

# September Quarterly Report 2023-24

**September Quarterly Report 2023-24**

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# I INTRODUCTION

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The September Quarterly Report 2023-24 is prepared in accordance with Section 35 of the *Financial Management Act 2016*. It presents financial results for the three months ending 30 September 2023 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 2023-24. Further updates will be provided in the *Revised Estimates Report 2023-24 (including December Quarterly Report)* due for release by 15 February 2024.

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 2023-24 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 2023; and
- Section 3 summarises receipts to, and expenditure from, the Public Account for the three months ending 30 September 2023.

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

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## INCOME STATEMENT

The General Government Sector Net Operating Balance for the three months ending 30 September 2023 is a deficit of \$302.9 million, which is an increase of \$37.2 million from the deficit of \$265.7 million reported for the same period in 2022-23.

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 2023 is \$2 039.9 million, which is \$65.7 million below the pro-rata Original Budget estimate of \$2 105.6 million, or 24.2 per cent of the Original Budget for 2023-24.

The main variations for the three months ending 30 September 2023 are:

- Grants revenue is \$124.7 million below the pro-rata Original Budget estimate. This primarily relates to the timing of National Partnership Payments that will be received later in 2023-24;
- Taxation revenue is \$159.2 million above the pro-rata Original Budget estimate. This is primarily due to the timing of Land tax revenue which is \$149.2 million above the pro-rata Original Budget estimate. The majority of Land tax revenue for 2023-24 is recognised in the September 2023 quarter. This is consistent with expectations and the usual timing of these Taxation receipts;
- Sales of goods and services is \$29.9 million below the pro-rata Original Budget estimate. This is primarily due the timing of revenue for the Department of Health which is \$29.7 million below the pro-rata Original Budget estimate; and
- Dividend, tax and rate equivalent income is \$54.8 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 2023 is \$2 342.8 million, which is \$162.9 million above the pro-rata Original Budget estimate of \$2 179.9 million, or 26.9 per cent of the Original Budget for 2023-24. 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 2023 are:

- Borrowing costs are \$17.3 million below the pro-rata Original Budget estimate. The variation is primarily due to the timing of additional borrowings required to support expenditure in 2023-24; and

- Grant and subsidy expenses are \$157.8 million above the pro-rata Original Budget estimate, which is primarily due to increases of:
  - \$53.7 million for the Department for Education, Children and Young People, which reflects the timing of the grant payments to non-government schools;
  - \$45.2 million for the Department of Premier and Cabinet, which primarily reflects the timing of the grant payments for disability services;
  - \$34.3 million for the Department of Natural Resources and Environment Tasmania, which is primarily due to the full year payment of a grant to Tasracing Pty Ltd in the September 2023 quarter;
  - \$12.5 million for the Department of State Growth which is primarily due to the full year payment of a grant to Tasmanian Railway Pty Ltd in the September 2023 quarter; and
  - \$11.1 million for Finance-General which primarily reflects the timing of the payment of grants to Local Government entities.

## Net acquisition of non-financial assets

Net acquisition of non-financial assets for the three months ending 30 September 2023 is \$29.2 million, which is \$143.6 million lower than the pro-rata Original Budget estimate of \$172.8 million, or 4.2 per cent of the Original Budget for 2023-24. This is mainly due to Purchases of non-financial assets for the three months ending 30 September 2023 being \$144.4 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 \$65.4 million;
- hospital redevelopments and upgrades for the Department of Health of \$27.2 million;
- correctional and court facilities infrastructure for the Department of Justice of \$10.6 million;
- school infrastructure for the Department for Education, Children and Young People of \$9 million; and
- national park infrastructure for the Department of Natural Resources and Environment Tasmania of \$8.1 million.

## Infrastructure Expenditure

Infrastructure investment for the three months ending 30 September 2023 is \$171.6 million, which is \$137.1 million below the pro-rata Original Budget estimate of \$308.7 million, or 13.9 per cent of the Original Budget for 2023-24. This is slightly below the prior year period Infrastructure investment of \$242.3 million which was 18.3 per cent of the Original Budget estimate. The decrease primarily reflects timing differences impacting the purchase of non-financial assets.



# Income Statement

Table 2.1: General Government Income Statement

	2022-23 Sept YTD Actual	2023-24 Original Budget	2023-24 Sept YTD Actual
	\$m	\$m	\$m
<b>Revenue from transactions</b>			
Grants	1 229.0	5 619.0	1 280.1
Taxation	524.4	1 684.5	580.3
Sales of goods and services	83.6	418.7	74.8
Fines and regulatory fees	28.7	126.4	30.9
Interest income	8.7	74.6	11.9
Dividend, tax and rate equivalent income	26.2	302.8	20.9
Other revenue	62.1	196.4	41.0
	<b>1 962.7</b>	<b>8 422.2</b>	<b>2 039.9</b>
<b>Less Expenses from transactions</b>			
Employee expenses	874.4	3 710.5	930.7
Superannuation	104.3	439.6	106.4
Depreciation	116.6	448.1	111.8
Supplies and consumables	424.2	1 650.0	427.6
Nominal superannuation interest expense	47.8	289.2	72.4
Borrowing costs	11.9	144.9	18.9
Grant and subsidy expenses	636.8	1 991.8	655.7
Other expenses	12.4	45.7	19.3
	<b>2 228.3</b>	<b>8 719.7</b>	<b>2 342.8</b>
<b>Equals NET OPERATING BALANCE</b>	<b>(265.7)</b>	<b>(297.5)</b>	<b>(302.9)</b>
<b>Plus Other economic flows – Included in Operating Result</b>			
Gain/(loss) on sale of non-financial assets	4.0	20.6	7.7
Other gains/(losses)	0.4	(41.8)	(2.8)
	<b>4.4</b>	<b>(21.2)</b>	<b>4.9</b>
<b>Equals Operating Result</b>	<b>(261.3)</b>	<b>(318.7)</b>	<b>(298.0)</b>

Table 2.1: General Government Income Statement (continued)

	2022-23 Sept YTD Actual \$m	2023-24 Original Budget \$m	2023-24 Sept YTD Actual \$m
<b>Plus Other economic flows – Other movements in equity</b>			
Revaluations of non-financial assets	70.5	274.1	68.5
Revaluations of equity investment in PNFC and PFC Sectors	....	280.5	....
Other non-owner movements in equity	14.1	....	(0.3)
	<b>84.6</b>	<b>554.6</b>	<b>68.2</b>
<b>Equals Comprehensive Result</b>	<b>(176.7)</b>	<b>236.0</b>	<b>(229.8)</b>
<b>KEY FISCAL AGGREGATES</b>			
<b>NET OPERATING BALANCE</b>	<b>(265.7)</b>	<b>(297.5)</b>	<b>(302.9)</b>
<b>Less Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	181.8	1 178.2	150.2
Less Sales of non-financial assets	8.3	38.8	9.2
Less Depreciation	116.6	448.1	111.8
	<b>56.9</b>	<b>691.3</b>	<b>29.2</b>
<b>Equals FISCAL BALANCE - SURPLUS/(DEFICIT)</b>	<b>(322.6)</b>	<b>(988.8)</b>	<b>(332.1)</b>

# BALANCE SHEET

Table 2.2: General Government Balance Sheet

	30 June 2023	30 June 2024	30 Sept 2023
	Actual	Original Budget	Actual
	\$m	\$m	\$m
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	979.2	937.6	616.4
Investments	757.5	885.3	747.1
Equity investment in PNFC and PFC sectors	10 021.2	11 013.6	10 053.5
Other equity investments	141.0	189.9	141.0
Receivables	393.9	381.7	531.9
Other financial assets	905.3	640.1	873.1
	<b>13 198.2</b>	<b>14 048.4</b>	<b>12 963.0</b>
<b>Non-financial assets</b>			
Land and buildings	8 305.2	7 022.7	8 342.5
Infrastructure	7 166.7	7 591.4	7 227.7
Plant and equipment	331.7	388.2	339.6
Heritage and cultural assets	482.9	505.4	482.6
Investment property	4.0	3.9	4.0
Intangible assets	55.5	201.6	54.4
Assets held for sale	10.6	10.9	9.7
Lease - right-of-use assets	600.3	687.8	598.7
Other non-financial assets	86.5	99.6	94.0
	<b>17 043.3</b>	<b>16 511.6</b>	<b>17 153.2</b>
<b>Total Assets</b>	<b>30 241.4</b>	<b>30 560.0</b>	<b>30 116.2</b>
<b>Liabilities</b>			
Borrowings	2 959.7	4 555.0	3 147.4
Lease liabilities	651.7	765.1	649.5
Superannuation <sup>1</sup>	7 401.6	7 759.3	7 421.7
Employee entitlements	937.5	898.8	921.7
Payables	232.9	178.0	159.5
Other liabilities	1 151.8	961.0	1 139.9
<b>Total Liabilities</b>	<b>13 335.1</b>	<b>15 117.2</b>	<b>13 439.7</b>
<b>Net Assets</b>	<b>16 906.3</b>	<b>15 442.7</b>	<b>16 676.5</b>

Table 2.2: General Government Balance Sheet (continued)

	30 June 2023	30 June 2024	30 Sept 2023
	Actual	Original Budget	Actual
	\$m	\$m	\$m
<b>Equity</b>			
Accumulated funds	8 520.1	7 831.8	8 221.8
Asset revaluation reserve	7 936.4	6 374.4	8 004.9
Other revaluation reserves	449.9	1 236.6	449.9
<b>Total Equity</b>	<b>16 906.3</b>	<b>15 442.7</b>	<b>16 676.5</b>
<b>KEY FISCAL AGGREGATES</b>			
<b>NET WORTH<sup>2</sup></b>	<b>16 906.3</b>	<b>15 442.7</b>	<b>16 676.5</b>
<b>NET FINANCIAL WORTH<sup>3</sup></b>	<b>(137.0)</b>	<b>(1 068.8)</b>	<b>(476.7)</b>
<b>NET FINANCIAL LIABILITIES<sup>4</sup></b>	<b>10 158.2</b>	<b>12 082.5</b>	<b>10 530.2</b>
<b>NET DEBT<sup>5</sup></b>	<b>1 874.6</b>	<b>3 497.2</b>	<b>2 433.5</b>
<b>GFS NET DEBT<sup>6</sup></b>	<b>1 223.0</b>	<b>2 732.0</b>	<b>1 784.0</b>

Notes:

1. There is a difference of \$337.6 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 4.3 per cent applied in accordance with Australian Accounting Standard AASB 119 *Employee Benefits*, for financial reporting purposes and the long-term bond rate of 4 per cent which was used in the 2023-24 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 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. 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

	2022-23 Sept YTD Actual \$m	2023-24 Original Budget \$m	2023-24 Sept YTD Actual \$m
<b>Cash flows from operating activities</b>			
<b>Cash receipts from operating activities</b>			
Grants received	1 285.9	5 665.8	1 288.7
Taxation	365.6	1 682.8	385.0
Sales of goods and services	106.2	416.7	97.0
Fines and regulatory fees	27.0	126.3	29.0
Interest received	8.6	70.6	16.3
Dividend, tax and rate equivalents	26.2	314.7	20.9
Other receipts	177.4	446.7	146.5
	<b>1 997.0</b>	<b>8 723.7</b>	<b>1 983.5</b>
<b>Cash payments for operating activities</b>			
Employee entitlements	(861.9)	(3 689.0)	(946.7)
Superannuation	(164.2)	(712.1)	(171.1)
Supplies and consumables	(516.2)	(1 659.6)	(452.4)
Borrowing costs	(19.5)	(143.4)	(34.1)
Grants and subsidies paid	(655.8)	(1 991.7)	(664.8)
Other payments	(95.9)	(296.8)	(97.6)
	<b>(2 313.5)</b>	<b>(8 492.5)</b>	<b>(2 366.6)</b>
<b>Net cash flows from operating activities</b>	<b>(316.5)</b>	<b>231.1</b>	<b>(383.1)</b>
<b>Cash flows from investing activities</b>			
<b>Net cash flows from non-financial assets</b>			
Purchases of non-financial assets	(181.8)	(1 219.3)	(150.2)
Sales of non-financial assets	8.3	35.0	9.2
	<b>(173.5)</b>	<b>(1 184.3)</b>	<b>(141.0)</b>
<b>Net cash flows from financial assets (policy purposes)</b>			
Equity injections	(39.9)	(256.7)	(32.3)
Net advances paid	(2.1)	(33.0)	7.6
Equity disposals	1.5	....	....
	<b>(40.5)</b>	<b>(289.7)</b>	<b>(24.7)</b>
<b>Net cash flows from financial assets (liquidity purposes)</b>			
Net (purchase)/sale of investments	(0.2)	0.5	0.1
	<b>(0.2)</b>	<b>0.5</b>	<b>0.1</b>
<b>Net cash flows from investing activities</b>	<b>(214.2)</b>	<b>(1 473.5)</b>	<b>(165.5)</b>

Table 2.3: General Government Cash Flow Statement (continued)

	2022-23 Sept YTD Actual \$m	2023-24 Original Budget \$m	2023-24 Sept YTD Actual \$m
<b>Net Cash flows from financing activities</b>			
Net borrowing	(6.4)	1 247.1	185.9
	<b>(6.4)</b>	<b>1 247.1</b>	<b>185.9</b>
<b>Net increase/(decrease) in cash held</b>	<b>(537.0)</b>	<b>4.7</b>	<b>(362.8)</b>
<b>Cash at the beginning of the year</b>	<b>973.1</b>	<b>932.9</b>	<b>979.2</b>
<b>Cash at the end of the period</b>	<b>436.1</b>	<b>937.6</b>	<b>616.4</b>
<b>KEY FISCAL AGGREGATES</b>			
Net cash flows from operating activities	(316.5)	231.1	(383.1)
Plus Net cash from investments in non-financial assets	(173.5)	(1 184.3)	(141.0)
<b>Equals CASH SURPLUS/(DEFICIT)</b>	<b>(490.0)</b>	<b>(953.2)</b>	<b>(524.1)</b>

# 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 2023. 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**

	2022-23 Sept YTD Actual	2023-24 Original Budget	2023-24 Sept YTD Actual
	\$m	\$m	\$m
<b>General Receipts</b>			
Australian Government Sources	957.5	4 354.3	1 028.8
State Sources	452.4	2 244.6	468.3
	<b>1 410.0</b>	<b>6 595.9</b>	<b>1 497.1</b>
<b>Specific Purpose Accounts</b>	<b>960.5</b>	<b>3 383.7</b>	<b>682.3</b>
<b>Statutory Authorities</b>	<b>57.1</b>	<b>311.3</b>	<b>72.0</b>
<b>Total Receipts</b>	<b>2 427.5</b>	<b>10 293.9</b>	<b>2 251.3</b>

Table 3.2: Public Account Expenditure

	2022-23	2023-24	2023-24
	Sept YTD	Original	Sept YTD
	Actual	Budget	Actual
	\$m	\$m	\$m
<b>Annual Appropriation</b>			
Operating Services Expenditure	1 617.3	6 669.2	1 724.9
Capital Services Expenditure	167.0	776.5	143.4
	<b>1 784.3</b>	<b>7 445.6</b>	<b>1 868.3</b>
<b>Reserved by Law</b>	<b>123.9</b>	<b>439.4</b>	<b>118.5</b>
<b>Specific Purpose Accounts</b>	<b>978.4</b>	<b>3 316.7</b>	<b>747.6</b>
<b>Statutory Authorities</b>	<b>80.8</b>	<b>329.9</b>	<b>78.6</b>
<b>Other Provisions</b>	<b>....</b>	<b>(2.2)</b>	<b>....</b>
<b>Total Expenditure</b>	<b>2 967.4</b>	<b>11 529.5</b>	<b>2 812.9</b>





Tasmanian  
Government

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