

September
Quarterly
Report
2021-22

September Quarterly Report 2021-22

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I INTRODUCTION

The September Quarterly Report 2021-22 is prepared in accordance with Section 35 of the *Financial Management Act 2016*. It presents financial results for the three months ending 30 September 2021 for the General Government Sector and the Public Account.

Seasonal and timing factors impact the State's finances, especially the timing of Grants revenue, Taxation revenue and Grant and subsidy expenses. Therefore, care should be taken using the quarterly information to extrapolate the likely outcome for 2021-22. Further updates will be provided in the *Revised Estimates Report 2021-22 (including December Quarterly Report)* due for release by 15 February 2022.

The financial statements have been prepared in accordance with applicable Australian Accounting Standards including *AASB 1049 Whole of Government and General Government Sector Financial Reporting*. Estimation methods have been used in the preparation of this Report which are based on the principles of *AASB 134 Interim Financial Reporting*.

Presentation of the financial statements is consistent with the 2021-22 Budget and reporting requirements of the Uniform Presentation Framework.

The Report contains the following information:

- Section 2 presents the financial results for the General Government Sector for the three months ending 30 September 2021; and
- Section 3 summarises receipts to, and expenditure from, the Public Account for the three months ending 30 September 2021.

All amounts in the financial statements have been rounded to the nearest \$100 000, unless otherwise stated. As a consequence, rounded figures may not add to totals. Amounts less than \$50 000 are indicated by “....”.

2 GENERAL GOVERNMENT SECTOR OUTCOME

INCOME STATEMENT

The General Government Sector Net Operating Balance for the three months ending 30 September 2021 is a deficit of \$307.3 million, which is consistent with the deficit of \$310.4 million reported for the same period in 2020-21.

Where relevant, the quarterly results have been compared to a pro-rata percentage (25 per cent) of the Original Budget estimate. It should be noted that this comparison point has not been adjusted to reflect seasonal and timing impacts for receipts and payments.

Revenue from transactions

Revenue from transactions for the three months ending 30 September 2021 is \$1 782.8 million, which is \$31.6 million below the pro-rata Original Budget estimate of \$1 814.4 million, or 24.6 per cent of the Original Budget for 2021-22.

The main variations for the three months ending 30 September 2021 are:

- Grants revenue is \$69 million below the pro-rata Original Budget estimate. This primarily relates to the timing of National Partnership Payments that will be received later in 2021-22;
- Taxation revenue is \$116.2 million above the pro-rata Original Budget estimate. This is primarily due to the timing of Land tax revenue which is \$109.4 million above the pro-rata Original Budget estimate. The majority of Land tax revenue for 2021-22 is recognised in the September 2021 quarter. This is consistent with expectations and the usual timing of these Taxation receipts;
- Sales of goods and services is \$14.9 million below the pro-rata Original Budget estimate. This is primarily due the timing of revenue for the Department of Health which is \$14.7 million below the pro-rata Original Budget estimate; and
- Dividend, tax and rate equivalent income is \$55.9 million below the pro-rata Original Budget estimate. This is due to the timing of dividend instalments paid by government businesses. These payments are generally received in the December quarter.

Expenses from transactions

Expenses from transactions for the three months ending 30 September 2021 is \$2 090.1 million, which is \$103.3 million above the pro-rata Original Budget estimate of \$1 986.8 million, or 26.3 per cent of the Original Budget for 2021-22. This result is consistent with the Original Budget estimates and prior year expenditure patterns. The major expense variations for the three months ending 30 September 2021 are:

- Borrowing Costs is \$5.2 million below the pro-rata Original Budget estimate. The variation is primarily due to the timing of additional borrowings required to support expenditure in 2021-22.

- Grant Expenses is \$81.4 million above the pro-rata Original Budget estimate, which is primarily due to increases of:
 - \$41.4 million for the Department of Education, which reflects the timing of the payment of grants to non-government schools; and
 - \$41.1 million for the Department of Communities Tasmania, which reflects the timing of the payment of grants for disability services.

Net acquisition of non-financial assets

Net acquisition of non-financial assets for the three months ending 30 September 2021 is negative \$11.3 million, which is \$99.2 million lower than the pro-rata Original Budget estimate of \$87.9 million. This is mainly due to Purchases of non-financial assets for the three months ending 30 September 2021 being \$103.3 million below the pro-rata Original Budget estimate. The decrease primarily reflects the impact of timing on cash flows for the following projects:

- road infrastructure for the Department of State Growth of \$44.2 million;
- hospital redevelopments and upgrades for the Department of Health of \$21.4 million;
- housing projects and the upgrade to the Derwent Entertainment Centre for the Department of Communities Tasmania of \$8.9 million; and
- national park infrastructure for the Department of Primary Industries, Water and Environment of \$7.7 million. From 1 December 2021, the Department of Primary Industries, Water and Environment was renamed to the Department of Natural Resources and Environment Tasmania.

Total expenditure on infrastructure for the three months ending 30 September 2021 is \$139.1 million. This includes \$93.2 million which has been capitalised and forms part of Purchases of non-financial Assets.

Income Statement

Table 2.1: General Government Income Statement

	2020-21 Sept YTD Actual	2021-22 Original Budget	2021-22 Sept YTD Actual
	\$m	\$m	\$m
Revenue from transactions			
Grants	907.3	4 653.2	1 094.3
Taxation	427.8	1 448.3	478.2
Sales of goods and services	85.3	441.7	95.5
Fines and regulatory fees	20.8	107.2	25.0
Interest income	1.6	7.9	1.9
Dividend, tax and rate equivalent income	21.0	383.8	40.1
Other revenue	55.4	215.3	47.8
	1 519.2	7 257.5	1 782.8
Less Expenses from transactions			
Employee expenses	753.8	3 202.0	811.1
Superannuation	95.4	410.3	104.6
Depreciation	97.0	412.5	97.1
Supplies and consumables	378.0	1 723.8	449.5
Nominal superannuation interest expense	40.4	129.5	32.4
Borrowing costs	3.0	48.2	6.9
Grant and subsidy expenses	448.4	1 978.8	576.1
Other expenses	13.6	42.2	12.6
	1 829.6	7 947.2	2 090.1
Equals NET OPERATING BALANCE	(310.4)	(689.8)	(307.3)
Plus Other economic flows – Included in Operating Result			
Gain/(loss) on sale of non-financial assets	1.9	13.7	2.2
Other gains/(losses)	(0.4)	(11.9)	2.4
	1.5	1.8	4.7
Equals Operating Result	(308.9)	(687.9)	(302.6)

Table 2.1: General Government Income Statement (continued)

	2020-21 Sept YTD Actual \$m	2021-22 Original Budget \$m	2021-22 Sept YTD Actual \$m
Plus Other economic flows – Other movements in equity			
Revaluations of non-financial assets	55.0	280.4	70.1
Revaluations of equity investment in PNFC and PFC Sectors	(181.2)
Movement in superannuation liability	(866.4)
Other non-owner movements in equity	(15.9)	(1.1)
	39.2	(767.3)	69.0
Equals Comprehensive Result	(269.7)	(1 455.2)	(233.6)
KEY FISCAL AGGREGATES			
NET OPERATING BALANCE	(310.4)	(689.8)	(307.3)
Less Net acquisition of non-financial assets			
Purchases of non-financial assets	79.3	795.8	95.7
Less Sales of non-financial assets	4.1	31.9	9.9
Less Depreciation	97.0	412.5	97.1
	(21.8)	351.4	(11.3)
Equals FISCAL BALANCE - SURPLUS/(DEFICIT)	(288.5)	(1 041.2)	(296.0)

Balance Sheet

Table 2.2: General Government Balance Sheet

	30 June 2021	30 June 2022	30 Sept 2021
	Actual	Original Budget	Actual
	\$m	\$m	\$m
Assets			
Financial assets			
Cash and deposits	1 466.3	1 144.0	1 026.3
Investments	202.9	311.0	207.9
Equity investment in PNFC and PFC sectors	5 088.1	4 928.6	5 088.1
Other equity investments	90.4	140.9	91.4
Receivables	418.0	345.4	485.5
Other financial assets	617.5	442.6	603.5
	7 883.1	7 312.6	7 502.6
Non-financial assets			
Land and buildings ¹	8 459.4	7 771.9	8 437.7
Infrastructure	5 894.4	6 454.9	5 957.0
Plant and equipment	313.8	313.8	328.8
Heritage and cultural assets	454.1	452.2	454.1
Investment property	3.3	3.3	3.3
Intangible assets	71.8	72.6	70.7
Assets held for sale	6.7	1.1	6.7
Lease - right-of-use assets	354.5	275.2	382.1
Other non-financial assets	95.8	99.8	98.7
	15 653.8	15 444.7	15 739.3
Total Assets	23 536.9	22 757.3	23 241.9
Liabilities			
Borrowings	1 811.2	2 874.1	1 812.6
Lease liabilities	374.2	285.4	403.2
Superannuation ²	9 064.3	9 895.0	9 045.7
Employee entitlements	840.9	831.8	860.8
Payables	172.4	199.9	105.9
Other liabilities	785.1	743.5	758.4
Total Liabilities	13 048.1	14 829.7	12 986.7
Net Assets	10 488.7	7 927.6	10 255.2

Table 2.2: General Government Balance Sheet (continued)

	30 June 2021	30 June 2022	30 Sept 2021
	Actual	Original Budget	Actual
	\$m	\$m	\$m
Equity			
Accumulated funds	5 527.4	3 326.2	5 191.0
Asset revaluation reserve	5 547.2	5 581.9	5 617.3
Other revaluation reserves	(585.8)	(980.4)	(553.1)
Total Equity	10 488.7	7 927.6	10 255.2
KEY FISCAL AGGREGATES			
NET WORTH³	10 488.7	7 927.6	10 255.2
NET FINANCIAL WORTH⁴	(5 165.0)	(7 517.1)	(5 484.1)
NET FINANCIAL LIABILITIES⁵	10 253.1	12 445.7	10 572.1
NET DEBT⁶	516.2	1 704.4	981.6
GFS NET DEBT⁷	142.0	1 419.0	578.4

Notes:

1. Service concession assets have been classified within Land and buildings which is consistent with the 2021-22 *Tasmanian Budget* presentation.
2. There is a difference of \$849.3 million between the Original Budget and the September year to date valuation of the Superannuation liability. This reflects the difference between the discount rate of 2.15 per cent applied, in accordance with Australian Accounting Standard AASB 119 *Employee Benefits*, for financial reporting purposes and the long-term bond rate of 1.5 per cent which was used in the 2021-22 Budget.
3. Net Worth represents Total Assets less Total Liabilities.
4. Net Financial Worth represents Financial assets less Total Liabilities.
5. Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in the PNFC and PFC sectors.
6. Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments. This measure incorporates the impact of recognising Lease liabilities on the Balance Sheet.
7. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments. This is equivalent to Net Debt based on the Australian Bureau of Statistics Government Finance Statistics reporting framework, and excludes the impact of Lease liabilities.

Cash Flow Statement

Table 2.3: General Government Cash Flow Statement

	2020-21 Sept YTD Actual \$m	2021-22 Original Budget \$m	2021-22 Sept YTD Actual \$m
Cash flows from operating activities			
Cash receipts from operating activities			
Grants received	895.0	4 697.6	1 115.7
Taxation	283.2	1 448.3	360.4
Sales of goods and services	100.3	436.9	106.5
Fines and regulatory fees	20.5	107.2	24.5
Interest received	1.9	8.0	2.0
Dividend, tax and rate equivalents	31.8	451.7	40.1
Other receipts	124.5	447.1	157.2
	1 457.2	7 596.8	1 806.3
Cash payments for operating activities			
Employee entitlements	(738.0)	(3 181.9)	(795.4)
Superannuation	(116.4)	(577.6)	(155.7)
Supplies and consumables	(436.3)	(1 733.7)	(474.9)
Borrowing costs	(2.5)	(44.0)	(11.0)
Grants and subsidies paid	(469.5)	(1 978.7)	(603.9)
Other payments	(76.5)	(276.4)	(113.2)
	(1 839.1)	(7 792.3)	(2 154.0)
Net cash flows from operating activities	(381.9)	(195.5)	(347.8)
Cash flows from investing activities			
Net cash flows from non-financial assets			
Purchases of non-financial assets	(79.3)	(776.2)	(95.7)
Sales of non-financial assets	4.1	36.3	9.9
	(75.2)	(739.9)	(85.8)
Net cash flows from financial assets (policy purposes)			
Equity injections	(16.0)	(285.6)	(1.0)
Net advances paid	(9.0)	(129.4)	(0.3)
Equity disposals	1.0	3.6	2.3
	(23.9)	(411.4)	1.0
Net cash flows from financial assets (liquidity purposes)			
Net (purchase)/sale of investments	(0.2)	21.2	(0.1)
	(0.2)	21.2	(0.1)
Net cash flows from investing activities	(99.3)	(1 130.1)	(84.9)

Table 2.3: General Government Cash Flow Statement (continued)

	2020-21 Sept YTD Actual \$m	2021-22 Original Budget \$m	2021-22 Sept YTD Actual \$m
Net Cash flows from financing activities			
Net borrowing	396.7	1 001.5	(7.3)
	396.7	1 001.5	(7.3)
Net increase/(decrease) in cash held	(84.6)	(324.1)	(440.0)
Cash at the beginning of the year	1 180.5	1 468.1	1 466.3
Cash at the end of the period	1 095.9	1 144.0	1 026.3
KEY FISCAL AGGREGATES			
Net cash flows from operating activities	(381.9)	(195.5)	(347.8)
Plus Net cash from investments in non-financial assets	(75.2)	(739.9)	(85.8)
Equals CASH SURPLUS/(DEFICIT)	(457.1)	(935.4)	(433.5)

3 PUBLIC ACCOUNT

Tables 3.1 and 3.2 provide information on the total Receipts and Expenditure of the Public Account for the three months ending 30 September 2021. Estimated receipts are categorised based on the source and nature of each receipt. Estimated expenditure is categorised by the relevant Authority for Expenditure from the Public Account as provided under the *Financial Management Act 2016*.

These tables meet the requirements of section 35(4) of the FMA.

These tables reflect the gross cash receipts and expenditure from the Public Account. As such, they do not include the impact of the elimination of inter-entity transactions within the Public Account or whole-of-government investment and cash management activities within the Public Account. These transactions are fully reflected in the General Government Statements and the key financial measures, including the Net Operating Balance, Fiscal Balance and Net Debt. Consequently the receipts and expenditures detailed in the tables will not reconcile directly with those presented in the General Government Cash Flow Statement.

Table 3.1: Public Account Receipts

	2020-21 Sept YTD Actual	2021-22 Original Budget	2021-22 Sept YTD Actual
	\$m	\$m	\$m
General Receipts			
Australian Government Sources	706.2	3 692.2	919.9
State Sources	361.3	2 126.9	457.6
	1 067.5	5 819.1	1 377.6
Specific Purpose Accounts	602.1	2 706.3	969.1
Statutory Authorities	59.06	287.3	69.6
Total Receipts	1 728.6	8 812.8	2 416.2

Table 3.2: Public Account Expenditure

	2020-21 Sept YTD Actual	2021-22 Original Budget	2021-22 Sept YTD Actual
	\$m	\$m	\$m
Annual Appropriation			
Operating Services Expenditure	1 348.1	6 006.4	1 515.7
Capital Services Expenditure	68.2	593.0	116.5
	1 416.4	6 599.4	1 632.2
Reserved by Law	84.2	475.9	110.7
Specific Purpose Accounts	567.3	2 707.6	1 026.8
Statutory Authorities	60.2	301.2	69.6
Other Provisions	(0.5)
Total Expenditure	2 128.0	10 083.6	2 839.3



Tasmanian
Government

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