

End of Financial Year Information 2021-22

AT A GLANCE:

- This Fact Sheet provides *additional information* on key issues that agencies will need to consider in meeting 2021-22 financial reporting obligations.
- Model Departmental Financial Statements, issued under the authority of Treasurer's Instruction FR-3 *Format of Financial Statements*, are a critical point of reference in the preparation of financial statements.

This Fact Sheet should be read in conjunction with the Model Departmental Financial Statements.

Cash on Hand

Individual Specific Purpose Account balances may be made up of cash held at Treasury and other cash or investments. Agencies holding a Financial Management SPA must include Cash on hand within that Financial Management SPA.

The Budget Management Branch has highlighted some inconsistencies in reporting of Cash on hand between agencies, which has the potential to cause issues for BIMS and whole-of-Government reporting.

Cash on hand, including cash floats, form part of the Public Account, and must be recognised in the respective Financial Management SPA, based on the following requirements:

- section 11(5) of *Financial Management Act 2016* requires all receipts of the State to be credited to the Public Account;
- SPAs are accounts within the Public Account in accordance with section 9 of the Financial Management Act. SPA balances include funds held in the relevant agency bank account(s) and cash held;
- cash in transit to the deposit taking institution is a receipt that forms part of the Public Account. Where an agency has approval to retain such funds within their Financial Management SPA it must be reported as a component of the SPA balance; and
- an agency has no authority to hold any receipts outside of the Public Account, *except* cash held in approved Agency Trust Account.

From a Budget perspective, the inconsistencies have been resolved in BIMS by receipting these balances into the agency Financial Management SPA during 2021-22, with no issue from impacted agencies.

Statement of changes in equity - Administrative restructure

As an addendum to the Model Departmental Financial Statements, *Administrative restructure - Contributions by owners* and *Administrative restructure - Distributions to owners* should be recorded in the Statement of Changes in Equity as **Contributed Equity** (not Accumulated Funds):

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

AASB 101(10)(c) AASB 101(106)-(110)	Notes	Contributed Equity \$'000	Reserves \$'000	Accumulated Funds \$'000	Total Equity \$'000
		X	X	X	X
	Balance as at 1 July 2021				
AASB 101(106)(b) AASB 108(19)(b)	Adjustment due to change in accounting policy	20.6	X	X	X
AASB 108(49)	Correction of error	20.13	X	X	X
	Restated balance as at 1 July 2021		X	X	X
AASB 101(106)(d)(i)	Net Result		X	X	X
AASB 101(106)(d)(ii)	Other comprehensive income		X	X	X
AASB 101(106)(a)	Total comprehensive result		X	X	X
AASB 101(106)(d)(iii)	Transactions with owners in their capacity as owners:				
	Equity contributions		X		X
	Withdrawal of equity		(X)	(X)	(X)
AASB 1004(48)	Administrative restructure - Contributions by owners	13.2	X		X
AASB 1004(49)	Administrative restructure - Distributions to owners	13.2	(X)		(X)
	Total		X	X	X
AASB 101(106)(d)	Balance as at 30 June 2022		X	X	X

Superannuation Guarantee Rate

Superannuation expenses relating to defined contribution schemes are paid directly to superannuation funds at a rate of 10.0 per cent in 2021-22. From 1 July 2022, the superannuation guarantee rate has increased to 10.5 per cent. Agencies should apply the increased rate to leave entitlement calculations for applicable staff.

The rate will continue to rise by 0.5 per cent on 1 July each year until 1 July 2025, when the rate will be 12.0 per cent. The rate is not currently scheduled to increase following this date.

In addition, departments are also required to pay into the Public Account a “gap” payment equivalent to 3.45 per cent of salary in respect of employees who are members of contribution schemes.

Wage Inflation factor, Long Service Leave Discount Rates and Other Leave Information

Each year, Treasury advises agencies of the wage inflation rate and discount rates to be used in the calculation of leave liabilities as at 30 June.

Long Service Leave

Long service liability is calculated each year for inclusion in agency financial statements, based on either the full present value method or the short hand method. For agencies that use the full present value method to determine the long service leave liability, the wage inflation rate as at 31 May 2022 is 3.5 per cent.

In instances where any wage agreement outcomes are greater than 3.5 per cent, agencies should adjust the Wage Inflation Rate to reflect the wage agreement outcome.

Discount Rates:

Year	Discount Rates (%)	
	31 May 2022	30 June 2022
1	2.010	2.380
2	2.470	2.625
3	2.840	3.120
4	2.990	3.270
5	3.065	3.340
6	3.170	3.440
7	3.215	3.510
8	3.280	3.580
9	3.325	3.645
10	3.350	3.660

Note the “Year” column above relates to the amount of time before the liability becomes current. For example, the Year One discount factor should be used for the liability of those employees who have accrued nine years of long service leave. Likewise, the Year Nine discount factor should be used for the liability of those employees who have accrued one year of long service leave.

In order to facilitate the preparation of the 2021-22 financial statements, the Tasmanian Audit Office had previously agreed that agencies may use the long service leave liability calculated as at 31 May 2022 for the 2021-22 financial statements where it is unlikely to result in a material difference in the value of the liability if calculated as at 30 June 2022. Historically, there has not been a material rate movement between 31 May and 30 June rates.

Following the announcement by the Reserve Bank of Australia on 7 June 2022, to increase the cash rate by 50 basis points, there has been an unprecedented movement in rates between 31 May and 30 June.

Agencies will need to make an assessment as to whether there has been a material change in liability during the month of June. This may have occurred as a result of the rate movements or because the leave patterns of the agency in June differ from the rest of the year. Where the change in liability is assessed as immaterial, no change will be required to the liability calculated as at 31 May 2022.

As an alternative to the full present value method, agencies may continue to use the short hand method. The short hand method will need to be verified every three to five years to ensure that it provides an accurate indication of the long service liability.

Annual and Sick Leave

Short term employee benefits are employee benefits (other than termination benefits), which fall due wholly within 12 months after the end of the period in which the employees render that related service. Short term employee benefits include paid annual leave and paid sick leave. Short term employee benefits are measured on an undiscounted basis. Any leave likely to be taken later than 12 months after the end of the year is required to be discounted back to the present value.

It is unlikely that there will be a material difference between the nominal and discounted annual leave entitlement. It is therefore recommended that all annual leave be measured at nominal value.

Sick leave balances for most agencies are unlikely to be material. However, an assessment of materiality will need to be made on a regular basis to ensure compliance with Australian Accounting Standards. This measurement should be made on the basis of patterns in sick leave and whether a significant number of employees take more than the equivalent of one year's sick leave in the financial year.

Related Party Declaration

In accordance with AASB 124 *Related Party Disclosures*, agencies will disclose any material related party transactions and outstanding balances, if any, (excluding any "citizen type" transactions or "official purpose" transactions (explained below) with:

- key management personnel of the Agency;
- Ministers;
- close family members of the persons listed above; and
- non-State entities controlled by the persons listed above (by themselves or jointly).

Close members of the family of a key management person or Minister are those who may be expected to influence, or be influenced by, that person in their dealings with the Agency. Unless estranged, this includes:

- that person's children (aged 16 and over) and spouse or domestic partner;
- children (aged 16 and over) of that person's spouse or domestic partner; and
- dependants (aged 16 and over) of that person or that person's spouse or domestic partner.

Any related party transactions which are not significant and which occur during the course of the Agency delivering its public service objectives, on no different terms to that of the general public, will not need to be disclosed. These transactions are generally those where key management personnel, their close family members or entities controlled or jointly controlled by any of those persons, interact with an Agency in the capacity of a citizen.

"Citizen type" transactions which will not be disclosed include:

- paying personal taxes or receiving tax refunds;
- receiving a State concession;
- receiving a grant made under a broad-based grant program, up to a threshold of \$20 000 (in aggregate per program excluding GST);
- receiving public health, housing, education services or related allowances;
- paying licence fees;
- utilities supplied by State entities on normal terms;
- any other publically available allowances and benefits from a State entity;
- purchasing government bonds directly from the market;
- utilising public facilities on normal terms;
- any disposal of Government assets in accordance with TI D-1 *Disposals*, up to a threshold of \$10 000 (per item excluding GST), which excludes any direct disposal transactions at less than market value; and
- employment arrangements for State entity employees (unless the related party is a member of key management personnel of the reporting entity at any time during the reporting period).

A related part declaration template for the year ended 30 June 2022 is provided at Attachment 1.

Tascorp Indicative Lending Rates

Tascorp indicative lending rates as at 30 June 2022, including the relevant administration margin, has been confirmed by Tascorp as follows:

Years	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
1	0.76	0.76	0.68	1.11	0.95	1.01	1.26	1.32	1.91	2.80	3.36	3.85
2	0.91	0.90	0.94	1.78	1.63	1.57	1.95	2.11	2.93	3.54	3.88	4.14
3	1.08	1.11	1.22	2.11	2.05	1.96	2.39	2.52	3.32	3.78	4.05	4.33
4	1.27	1.36	1.50	2.30	2.21	2.19	2.64	2.72	3.48	3.89	4.16	4.46
5	1.45	1.57	1.74	2.43	2.33	2.33	2.77	2.84	3.60	3.99	4.29	4.60
6	1.62	1.74	1.95	2.54	2.44	2.46	2.87	2.94	3.69	4.09	4.41	4.72
7	1.80	1.93	2.16	2.66	2.55	2.57	2.98	3.06	3.77	4.15	4.51	4.81
8	1.98	2.10	2.35	2.77	2.64	2.67	3.06	3.16	3.83	4.19	4.58	4.88
9	2.12	2.23	2.49	2.88	2.74	2.75	3.15	3.23	3.84	4.18	4.61	4.92
10	2.22	2.33	2.61	2.98	2.83	2.83	3.23	3.30	3.86	4.20	4.66	4.99
11	2.33	2.44	2.72	3.09	2.94	2.94	3.34	3.41	3.97	4.31	4.77	5.10
12	2.39	2.5	2.78	3.15	3.00	3.00	3.4	3.47	4.03	4.37	4.83	5.16
13	2.44	2.55	2.83	3.20	3.05	3.05	3.45	3.52	4.08	4.42	4.88	5.21
14	2.51	2.62	2.9	3.27	3.12	3.12	3.52	3.59	4.15	4.49	4.95	5.28
15	2.56	2.67	2.95	3.32	3.17	3.17	3.57	3.64	4.20	4.54	5.00	5.33
16	2.61	2.72	3.0	3.37	3.22	3.22	3.62	3.69	4.25	4.59	5.05	5.38
17	2.66	2.77	3.05	3.42	3.27	3.27	3.67	3.74	4.30	4.64	5.10	5.43
18	2.71	2.82	3.10	3.47	3.32	3.32	3.72	3.79	4.35	4.69	5.15	5.48
19	2.75	2.86	3.14	3.51	3.36	3.36	3.76	3.83	4.39	4.73	5.19	5.52
20	2.79	2.90	3.18	3.55	3.4	3.40	3.80	3.87	4.43	4.77	5.23	5.56
21	2.84	2.95	3.23	3.60	3.45	3.45	3.85	3.92	4.48	4.82	5.28	5.61
22	2.86	2.97	3.25	3.62	3.47	3.47	3.87	3.94	4.50	4.84	5.30	5.63
23	2.85	2.96	3.24	3.61	3.46	3.46	3.86	3.93	4.49	4.83	5.29	5.62
24	2.87	2.98	3.26	3.63	3.48	3.48	3.88	3.95	4.51	4.85	5.31	5.64
25	2.89	3.00	3.28	3.65	3.50	3.50	3.90	3.97	4.53	4.87	5.33	5.66
26	2.94	3.05	3.33	3.70	3.55	3.55	3.95	4.02	4.58	4.92	5.38	5.71
27	2.99	3.10	3.38	3.75	3.60	3.60	4.00	4.07	4.63	4.97	5.43	5.76
28	3.04	3.15	3.43	3.80	3.65	3.65	4.05	4.12	4.68	5.02	5.48	5.81
29	3.09	3.20	3.48	3.85	3.70	3.70	4.10	4.17	4.73	5.07	5.53	5.86
30	3.17	3.28	3.56	3.93	3.78	3.78	4.18	4.25	4.81	5.15	5.61	5.94

Major office accommodation leases

In accordance with Treasurer's Instruction FC-19 *Leases*, the Department of Treasury and Finance will recognise applicable lease liabilities and right-of-use assets for major office accommodation leases on Finance-General's Balance Sheet. Following is a list of Treasury controlled major office accommodation leases as at 30 June 2022:

Treasury Controlled Major Office Accommodation as at 30 June 2022

Building Use	Building Name	Address	Leases
Office	Executive Building	15 Murray Street, Hobart	1
Office	Parliament Square	4 Salamanca Place, Hobart	1
Office	Podium Offices PSQ	10 Murray Street, Hobart	1
Office	Reserve Bank Building	111 Macquarie Street, Hobart	3
Office	Vodafone /100F Building	40 Bathurst Street, Hobart	1
Office	Marine Board Building	1 Franklin Wharf, Hobart	1
Office		22 Elizabeth Street, Hobart	2
Office		47 Liverpool Street, Hobart	1
Office		54 Victoria Street, Hobart	3
Office		70 Collins Street, Hobart ¹	2
Office		81 Elizabeth Street, Hobart	1
Office		27 Elizabeth Street, Hobart	2
Office		110 Collins Street, Hobart	2
Office		134 Macquarie Street, Hobart	1
Office		144 Macquarie Street, Hobart ¹	6
Office		199 Collins Street, Hobart	1
Office		163 - 169 Main Road, Moonah	1
Office		30 Gordons Hill Road, Rosny	1
Office	Henty House	1 Civic Square, Launceston	1
Office	CH Smith Centre	20 Charles Street, Launceston	2
Office		11-15 Cameron Street, Launceston	1
Office		112 Cameron Street, Launceston	1
Office		111-113 St John Street, Launceston	1
Office		111-113 Cameron Street, Launceston	1
Office	Cornwall Square	182-192 Cimitiere Street, Launceston	1

Building Use	Building Name	Address	Leases
Office		171 Westbury Road, Prospect	1
Office		46 Mount Street, Burnie	3
Office	Advocate Building	54-56 Mount Street, Burnie	1
Office		49-51 Cattley Street, Burnie	1
Office	Stony Rise	1-2 Rundle Road, Devonport	1
Office		57-59 Oldaker Street, Devonport	1
Office		1066 Cambridge Street	1
Office		115-119 Cameron Street, Launceston	1
Office		3 Terry Street, Glenorchy	1
Office		85 Collins Street, Hobart (Level 1)	1
Office		40 Elizabeth Street, Hobart (Levels 1, 2 & 3)	1
Office		50 Elizabeth Street, Hobart	1
Office		30-38 Innovation Drive, Dowsing Point	1
Office		113-115 Cimitiere Street, Launceston	1
Office		169 Liverpool Street, Hobart ²	1
Office		114 Bathurst Street, Hobart ²	1
Office		89 Cambridge Park, Acton	1
Office		2 Salamanca Place, Hobart	1
Office		1-3 Rooke Street. Devonport	1

Other relevant information

Please also refer to:

Financial Management Better Practice Guidelines

Model Departmental Financial Statements for the year ended 30 June 2022

Declaration of Related Party Transactions by key management personnel for the year ended 30 June 2022

I. OVERVIEW

Financial Statements are required to disclose certain transactions of each State entity with related parties.

Related parties are:

- key management personnel of a State entity;
- Ministers/Cabinet members;
- close family members of the persons listed above; and
- non-State entities controlled by the persons listed above (by themselves or jointly).

This declaration is not intended to capture remuneration and allowances which will be collected under a separate process.

2. APPLICATION

Close family members include your children (aged 18 and over) and your spouse or domestic partner, children (aged 18 or over) of your spouse or domestic partner, and dependants (aged 18 and over) of you or your spouse or domestic partner. Separated or divorced spouses/domestic partners and estranged children/dependants are not included as close family members. Other family members may be included as close family members where they have the ability to influence, or be influenced by a key management person. In completing this declaration, judgement should be applied to determine if significant influence exists.

An **entity is controlled or jointly controlled** typically when you and/or any close family members exercise control (whether singularly or combined) through the shareholding and/or voting power in the entity. "Control" means the capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of another entity.

Exempt Transactions:

Citizen type transactions which **do not need to be disclosed** include:

- Paying personal taxes or receiving tax refunds
- Receiving a State concession
- Receiving a grant made under a broad-based grant program, up to a threshold of \$20 000 (in aggregate per program excluding GST)
- Receiving public health, housing, education services or related allowances
- Paying licence fees
- Utilities supplied by State entities on normal terms
- Any other publically available allowances and benefits from a State entity
- Purchasing government bonds directly from the market
- Utilising public facilities on normal terms
- Any disposal of Government assets in accordance with Treasurer's Instruction 1301, up to a threshold of \$10 000 (per item excluding GST), which excludes any direct disposal transactions at less than market value; and
- Employment arrangements for State entity employees (unless the related party is a member of key management personnel of a State entity at any time during the reporting period).

Any **Official purpose transactions** with a State entity which occur during the course of official business of a Minister and/or key management person, **do not need to be disclosed**. These transactions are generally those where Ministers, key management personnel and their close family members interact with a State entity for an official purpose, for example to conduct an official meeting, inspection, tour, opening or attend an event as an invited guest.

If further information is required, please see Definitions and Guidance at page 6 of this Declaration.

do something if a particular event occurs or does not occur in the future?								
Is a close family member employed as a key management person by the Agency?	N/A	N/A	N/A	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A

* “you” includes the key management person, their close family members and entities controlled by the key management person or a close family member

4. DECLARATION FOR KEY MANAGEMENT PERSONNEL

I have made inquiries of my close family members and to the best of my knowledge the information provided in this declaration is a complete and accurate record of the matters set out in it for the period 1 July 2021 to 30 June 2022. I understand this information is collected for the purpose of preparing note disclosures for inclusion in the financial statements of the Department of *(specify agency)*.

I authorise the Department of *(specify agency)* to provide personal information about me in respect of transactions between me, or entities controlled/ jointly controlled by me, and the Department of *(specify agency)*.

For the purposes of section 2(1)(b) of Schedule 1 of the *Personal Information Protection Act 2004*, I consent to the Department of *(specify agency)* collecting, using and disclosing my personal information for the purposes of meeting its financial reporting obligations.

Name: [insert name]

Position: [insert position]

Signature:

Date:

5. CONSENT OF CLOSE FAMILY MEMBERS

Consent only required where a close family member has identified a transaction in section 3 of this declaration.

I authorise the [insert key management person] to provide personal information about me to the Department of (*specify agency*) in respect of transactions between me, or entities controlled/ jointly controlled by me, and the Department of (*specify agency*).

For the purposes of section 2(1)(b) of Schedule 1 of the *Personal Information Protection Act 2004*, I consent to [insert name of key management person and the Department of (*specify agency*)] collecting, using and disclosing my personal information for the purposes of meeting that entity's financial reporting obligations.

Name: [insert name of Close Family Member]

Relationship to the key management person: [insert relationship]

Signature:

Date:

Name: [insert name of Close Family Member]

Relationship to the key management person: [insert relationship]

Signature:

Date:

Name: [insert name of Close Family Member]

Relationship to the key management person: [insert relationship]

Signature:

Date:

DEFINITIONS AND GUIDANCE

1. **Close family members**, unless estranged, includes:

- your children aged 18 and over and spouse or domestic partner;
- children aged 18 and over of your spouse or domestic partner; and
- your dependants or dependants of your spouse or domestic partner aged 18 and over.

Children (aged 18 and over) include step, adoptive, dependant, non-dependant, adult children and children not living at home (unless they are estranged).

Spouse or domestic partner includes married, de facto, civil union partnerships, but excludes separated or divorced spouses or domestic partners.

Dependants are any family members who are financially supported by you or your spouse or domestic partner.

Other family members may be included as close family members where they have the ability to influence, or be influenced by a key management person. Judgement must be applied to determine if significant influence exists.

Key management personnel are expected to make a reasonable effort to obtain related party information from close family members. Broadly, this would include:

- contacting close family members, including where a key management person may not expect the information to be provided (for example, because the family member does not wish to provide the information on principle, or where the family member resides in another country);
- in circumstances where a request for information from a family member is not met or responded to, or responded to only partially, it may be appropriate to try again, however reasonable endeavour is sufficient;

If a close family member has no transactions to disclose, a signed consent is not required.

2. An **entity controlled or jointly controlled** typically occurs when you and/or any close family members exercise control (whether singularly or combined) through the shareholding and/or voting power in the entity. "Control" means the capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of another entity.

Types of entities include companies, partnerships, sole traders and trusts.

Examples of entities controlled or jointly controlled by you and/or any close family members are:

- A company where you have a 30 per cent shareholding and your spouse has a 30 per cent shareholding
- A partnership of two people where your spouse is one of the partners
- A trust where you and your spouse are two of three trustees

Examples of entities not controlled or jointly controlled by you and/or your close family members are:

- A company where you have a 25 per cent shareholding and your spouse has a 20 per cent shareholding
- A partnership of three people where your spouse is one of the partners
- A large accountancy practice with multiple partners where your spouse/child is a partner
- A trust where you and your spouse are two of five or more trustees
- Blind trusts
- A non-government company where your child is the chief executive and has a minor shareholding (ie a shareholding less than 50 per cent or less than 50 per cent voting power in the company)
- A non-government company where your spouse is a director of the board and has a minor shareholding (ie a shareholding less than 50 per cent or less than 50 per cent voting power in the company)

3. **Citizen type transactions** are excluded from this declaration. These transactions are where you and/or any close family members interact with a State entity as a citizen or in an arm's length transaction. These are transactions by the State entity that occurred during the course of delivering its public service objective on terms no different to the general public.

Examples of transactions typical to all citizens to be excluded from this declaration are:

- Paying personal taxes or receiving tax refunds
- Receiving a State concession
- Receiving a grant made under a broad-based grant program, up to a threshold of \$20 000 (in aggregate per program excluding GST)
- Receiving public health, housing, education services or related allowances
- Paying licence fees
- Utilities supplied by State entities on normal terms
- Any other publically available allowances and benefits from a State entity
- Purchasing government bonds directly from the market
- Utilising public facilities on normal terms
- Any disposal of Government assets in accordance with Treasurer's Instruction 1301, up to a threshold of \$10 000 (per item excluding GST), which excludes any direct disposal transactions at less than market value; and
- Employment arrangements for State entity employees (unless the related party is a member of key management personnel of a State entity at any time during the reporting period).

4. **Official purpose transactions** are excluded from this declaration. These transactions are those where Ministers, key management personnel and their close family members interact with a State entity for an official purpose, for example to conduct an official meeting, inspection, tour, opening or attend an event as an invited guest.
5. **Assets** include plant, equipment, land, buildings or businesses. It also includes intangible assets like rights and quotas.

When determining the value of asset purchases or sales, market value should be used. Market value means an amount that knowledgeable, willing parties in an arm's length transaction would pay when a good, service or business is sold, purchased or exchanged.

In certain purchases and sales of assets, the market value may differ from the actual consideration. An extreme example is where a business which has a market value of \$1 million might be purchased from a State entity for a nominal consideration of \$1. This transaction would need to be reported and described in this declaration.

6. **Debts forgiven or partially forgiven** by any State entity during the year are required to be disclosed in this declaration. This includes forgiveness of any of your debts and the debts of any close family members such as student loans or public housing debts.
7. **Guarantees provided** by any State entity during the year are required to be disclosed in this declaration. A guarantee is a legally binding promise of one party to assume responsibility for a debt or performance of an obligation of another party should that party default in some way. Guarantees generally relate to the payment of money, but may alternatively or in addition require the performance of services.
8. A **broad-based grants program** is a program undertaken in accordance with Treasurer's Instruction 709, where applications for grants are assessed in an open, transparent and consistent manner and grant funds are allocated in accordance with publicly available eligibility and selection criteria. Examples of broad-based grants programs include the First Home Owners Grant Program and the National/International Sport Championships Program.