(b)	4,255	11,782	7,527	177
Contributions received	(c)	....	1,181	1,181	100
Other revenue	(d)	33,068	105,535	72,467	219
Employee benefits	(e)	79,147	89,171	10,024	13
Depreciation and amortisation	(f)	88,880	128,569	39,689	45
Finance costs	(g)	4,487	1,044	(3,443)	(77)
Other expenses	(h)	2,061	5,030	2,969	144
Changes in physical asset revaluation reserve	(i)	149,955	249,613	99,658	66

#### Notes to Statement of Comprehensive Income variances

- (a) Variance reflects higher than originally anticipated Australian Government revenue for the Capital Investment Program and the Supercharged Business Support Package.
- (b) The major variance reflects unanticipated (in original budget) revenue from Abt Railway ticketing and sales (\$4.6M).
- (c) Variance reflects unanticipated (in original budget) donations and bequests.
- (d) Variance represents unanticipated (in original budget) revenue receipts relating to the reimbursement of funding for projects originally allocated to other departments (MyState Bank Arena Upgrade, Showground Renewal Project).
- (e) Variance represents the increase in full time equivalent staff for the Department.
- (f) Variance reflects as increase in the roads and bridges infrastructure depreciation.
- (g) Variance reflects the timing of borrowings from TASCORP in order to fund the activities of the TDR Board, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (h) Variance relates to sundry expenses consolidated in for Abt Railway. No original budget is set for Abt Railway operations.
- (i) Variance relates to the revaluation of incremental roads and bridges infrastructure.

### 4.2 Statement of Financial Position

	Note	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(a)	64,394	79,011	52,405	14,617	26,606
Receivables	(b)	9,323	46,346	12,517	37,023	33,829
Loan advances	(c)	277,096	146,527	138,162	(130,569)	8,365
Inventories	(d)	407	5,263	352	4,856	4,911
Property, plant and equipment	(e)	216,087	282,192	218,260	66,105	63,932
Right of use assets	(f)	...	4,011	3,768	4,011	243
Lease liabilities	(g)	...	5,583	4,675	5,583	908
Borrowings	(h)	280,714	125,510	118,483	(155,204)	7,027
Employee benefits	(i)	21,806	23,993	23,749	2,187	244
Provisions	(j)	5,521	7,727	7,357	2,206	370
Other liabilities	(k)	19,793	42,187	25,443	22,394	16,744

## Notes to Statement of Financial Position variances

- (a) Variance reflects unanticipated (in original budget) transfers of funding relating to projects originally allocated to other departments (MyState Bank Arena Upgrade, Showground Renewal Project).
- (b) Variance reflects higher than anticipated (Original Budget) receivables relating to the reimbursement of the Australian Government funded program Supercharged Business Support Package.
- (c) Variance reflects lower than anticipated (Original Budget) loans disbursed, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (d) Variance to budget reflects higher than anticipated (Original Budget) Inventories relating to the personal, protective equipment stockpile held for emergency management reserves.
- (e) Variance primarily relates to the capitalisation of MyState Bank Arena redevelopment and revaluations of a number of the Department's land and buildings.
- (f) 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.
- (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) Variance reflects lower than anticipated (Original Budget) borrowing required from TASCORP in order to fund the activities of the TDR Board.
- (i) Variance primarily reflects the overall increase in Employee benefits expenditure.
- (j) Variance reflects higher than anticipated (Original Budget) provisions for the compulsory acquisition of land for roadworks.
- (k) Variance reflects unanticipated (in Original Budget) level of Monies held in trust.

## 4.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts - capital	(a)	71,373	89,653	18,280	26
Grants	(b)	4,690	72,392	67,702	1,444
Sales of goods and services	(c)	4,260	16,650	12,390	291
GST receipts/payments (net)	(d)	16,898	67,626	50,728	300
Other cash receipts	(e)	33,068	106,712	73,644	223
Employee benefits	(f)	(78,767)	(99,209)	(20,442)	26
Interest payments	(g)	(4,577)	(770)	3,807	83
GST payments	(h)	(16,899)	(65,706)	(48,807)	289
Receipts from non-operational capital funding – operating	(i)	...	2,070	2,070	100
Receipts from non-operational capital funding - capital	(j)	162,916	134,815	(28,101)	(17)
Receipts from Australian Government funding	(k)	146,470	125,861	(20,609)	(14)
Repayment of loans by other entities	(l)	17,419	30,277	12,859	74
Payments for acquisition of non-financial assets	(m)	(297,358)	(362,934)	(65,576)	22
Loans made to other entities	(n)	(146,831)	(38,789)	108,042	(74)
Proceeds from borrowings	(o)	134,912	18,030	(116,882)	87
Trust receipts	(p)	...	12,720	12,720	100
Repayment of borrowings	(q)	(3,490)	(11,003)	(7,513)	215

## Notes to Statement of Cash Flows variances

- (a) 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 to note k and l).
- (b) Variance reflects higher than originally anticipated Australian Government revenue for the Capital Investment Program and the Supercharged Business Support Package.
- (c) The major variance reflects unanticipated (in original budget) revenue from Abt Railway ticketing and sales.
- (d) Variance reflects timing differences of the receipt of GST refunds over the end of financial years.
- (e) Variance represents unanticipated (in original budget) revenue receipts relating to the reimbursement of funding for projects originally allocated to other departments (MyState Bank Arena Upgrade, Showground Renewal Project).
- (f) Variance represents the increase in full time equivalent staff for the Department, as well as increased investment in unanticipated projects for Capital Investment Program.
- (g) Variance reflects the timing of borrowings from TASCORP in order to fund the activities of the TDR Board.
- (h) Variance reflects timing differences of the payment of GST over the end of financial years.
- (i) Variance reflects the capitalised expenses for the Mornington Core Library upgrade.
- (j) 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 a and l).

- (k) Variance reflects higher than originally anticipated Australian Government revenue for the Capital Investment Program and the Supercharged Business Support Package.
- (l) Variance reflects higher than anticipated repayment of TDR loan advances.
- (m) The major variance reflects higher than anticipated (in original budget) capitalised expenditure for the Capital Investment Program.
- (n) Variance reflects lower than anticipated (in Original Budget) disbursement of TDR loan advances including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (o) Variance reflects lower than anticipated (Original Budget) borrowing required from TASCORP in order to fund the activities of the TDR Board, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.
- (p) Variance primarily relates to unbudgeted monies received in the Mines Deposit Account that are held in trust as mining rehabilitation bonds
- (q) Variance reflects the lower than anticipated (Original Budget) borrowing required from TASCORP, in order to fund the activities of the TDR Board, including Supporting Jobs at INCAT and the Building and Construction Support Loan Scheme.

## 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	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Net result from continuing operations</b>		<b>201,321</b>	<b>282,800</b>	<b>146,113</b>
<b>Less impact of Non-operational capital funding:</b>				
Revenue from Government – operating	6.1	...	...	448
Revenue from Government – capital	6.1	162,916	134,751	61,754
Revenue from Australian Government		146,470	125,861	83,240
Contributions received		...	1,181	981
<b>Total</b>		<b>309,386</b>	<b>261,793</b>	<b>146,423</b>
<b>Underlying Net operating balance</b>		<b>(108,065)</b>	<b>21,007</b>	<b>(310)</b>



## Note 6 Revenue

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

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

### 6.1 Revenue from Government

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

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

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

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

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Continuing operations</b>			
Appropriation revenue – operating			
Current year	553,753	504,338	398,115
	<b>553,753</b>	<b>504,338</b>	<b>398,115</b>
Appropriation revenue - capital	71,373	89,717	120,555
Other revenue from Government			
Appropriation Rollover under section 23 of the <i>Financial Management Act 2016</i>	24,505	23,550	24,283
<b>Total revenue from Government from continuing operations</b>	<b>95,878</b>	<b>617,605</b>	<b>542,953</b>
<b>Non-operational capital funding</b>			
Operating Services	...	...	448
Capital Services	162,916	134,751	61,754
<b>Total</b>	<b>162,916</b>	<b>134,751</b>	<b>62,202</b>
<b>Total Revenue from Government</b>	<b>812,547</b>	<b>752,356</b>	<b>605,155</b>

### 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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Grants with sufficiently specific performance obligations</b>		
Grants from the Australian Government	48,710	6,484
Grants from the Tasmanian Government	7,830	9,651
Industry contributions	1,462	1,363
<b>Total</b>	<b>58,002</b>	<b>17,489</b>
<b>Grants to acquire/construct a recognisable non-financial asset</b>		
Grants from the Australian Government	175,894	125,654
Grants from the Tasmanian Government	1,260	1,930
<b>Total</b>	<b>177,154</b>	<b>127,584</b>
<b>Total revenue from Grants</b>	<b>235,156</b>	<b>145,082</b>

### 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.

<b>Goods</b>	<b>Nature of timing of satisfaction of Performance Obligation, including significant payment terms</b>	<b>Revenue recognition policies</b>
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.
<b>Services</b>	<b>Nature of timing of satisfaction of Performance Obligation, including significant payment terms</b>	<b>Revenue recognition policies</b>
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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Goods	3,602	1,083
Services	3,430	1,219
Abt Railway ticketing sales and retail revenue	2,564	3,530
Rental revenue	2,186	1,192
<b>Total</b>	<b>11,782</b>	<b>7,024</b>

#### 6.4 Fees and fines

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

	2022	2021
	\$'000	\$'000
Road Safety Levy	16,301	15,568
Other	267	426
<b>Total</b>	<b>16,568</b>	<b>15,994</b>

#### 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.

	2022	2021
	\$'000	\$'000
Interest – loan advances	1,423	1,002
<b>Total</b>	<b>1,423</b>	<b>1,002</b>

#### 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.

	2022	2021
	\$'000	\$'000
Fair value of additions to TMAG Collections at no cost	74	553
TMAG Donations and bequests	1,107	428
<b>Total</b>	<b>1,181</b>	<b>981</b>

#### 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.

	2022	2021
	\$'000	\$'000
Administrative support charge – Tourism Tasmania	903	903
Administrative support charge – Macquarie Point Development Corporation	112	102
Recoveries – Derwent Entertainment Centre	50,291	22,834
Recoveries – COVID-19	12,444	16,726
Showground Upgrade Project	25,000	...
Other recoveries and contributions received	8,299	2,245
Miscellaneous revenue	8,486	2,717
<b>Total</b>	<b>105,535</b>	<b>45,535</b>

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## 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.

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	2022	2021
	\$'000	\$'000
Write off of replaced road assets	(10,527)	(5,808)
Write off of replaced bridge assets	(343)	(695)
Write off of land under roads assets due to changes in List area details	...	(10,759)
Roads transferred from Break O'Day Council	11,398	...
Bridges transferred to Derwent Valley Council	...	(16)
Bridges transferred to Central Coast Council	...	(314)
Bridges transferred to Launceston City Council	...	(235)
Write off of traffic signals replaced/upgraded	(35)	(2,509)
Write off of Marine Vessel	(2,208)	...
Net loss on disposal of buildings - Kempton Station Rd	...	(133)
Net loss on disposal of plant and equipment	23	...
Impairment of non-financial assets - Abt Railway	...	(1,847)
	<b>(1,692)</b>	<b>(22,316)</b>

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### 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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Impairment reversals/(losses) of:		
Loans advances	(320)	(95)
Equity investments	(15)	(107)
Receivables written off during the year	(12)	...
<b>Total net gain/(loss) on financial instruments</b>	<b>(347)</b>	<b>(202)</b>

## 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

	2022	2021
	\$'000	\$'000
Wages and salaries	67,572	58,979
Annual leave	6,145	5,475
Long service leave	741	1,805
Superannuation	10,863	10,155
Other post-employment benefits	1,001	1,325
Other employee expenses	3,071	2,448
Other employee benefits – Fringe Benefits Tax	489	390
<b>Total</b>	<b>89,882</b>	<b>80,577</b>

Superannuation expenses relating to defined benefit schemes relate to payments into the Consolidated Fund. The amount of the payment is based on a department contribution rate determined by the Treasurer, on the advice of the State Actuary. The current department contribution is 12.95 per cent (2021: 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 Consolidated Fund 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		Termination Benefits	Total
	Salary	Other Benefits	Super-annuation	Other Benefits & Long-Service Leave		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Key management personnel</i>						
<b>Office of the Co-ordinator General:</b>						
John Perry, Co-ordinator General	439	20	46	16	...	521
<b>Department of State Growth:</b>						
Kim Evans, Secretary	380	25	57	7	...	469
Gary Swain, Deputy Secretary Transport Services (1/7/2021 to 25/7/2021 and 10/8/2021 to 30/6/2022)	226	19	23	20	...	288
Gary Swain, Acting Secretary (26/7/2021 to 9/8/2021)	16	...	2	...	...	18
Jacqui Allen, Deputy Secretary Cultural & Tourism Industry Development (until 4/3/2022)	201	16	16	...	...	233
Amanda Russell, Deputy Secretary Business Services (1/7/2021 to 2/1/2022 and 24/1/2022 to 30/6/2022)	203	...	25	11	...	239
Amanda Russell, Acting Secretary (3/1/2022 to 23/1/2022)	22	26	4	...	...	52
Mark Bowles, Deputy Secretary, Business and Jobs	195	21	20	(19)	...	217

Brett Stewart, Deputy Secretary, Resources, Strategy and Policy (1/7/2021 to 3/1/2022 and 15/1/2022 to 30/6/2022)	189	28	19	10	...	246
Brett Stewart, Acting Deputy Secretary, Transport and Infrastructure (4/1/2022 to 14/1/2022)	8	...	1	...	...	9
Yvette Steele, Acting Deputy Secretary, Business Services (10/1/2022 to 21/1/2022 and 26/1/2022 to 1/2/2022)	11	18	1	10	...	40
<b>Total</b>	<b>1,890</b>	<b>173</b>	<b>214</b>	<b>55</b>	<b>...</b>	<b>2,332</b>

2021	Short-term benefits		Long-term benefits		Termination Benefits	Total
	Salary	Other Benefits	Super-annuation	Other Benefits & Long-Service Leave		
	\$'000	\$'000	\$'000	\$'000		
<i>Key management personnel</i>						
<b>Office of the Co-ordinator General:</b>						
John Perry, Co-ordinator General	429	19	42	27	...	517
<b>Department of State Growth:</b>						
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
<b>Total</b>	<b>1,719</b>	<b>211</b>	<b>213</b>	<b>250</b>	<b>323</b>	<b>2,716</b>

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 2021-22 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:

	<b>2022</b>	<b>30 June 2022</b>
	<b>Aggregate value of</b>	<b>Total Amount Outstanding or</b>
	<b>transactions</b>	<b>Committed</b>
	<b>\$'000</b>	<b>\$'000</b>
Voluntary non-reciprocal donations to TMAG	6	...
Consultancy services – Events	9	...
Consultancy services – Skills Tasmania	14	...
Arts grant	27	...



## 8.2 Depreciation and amortisation

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

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

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

<b>Asset</b>	<b>Estimated Useful Life (years)</b>	<b>Depreciation Rate (per annum)</b>	<b>Method</b>
<b>Road Infrastructure:</b>			
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
<b>Bridge Infrastructure:</b>			
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
<b>Traffic Signal Installations: (Residual value 10% applies to all traffic signals assets)</b>			
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
<b>Abt Railway Infrastructure:</b>			
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:

<b>Asset</b>	<b>Estimated Useful Life (years)</b>	<b>Depreciation Rate (per annum)</b>	<b>Method</b>
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**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment	827	752
Abt Railway Rolling Stock	176	181
Marine vessels and equipment	25	431
Traffic signal installations	915	773
Buildings	881	852
Road infrastructure	85,584	74,648
Bridges	37,886	34,896
Other infrastructure	1,003	914
Right-of-use assets	1,087	927
<b>Total</b>	<b>128,384</b>	<b>114,374</b>

## (b) Amortisation

	2022	2021
	\$'000	\$'000
Intangibles	12	1
Leasehold improvements	173	122
<b>Total</b>	<b>185</b>	<b>123</b>
<b>Total depreciation and amortisation</b>	<b>128,569</b>	<b>114,497</b>

## 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.

	2022	2021
	\$'000	\$'000
Audit fees – financial audit	216	196
Audit fees – internal audit	212	132
Operating lease costs	6,203	4,944
Consultants	9,523	6,885
Property services	2,712	5,012
Maintenance	65,642	17,244
Communications	2,881	3,998
Information technology	7,660	8,823
Travel and transport	2,799	2,517
Advertising and promotion	11,762	11,514
Legal expenses	818	5,467
Contractor payments (non-roadworks)	4,790	10,250
Other supplies and consumables	5,041	10,728
COVID-19 related expenses	2,658	11,028
<b>Total</b>	<b>122,917</b>	<b>98,738</b>

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.

	2022 \$'000	2021 \$'000
<b>Grants</b>		
Academy of Creative Industries and Performing Arts	...	5,320
Advanced Manufacturing Action Plan	360	161
AFL Agreement - Hawthorn Football Club	4,855	3,181
AFLW Agreement - NMFC	579	...
Airport Infrastructure	...	10,000
Ancillary Dwelling Grants Program	480	...
Arts Grants	9,320	5,728
Blundstone Arena	3,000	...
Building Project Support Fund	1,100	...
Bus Stops infrastructure	65	98
Business & Jobs Attraction and Population Growth Initiative - other	25	10
Business and Industry Assistance	5,837	4,446
Business Enterprise Centres	807	807
Business Events Attraction Fund	391	174
CCAMLR	197	170
City Deal Devonport	241	...
City Deal Launceston	1,035	...
Coastal Pathway Project	2,780	1,200
Community Infrastructure Fund	...	1,092
COVID-19 grants	89,048	23,580
Cycle Tourism Fund	260	330
Destination Action Plan	246	148
Energy Policy and contributions	...	758
Enterprise development	229	258
Enterprise Hubs	250	250
Flight Subsidies	630	...
Global Education Strategy	65	66
Grants to Councils - road works	13,086	10,731
Great Customer Experience	550	700
High Vis Army	1,477	...
Hobart City Deal	...	300
Hobart to Strahan Air Service	100	...
Jobs Tasmania Grants	6,171	...
Learner Driver Mentoring program	1,236	1,022
Macquarie Point Development Corporation	3,500	5,245
Major events	27,994	14,391
Menzies ICON	500	500
Mining Exploration Grants Program	224	303
Museums and Art Galleries	1,656	1,621
No Interest Loan scheme for Energy Efficient Products	...	500
Non-Metropolitan and general access regular passenger transport services	2	...
Northern Cities Major Development	5,000	17,850
Other contributions	684	557
Other grants	7,227	1,409
Regional Events Recovery Fund	758	...
Regional Tourism Organisations	239	235
Residential Land Rebate	10,209	...
Road Safety Grants	9,607	7,219
Screen Grants	2,054	1,034
Serco Contact Centre Industry support	370	...

	2022	2021
	\$'000	\$'000
Showground Renewal Project	4,150	...
Skills grants	1,384	...
Small Business Grants	1,182	...
Start-up Accelerator	200	70
Tamar Estuary	1,500	7,532
Tamar River Dredging	359	339
Tasmanian Amalgamated Renewable Timbers	...	4,500
Tasmanian Hospitality Association	750	950
Tasmanian Innovation, ICT & Science Agenda	110	110
Tasmanian Polar Network	62	...
Tasmanian Renewable Hydrogen Development Fund	100	...
TasTAFE	22,250	...
Tourism and Hospitality grants	5,624	852
UXC Support	181	278
West Coast Wilderness Railway	3,100	...
<b>Total grants</b>	<b>255,396</b>	<b>136,025</b>
<b>Subsidies</b>		
Apprentice and trainee subsidies	8,398	3,370
General Access Bus Services	78,770	68,317
Shipping and ferry subsidies	950	618
Student Only Bus Service	34,502	33,281
Vocational Education Training (VET) delivery	114,415	112,237
<b>Total subsidies</b>	<b>237,035</b>	<b>217,823</b>
<b>Total grants and subsidies</b>	<b>492,431</b>	<b>353,848</b>

## 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.

	2022	2021
	\$'000	\$'000
<b>Interest expense</b>		
Interest on loans	898	813
Interest on leases	142	102
<b>Total</b>	<b>1,040</b>	<b>915</b>
<b>Other finance costs</b>		
Penalty interest on late payments to creditors	4	3
<b>Total</b>	<b>4</b>	<b>3</b>
<b>Total finance costs</b>	<b>1,044</b>	<b>918</b>

## 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.

	2022	2021
	\$'000	\$'000
Workers compensation	835	539
Other employee expenses (including training/development, W&S, recruitment)	1,762	990
Miscellaneous expenses	2,433	1,603
Repayment of Federal Government grant	...	432
<b>Total</b>	<b>5,030</b>	<b>3,564</b>

## 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.

	2022	2021
	\$'000	\$'000
Receivables	46,447	12,727
Less: Expected credit loss	(101)	(210)
<b>Total</b>	<b>46,346</b>	<b>12,517</b>
Sales of goods and services (inclusive of GST)	37,207	257
Fees and fines (inclusive of GST)	5	15
Tax assets	9,134	11,185
Other receivables (inclusive of GST)	...	1,060
<b>Total</b>	<b>46,346</b>	<b>12,517</b>
Settled within 12 months	46,248	12,419
Settled in more than 12 months	98	98
<b>Total</b>	<b>46,346</b>	<b>12,517</b>

	2022	2021
<b>Reconciliation of movement in expected credit loss for receivables</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July</b>	<b>210</b>	<b>75</b>
Amounts written off during the year	12	...
Increase/(decrease) in provision recognised in profit or loss	(121)	135
<b>Carrying amount at 30 June</b>	<b>101</b>	<b>210</b>

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.

	2022	2021
	\$'000	\$'000
Section 35 Loans Administered by TDR	14,606	13,782
Section 37 Loans Administered by TDR	15,000	...
<i>Tasmanian Development Act 1983</i>	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 – (Jul 2017) & Drought Assistance – (Jul 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	5,402	4,490
Business Growth Loan Scheme	7,197	2,070
Building and Construction Support Loan Scheme	4,489	...
Tourism Development Loan Scheme	606	...
Screen Tasmania Loans	230	230
Arts Loans	926	1,047
Less: Provision for impairment	(415)	(95)
<b>Total</b>	<b>146,527</b>	<b>138,162</b>
Settled within 12 months	33,605	10,960
Settled in more than 12 months	112,922	127,202
<b>Total</b>	<b>146,527</b>	<b>138,162</b>

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.

	2022	2021
	\$'000	\$'000
<b>Reconciliation of movement in provision for impairment of other financial assets</b>		
<b>Carrying amount at 1 July</b>	<b>95</b>	<b>...</b>
Increase/(decrease) in provision recognised in net result	320	95
<b>Carrying amount at 30 June</b>	<b>415</b>	<b>95</b>



### 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.

	2022 \$'000	2021 \$'000
Unlisted equity instruments	15,436	15,421
Less: Provision for impairment	(15,436)	(15,421)
<b>Total</b>	<b>...</b>	<b>...</b>
Settled within 12 months	...	...
Settled in more than 12 months	...	...
<b>Total</b>	<b>...</b>	<b>...</b>

	2022 \$'000	2021 \$'000
<b>Reconciliation of movement in provision for impairment of equity investments</b>		
<b>Carrying amount at 1 July</b>	<b>15,421</b>	<b>15,314</b>
Increase(decrease) in provision recognised in net result	15	107
<b>Carrying amount at 30 June</b>	<b>15,436</b>	<b>15,421</b>

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.

	2022 \$'000	2021 \$'000
Accrued revenue	724	331
<b>Total</b>	<b>724</b>	<b>331</b>
Settled within 12 months	724	331
<b>Total</b>	<b>724</b>	<b>331</b>

## 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.

	2022	2021
	\$'000	\$'000
Inventory held for sale – Tasmanian Museum and Art Gallery (TMAG)	132	135
Inventory held for sale – Abt Railway	196	217
Inventory held for use - DSG	4,935	...
<b>Total</b>	<b>5,263</b>	<b>352</b>
Consumed within 12 months	5,263	352
<b>Total</b>	<b>5,263</b>	<b>352</b>

## 9.6 Assets held for sale

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

### (a) Carrying amount

	2022	2021
	\$'000	\$'000
Land	1,720	...
<b>Total</b>	<b>1,720</b>	<b>...</b>
Settled within 12 months	1,720	...
Settled in more than 12 months	...	...
<b>Total</b>	<b>1,720</b>	<b>...</b>

Assets held for sale include 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
Land	1,720	...	1,720	...
<b>Total</b>	<b>1,720</b>	<b>...</b>	<b>1,720</b>	<b>...</b>

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

### Property, plant and equipment and artwork

#### (i) Valuation basis

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

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

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Asset recognition threshold

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

#### (iv) Revaluations

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

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

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

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

## **Heritage and cultural assets**

### *(i) Valuation basis*

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

### *(ii) Asset recognition threshold*

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

### *(iii) Revaluations*

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

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

### *(iv) Highest and best use*

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

**(a) Carrying amount**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Land holdings</b>		
Land (including land under buildings) Level 2 - at fair value	71,729	62,453
Land (including land under buildings) Level 3 - at fair value	2,193	1,041
Rural properties - at option value	774	972
Rail Corridor land - at fair value	55,781	55,781
<b>Total</b>	<b>130,477</b>	<b>120,247</b>
<b>Buildings</b>		
Level 2 - at fair value	58,675	45,367
Level 3 - at fair value	5,489	6,461
Less: Accumulated depreciation	(1,219)	(3,143)
	62,945	48,685
Work in progress (at cost)	55,430	14,988
<b>Total</b>	<b>118,375</b>	<b>63,673</b>
<b>Aerodromes</b>		
At fair value	150	150
Less: Accumulated depreciation	(11)	(11)
<b>Total</b>	<b>139</b>	<b>139</b>
<b>Plant and equipment (including computer equipment)</b>		
At cost	8,925	9,752
Less: Accumulated depreciation	(4,328)	(6,787)
	4,597	2,965
Work in progress (at cost)	333	1,062
<b>Total</b>	<b>4,930</b>	<b>4,040</b>
<b>Marine vessels and equipment</b>		
At fair value	...	3,938
Less: Accumulated depreciation	...	(1,706)
<b>Total</b>	<b>...</b>	<b>2,232</b>
<b>Abt Railway rolling stock</b>		
At fair value	5,082	5,665
Less: Accumulated depreciation	...	(697)
	5,082	4,968
Work in progress (at cost)	1,405	556
<b>Total</b>	<b>6,487</b>	<b>5,383</b>
<b>Traffic Signal installations</b>		
At fair value	20,378	23,742
Less: Accumulated depreciation	...	(2,774)
<b>Total</b>	<b>20,378</b>	<b>20,967</b>
<b>Leasehold improvements</b>		
At cost	1,723	1,723
Less: Accumulated depreciation	(605)	(432)
<b>Total</b>	<b>1,118</b>	<b>1,291</b>
<b>Artwork</b>		
At fair value	288	288
<b>Total</b>	<b>288</b>	<b>288</b>
<b>Heritage and cultural assets</b>		
At fair value	381,691	381,570
<b>Total</b>	<b>381,691</b>	<b>381,570</b>
<b>Total property, plant and equipment, artwork, heritage and cultural assets</b>	<b>663,883</b>	<b>599,830</b>

## **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.

## **Rail Corridor land**

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

The land is valued at either current Valuer-General valuation where one exists, or at the average rate per land area in each Municipality according to adjacent land zoning. Every five years the Valuer General provides average values per hectare or square metre for the residential, commercial, industrial and primary industrial sectors in each Municipality, from the most recent valuations of land titles adjoining and within a 200 metre corridor of the rail lines. The most recent update of average values was provided by the Valuer-General as at 30 June 2019.

## **Marine vessels and Traffic Signals installations**

Traffic Signals assets are valued as at 30 June 2022 by Colliers on a current replacement cost basis. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight-line basis on the expired proportion of the estimated useful life of the asset. The Department disposed of Marine vessels on 14 April 2022 at nil consideration.

## **Abt Railway rolling stock**

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

## **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.

## **Land and buildings**

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

All the valuations have been prepared in accordance with the International Valuation Standards (IVS) 2011 which are endorsed by the Australian Property Institute and in accordance with the International Financial Reporting Standards (IFRS) 13 *Fair Value Measurement*. Land and the buildings have been classified as non-specialised assets and accordingly valued on the basis of market value with reference to observable prices in an active market, using traditional valuation methods including sales comparison.

## Aerodrome

The Aerodrome is located in Cape Barron Island. The department currently administers a grant deed with the Aboriginal Land Council of Tasmania (ALCT) and the Cape Barren Island Aboriginal Association to undertake routine maintenance and minor works on roads and the aerodrome. The latest revaluation undertaken by the department was based on the most recent valuations undertaken by the Valuer-General as publicly available on the Land Information System Tasmania's (LIST) website as at 30 June 2017.

(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:

<b>2022</b>	Land Level 2 (land in active markets)	Land Level 3 (specific purpose/ use land)	Buildings Level 2 (general office buildings)	Buildings Level 3 (specific purpose/ use buildings)	Aero-dromes Level 3 (specific purpose/ use)	Plant and equipment (including computer equipment)	Marine Vessels Level 3 (specific purpose/ use)	Abt Railway Rolling Stock Level 3 (specific purpose/ use)	Traffic Signal installations Level 3 (specific purpose/ use)	Lease-hold improvements	Heritage and cultural assets and Artwork Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying value at 1 July</b>	<b>62,452</b>	<b>57,795</b>	<b>57,989</b>	<b>5,684</b>	<b>139</b>	<b>4,040</b>	<b>2,232</b>	<b>5,383</b>	<b>20,967</b>	<b>1,291</b>	<b>381,858</b>	<b>599,830</b>
Additions	370	12	41,604	1,198	...	963	...	1,380	535	...	47	46,109
Contributions received	...	...	...	...	...	...	...	...	...	...	74	74
Disposals	...	(198)	...	...	...	(15)	(2,207)	...	(35)	...	...	(2,455)
Assets held for sale	(1,720)	...	...	...	...	...	...	...	...	...	...	(1,720)
<i>Gains/losses recognised in other comprehensive income</i>												
Revaluation increments/(decrements)	10,627	1,139	13,050	(269)	...	769	...	(100)	(174)	...	...	25,042
Depreciation & amortisation	...	...	(653)	(228)	...	(827)	(25)	(176)	(915)	(173)	...	(2,997)
<b>Carrying value at 30 June</b>	<b>71,729</b>	<b>58,748</b>	<b>111,990</b>	<b>6,385</b>	<b>139</b>	<b>4,930</b>	<b>...</b>	<b>6,487</b>	<b>20,378</b>	<b>1,118</b>	<b>381,979</b>	<b>663,883</b>

<b>2021</b>	Land Level 2 (land in active markets)	Land Level 3 (specific purpose/ use land)	Buildings Level 2 (general office buildings)	Buildings Level 3 (specific purpose/ use buildings)	Aero-dromes Level 3 (specific purpose/ use)	Plant and equipment (including computer equipment)	Marine Vessels Level 3 (specific purpose/ use)	Abt Railway Rolling Stock Level 3 (specific purpose/ use)	Traffic Signal installations Level 3 (specific purpose/ use)	Lease-hold improvements Level 2	Heritage and cultural assets and Artwork Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying value at 1 July</b>	<b>42,530</b>	<b>57,384</b>	<b>33,987</b>	<b>5,701</b>	<b>139</b>	<b>3,767</b>	<b>2,663</b>	<b>4,707</b>	<b>18,226</b>	<b>1,281</b>	<b>381,229</b>	<b>551,614</b>
Additions	3,197	33	21,548	218	...	1,025	...	857	6,028	132	76	33,114
Contributions received	...	...	...	...	...	...	...	...	...	...	553	553
Disposals	(380)	(54)	(133)	...	...	...	...	...	(2,514)	...	...	(3,081)
<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)
<b>Carrying value at 30 June</b>	<b>62,452</b>	<b>57,795</b>	<b>57,989</b>	<b>5,684</b>	<b>139</b>	<b>4,040</b>	<b>2,232</b>	<b>5,383</b>	<b>20,967</b>	<b>1,291</b>	<b>381,858</b>	<b>599,830</b>



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

Description	Fair value at 30 June \$'000	Significant unobservable inputs used in valuation	Possible alternative values for level 3 inputs	Sensitivity of fair value to changes in level 3 inputs
Land – Rural properties - specific purpose/use land	774	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  B –discount factor on market value of adjacent land to reflect specialised nature of asset	\$0.01 - \$453 per sq metre  30%	Increase / decrease in rates per square metre would increase / decrease the fair value Increase / decrease in discount rate would decrease / increase the fair value
Land – Abt Railway – specific purpose, including rail reserve	2,193	A –reference to available evidence in each location related to local economic and property market conditions	Highly variable due to location	Reliance on valuer's professional judgement
Buildings – specific purpose/use (ie Abt Railway buildings)	5,489	A – Physical depreciation and obsolescence adjustments  B – useful life of specialised buildings	Variable  20 to 30 years	Reliance on valuer's professional judgement Increase / decrease in useful life would increase / decrease the fair value
Aerodromes – specific purpose/use	139	A – market value of land B - labour and materials cost to replace  C – useful life of specialised buildings	Highly variable due to location  20 years	Increase / decrease in replacement costs would increase / decrease the fair value Increase / decrease in useful life would increase / decrease the fair value
Marine Vessels and equipment – specific purpose/use vessel (Bruny Island Ferry)	...	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	6,487	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	20,378	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	381,979	A – independent specialist valuation	Nil - alternatives	Reliance on valuer's professional judgement

## 9.8 Right-Of-Use Assets

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

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

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

### (a) Carrying amount

	2022	2021
	\$'000	\$'000
<b>Buildings</b>		
Level 2 - at fair value	4,798	3,380
Less: Accumulated depreciation	(1,338)	(612)
<b>Total</b>	<b>3,460</b>	<b>2,768</b>
<b>Plant and equipment and vehicles (including computer equipment)</b>		
At cost	2,396	2,345
Less: Accumulated depreciation	(1,845)	(1,345)
<b>Total</b>	<b>551</b>	<b>1,000</b>
<b>Total property, plant and equipment</b>	<b>4,011</b>	<b>3,768</b>

### (b) Reconciliation of movements

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

2021	Buildings	Plant, equipment & vehicles	Total
	\$'000	\$'000	\$'000
<b>Carrying value at 1 July</b>	<b>763</b>	<b>298</b>	<b>1,061</b>
Additions	2,394	76	2,470
Depreciation and amortisation	(395)	(531)	(926)
Other movements in opening balance	...	1,157	1,157
Other movement CPI rent adjustments	6	...	6
<b>Carrying value at 30 June</b>	<b>2,768</b>	<b>1,000</b>	<b>3,768</b>

## 9.9 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.

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.

### 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 on 30 June 2017. Values are indexed annually using the ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17). The next full valuation is due in 2022 and postponed to 2023.

### **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 Colliers as at 30 June 2022. Replacement cost is based on the estimated current cost to build similar assets, which is depreciated on a straight line basis on the expired proportion of the estimated useful life of the asset.

#### *Property Acquired for Roadworks*

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

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

#### *Valuer-General Sale Valuation*

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

#### *Valuer-General Rates Valuation*

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

#### *Department of State Growth Valuation*

This valuation is applied to properties that remain as a result of completion of the relevant road construction project, where the Valuer-General valuation is considered inappropriate. Due to factors such as non-accessibility, usefulness of land and marketability, the true value of a property may be

close to zero when accounting for disposal costs or, in any case, significantly lower than the Valuer-General's valuation.

## Roads

### (a) Carrying amount

	2022 \$'000	2021 \$'000
At fair value	6,197,475	5,636,144
Less: Accumulated depreciation	<u>(2,244,012)</u>	<u>(2,102,382)</u>
	3,953,463	3,533,762
Work in progress at cost	748	116,868
<b>Total</b>	<b><u>3,954,211</u></b>	<b><u>3,650,630</u></b>

### (b) Reconciliation of movements

	Notes	2022 Level 3 \$'000	2021 Level 3 \$'000
<b>Carrying amount at 1 July</b>		<b><u>3,650,631</u></b>	<b><u>3,695,356</u></b>
Capital improvements		285,954	230,211
Write-off of replaced road assets	7.1	(10,527)	(5,808)
Transferred from Break O'Day Council for Nil consideration	7.1	11,398	...
Revaluation increments (decrements) – annual indexation	12.1	102,339	(194,481)
Depreciation expense		<u>(85,584)</u>	<u>(74,648)</u>
<b>Carrying amount at 30 June</b>		<b><u>3,954,211</u></b>	<b><u>3,650,630</u></b>

### (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	3,954,211	A – labour and materials cost to replace	\$62 to \$231 per sq metre depending on component and road category	Increase / decrease in replacement costs would increase / decrease the fair value
		B – useful life of road components	15 years to unlimited	Increase / decrease in useful life would increase / decrease the fair value
		C – annual indexation factor (ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17))	7.4%	Increase / decrease in indexation factor would increase / decrease the fair value

## Land Under Roads and within Road Reserves

### (a) Carrying amount

	2022 \$'000	2021 \$'000
At fair value	241,897	234,088
<b>Total</b>	<b>241,897</b>	<b>234,088</b>

### (b) Reconciliation of movements

	Notes	2022 Level 3 \$'000	2021 Level 3 \$'000
<b>Carrying amount at 1 July</b>		<b>234,088</b>	<b>244,467</b>
Additions		7,806	...
Write off reduction in land area due to changes in The List area details	7.1	...	(10,379)
Transfer from Break O'Day Council at NIL consideration	7.1	1	...
Revaluation increments (decrements)	12.1	2	...
<b>Carrying amount at 30 June</b>		<b>241,897</b>	<b>234,088</b>

### (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	241,897	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

	2022 \$'000	2021 \$'000
At fair value	2,550,700	2,386,201
Less: Accumulated depreciation	(1,014,105)	(944,106)
	1,536,595	1,442,095
Work in progress at cost	20,189	13,578
<b>Total</b>	<b>1,556,784</b>	<b>1,455,673</b>

**(b) Reconciliation of movements**

	Notes	2022 Level 3 \$'000	2021 Level 3 \$'000
<b>Carrying amount at 1 July</b>		<b>1,455,673</b>	<b>1,480,442</b>
Capital improvements		21,713	25,817
Write-off of replaced bridges	7.1	(343)	(695)
Transfer to Central Coast Council for Nil consideration	7.1	...	(314)
Transfer to Launceston Council for Nil consideration	7.1	...	(235)
Revaluation increments (decrements)	12.1	117,628	(14,430)
Depreciation expense		(37,886)	(34,896)
<b>Carrying amount at 30 June</b>		<b>1,556,784</b>	<b>1,455,673</b>

**(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	1,556,784	A – labour and materials cost to replace	\$1,937 to \$11,192 per sq metre	Increase / decrease in replacement costs would increase / decrease the fair value
		B – useful life of bridges	25 – 250 years	Increase / decrease in useful life would increase / decrease the fair value
		C – annual indexation factor (ABS Current Road and Bridge Construction Index Number (ABS 6427.0 Table 17))	3.7%	Increase / decrease in indexation factor would increase / decrease the fair value

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

	2022 \$'000	2021 \$'000
At fair value	24,795	24,871
Less: Accumulated depreciation	...	(3,602)
	24,795	21,269
Work in progress at cost	5,817	5,058
<b>Total</b>	<b>30,612</b>	<b>26,327</b>

**(b) Reconciliation of movements**

	2022	2021
	Level 3	Level 3
	\$'000	\$'000
<b>Carrying amount at 1 July</b>	<b>26,327</b>	<b>29,758</b>
Additions	829	663
Impairment losses	(145)	(1,845)
Reclassification of assets requested by Audit	...	(1,335)
Revaluation increments (decrements)	4,604	...
Depreciation expense	(1,003)	(914)
<b>Carrying amount at 30 June</b>	<b>30,612</b>	<b>26,327</b>

**(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			
Abt Railway Infrastructure	30,612	A – Physical depreciation and obsolescence adjustments	Variable	Reliance on valuer's professional judgement
		B – useful life of infrastructure	20 – 100 years	Increase / decrease in useful life would increase / decrease the fair value
<b>Total Infrastructure</b>				<b>5,783,504</b>

**9.10 Intangibles**

An intangible asset is recognised where:

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

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

**(a) Carrying amount**

	2022	2021
	\$'000	\$'000
<b>Intangibles with a finite useful life (at cost)</b>		
Motor Registry System	17,504	17,504
Other software systems	1,356	1,426
Less: Accumulated amortisation	(18,812)	(18,869)
	48	61
Work in progress (at cost)	873	672
<b>Total intangible assets</b>	<b>921</b>	<b>733</b>



#### (b) Reconciliation of movements

	2022	2021
	\$'000	\$'000
<b>Carrying amount at 1 July</b>	<b>733</b>	...
Additions	200	734
Amortisation expense	(12)	(1)
<b>Carrying amount at 30 June</b>	<b>921</b>	<b>733</b>

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

#### 9.11 Other assets

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

#### (a) Carrying amount

	2022	2021
	\$'000	\$'000
Prepayments	3,274	3,301
Other assets	276	552
<b>Total</b>	<b>3,550</b>	<b>3,853</b>
Recovered within 12 months	3,249	3,223
Recovered in more than 12 months	301	630
<b>Total</b>	<b>3,550</b>	<b>3,853</b>

#### (b) Reconciliation of movements

	2022	2021
	\$'000	\$'000
<b>Carrying amount at 1 July</b>	<b>3,853</b>	<b>1,909</b>
Additions	1,456	2,114
Settled/consumed	(1,758)	(170)
<b>Carrying amount at 30 June</b>	<b>3,550</b>	<b>3,853</b>

## 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.

	2022 \$'000	2021 \$'000
Creditors	7,573	9,617
Accrued expenses	5,642	3,954
<b>Total</b>	<b>13,215</b>	<b>13,571</b>
Settled within 12 months	13,215	13,571
Settled in more than 12 months	...	...
<b>Total</b>	<b>13,215</b>	<b>13,571</b>

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.

	2022 \$'000	2021 \$'000
<b>Current</b>		
Lease liabilities	1,126	1,240
<b>Non-current</b>		
Lease liabilities	4,457	3,435
<b>Total</b>	<b>5,583</b>	<b>4,675</b>

### Maturity analysis of lease liabilities

	2022 \$'000	2021 \$'000
One year or less	1,126	1,240
From two to three years	...	...
From four to five years	4,457	3,435
More than five years	...	...
<b>Total</b>	<b>5,583</b>	<b>4,675</b>

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

The following amounts are recognised in the Statement of Comprehensive Income

	2022 \$'000	2021 \$'000
Interest on lease liabilities included in note 8.5	142	102
Lease expenses included in note 8.3		
Lease of low-value assets	...	3
Lease expenses relating to whole of government fleet and major office accommodation	5,307	4,589
Income from sub-leasing right-of-use assets	(1)	(1)
<b>Net expenses from leasing activities</b>	<b>5,447</b>	<b>4,693</b>

### 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

	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
<b>Total</b>	<b>125,510</b>	<b>118,483</b>

#### (b) Maturity schedule

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

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

### 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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued salaries	2,375	1,860
Annual leave	8,152	7,670
Long service leave	13,346	14,140
Other employee provisions	120	79
<b>Total</b>	<b>23,993</b>	<b>23,749</b>
Expected to settle within 12 months	11,824	10,751
Expected to settle in more than 12 months	12,169	12,998
<b>Total</b>	<b>23,993</b>	<b>23,749</b>

## 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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Compulsory acquisition of land for roadworks	7,727	7,357
<b>Total</b>	<b>7,727</b>	<b>7,357</b>
Settled within 12 months	7,727	7,357
Settled in more than 12 months	...	...
<b>Total</b>	<b>7,727</b>	<b>7,357</b>

### (b) Reconciliation of movements in provisions

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July</b>	<b>7,357</b>	<b>5,601</b>
Additions/increases	1,468	3,115
Settled acquisitions	(1,098)	(1,359)
<b>Balance at 30 June</b>	<b>7,727</b>	<b>7,357</b>

## 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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue received in advance</b>		
Other revenue received in advance	5,132	867
<b>Other liabilities</b>		
Monies held in trust	34,399	22,910
Suspense accounts	2,397	1,331
PAYG withholding tax liability over year end	59	171
Employee benefits – on costs	194	153
Other	6	7
<b>Total</b>	<b>42,187</b>	<b>25,443</b>
Settled within 12 months	42,076	25,351
Settled in more than 12 months	111	92
<b>Total</b>	<b>42,187</b>	<b>25,443</b>

Monies held in Trust are primarily Mines Deposit Accounts (\$34.40M), which are held by the Department in trust as mine rehabilitation bonds and Provision for Land Acquisitions.

## Note 11 Commitments and Contingencies

### 11.1 Schedule of Commitments

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

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

	2022 \$'000	2021 \$'000
<b>By type</b>		
<b>Capital commitments</b>		
Infrastructure – Roads	346,234	250,558
<b>Total capital commitments</b>	<b>346,234</b>	<b>250,558</b>
<b>Lease Commitments</b>		
Operating leases	54,334	48,181
<b>Total lease commitments</b>	<b>54,334</b>	<b>48,180</b>
<b>Other commitments</b>		
Loan commitments	181,574	175,226
Program/project commitments	1,014,928	699,846
<b>Total other commitments</b>	<b>1,196,502</b>	<b>875,072</b>
<b>Total</b>	<b>1,597,070</b>	<b>1,173,810</b>
<b>By maturity</b>		
<b>Capital commitments</b>		
One year or less	251,021	195,583
From one to five years	95,118	54,975
More than five years	95	...
<b>Total capital commitments</b>	<b>346,234</b>	<b>250,557</b>
<b>Lease commitments</b>		
One year or less	5,422	4,331
From one to five years	23,231	18,782
More than five years	25,681	25,068
<b>Total lease commitments</b>	<b>54,334</b>	<b>48,181</b>
<b>Other commitments</b>		
One year or less	606,595	300,967
From one to five years	589,848	572,855
More than five years	59	1,250
<b>Total other commitments</b>	<b>1,196,502</b>	<b>875,072</b>
<b>Total</b>	<b>1,597,070</b>	<b>1,173,810</b>

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.

	2022 \$'000	2021 \$'000
<b>Quantifiable Contingent Liabilities</b>		
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
<b>Total quantifiable contingent liabilities</b>	<b>28,500</b>	<b>28,500</b>
<b>(b) Unquantifiable Contingencies</b>		

At 30 June 2022 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

2022	Land	Rail corridor land	Buildings	Aero-dromes	Plant and Equipment	Traffic Signals	Road Infra-structure	Bridges	Other Infra-structure	Artwork	Heritage and Cultural assets	Total
<b>Asset revaluation reserve</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July</b>	<b>31,202</b>	<b>23,700</b>	<b>10,682</b>	<b>710</b>	<b>5,907</b>	<b>8,672</b>	<b>1,617,140</b>	<b>775,007</b>	<b>8,977</b>	<b>17</b>	<b>16,379</b>	<b>2,498,393</b>
Revaluation increments/ (decrements)	11,766	...	12,781	...	669	(174)	102,339	117,628	4,604	...	...	249,613
<b>Balance at 30 June</b>	<b>42,968</b>	<b>23,700</b>	<b>23,463</b>	<b>710</b>	<b>6,576</b>	<b>8,498</b>	<b>1,719,479</b>	<b>892,635</b>	<b>13,581</b>	<b>17</b>	<b>16,379</b>	<b>2,748,006</b>

2021	Land	Rail corridor land	Buildings	Aero-dromes	Plant and Equipment	Traffic Signals	Road Infra-structure	Bridges	Other Infra-structure	Artwork	Heritage and Cultural assets	Total
<b>Asset revaluation reserve</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July</b>	<b>14,097</b>	<b>23,268</b>	<b>7,478</b>	<b>710</b>	<b>5,907</b>	<b>8,672</b>	<b>1,811,621</b>	<b>789,437</b>	<b>8,977</b>	<b>17</b>	<b>16,379</b>	<b>2,686,563</b>
Revaluation increments/ (decrements)	17,105	432	3,204	...	...	...	(194,481)	(14,430)	...	...	...	(188,170)
<b>Balance at 30 June</b>	<b>31,202</b>	<b>23,700</b>	<b>10,682</b>	<b>710</b>	<b>5,907</b>	<b>8,672</b>	<b>1,617,140</b>	<b>775,007</b>	<b>8,977</b>	<b>17</b>	<b>16,379</b>	<b>2,498,393</b>

#### (a) Nature and purpose of reserves

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

## 12.2 Administrative Restructuring

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

As a result of a restructuring of administrative arrangements, the Department of State Growth relinquished its responsibility for the following area:

The part of the Department known as Renewables Tasmania was amalgamated with the Department of Treasury and Finance, effective on 31 October 2021.

### Renewables Tasmania

In respect of activities relinquished, the Department transferred the following assets and liabilities to Department of Treasury and Finance:

	31 Oct 2021
	\$'000
<b>Distributions to owners</b>	
Cash and deposits	580
Receivables	<u>(3)</u>
Total assets relinquished	577
Employee entitlements	<u>729</u>
Total liabilities relinquished	<u>729</u>
<b>Net assets (liabilities) relinquished on restructure</b>	<b><u>(152)</u></b>
<b>Net contribution by the Government as owner during the period</b>	<b><u>(152)</u></b>

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

	31 Oct 2021
	\$'000
<b>Revenues</b>	
Recognised by the Department of State Growth	<u>3,899</u>
<b>Total revenues</b>	<b><u>3,899</u></b>
<b>Expenses</b>	
Recognised by the Department of State Growth	<u>3,434</u>
<b>Total expenses</b>	<b><u>3,434</u></b>

As a result of a restructuring of administrative arrangements, the Department assumed responsibility for Strategic Growth portfolio included in Output 1.3 Skills and Workforce Development on 1 July 2021. In respect of the activities relinquished, the Department did not receive any assets or liabilities from the Department of Premier and Cabinet and did not receive any consideration. Annual revenue and expenditure of the transferred Outputs is as follows:

### Strategic Growth Portfolio

	2022	2021
	\$'000	\$'000
<b>Revenues</b>		
Recognised by the Department of Premier and Cabinet	...	2,831
Recognised by the Department of State Growth	1,419	...
<b>Total revenues</b>	<b>1,419</b>	<b>2,831</b>
<b>Expenses</b>		
Recognised by the Department of Premier and Cabinet	...	2,787
Recognised by the Department of State Growth	1,419	...
<b>Total expenses</b>	<b>1,419</b>	<b>2,787</b>

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

## Note 13 Cash Flow Reconciliation

### 13.1 Cash and deposits

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

	2022	2021
	\$'000	\$'000
<b>Specific Purpose Account balances</b>		
S524 Department of State Growth Financial Management Account	39,853	27,213
Commonwealth Bank account – Abt Railway Ministerial Corporation	3,951	2,498
Petty cash – Abt Railway Ministerial Corporation	7	7
Commonwealth Bank account – Tasmanian Museum and Art Gallery	5,304	3,754
<b>Total S524</b>	<b>49,115</b>	<b>33,472</b>
<b>Agency Trust Accounts</b>		
T466 Mines Deposit Account	23,982	11,909
T003 Provision for Land Acquisition Account	5,914	7,024
<b>Total</b>	<b>29,896</b>	<b>18,933</b>
<b>Total cash and deposits</b>	<b>79,011</b>	<b>52,405</b>
Restricted use cash and deposits	5,376	4,186
Unrestricted use cash and deposits	73,635	48,219
<b>Total cash and deposits</b>	<b>79,011</b>	<b>52,405</b>

TMAG receives funding from State and Federal Government Agencies, large corporations, private philanthropists and individuals who have designated the funds for use towards museum outcomes. There are stipulated restrictions on the use of the majority of these funds (\$4.80M). The balance relates to TDR accounts.

### 13.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2022	2021
	\$'000	\$'000
<b>Net results</b>	<b>282,089</b>	<b>146,113</b>
Depreciation and amortisation	128,569	114,497
(Gain) loss on non-financial assets	1,692	22,316
Impairment losses	347	202
Decrease (increase) in Receivables	(33,829)	(2,942)
Decrease (increase) in Other Financial Assets	(393)	151
Decrease (increase) in Inventories	(4,911)	34
Decrease (increase) in Right of use asset	(243)	(2,706)
Decrease (increase) in Prepayments	27	(1,944)
Decrease (increase) in Other assets	276	...
Increase (decrease) in Employee entitlements	244	2,203
Increase (decrease) in Payables	(356)	(105)
Increase (decrease) in Lease liabilities	908	3,623
Increase (decrease) in Other liabilities	5,229	(6,631)
Less: contributions received	(74)	(553)
Less: non-operational capital funding – recurrent appropriation	(2,070)	(590)
Less: non-operational capital funding - works & services appropriation	(134,815)	(143,274)
Less: non-operational capital funding – Australian Government grants	(125,861)	(91,813)
<b>Net cash from (used by) operating activities</b>	<b>116,829</b>	<b>39,207</b>

### 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.

2022	Borrowings	Monies Held in Trust
	\$'000	\$'000
<b>Balance as at 1 July 2021</b>	<b>118,483</b>	<b>23,610</b>
Trust receipts	...	12,720
Trust payments	...	(1,581)
Other movements	...	(350)
Changes from financing cash flows:		
Cash Received	19,000	...
Cash Repayments	(11,973)	...
<b>Balance as at 30 June 2022</b>	<b>125,510</b>	<b>34,399</b>

2021	Borrowings	Monies Held in Trust
	\$'000	\$'000
<b>Balance as at 30 June 2020</b>	<b>127,223</b>	<b>17,685</b>
Trust receipts	...	6,236
Trust payments	...	(661)
Other movements	...	...
Changes from financing cash flows:		
Cash Received	1,017	...
Cash Repayments	(9,757)	...
<b>Balance as at 30 June 2021</b>	<b>118,483</b>	<b>23,610</b>

### 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

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Capital Investment Program</b>			
<i>National Highway System</i>			
Algona Interchange and Kingston Bypass	300	...	...
Bass Highway – Birralee to Exton	...	148	...
Bridge renewal program	2,084	2,601	388
Brooker Highway – Elwick, Goodwood, Howards Roads	530	...	38
Domain Highway planning	1,068	269	39
Freight Access Bridge Upgrade	7,365	7,335	1,806
Greater Hobart Traffic Solution	510	...	...
Heavy Vehicle Safety and productivity	435	1,588	3,746
Huon Highway / Summerleas Road	...	...	68
Infrastructure Maintenance	7,960	11,570	8,011
Infrastructure Stimulus Funding	13,544	8,144	17,348
Midland Highway	16,966	18,467	34,199
New Bridgewater Bridge	18,000	26,937	5,230
Road Safety Projects	9,420	9,393	5,255
Roads of Strategic Importance	32,867	77,331	40,978
Rokeby Stage 3 – Pass Road to Oakdowns	200	...	...
Urban Congestion Fund	3,676	514	460
<i>State Funded Projects</i>			
Algona Interchange and Kingston Bypass	200	735	...
A Workforce for Now and the Future	...	...	100
Bridge renewal program	...	...	60
Brooker, Elwick, Goodwood, Howards Roads	148	...	11
Bruny Island Landside Infrastructure	983	2,771	6,525
Bus Services as part of the Hobart City Deal	500	222	...
Bus Stop Upgrades	500	70	...
Cygnets Township Safety Upgrade	...	300	...
East and West Tamar Highway Upgrades	...	92	...
Esk Main Road	229	138	3
Extending the Great Eastern Drive – Binalong Bay Road	3,695	2,135	833
Freight Access Bridge Upgrade	1,167	1,778	2,927
Great Eastern Drive	240	17	385
Greater Hobart Traffic Solution	22,843	24,813	7,737
Heavy Vehicle Safety and Productivity Program	...	3	(863)
Huon Highway / Summerleas Road	...	...	14
Huon Highway – Glendevie	...	...	(7)
Infrastructure Maintenance	63,863	82,164	81,609
Infrastructure Stimulus Funding	33,626	23,452	11,621
Launceston and Tamar Valley Traffic Vision	6,324	1,209	3,783
Midland Highway	168	26	391
Mowbray Connector	...	17	1,338
Network Planning	1,115	856	988
New Bridgewater Bridge	12,000	9,901	6,000
New Park and Ride Facilities	...	424	...
Palana Road Upgrades	...	2,000	...
Program Management	9,649	6,682	4,630

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Road Safety Projects	12,388	6,737	13,984
Roads of Strategic Importance	22,283	11,764	2,728
Roads Package to Support Tasmania's Visitor Economy	10,466	13,715	14,503
Rokeby Stage 3 – Pass Road to Oakdowns	100	144	...
Signage	178	...	443
South East Traffic Solution	11,301	13,981	999
State Road Upgrades – Northern Region	6,404	6,029	3,484
State Road Upgrades – Southern Region	17,390	18,782	18,449
State Roads Upgrades - North West & West Coast Region	6,325	7,474	4,805
Strategic Policy and Planning	...	...	(182)
Traffic Management and Engineering Services	3,551	3,452	3,517
Urban Congestion Fund	6,680	60	265
Victoria Street Redevelopment	...	600	...
West Tamar Traffic Solution	2,367	5,366	10,560
<b>Total cash outflows</b>	<b>371,608</b>	<b>412,208</b>	<b>319,209</b>

#### (b) Classification of cash flows

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

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash outflows</b>		
Supplies and consumables:		
Maintenance	42,179	30,991
Other supplies and consumables	7,806	5,490
Payments for acquisition of assets	362,223	282,728
<b>Total cash outflows</b>	<b>412,208</b>	<b>319,209</b>

## 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.

<b>Financial Instrument</b>	<b>Accounting and strategic policies (including recognition criteria and measurement basis and credit quality of instrument)</b>	<b>Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)</b>
<b>Financial Assets</b>		
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 2021 and 30 June 2022 are as follows.

<b>Expected credit loss analysis of receivables as at 30 June 2022</b>						
	<b>Not past due</b>	<b>Past due 1-30 days</b>	<b>Past due 31-60 days</b>	<b>Past due 61-90 days</b>	<b>Past due 91+ days</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected credit loss rate (A)	0.00%	0.01%	0.05%	0.01%	0.04%	
Total gross carrying amount (B)	36,305	515	...	361	36	<b>37,217</b>
Expected credit loss (A x B)	...	51	...	36	14	<b>101</b>

<b>Expected credit loss analysis of receivables as at 1 July 2021</b>						
	<b>Not past due</b>	<b>Past due 1-30 days</b>	<b>Past due 31-60 days</b>	<b>Past due 61-90 days</b>	<b>Past due 91+ days</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Expected credit loss rate (A)	0.00%	0.15%	0.30%	1.03%	13.29%	
Total gross carrying amount (B)	508	44	...	80	812	<b>1,444</b>
Expected credit loss (A x B)	...	...	...	101	108	<b>209</b>

### (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.

<b>Financial Instrument</b>	<b>Accounting and strategic policies (including recognition criteria and measurement basis)</b>	<b>Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)</b>
<b>Financial Liabilities</b>		

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:

## 2022

### Maturity analysis for financial liabilities:

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

## 2021

### Maturity analysis for financial liabilities:

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
<b>Financial liabilities</b>								
Payables	13,571	...	...	...	...	...	13,571	13,571
Borrowings - Interest bearing	36,000	45,000	...	...	...	...	81,000	81,000
Borrowings - Non-interest bearing	1,077	2,227	3,518	4,121	3,710	22,830	37,483	37,483
Monies held in Trust	22,910	...	...	...	...	...	22,910	22,910
<b>Total</b>	<b>73,558</b>	<b>47,227</b>	<b>3,518</b>	<b>4,121</b>	<b>3,710</b>	<b>22,830</b>	<b>154,964</b>	<b>154,964</b>

### (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:



	2022 \$'000	2021 \$'000
<b>Fixed rate instruments</b>		
Financial assets	...	...
Less Financial liabilities	(95,000)	(80,000)
<b>Total</b>	<b>(95,000)</b>	<b>(80,000)</b>
<b>Variable rate instruments</b>		
Financial assets	151,831	144,730
Less Financial liabilities	(4,819)	(1,319)
<b>Total</b>	<b>147,012</b>	<b>143,411</b>

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
<b>30 June 2022</b>				
Cash and deposits	53	(53)	53	(53)
Loan advances	1,465	(1,465)	1,465	(1,465)
Monies held in Trust	(995)	995	(995)	995
Borrowings	(3)	3	(3)	3
<b>Net sensitivity</b>	<b>520</b>	<b>(520)</b>	<b>520</b>	<b>(520)</b>
<b>30 June 2021</b>				
Cash in Special Deposits and Trust Fund	38	(38)	38	(38)
Loan advances	1,382	(1,382)	1,382	(1,382)
Monies held in Trust	(3)	3	(3)	3
Borrowings	(10)	10	(10)	10
<b>Net sensitivity</b>	<b>1,407</b>	<b>(1,407)</b>	<b>1,407</b>	<b>(1,407)</b>

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

**14.2 Categories of Financial Assets and Liabilities**

AASB 9 Carrying amount	2022 \$'000	2021 \$'000
<b>Financial assets</b>		
Amortised cost	262,751	191,699
<b>Total</b>	<b>262,751</b>	<b>191,699</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	(138,725)	(132,054)
<b>Total</b>	<b>(138,725)</b>	<b>(132,054)</b>

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 2022 \$'000	Net Fair Value 2022 \$'000	Carrying Amount 2021 \$'000	Net Fair Value 2021 \$'000
<b>Financial assets</b>				
Cash at bank	29,896	29,896	18,933	18,933
Cash and Deposits	49,115	49,115	33,472	33,472
Receivables	37,213	46,346	1,332	12,517
Loan advances	146,527	146,527	138,162	138,162
<b>Total financial assets</b>	<b>262,751</b>	<b>271,884</b>	<b>191,899</b>	<b>203,084</b>
<b>Financial liabilities</b>				
Trade creditors	13,215	13,215	13,571	13,571
Borrowings	125,510	125,510	118,483	118,483
Other financial liabilities:				
Monies held in Trust	34,399	34,399	22,910	22,910
<b>Total financial liabilities</b>	<b>173,124</b>	<b>173,124</b>	<b>154,964</b>	<b>154,964</b>

### 14.5 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
<b>Financial assets</b>				
Cash at bank	29,896	...	...	29,896
Cash in Special Deposits and Trust Fund	49,115	...	...	49,115
Receivables	...	46,346	...	46,346
Loan advances	...	146,527	...	146,527
<b>Total financial assets</b>	<b>79,011</b>	<b>192,873</b>	<b>...</b>	<b>271,884</b>
<b>Financial liabilities</b>				
Trade creditors	...	13,215	...	13,215
Borrowings	...	125,510	...	125,510
Other financial liabilities:				
Monies held in Trust	...	34,399	...	34,399
<b>Total financial liabilities</b>	<b>...</b>	<b>173,124</b>	<b>...</b>	<b>173,124</b>

#### 2021

	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net fair Value Total \$'000
<b>Financial assets</b>				
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	...	138,162	...	138,162
<b>Total financial assets</b>	<b>52,405</b>	<b>150,679</b>	<b>...</b>	<b>203,084</b>
<b>Financial liabilities</b>				

Trade creditors	...	13,571	...	13,571
Borrowings	...	118,483	...	118,483
Other financial liabilities:				
Monies held in Trust	...	22,910	...	22,910
<b>Total financial liabilities</b>	...	<b>154,964</b>	...	<b>154,964</b>

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:

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

## Note 16 Notes to Administered Statements

Budget information refers to original estimates as disclosed in the 2021-22 Budget Papers and is not subject to audit.

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

### 16.1 Explanations of Material Variances between Budget and Actual Outcomes

#### (a) Schedule of Administered Income and Expenses

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Grants	(i)	...	1,594	1,594	100
Sales of goods and services	(ii)	5,619	9,358	3,739	67
Other revenue	(iii)	55,023	83,234	28,211	51
Employee benefits	(iv)	...	1,806	1,806	100
Supplies and consumables	(v)	136	3,577	3,441	2,530
Transfers to the Public Account	(vi)	121,035	146,119	25,084	21

#### Notes to Schedule of Administered Income and Expenses variances

(i) Variance reflects grant revenue received by Forest Practices Authority that was not budgeted.

(ii) Variance reflects the improved performance of custom vehicle plate (Tasplates) sales, and the budget exclusion of Forest Practices Authority revenue estimates.

(iii) Variance reflects higher than anticipated revenue collection for Mineral Royalties (\$27M).

(iv) Variance reflects the budget exclusion of Forest Practices Authority salary expenditure estimates.

(v) Variance primarily reflects increased production costs for personalised number plates, which is in line with increased revenue.

(vi) Variance reflects higher than anticipated revenue collection for Mineral Royalties and subsequent transfers to the Public Account.

#### (b) Schedule of Administered Assets and Liabilities

	Note	Budget \$'000	2022 Actual \$'000	2021 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Cash and deposits	(i)	1,496	325	3,055	(1,171)	(2,730)
Financial Investments	(ii)	...	...	1,000	...	(1,000)
Receivables	(iii)	648	2,496	3,338	1,848	(842)
Other liabilities	(iv)	...	983	2,855	983	(1,872)

#### Notes to Schedule of Administered Assets and Liabilities Variances

(i) Variance primarily reflects the cash deposits for Forest Policy Authority which transferred to the Department of Natural, Resources and Environment Tasmania as at 30 March 2022.

(ii) Variance reflects the value of term deposits held by Forest Practices Authority which transferred to the Department of Natural, Resources and Environment Tasmania as at 30 March 2022.

(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.

## 16.2 Administered revenue from Government

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

	2022	2022	2021
	Budget	Actual	Actual
	\$'000	\$'000	\$'000
<b>Continuing operations</b>			
Appropriation revenue - recurrent			
Current year	48,702	48,252	46,148
<b>Total</b>	<b>48,702</b>	<b>48,252</b>	<b>46,148</b>

## 16.3 Administered Grants

	2022	2021
	\$'000	\$'000
<i>Continuing operations</i>		
Grants from other Government Departments	1,594	500
Industry contributions	...	35
<b>Total revenue from grants</b>	<b>1,594</b>	<b>535</b>

## 16.4 Administered State taxation

	2022	2021
	\$'000	\$'000
Vehicle Registration Fees	48,774	47,875
<b>Total</b>	<b>48,774</b>	<b>47,875</b>

## 16.5 Administered Sales of goods and services

	2022	2021
	\$'000	\$'000
<b>Goods</b>		
Mineral Land Rentals	1,182	1,119
Custom Plates	5,094	2,544
<b>Services</b>		
MAIB Commission	2,203	2,521
Registration and Licensing	117	175
Forest Practice Plan fees	666	770
Forest Practice consulting fees	...	98
Other	96	119
<b>Total</b>	<b>9,358</b>	<b>7,346</b>

## 16.6 Administered Fees and fines

	2022	2021
	\$'000	\$'000
<b>Regulatory Fees</b>		
Vehicle escorts	304	158
Public Vehicle Licensing	28	45
Fees from Mineral Lands	872	624
Driver Licensing	9,273	9,205
<b>Fines</b>		
Weighbridge	6	5
Other	148	292
<b>Total</b>	<b>10,631</b>	<b>10,329</b>

## 16.7 Administered other revenue

	2022	2021
	\$'000	\$'000
Mineral Royalties	83,234	60,388
<b>Total</b>	<b>83,234</b>	<b>60,388</b>

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

	2022	2021
	\$'000	\$'000
Wages and salaries	1,299	1,671
Annual leave	164	132
Long service leave	63	33
Superannuation	204	226
Other employee benefits	76	60
<b>Total</b>	<b>1,806</b>	<b>2,122</b>

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

## 16.9 Depreciation and amortisation

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

### *Key estimate and judgement*

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

Plant and equipment	5 years
Computer equipment	3 years

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

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

(a) **Depreciation**

	2022	2021
	\$'000	\$'000
Plant and equipment	3	3
Right-of-use-asset	32	14
<b>Total</b>	<b>35</b>	<b>17</b>

**16.10 Administered Supplies and consumables**

	2022	2021
	\$'000	\$'000
Audit fees – financial audit	...	3
Operating Lease costs	...	36
Consultants	...	354
Property services	...	75
Maintenance	...	1
Communications	...	15
Information technology	...	71
Travel and transport	...	115
Advertising and promotion	...	52
Contractor payments	...	73
Personalised number plate production costs	3,922	2,184
Other supplies and consumables	(334)	857
<b>Total</b>	<b>3,588</b>	<b>3,836</b>

**16.11 Administered Grants and subsidies**

	2022	2021
	\$'000	\$'000
<b>Grants</b>		
National Road Transport Commission: Local Government Contribution	1,500	1,500
Private Forests Tasmania	1,680	1,647
Contribution to Marine and Safety Tasmania	8,252	3,092
Tasmanian Railway Pty Ltd	13,100	11,600
West Coast Wilderness Railway	4,000	8,000
Forest Industry grants	...	250
Forest Practices Authority	1,594	...
Government contribution to the Tasmanian Symphony Orchestra	2,310	2,271
Ten Days on the Island	1,132	1,606
Theatre Royal	976	886
Sustainable Timber Tasmania – Community Service Obligation	8,000	8,000
<b>Total Grants</b>	<b>42,544</b>	<b>38,852</b>
<b>Subsidies</b>		
Student-Only Passenger Services	...	1
Conveyance Allowances	...	761
Pensioner Air Travel Subsidy	4	11



Transport Access Scheme	4,944	5,158
<b>Total Subsidies</b>	<b>4,948</b>	<b>5,930</b>
<b>Total</b>	<b>47,492</b>	<b>44,782</b>

#### 16.12 Administered Other expenses

	2022	2021
	\$'000	\$'000
Workers Compensation	...	1
Miscellaneous expenses	1,184	(18)
<b>Total</b>	<b>1,184</b>	<b>(17)</b>

#### 16.13 Administered Financial Investments

	2022	2021
	\$'000	\$'000
Term deposits	...	1,000
<b>Total</b>	<b>...</b>	<b>1,000</b>
Settled within 12 months	...	1,000
<b>Total</b>	<b>...</b>	<b>1,000</b>

#### 16.14 Administered Receivables

	2022	2021
	\$'000	\$'000
Receivables	3,041	3,654
Less: Expected credit loss	(545)	(316)
<b>Total</b>	<b>2,496</b>	<b>3,338</b>
Sales of goods and services (inclusive of GST)	2,998	3,605
Less: Provision for impairment	(545)	(316)
GST receivable	43	49
<b>Total</b>	<b>2,496</b>	<b>3,338</b>
Settled within 12 months	2,496	3,338
<b>Total</b>	<b>2,496</b>	<b>3,338</b>

Reconciliation of movement in expected credit loss for administered receivables	2022	2021
	\$'000	\$'000

Carrying amount at 1 July	(316)	(46)
---------------------------	-------	------

Increase/(decrease) in provision recognised in profit or loss	(229)	(270)
<b>Carrying amount at 30 June</b>	<b>(545)</b>	<b>(316)</b>

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

### 16.15 Administered Other financial assets

	2022 \$'000	2021 \$'000
Accrued revenue	...	143
Accrued interest	...	4
<b>Total</b>	<b>...</b>	<b>147</b>
Settled within 12 months	...	113
Settled in more than 12 months	...	34
<b>Total</b>	<b>...</b>	<b>147</b>

### 16.16 Administered Plant and equipment

#### (a) Carrying amount

	2022 \$'000	2021 \$'000
<b>Plant and equipment</b>		
At cost	...	15
Less: Accumulated depreciation	...	(10)
<b>Total plant and equipment</b>	<b>...</b>	<b>5</b>

#### (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.

	2022 \$'000	2021 \$'000
<b>Carrying amount at 1 July</b>	<b>5</b>	<b>8</b>
Additions	...	...
Depreciation expense	(5)	(3)
<b>Carrying amount at 30 June</b>	<b>...</b>	<b>5</b>

### 16.17 Administered Right-Of-Use Assets

	2022 \$'000	2021 \$'000
<b>Buildings</b>		
Level 2 - at fair value (30 June 2020)	...	266
Less: Accumulated depreciation	...	(15)
<b>Total</b>	<b>...</b>	<b>251</b>
<b>Total property, plant and equipment</b>	<b>...</b>	<b>251</b>

2022	Buildings \$'000	Total \$'000
<b>Carrying value at 1 July</b>	251	251
Additions	...	...
Disposals / derecognition	(216)	(216)
Depreciation and amortisation	(35)	(35)
<b>Carrying value at 30 June</b>	...	...

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

#### 16.18 Administered Other assets

	2022 \$'000	2021 \$'000
Prepayments	...	33
<b>Total</b>	...	33
Settled within 12 months	...	33
<b>Total</b>	...	33

#### 16.19 Administered Payables

	2022 \$'000	2021 \$'000
Creditors	...	10
Accrued expenses	...	19
<b>Total</b>	...	29
Settled within 12 months	...	29
<b>Total</b>	...	29

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:

<b>Class of right-of-use asset</b>	<b>Details of leasing arrangements</b>
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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Lease liabilities	...	88
<b>Non-current</b>		
Lease liabilities	...	163
<b>Total</b>	<u>...</u>	<u>251</u>

The following amounts are recognised in the Statement of Comprehensive Income

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
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	...	
<b>Net expenses from leasing activities</b>	<u>...</u>	<u>119</u>

#### **16.21 Administered Employee benefits**

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued salaries	...	23
Annual leave	...	123
Long service leave	...	279
Other employee provisions	...	...
<b>Total</b>	<u>...</u>	<u>425</u>
Settled within 12 months	...	168
Settled in more than 12 months	...	257
<b>Total</b>	<u>...</u>	<u>425</u>

## 16.22 Administered Other liabilities

	2022	2021
	\$'000	\$'000
<b>Other liabilities</b>		
Monies held in trust	983	2,852
PAYG withholding tax payable	...	1
Other liabilities	...	2
<b>Total</b>	<b>983</b>	<b>2,855</b>
Settled within 12 months	983	2,855
<b>Total</b>	<b>983</b>	<b>2,855</b>

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

	2022	2021
	\$'000	\$'000
<b>By type</b>		
<b>Lease Commitments</b>		
Other leases	...	45
<b>Total lease commitments</b>	<b>...</b>	<b>45</b>
<b>Other commitments</b>		
Project commitments	...	302
<b>Total other commitments</b>	<b>...</b>	<b>302</b>
<b>Total</b>	<b>...</b>	<b>347</b>
<b>By maturity</b>		
<b>Other lease commitments</b>		
One year or less	...	37
From one to five years	...	8
More than five years	...	...
<b>Total other lease commitments</b>	<b>...</b>	<b>45</b>
<b>Other commitments</b>		
One year or less	...	179
From one to five years	...	123
More than five years	...	...
<b>Total other commitments</b>	<b>...</b>	<b>302</b>
<b>Total</b>	<b>...</b>	<b>347</b>

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 Administrative Restructuring

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

As a result of a restructuring of administrative arrangements, the Department of State Growth relinquished its responsibility for the following areas:

(a) The part, of the Department of State Growth, that is primarily responsible for Forest (Resource) Policy was amalgamated with the Department of Natural Resources and Environment, effective on 30 March 2022.

(b) The part, of the Department of State Growth, known as the Forest Practices Authority was amalgamated with the Department of Natural Resources and Environment, effective on 30 March 2022.

### (a) Forest (Resource) Policy

In respect of activities relinquished, the Department transferred the following assets and liabilities to Department of Natural Resources and Environment:

	<b>30 March 2022</b>
	<b>\$'000</b>
<b>Distributions to owners</b>	
Cash and deposits	936
Receivables	1,170
Other current assets	44
Total assets relinquished	<u>2,150</u>
Payables	44
Employee entitlements	159
Other liabilities	1
Total liabilities relinquished	<u>204</u>
<b>Net assets (liabilities) relinquished on restructure</b>	<b><u>1,946</u></b>
<b>Net contribution by the Government as owner during the period</b>	<b><u>1,946</u></b>

Expenses and revenues attributable to Forest (Resource) Policy for the current year, up to the date of transfer, are:

	<b>30 March 2022</b>
	<b>\$'000</b>
<b>Revenues</b>	
Recognised by the Department of State Growth	2,441
<b>Total revenues</b>	<b><u>2,441</u></b>
<b>Expenses</b>	
Recognised by the Department of State Growth	2,792
<b>Total expenses</b>	<b><u>2,792</u></b>

(b) **Forest Practices Authority (FPA)**

**30 March 2022**  
**\$'000**

**Distributions to owners**

Cash and deposits	1,360
Financial Investments	999
Receivables	235
Plant and equipment	2
Right-of-use-assets	126
Intangibles	...
Total assets relinquished	<u>2,722</u>
Payables	8
Lease Liabilities	103
Employee entitlements	481
Other liabilities	15
Total liabilities relinquished	<u>607</u>
<b>Net assets (liabilities) relinquished on restructure</b>	<b><u>2,115</u></b>
<b>Net contribution by the Government as owner during the period</b>	<b><u>2,115</u></b>

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

**30 March 2022**  
**\$'000**

**Revenues**

Recognised by the Department of State Growth	<u>2,471</u>
<b>Total revenues</b>	<b><u>2,471</u></b>

**Expenses**

Recognised by the Department of State Growth	<u>2,452</u>
<b>Total expenses</b>	<b><u>2,452</u></b>

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

**16.25 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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
S524 State Growth Financial Management Account	325	(206)
S117 Tasmanian Forest Agreement Account	...	<u>2,315</u>
<b>Total</b>	<b><u>325</u></b>	<b><u>2,109</u></b>
<b>Other cash held</b>		
Tascorp Interest Bearing Deposit	...	<u>946</u>
<b>Total</b>	...	<b><u>946</u></b>
<b>Total cash and deposits</b>	<b><u>325</u></b>	<b><u>3,055</u></b>

## 16.26 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)
<b>Financial Assets</b>		
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 2022 and 30 June 2021 are as follows.

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

<b>Expected credit loss analysis of receivables as at 30 June 2021</b>						
	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)	1,399	138	...	1,083	985	<b>3,605</b>
Expected credit loss (A x B)	72	24	...	16	204	<b>316</b>



## (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)
<b>Financial Liabilities</b>		
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:

### 2022

#### Maturity analysis for financial liabilities:

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

### 2021

#### Maturity analysis for financial liabilities:

	1 Year	2 Years	3 Years	4 Years	5 Years	More than 5 Years	Undiscounted Total	Carrying Amount
<b>Financial liabilities</b>								
Payables	29	...	...	...	...	...	29	29
Monies held in Trust	2,852	...	...	...	...	...	2,852	2,852
<b>Total</b>	<b>2,881</b>	...	...	...	...	...	<b>2,881</b>	<b>2,881</b>

## (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:

	2022	2021
	\$'000	\$'000
<b>Fixed rate instruments</b>		
Financial assets	...	1,000
<b>Total</b>	<b>...</b>	<b>1,000</b>
<b>Variable rate instruments</b>		
Financial assets	...	946
<b>Total</b>	<b>...</b>	<b>946</b>

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
<b>30 June 2022</b>				
Monies held in trust	(10)	10	(10)	10
<b>Net sensitivity</b>	<b>(10)</b>	<b>10</b>	<b>(10)</b>	<b>10</b>
<b>30 June 2021</b>				
Cash and deposits	9	(9)	9	(9)
Financial investments	10	(10)	10	(10)
Monies held in trust	(29)	29	(29)	29
<b>Net sensitivity</b>	<b>(10)</b>	<b>10</b>	<b>(10)</b>	<b>10</b>

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

**16.27 Categories of Administered Financial Assets and Liabilities**

AASB 9 Carrying amount	2022	2021
	\$'000	\$'000
<b>Financial assets</b>		
Amortised cost	2,777	7,491
<b>Total</b>	<b>2,777</b>	<b>7,491</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	(983)	(2,881)
<b>Total</b>	<b>(983)</b>	<b>(2,881)</b>

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.

**16.28 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.

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

	Carrying Amount 2022 \$'000	Net Fair Value 2022 \$'000	Carrying Amount 2021 \$'000	Net Fair Value 2021 \$'000
<b>Financial assets</b>				
Cash and deposits	325	325	3,055	3,055
Financial Investments	...	...	1,000	1,000
Receivables	2,452	2,452	3,289	3,289
Other financial assets:				
Accrued revenue and interest	...	...	147	147
<b>Total financial assets</b>	<b>2,777</b>	<b>2,777</b>	<b>7,491</b>	<b>7,491</b>
<b>Financial liabilities</b>				
Trade creditors	...	...	29	29
Other financial liabilities:				
Monies held in Trust	983	983	2,852	2,852
<b>Total financial liabilities</b>	<b>983</b>	<b>983</b>	<b>2,881</b>	<b>2,881</b>

## 16.30 Net Fair Values of Administered 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
<b>Financial assets</b>				
Cash in Specific Purpose Accounts	...	325	...	325
Receivables	...	...	2,452	2,452
<b>Total financial assets</b>	<b>...</b>	<b>325</b>	<b>2,452</b>	<b>2,777</b>
<b>Financial liabilities</b>				
Other financial liabilities:				
Monies held in Trust	...	983	...	983
<b>Total financial liabilities</b>	<b>...</b>	<b>983</b>	<b>...</b>	<b>983</b>
<b>2021</b>				
	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net Fair Value Level 3 \$'000	Net fair Value Total \$'000
<b>Financial assets</b>				
Cash at Tascorp	...	946	...	946
Commonwealth Bank term deposits	...	1,000	...	1,000
Cash in Specific Purpose Accounts	...	2,109	...	2,109
Receivables	...	...	3,289	3,289
Other financial assets:				
Accrued revenue and interest	...	...	147	147
<b>Total financial assets</b>	<b>...</b>	<b>4,055</b>	<b>3,436</b>	<b>7,491</b>
<b>Financial liabilities</b>				
Trade creditors	...	...	29	29
Other financial liabilities:				
Monies held in Trust	...	2,852	...	2,852
<b>Total financial liabilities</b>	<b>...</b>	<b>2,852</b>	<b>29</b>	<b>2,881</b>

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

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

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

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

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

#### *Administered Financial Assets*

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

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

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

#### *Financial Liabilities*

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

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

Account/Activity	Opening balance \$'000	Net transactions during 2021-22 \$'000	Closing balance \$'000
Monies collected on behalf of external bodies through Motor Registrations (refer below), Net transactions is made up of:	672	(1,463)	(791)
Monies collected through Motor Registrations		354,369	
Transferred to external bodies		(355,832)	
Agreement for the Conservation of Albatrosses and Petrels (ACAP)	1,177	3,847	5,024
Mine Rehabilitation Bonds	11,909	12,074	23,983
Pacific National Compensation Fund	64	...	64
Provision for land acquisition	7,024	45	7,069

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 2022.

## 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 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 Tourism
- Minister for Trade

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

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

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

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

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

## **19.2 Basis of Accounting**

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

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

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

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

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

### **19.3 Reporting Entity**

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

Refer to Note 15 for Consolidated Entities.

### **19.4 Functional and Presentation Currency**

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

### **19.5 Changes in Accounting Policies**

#### **(a) Impact of new and revised Accounting Standards**

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

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

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

### **19.6 Activities Undertaken Under a Trustee or Agency Relationship**

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

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

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

### **19.7 Foreign Currency**

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

### **19.8 Comparative Figures**

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

### **19.9 Budget Information**

Budget information refers to original estimates as disclosed in the 2021-22 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



### Auditor's Report

To the Members of Parliament

The 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 2022 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 2022 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
<b>Infrastructure assets</b> <i>Refer to note 8.2 and 9.9</i>	
<p>The Department's infrastructure assets as at 30 June 2022 included roads and bridges totalling \$5.51 billion 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 2021-22 both road and bridge infrastructure assets 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 and additions in 2021-22 totalled \$307 million.</p>	<ul style="list-style-type: none"> <li>• Evaluating the appropriateness of the indexation methodology applied to determine the fair values.</li> <li>• Assessing the scope, expertise and independence of those involved to assist in the valuations.</li> <li>• Critically assessing assumptions and other key inputs in the valuation model.</li> <li>• Testing, on a sample basis, the mathematical accuracy of the indexation calculations.</li> <li>• Evaluating management's assessment of the useful lives.</li> <li>• Performing substantive analytical procedures on depreciation expenses.</li> <li>• Tested, on a sample basis, the allocation of costs between capital and operating expenditure.</li> <li>• 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.</li> <li>• Evaluating the adequacy of disclosures made in the financial statements, including those regarding key assumptions used.</li> </ul>

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

### Responsibilities of the Secretary for the Financial Statements

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

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

### Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary.
- Conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



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

7 October 2022  
Hobart

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