

September
Quarterly
Report
2022-23

September Quarterly Report 2022-23

Publisher: Department of Treasury and Finance

ISSN 2201-3652 (Online)

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I INTRODUCTION

The September Quarterly Report 2022-23 is prepared in accordance with Section 35 of the *Financial Management Act 2016*. It presents financial results for the three months ending 30 September 2022 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 2022-23. Further updates will be provided in the *Revised Estimates Report 2022-23 (including December Quarterly Report)* due for release by 15 February 2023.

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 2022-23 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 2022; and
- Section 3 summarises receipts to, and expenditure from, the Public Account for the three months ending 30 September 2022.

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 2022 is a deficit of \$265.7 million, which is an improvement of \$41.6 million from the deficit of \$307.3 million reported for the same period in 2021-22.

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 2022 is \$1 962.7 million, which is consistent with the pro-rata Original Budget estimate of \$1 962.1 million, or 25 per cent of the Original Budget for 2022-23.

The main variations for the three months ending 30 September 2022 are:

- Grants revenue is \$45.9 million below the pro-rata Original Budget estimate. This primarily relates to the timing of National Partnership Payments that will be received later in 2022-23;
- Taxation revenue is \$121.1 million above the pro-rata Original Budget estimate. This is primarily due to the timing of Land tax revenue which is \$124.3 million above the pro-rata Original Budget estimate. The majority of Land tax revenue for 2022-23 is recognised in the September 2022 quarter. This is consistent with expectations and the usual timing of these Taxation receipts;
- Sales of goods and services is \$29.2 million below the pro-rata Original Budget estimate. This is primarily due the timing of revenue for the Department of Health which is \$28.3 million below the pro-rata Original Budget estimate; and
- Dividend, tax and rate equivalent income is \$57.9 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 2022 is \$2 228.3 million, which is \$147.6 million above the pro-rata Original Budget estimate of \$2 080.7 million, or 26.8 per cent of the Original Budget for 2022-23. 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 2022 are:

- Borrowing costs is \$10.6 million below the pro-rata Original Budget estimate. The variation is primarily due to the timing of borrowings undertaken in 2022-23; and

- Grant and subsidy expenses is \$146.2 million above the pro-rata Original Budget estimate, which is primarily due to increases of:
 - \$42.7 million for the Department of Education, which reflects the timing of the grant payments to non-government schools. From 1 October 2022, the Department of Education was renamed to the Department for Education, Children and Young People;
 - \$60.3 million for the Department of Communities Tasmania, which reflects the timing of the payment of grants for disability services. From 1 December 2022, the Department of Communities Tasmania was abolished and its functions transitioned to other agencies and the new Homes Tasmania Authority; and
 - \$41.4 million for Natural Resources and Environment Tasmania, which is primarily due to the full year payment of a grant to Tasracing Pty Ltd in the September 2022 quarter.

Net acquisition of non-financial assets

Net acquisition of non-financial assets for the three months ending 30 September 2022 is \$56.9 million, which is \$108.4 million lower than the pro-rata Original Budget estimate of \$165.3 million, or 8.6 per cent of the Original Budget for 2022-23. This is mainly due to Purchases of non-financial assets for the three months ending 30 September 2022 being \$112.3 million below the pro-rata Original Budget estimate. The decrease primarily reflects the impact of timing on cash flows for the following projects:

- various road infrastructure for the Department of State Growth of \$72.8 million;
- hospital redevelopments and upgrades for the Department of Health of \$17.2 million;
- correctional and court facilities infrastructure for the Department of Justice of \$10.5 million; and
- national park infrastructure for the Department of Natural Resources and Environment Tasmania of \$5.6 million.

Infrastructure Expenditure

Infrastructure investment for the three months ending 30 September 2022 is \$242.3 million, which is \$88.8 million below the pro-rata Original Budget estimate of \$331.1 million, or 18.3 per cent of the Original Budget for 2022-23. This is consistent with the prior year period Infrastructure investment of \$139.1 million which was 16.8 per cent of the Original Budget estimate. The Purchase of non-financial assets and Infrastructure investment measures differ as a result of the different classification of certain expenditures.

Income Statement

Table 2.1: General Government Income Statement

	2021-22 Sept YTD Actual	2022-23 Original Budget	2022-23 Sept YTD Actual
	\$m	\$m	\$m
Revenue from transactions			
Grants	1 094.3	5 099.5	1 229.0
Taxation	478.2	1 613.3	524.4
Sales of goods and services	95.5	451.1	83.6
Fines and regulatory fees	25.0	111.2	28.7
Interest income	1.9	29.2	8.7
Dividend, tax and rate equivalent income	40.1	336.2	26.2
Other revenue	47.8	207.8	62.1
	1 782.8	7 848.2	1 962.7
Less Expenses from transactions			
Employee expenses	811.1	3 393.7	874.4
Superannuation	104.6	411.5	104.3
Depreciation	97.1	466.4	116.6
Supplies and consumables	449.5	1 768.2	424.2
Nominal superannuation interest expense	32.4	191.0	47.8
Borrowing costs	6.9	90.0	11.9
Grant and subsidy expenses	576.1	1 962.4	636.8
Other expenses	12.6	39.8	12.4
	2 090.1	8 322.8	2 228.3
Equals NET OPERATING BALANCE	(307.3)	(474.6)	(265.7)
Plus Other economic flows – Included in Operating Result			
Gain/(loss) on sale of non-financial assets	2.2	30.5	4.0
Other gains/(losses)	2.4	23.4	0.4
	4.7	53.8	4.4
Equals Operating Result	(302.6)	(420.8)	(261.3)

Table 2.1: General Government Income Statement (continued)

	2021-22 Sept YTD Actual	2022-23 Original Budget	2022-23 Sept YTD Actual
	\$m	\$m	\$m
Plus Other economic flows – Other movements in equity			
Revaluations of non-financial assets	70.1	282.0	70.5
Revaluations of equity investment in PNFC and PFC Sectors	(51.1)
Other non-owner movements in equity	(1.1)	14.1
	69.0	230.9	84.6
Equals Comprehensive Result	(233.6)	(189.9)	(176.7)
KEY FISCAL AGGREGATES			
NET OPERATING BALANCE	(307.3)	(474.6)	(265.7)
Less Net acquisition of non-financial assets			
Purchases of non-financial assets	95.7	1 176.3	181.8
Less Sales of non-financial assets	9.9	48.6	8.3
Less Depreciation	97.1	466.4	116.6
	(11.3)	661.3	56.9
Equals FISCAL BALANCE - SURPLUS/(DEFICIT)	(296.0)	(1 135.9)	(322.6)

Balance Sheet

Table 2.2: General Government Balance Sheet

	30 June 2022	30 June 2023	30 Sept 2022
	Actual	Original Budget	Actual
	\$m	\$m	\$m
Assets			
Financial assets			
Cash and deposits	973.1	624.6	436.1
Investments	796.3	867.2	790.6
Equity investment in PNFC and PFC sectors	5 305.7	5 445.2	5 345.5
Other equity investments	123.7	201.4	124.6
Receivables	391.9	407.3	494.7
Other financial assets	676.7	596.5	652.4
	8 267.4	8 142.2	7 844.1
Non-financial assets			
Land and buildings	8 686.3	8 205.7	8 738.0
Infrastructure	6 379.1	6 938.9	6 500.5
Plant and equipment	323.1	342.9	300.6
Heritage and cultural assets	480.8	478.7	481.0
Investment property	4.0	3.2	3.4
Intangible assets	79.5	136.9	85.7
Assets held for sale	13.4	2.8	14.6
Lease - right-of-use assets	604.4	335.7	608.0
Other non-financial assets	1 577.9	910.8	1 592.5
	18 148.7	17 355.6	18 324.2
Total Assets	26 416.1	25 497.8	26 168.3
Liabilities			
Borrowings	2 419.0	4 125.6	2 414.4
Lease liabilities	623.8	360.2	628.7
Superannuation ¹	7 726.8	8 397.6	7 720.0
Employee entitlements	861.3	871.4	891.2
Payables	185.4	182.5	108.4
Other liabilities	887.6	790.7	870.0
Total Liabilities	12 703.9	14 728.0	12 632.8
Net Assets	13 712.2	10 769.8	13 535.5

Table 2.2: General Government Balance Sheet (continued)

	30 June 2022	30 June 2023	30 Sept 2022
	Actual	Original Budget	Actual
	\$m	\$m	\$m
Equity			
Accumulated funds	7 206.8	5 345.7	6 959.7
Asset revaluation reserve	7 027.0	6 113.2	7 097.5
Other revaluation reserves	(521.7)	(689.1)	(521.7)
Total Equity	13 712.2	10 769.8	13 535.5
KEY FISCAL AGGREGATES			
NET WORTH²	13 712.2	10 769.8	13 535.5
NET FINANCIAL WORTH³	(4 436.5)	(6 585.8)	(4 788.7)
NET FINANCIAL LIABILITIES⁴	9 742.1	12 031.0	10 134.3
NET DEBT⁵	1 273.4	2 994.0	1 816.3
GFS NET DEBT⁶	649.6	2 633.8	1 187.6

Notes:

1. There is a difference of \$677.5 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 3.85 per cent applied, in accordance with Australian Accounting Standard AASB 119 *Employee Benefits*, for financial reporting purposes and the long-term bond rate of 2.5 per cent which was used in the 2022-23 Budget.
2. Net Worth represents Total Assets less Total Liabilities.
3. Net Financial Worth represents Total Financial assets less Total Liabilities.
4. Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in the PNFC and PFC sectors.
5. Net Debt represents Borrowings plus Lease liabilities, less the sum of Cash and deposits and Investments.
6. GFS Net Debt represents Borrowings less the sum of Cash and deposits and Investments.

Cash Flow Statement

Table 2.3: General Government Cash Flow Statement

	2021-22 Sept YTD Actual	2022-23 Original Budget	2022-23 Sept YTD Actual
	\$m	\$m	\$m
Cash flows from operating activities			
Cash receipts from operating activities			
Grants received	1 115.7	5 111.2	1 285.9
Taxation	360.4	1 611.8	365.6
Sales of goods and services	106.5	446.9	106.2
Fines and regulatory fees	24.5	111.3	27.0
Interest received	2.0	28.8	8.6
Dividend, tax and rate equivalents	40.1	353.3	26.2
Other receipts	157.2	454.1	177.4
	1 806.3	8 117.4	1 997.0
Cash payments for operating activities			
Employee entitlements	(795.4)	(3 374.1)	(861.9)
Superannuation	(155.7)	(616.4)	(164.2)
Supplies and consumables	(474.9)	(1 778.4)	(516.2)
Borrowing costs	(11.0)	(90.1)	(19.5)
Grants and subsidies paid	(603.9)	(1 962.3)	(655.8)
Other payments	(113.2)	(288.6)	(95.9)
	(2 154.0)	(8 109.8)	(2 313.5)
Net cash flows from operating activities	(347.8)	7.6	(316.5)
Cash flows from investing activities			
Net cash flows from non-financial assets			
Purchases of non-financial assets	(95.7)	(1 166.4)	(181.8)
Sales of non-financial assets	9.9	45.6	8.3
	(85.8)	(1 120.8)	(173.5)
Net cash flows from financial assets (policy purposes)			
Equity injections	(1.0)	(346.8)	(39.9)
Net advances paid	(0.3)	(36.0)	(2.1)
Equity disposals	2.3	3.6	1.5
	1.0	(379.3)	(40.5)
Net cash flows from financial assets (liquidity purposes)			
Net (purchase)/sale of investments	(0.1)	41.0	(0.2)
	(0.1)	41.0	(0.2)
Net cash flows from investing activities	(84.9)	(1 459.0)	(214.2)

Table 2.3: General Government Cash Flow Statement (continued)

	2021-22 Sept YTD Actual \$m	2022-23 Original Budget \$m	2022-23 Sept YTD Actual \$m
Net Cash flows from financing activities			
Net borrowing	(7.3)	1 451.9	(6.4)
	(7.3)	1 451.9	(6.4)
Net increase/(decrease) in cash held	(440.0)	0.4	(537.0)
Cash at the beginning of the year	1 466.3	624.2	973.1
Cash at the end of the period	1 026.3	624.6	436.1
KEY FISCAL AGGREGATES			
Net cash flows from operating activities	(347.8)	7.6	(316.5)
Plus Net cash from investments in non-financial assets	(85.8)	(1 120.8)	(173.5)
Equals CASH SURPLUS/(DEFICIT)	(433.5)	(1 113.2)	(490.0)

3 PUBLIC ACCOUNT

Tables 3.1 and 3.2 provide information on the total Receipts and Expenditure of the Public Account for three months ending 30 September 2022. Receipts are categorised based on the source and nature of each receipt. Expenditure is categorised by the relevant Authority for Expenditure from the Public Account as provided under 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 these tables will not reconcile directly with those presented in the General Government Sector Cash Flow Statement.

Table 3.1: Public Account Receipts

	2021-22 Sept YTD Actual	2022-23 Original Budget	2022-23 Sept YTD Actual
	\$m	\$m	\$m
General Receipts			
Australian Government Sources	919.9	3 838.3	957.5
State Sources	457.6	2 191.0	452.4
	1 377.6	6 029.3	1 410.0
Specific Purpose Accounts	969.1	3 376.9	960.5
Statutory Authorities	69.6	288.7	57.1
Total Receipts	2 416.2	9 695.0	2 427.5

Table 3.2: Public Account Expenditure

	2021-22	2022-23	2022-23
	Sept YTD	Original	Sept YTD
	Actual	Budget	Actual
	\$m	\$m	\$m
Annual Appropriation			
Operating Services Expenditure	1 515.7	6 207.6	1 617.3
Capital Services Expenditure	116.5	828.9	167.0
	1 632.2	7 036.5	1 784.3
Reserved by Law	110.7	465.0	123.9
Specific Purpose Accounts	1 026.8	3 394.8	978.4
Statutory Authorities	69.6	311.2	80.8
Other Provisions	(1.5)
Total Expenditure	2 839.3	11 205.9	2 967.4



Tasmanian
Government

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