

September Quarterly Report 2024-25

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Publisher: Department of Treasury and Finance
ISSN 2201-3652 (Online)

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I INTRODUCTION

The September Quarterly Report 2024-25 is prepared in accordance with Section 35 of the *Financial Management Act 2016*. It presents financial results for the three months ending 30 September 2024 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 2024-25. Further updates will be provided in the *Revised Estimates Report 2024-25 (including December Quarterly Report)* which is due for release by 15 February 2025.

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 2024-25 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 2024; and
- Section 3 summarises receipts to, and expenditure from, the Public Account for the three months ending 30 September 2024.

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 2024 is a deficit of \$620 million, which is an increase of \$317.1 million from the deficit of \$302.9 million reported for the same period in 2023-24.

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 2024 is \$2 062.6 million, which is \$175.4 million below the pro-rata Original Budget estimate of \$2 238 million, or 23 per cent of the Original Budget for 2024-25.

The main variations for the three months ending 30 September 2024 are:

- Grants revenue is \$197.4 million below the pro-rata Original Budget estimate. This is primarily due to the timing of expenditure for National Partnership Payments for 2024-25;
- Taxation revenue is \$142.8 million above the pro-rata Original Budget estimate. This is primarily due to:
 - the timing of Land tax revenue which is \$161.1 million above the pro-rata Original Budget estimate. Consistent with prior years, the majority of Land tax revenue for 2024-25 is recognised in the September 2024 quarter; and
 - the timing of Government guarantee fees which are \$9.9 million below the pro-rata Original Budget estimate. Consistent with prior years, guarantee fees for 2024-25 are not due for payment until January 2025;
- Sales of goods and services is \$55.7 million below the pro-rata Original Budget estimate. This is primarily due to the timing of revenue for the Department of Health which is \$54.6 million below the pro-rata Original Budget estimate; and
- Dividend, tax and rate equivalent income is \$60.1 million below the pro-rata Original Budget estimate. Consistent with prior years, dividend instalments are generally received in the December quarter.

Expenses from transactions

Expenses from transactions for the three months ending 30 September 2024 is \$2 682.6 million, which is \$246.5 million above the pro-rata Original Budget estimate of \$2 436.1 million, or 27.5 per cent of the Original Budget for 2024-25. This result is consistent with the prior year expenditure pattern.

The major expense variations for the three months ending 30 September 2024 are:

- Employee expenses are \$49.7 million above the pro-rata Original Budget estimate. This is primarily due to an increase of \$30.7 million for the Department of Health which reflects:
 - increased staff numbers and an increased cost for both medical locums and agency nurses to meet demand in the Tasmanian Health Service, including Hospitals and Mental Health Services;
 - increased Other employee expenses relating to recruitment of staff, including Third Party Agency staff; and
 - salaries and on-costs relating to Capital Investment Program projects.

In addition, there are increases of \$7.1 million for the Department of Police, Fire and Emergency Management and \$5.2 million for the Department of Natural Resources and Environment Tasmania;

- Borrowing costs are \$16.8 million below the pro-rata Original Budget estimate, which is primarily due to the timing of borrowings to support expenditure in 2024-25; and
- Grant and subsidy expenses are \$199.2 million above the pro-rata Original Budget estimate, which is primarily due to increases of:
 - \$132.3 million for the Department of Premier and Cabinet, which reflects the full year payment of the annual grant to Homes Tasmania, the timing of grant payments for the National Disability Insurance Scheme and unbudgeted Emergency Assistance Grants for the August Flood event; and
 - \$58.6 million for the Department for Education, Children and Young People, which primarily reflects the timing of grant payments to non-government schools.

Net acquisition of non-financial assets

Net acquisition of non-financial assets for the three months ending 30 September 2024 is \$28.5 million, which is \$96.7 million lower than the pro-rata Original Budget estimate of \$125.1 million, or 5.7 per cent of the Original Budget for 2024-25. This is primarily due to Purchases of non-financial assets being \$94.3 million below the pro-rata Original Budget estimate. Consistent with prior years, the decrease is due to the impact of timing of cash flows for capital projects. For 2024-25, timing has impacted on cash flows for:

- various road infrastructure projects for the Department of State Growth of \$26.6 million;
- hospital redevelopment and upgrades for the Department of Health of \$21.1 million;
- community support and police infrastructure upgrades for the Department of Police, Fire and Emergency Management of \$14.7 million;
- correctional and court facility infrastructure projects for the Department of Justice of \$10.2 million; and
- national park infrastructure projects for the Department of Natural Resources and Environment Tasmania of \$10.1 million.

Infrastructure Expenditure

Infrastructure investment for the three months ending 30 September 2024 is \$187.7 million, which is \$88.1 million below the pro-rata Original Budget estimate of \$275.9 million, or 17 per cent of the Original Budget for 2024-25. Consistent with prior years, this is primarily due to the impact of timing on cash flows for Purchases of non-financial assets.

Income Statement

Table 2.1: General Government Income Statement

	2023-24 Sept YTD Actual	2024-25 Original Budget	2024-25 Sept YTD Actual
	\$m	\$m	\$m
Revenue from transactions			
Grants	1 280.1	5 832.8	1 260.8
Taxation	580.3	1 821.9	598.3
Sales of goods and services	74.8	455.8	58.3
Fines and regulatory fees	30.9	156.4	38.5
Interest income	11.9	78.3	15.9
Dividend, tax and rate equivalent income	20.9	387.0	36.7
Other revenue	41.0	219.7	54.0
	2 039.9	8 951.8	2 062.6
Less Expenses from transactions			
Employee expenses	930.7	3 978.3	1 044.3
Superannuation	106.4	476.3	121.4
Depreciation	111.8	486.5	121.6
Supplies and consumables	427.6	1 845.7	453.4
Nominal superannuation interest expense	72.4	306.3	76.8
Borrowing costs	18.9	223.3	39.0
Grant and subsidy expenses	655.7	2 400.2	799.2
Other expenses	19.3	28.0	26.9
	2 342.8	9 744.6	2 682.6
Equals NET OPERATING BALANCE	(302.9)	(792.8)	(620.0)
Plus Other economic flows – Included in Operating Result			
Gain/(loss) on sale of non-financial assets	7.7	15.7	4.8
Other gains/(losses)	(2.8)	(57.6)	(7.4)
	4.9	(41.9)	(2.6)
Equals Operating Result	(298.0)	(834.7)	(622.6)

Table 2.1: General Government Income Statement (continued)

	2023-24 Sept YTD Actual \$m	2024-25 Original Budget \$m	2024-25 Sept YTD Actual \$m
Plus Other economic flows – Other movements in equity			
Revaluations of non-financial assets	68.5	277.9	69.5
Revaluations of equity investment in PNFC and PFC Sectors	(102.1)
Movements in superannuation liability	(114.6)
Other non-owner movements in equity	(0.3)	(2.6)
	68.2	61.2	66.9
Equals Comprehensive Result	(229.8)	(773.5)	(555.7)
KEY FISCAL AGGREGATES			
NET OPERATING BALANCE	(302.9)	(792.8)	(620.0)
Less Net acquisition of non-financial assets			
Purchases of non-financial assets	150.2	1 027.2	162.5
Less Sales of non-financial assets	9.2	40.2	12.4
Less Depreciation	111.8	486.5	121.6
	29.2	500.6	28.5
Equals FISCAL BALANCE - SURPLUS/(DEFICIT)	(332.1)	(1 293.3)	(648.5)

BALANCE SHEET

Table 2.2: General Government Balance Sheet

	30 June 2024	30 June 2025	30 Sept 2024
	Actual	Original Budget	Actual
	\$m	\$m	\$m
Assets			
Financial assets			
Cash and deposits	1 429.9	1 300.3	856.6
Investments	742.4	775.3	730.4
Equity investment in PNFC and PFC sectors	10 326.8	10 516.3	10 329.3
Other equity investments	219.3	233.7	219.3
Receivables	425.3	429.0	591.4
Contract assets	4.4	2.8	0.8
Other financial assets	940.6	854.6	908.0
	14 088.7	14 112.1	13 635.8
Non-financial assets			
Land and buildings	8 174.4	8 361.0	8 213.5
Infrastructure	7 830.3	8 409.3	7 885.7
Plant and equipment	377.7	406.2	383.4
Heritage and cultural assets	529.8	541.3	529.8
Investment property	4.8	4.7	4.8
Intangible assets	58.3	100.3	57.4
Assets held for sale	9.4	12.9	9.4
Lease - right-of-use assets	575.8	553.7	575.1
Service Concession assets	458.5	571.8	458.5
Other non-financial assets	59.0	69.1	59.3
	18 077.9	19 030.4	18 176.9
Total Assets	32 166.6	33 142.5	31 812.7
Liabilities			
Borrowings	4 381.1	6 254.5	4 703.2
Lease liabilities	647.1	615.7	647.0
Service concession liabilities	480.4	640.1	480.4
Superannuation ¹	7 142.5	7 257.1	7 151.9
Employee entitlements	1 046.9	1 072.6	1 046.8
Payables	345.3	313.3	228.2
Contract liabilities	577.1	496.1	573.5
Other liabilities ²	1 411.5	1 362.3	1 402.6
Total Liabilities	16 031.8	18 011.5	16 233.6
Net Assets	16 134.8	15 131.0	15 579.1

Table 2.2: General Government Balance Sheet (continued)

	30 June 2024	30 June 2025	30 Sept 2024
	Actual	Original Budget	Actual
	\$m	\$m	\$m
Equity			
Accumulated funds	7 406.6	6 217.7	6 781.4
Asset revaluation reserve	8 086.7	8 424.7	8 156.2
Other revaluation reserves	641.4	488.5	641.4
Total Equity	16 134.8	15 131.0	15 579.1
KEY FISCAL AGGREGATES			
NET WORTH³	16 134.8	15 131.0	15 579.1
NET FINANCIAL WORTH⁴	(1 943.1)	(3 899.4)	(2 597.8)
NET FINANCIAL LIABILITIES⁵	12 269.9	14 415.8	12 927.1
NET DEBT⁶	3 336.3	5 434.6	4 243.6
GFS NET DEBT⁷	2 208.8	4 178.9	3 116.2

Notes:

1. There is a difference of \$105.1 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 4.55 per cent applied in accordance with Australian Accounting Standard AASB 119 *Employee Benefits*, for financial reporting purposes and the long-term bond rate of 4.5 per cent which was used in the 2024-25 Budget.
2. Other Liabilities for 30 June 2024 consists of Other Provisions of \$727.8 million and Other Liabilities of \$683.7 million as presented in the *Treasurer's Annual Financial Report 2023-24*.
3. Net Worth represents Total Assets less Total Liabilities.
4. Net Financial Worth represents Total Financial assets less Total Liabilities.
5. Net Financial Liabilities represents Total Liabilities less Financial assets, excluding Equity investment in PNFC and PFC sectors.
6. Net Debt represents Borrowings plus Lease liabilities plus Service concession liabilities, less the sum of Cash and deposits and Investments.
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 and Statistics reporting framework and excludes the impact of Lease liabilities and Service concession liabilities.

CASH FLOW STATEMENT

Table 2.3: General Government Cash Flow Statement

	2023-24 Sept YTD Actual \$m	2024-25 Original Budget \$m	2024-25 Sept YTD Actual \$m
Cash flows from operating activities			
Cash receipts from operating activities			
Grants received	1 288.7	5 751.4	1 274.2
Taxation	385.0	1 805.3	394.9
Sales of goods and services	97.0	453.3	100.7
Fines and regulatory fees	29.0	156.3	34.4
Interest received	16.3	77.8	20.8
Dividend, tax and rate equivalents	20.9	397.6	36.7
Other receipts	146.5	478.2	172.8
	1 983.5	9 120.2	2 034.4
Cash payments for operating activities			
Employee entitlements	(946.7)	(3 955.1)	(1 051.7)
Superannuation	(171.1)	(780.6)	(195.5)
Supplies and consumables	(452.4)	(1 854.6)	(543.0)
Borrowing costs	(34.1)	(221.2)	(74.8)
Grants and subsidies paid	(664.8)	(2 400.1)	(798.9)
Other payments	(97.6)	(391.5)	(123.7)
	(2 366.6)	(9 603.1)	(2 787.5)
Net cash flows from operating activities	(383.1)	(482.9)	(753.1)
Cash flows from investing activities			
Net cash flows from non-financial assets			
Purchases of non-financial assets	(150.2)	(1 068.8)	(162.5)
Sales of non-financial assets	9.2	36.4	12.4
	(141.0)	(1 032.4)	(150.1)
Net cash flows from financial assets (policy purposes)			
Equity injections	(32.3)	(409.2)	(2.5)
Net advances paid	7.6	(40.3)	10.8
	(24.7)	(449.5)	8.3
Net cash flows from financial assets (liquidity purposes)			
Net (purchase)/sale of investments	0.1	5.5	1.4
	0.1	5.5	1.4
Net cash flows from investing activities	(165.5)	(1 476.5)	(140.4)

Table 2.3: General Government Cash Flow Statement (continued)

	2023-24 Sept YTD Actual	2024-25 Original Budget	2024-25 Sept YTD Actual
	\$m	\$m	\$m
Net Cash flows from financing activities			
Net borrowing	185.9	1 826.4	320.2
	185.9	1 826.4	320.2
Net increase/(decrease) in cash held	(362.8)	(133.1)	(573.4)
Cash at the beginning of the year	979.2	1 433.3	1 429.9
Cash at the end of the period	616.4	1 300.3	856.6
KEY FISCAL AGGREGATES			
Net cash flows from operating activities	(383.1)	(482.9)	(753.1)
Plus Net cash from investments in non-financial assets	(141.0)	(1 032.4)	(150.1)
Equals CASH SURPLUS/(DEFICIT)	(524.1)	(1 515.4)	(903.2)

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 2024. 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

	2023-24 Sept YTD Actual	2024-25 Original Budget	2024-25 Sept YTD Actual
	\$m	\$m	\$m
General Receipts			
Australian Government Sources	1 028.8	4 355.9	1 041.0
State Sources	468.3	2 455.6	508.0
	1 497.1	6 811.5	1 549.1
Specific Purpose Accounts	682.3	3 545.0	789.0
Statutory Authorities	72.0	319.8	96.5
Total Receipts	2 251.3	10 676.3	2 434.6

Table 3.2: Public Account Expenditure

	2023-24	2024-25	2024-25
	Sept YTD	Original	Sept YTD
	Actual	Budget	Actual
	\$m	\$m	\$m
Annual Appropriation			
Operating Services Expenditure	1 724.9	7 430.8	2 086.7
Capital Services Expenditure	143.4	679.9	132.6
	1 868.3	8 110.7	2 219.3
Reserved by Law	118.5	586.0	128.9
Specific Purpose Accounts	747.6	3 597.4	868.9
Statutory Authorities	78.6	363.7	111.4
Other Provisions	(2.2)
Total Expenditure	2 812.9	12 655.5	3 328.5



Tasmanian
Government

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