

# Department for Innovation and Skills

Financial report  
for the year ended  
30 June 2020



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## To the Chief Executive Department for Innovation and Skills

### Opinion

I have audited the financial report of Department for Innovation and Skills for the financial year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Innovation and Skills as at 30 June 2020, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Director, Financial and Business Services.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Department for Innovation and Skills. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Chief Executive for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial report**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Department for Innovation and Skills for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department for Innovation and Skills's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

A handwritten signature in black ink, appearing to read 'A. Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

**Auditor-General**

23 September 2020

**Department for Innovation and Skills  
(DIS)**

**Financial Statements  
for the year ended  
30 June 2020**

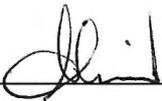
## Certification of the Financial Statements

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We certify that the attached general purpose financial statements for the Department for Innovation and Skills:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the department; and
- present a true and fair view of the financial position of the Department for Innovation and Skills as at 30 June 2020 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Department for Innovation and Skills for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



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Adam Reid  
Chief Executive  
18 September 2020



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Martin Smith  
Director, Financial and Business Services  
18 September 2020

**Department for Innovation and Skills**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b><u>Income</u></b>			
Appropriations	2.1	412 851	405 671
Fees and charges	2.2	1 729	287
Commonwealth-sourced grants and funding	2.3	22 860	39 355
Infrastructure recharge - TAFE SA	2.4	13 851	53 985
Intra-government transfers	2.5	13 871	18 762
Resources received free of charge	2.6	407	526
Interest		6	-
Other income	2.8	4 698	2 218
<b>Total income</b>		<b>470 273</b>	<b>520 804</b>
<b><u>Expenses</u></b>			
Employee benefits expenses	3.3	42 863	55 562
Supplies and services	4.1	38 998	79 956
Depreciation and amortisation	4.2	3 912	4 210
Grants and subsidies	4.3	364 734	385 895
Borrowing costs	4.4	27	-
Net loss from disposal of non-current assets	2.7	-	16
Other expenses	4.5	1 309	3 217
Payments to consolidated account	4.6	20 085	-
<b>Total expenses</b>		<b>471 928</b>	<b>528 856</b>
<b>Net result</b>		<b>(1 655)</b>	<b>(8 052)</b>
<b><u>Other comprehensive income</u></b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment asset revaluation surplus	5.2	1 574	-
<b>Total comprehensive result</b>		<b>(81)</b>	<b>(8 052)</b>

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

**Department for Innovation and Skills**  
**Statement of Financial Position**  
*as at 30 June 2020*

	Note	2020 \$'000	2019 \$'000
<b><u>Current assets</u></b>			
Cash	6.1	35 258	29 340
Receivables	6.2	9 257	9 266
Non-current assets classified as held for sale	5.5	-	452
<b>Total current assets</b>		<b>44 515</b>	<b>39 058</b>
<b><u>Non-current assets</u></b>			
Receivables	6.2	480	-
Property, plant and equipment	5.1	14 481	32 256
Intangibles	5.4	10 375	9 697
<b>Total non-current assets</b>		<b>25 336</b>	<b>41 953</b>
<b>Total assets</b>		<b>69 851</b>	<b>81 011</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	10 736	25 912
Financial liabilities	7.2	705	-
Employee benefits	3.4	4 529	5 561
Provisions	7.3	160	160
Other current liabilities	7.4	427	463
<b>Total current liabilities</b>		<b>16 557</b>	<b>32 096</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	808	947
Financial liabilities	7.2	1 289	-
Employee benefits	3.4	8 714	10 213
Provisions	7.3	329	251
Other non-current liabilities	7.4	2 029	2 009
<b>Total non-current liabilities</b>		<b>13 169</b>	<b>13 420</b>
<b>Total liabilities</b>		<b>29 726</b>	<b>45 516</b>
<b>Net assets</b>		<b>40 125</b>	<b>35 495</b>
<b><u>Equity</u></b>			
Contributed capital		36 781	32 212
Retained earnings		1 770	3 283
Asset revaluation surplus	8.1	1 574	-
<b>Total equity</b>		<b>40 125</b>	<b>35 495</b>

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

**Department for Innovation and Skills**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2020*

	Note	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Financial assets available for sale revaluation reserve \$'000	Total equity \$'000
Balance at 1 July 2018		69 874	271	213 770	4 297	288 212
Prior period adjustments		-	-	(46 185)	-	(46 185)
<b>Restated balance at 1 July 2018</b>		<b>69 874</b>	<b>271</b>	<b>167 585</b>	<b>4 297</b>	<b>242 027</b>
<b>Net result for 2018-19</b>		-	-	(8 052)	-	(8 052)
<b>Total comprehensive result for 2018-19</b>		-	-	(8 052)	-	(8 052)
Transfer between equity components		(51 471)	(271)	56 039	(4 297)	-
Contributed capital increases		13 809	-	-	-	13 809
Net assets received from an administrative restructure		-	-	(602)	-	(602)
Net assets transferred as a result of an administrative restructure		-	-	(211 687)	-	(211 687)
<b>Balance at 30 June 2019</b>		<b>32 212</b>	<b>-</b>	<b>3 283</b>	<b>-</b>	<b>35 495</b>
<b>Net result for 2019-20</b>		-	-	(1 655)	-	(1 655)
Gain on revaluation of property, plant and equipment during 2019-20	5.2	-	1 574	-	-	1 574
<b>Total comprehensive result for 2019-20</b>		-	<b>1 574</b>	<b>(1 655)</b>	-	<b>(81)</b>
Contributed capital increases		4 569	-	-	-	4 569
Net assets transferred as a result of an administrative restructure	1.4	-	-	142	-	142
<b>Balance at 30 June 2020</b>		<b>36 781</b>	<b>1 574</b>	<b>1 770</b>	<b>-</b>	<b>40 125</b>

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

**Department for Innovation and Skills**  
**Statement of Cash Flows**  
*for the year ended 30 June 2020*

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>			
<i>Cash inflows</i>			
Appropriations		412 851	405 671
Fees and charges		2 613	287
Receipts from Commonwealth		22 860	39 477
Infrastructure recharge from TAFE SA		16 017	62 129
Intra-government transfers		13 871	11 371
GST recovered from the ATO		1 369	14 457
Net receipts from paid parental leave scheme		10	91
Interest received		6	-
Other receipts		8 410	2 441
<b>Cash generated from operations</b>		<b>478 007</b>	<b>535 924</b>
<i>Cash outflows</i>			
Employee benefits payments		(46 159)	(55 570)
Payments for supplies and services		(54 113)	(90 766)
Payments of grants and subsidies		(371 953)	(386 431)
Payments for paid parental leave scheme		(7)	(87)
Payments to consolidated account		(20,085)	-
Other payments		(804)	(3 040)
<b>Cash (used in) operations</b>		<b>(493 121)</b>	<b>(535 894)</b>
<b>Net cash (used in) / provided by operating activities</b>	8.2	<b>(15 114)</b>	<b>30</b>
<b><u>Cash flows from investing activities</u></b>			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		22 669	-
<b>Cash generated from investing activities</b>		<b>22 669</b>	<b>-</b>
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(5 621)	(10 235)
<b>Cash (used in) investing activities</b>		<b>(5 621)</b>	<b>(10 235)</b>
<b>Net cash provided by / (used in) investing activities</b>		<b>17 048</b>	<b>(10 235)</b>
<b><u>Cash flows from financing activities</u></b>			
<i>Cash inflows</i>			
Capital contributions from government		4 569	13 809
Cash received from restructuring activities		-	333
<b>Cash generated from financing activities</b>		<b>4 569</b>	<b>14 142</b>
<i>Cash outflows</i>			
Cash transferred as a result of restructuring activities		-	(29 178)
Repayment of leases		(585)	-
<b>Cash (used in) financing activities</b>		<b>(585)</b>	<b>(29 178)</b>
<b>Net cash provided by / (used in) financing activities</b>		<b>3 984</b>	<b>(15 036)</b>
<b>Net increase / (decrease) in cash</b>		<b>5 918</b>	<b>(25 241)</b>
Cash at the beginning of the period		29 340	54 581
<b>Cash at the end of the period</b>	6.1	<b>35 258</b>	<b>29 340</b>

The accompanying notes form part of these financial statements.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**NOTES TO THE FINANCIAL STATEMENTS**

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**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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# Department for Innovation and Skills

## Notes to and forming part of the financial statements

### for the year ended 30 June 2020

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#### 1. About the Department for Innovation and Skills

The Department for Innovation and Skills (the department) is a not-for-profit government department of the State of South Australia. The department is established pursuant to the *Public Sector Act 2009* as an administrative unit acting on behalf of the Crown.

The Minister for Innovation and Skills has a 25% interest in SABRENet. SABRENet was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the Australian Taxation Office (ATO) as a tax exempt entity. The founding members are the three South Australian Universities and the South Australian Government. The objectives for which the company was established are to be a non-profit institution to further the use of advanced data networking for conducting research and education in South Australia, for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally. While the Minister has significant influence over SABRENet, the Minister's interest in SABRENet is limited to the Minister's use of SABRENet's asset (the network). That is, the Minister receives no return for their interest in SABRENet.

The Australian Cyber Collaboration Centre (A3C) was incorporated on 16 January 2020 and was established as a not-for-profit company limited by guarantee. The Minister for Innovation and Skills was the sole founding member during the transitional period of the company from the date of incorporation to 30 June 2020. The objectives for which the company was established is to develop a national centre of excellence in Australia for the purpose of advancing cyber research, education and training and the cyber security and safety of the Australian Community. The constitution allowed the Minister to appoint five directors during the transitional period. The Minister has appointed five directors and does not have any rights to appoint any further directors. The Minister's interest in A3C was limited to the transitional period. Effective from 1 July 2020, the Minister has no voting rights and does not receive a return for their interest in A3C.

The department does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all of the controlled activities of the department.

Administered items are disclosed separately in this report (refer note 12).

#### 1.1. Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards.

For the 2019-20 financial statements the department adopted AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income of Not-for-Profit Entities*. Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**1.1. Basis of preparation (continued)**

Where asset and liability line items combine amounts expected to be realised within 12 months and more than 12 months, the department has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

**1.2. Objectives and programs**

The department champions the South Australian Growth Agenda by focussing on skills and innovation to create the right conditions for business success and individual economic participation in the state's economy. The department does this by:

- focussing on the human factors of economic growth: skills innovation, creativity, science, entrepreneurship and skilled migration,
- supporting the innovation system: driving an entrepreneurial and creative culture in South Australia, and enhancing the science ecosystem to foster more new ideas becoming commercialised,
- collaborating within and outside of government to enable coherent policy decisions and effective and efficient implementation of programs and initiatives, and
- being forward-looking: building skills and skilled migration systems to ensure South Australia has the right people and skills to increase the growth of the state's economy.

**Programs**

The department has identified three programs that reflect the nature of the services delivered to the South Australian community.

The programs of the department and their objectives are:

***Innovation***

The purpose of the Innovation program is to support sustainable economic growth by developing and promoting the state's innovation system by:

- increasing South Australia's global standing in science and research,
- encouraging commercialisation of research through industry, research and government collaboration,
- supporting entrepreneurs, start-ups and small business and attracting early stage and venture capital, and
- developing and supporting our creative industries.

This program included Industry and Business Growth and Industry Policy and Analytics which transferred to the Department for Trade and Investment effective from 1 April 2019.

***Skills***

Through investment in training, the Skills program ensures South Australians have the right skills to secure a job today and careers into the future and contribute towards a competitive, dynamic economy by:

- strengthening the voice of industry and aligning the investment of public funds with industry identified workforce development needs and training priorities,
- assisting employers to take on apprentices and trainees through responsive services and advice with a customer focus,
- regulating the apprenticeship and trainee system to ensure compliance with the *Training and Skills Development Act 2008*, and
- enabling a responsive, contestable and high-quality vocational education and training (VET) system.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**1.2. Objectives and programs (continued)**

This program included Case Management and Regions which transferred to the Department for Trade and Investment effective from 1 April 2019.

***Migration***

The purpose of this program is to implement strategies and programs that attract skilled and business migrants to South Australia by integrating migration policy into the department's focus on the human factors required to support the South Australian Growth Agenda. This program transferred from the Department for Trade and Investment effective from 1 April 2019.

The tables on the following pages presents expenses, income, assets and liabilities attributable to each program.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

**1.2. Objectives and programs (continued)**

	Innovation		Skills		Migration	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b><u>Income</u></b>						
Appropriations	-	-	-	-	-	-
Fees and charges	-	-	-	-	1 729	287
Commonwealth-sourced grants and funding	-	-	22 860	39 355	-	-
Infrastructure recharge - TAFE SA	-	-	13 851	53 985	-	-
Intra-government transfers	6 661	7 866	3 359	5 352	1 455	106
Resources received free of charge	86	92	286	423	35	11
Interest	6	-	-	-	-	-
Other income	2 531	916	2 055	1 287	112	15
<b>Total income</b>	<b>9 284</b>	<b>8 874</b>	<b>42 411</b>	<b>100 402</b>	<b>3 331</b>	<b>419</b>
<b><u>Expenses</u></b>						
Employee benefits expenses	9 062	11 710	30 078	42 827	3 723	1 025
Supplies and services	7 343	6 347	30 216	73 056	1 439	553
Depreciation and amortisation	393	123	3 478	4 079	41	8
Grants and subsidies	37 245	51 638	327 372	331 004	117	6
Borrowing costs	25	-	2	-	-	-
Net loss from disposal of non-current assets	-	-	-	16	-	-
Other expenses	103	14	1 206	3 201	-	2
Payments to consolidated account	-	-	-	-	-	-
<b>Total expenses</b>	<b>54 171</b>	<b>69 832</b>	<b>392 352</b>	<b>454 183</b>	<b>5 320</b>	<b>1 594</b>
<b>Net result</b>	<b>(44 887)</b>	<b>(60 958)</b>	<b>(349 941)</b>	<b>(353 781)</b>	<b>(1 989)</b>	<b>(1 175)</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**1.2. Objectives and programs (continued)**

	General / Unattributed		Activity Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b><u>Income</u></b>				
Appropriations	412 851	405 671	412 851	405 671
Fees and charges	-	-	1 729	287
Commonwealth-sourced grants and funding	-	-	22 860	39 355
Infrastructure recharge - TAFE SA	-	-	13 851	53 985
Intra-government transfers	2 396	5 438	13 871	18 762
Resources received free of charge	-	-	407	526
Interest	-	-	6	-
Other income	-	-	4 698	2 218
<b>Total income</b>	<b>415 247</b>	<b>411 109</b>	<b>470 273</b>	<b>520 804</b>
<b><u>Expenses</u></b>				
Employee benefits expenses	-	-	42 863	55 562
Supplies and services	-	-	38 998	79 956
Depreciation and amortisation	-	-	3 912	4 210
Grants and subsidies	-	3 247	364 734	385 895
Borrowing costs	-	-	27	-
Net loss from disposal of non-current assets	-	-	-	16
Other expenses	-	-	1 309	3 217
Payments to consolidated account	20 085	-	20 085	-
<b>Total expenses</b>	<b>20 085</b>	<b>3 247</b>	<b>471 928</b>	<b>528 856</b>
<b>Net result</b>	<b>395 162</b>	<b>407 862</b>	<b>(1 655)</b>	<b>(8 052)</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**1.2. Objectives and programs (continued)**

	<u>Innovation</u>		<u>Skills</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b><u>Assets</u></b>				
Cash	3 988	4 300	31 093	24 957
Receivables	4 473	3 033	4 722	6 103
Non-current assets classified as held for sale	-	-	-	452
Property, plant and equipment	1 455	942	12 874	31 253
Intangibles	1 042	283	9 224	9 396
<b>Total assets</b>	<b>10 958</b>	<b>8 558</b>	<b>57 913</b>	<b>72 161</b>
<b><u>Liabilities</u></b>				
Payables	4 155	4 887	6 892	20 935
Financial liabilities	1 994	-	-	-
Employee benefits	2 800	3 325	9 293	12 158
Provisions	103	87	344	316
Other liabilities	294	328	2 133	2 137
<b>Total liabilities</b>	<b>9 346</b>	<b>8 627</b>	<b>18 662</b>	<b>35 546</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**1.2. Objectives and programs (continued)**

	<b>Migration</b>		<b>Activity Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Assets</u></b>				
Cash	177	83	35 258	29 340
Receivables	542	130	9 737	9 266
Non-current assets classified as held for sale	-	-	-	452
Property, plant and equipment	152	61	14 481	32 256
Intangibles	109	18	10 375	9 697
<b>Total assets</b>	<b>980</b>	<b>292</b>	<b>69 851</b>	<b>81 011</b>
<b><u>Liabilities</u></b>				
Payables	497	1 037	11 544	26 859
Financial liabilities	-	-	1 994	-
Employee benefits	1 150	291	13 243	15 774
Provisions	42	8	489	411
Other liabilities	29	7	2 456	2 472
<b>Total liabilities</b>	<b>1 718</b>	<b>1 343</b>	<b>29 726</b>	<b>45 516</b>

**Department for Innovation and Skills**  
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**1.3. Impact of COVID-19 pandemic on the department**

The COVID-19 pandemic has impacted on the operations of the department and the impacts are included under the relevant disclosure notes. The key impacts in 2019-20 were:

- additional appropriations from the Governor's Appropriation Fund of \$10.3 million to mitigate the impacts of COVID-19 on external revenue for TAFE SA and a \$3.0 million bring forward of expenditure from 2020-21 for the VET Market Continuity Package (refer to note 2.1). Associated expenditure is reported at note 4.3.
- increase in National Partnership revenue of \$2.8 million due to the introduction of Infection Control Training for the delivery of fee-free (or very low fee) infection prevention and control training to support businesses to re-open safely following the COVID-19 health and economic crisis, reducing the risk of transmission of COVID-19 and supporting consumer confidence that it is safe to re-engage with businesses (refer to note 2.3).
- additional funding of \$0.8 million to support the Live Music Industry which was heavily affected by the COVID-19 lockdown (refer to note 4.3).

Refer to note 10.4 for COVID-19 impacts from 2020-21.

**1.4. Changes to the department**

As announced in the 2019-20 State Budget, the ownership of key TAFE SA properties was transferred from Renewal SA to TAFE SA. The effective date of this transfer was 1 November 2019. In addition, VET Infrastructure held by the Department for Innovation and Skills were sold to TAFE SA effective from 31 October 2019.

The transfer of these key properties provides TAFE SA with greater control over the strategic direction of its educational infrastructure and enabled the cessation of leasing arrangements between the Department for Innovation and Skills and Renewal SA, the termination of sub-lease arrangements with TAFE SA and the transfer of responsibility for VET property management and investment activities to TAFE SA.

The Chief Executive of the Department for Innovation and Skills (dated 08 October 2019) approved the transfer of five employees to TAFE SA to undertake the property management function effective from 31 October 2019.

***Transferred out 2019-20***

**On transfer of five employees the department transferred the following liabilities:**

	<u>\$'000</u>
Payables	19
Employee benefits	123
<b>Total liabilities</b>	<b><u>142</u></b>

Total liabilities transferred by the department because of the administrative restructure were recognised at the carrying amount. Total liabilities transferred were treated as a distribution to the government as owner.

***Transferred out 2018-19***

In 2018-19 the *Public Sector (Reorganisation of Public Sector Operations - External Engagement) Notice 2019* (dated 28 March 2019) proclaimed that effective 1 April 2019, resources and functions of Industry and Business Growth, Case Management and Regions and Industry, Policy and Analytics will be transferred to the Department for Trade and Investment. The Chief Executive of the Department for Innovation and Skills (dated 14 June 2019) approved the transfer of identified corporate employees to the Department for Trade and Investment effective from 1 April 2019.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**1.4. Changes to the department (continued)**

***Transferred in 2018-19***

The *Public Sector (Reorganisation of Public Sector Operations- External Engagement Notice 2019 (dated 28 March 2019))* proclaimed effective from 1 April 2019, resources and functions of Immigration SA will be transferred from the Department for Trade and Investment.

**Total income and expenses attributable to Immigration SA for 2018-19 were:**

	Department for Trade and Investment July 2018 to March 2019 \$'000	Department for Innovation and Skills April 2019 to June 2019 \$'000	TOTAL \$'000
Fees and charges	1 158	287	1 445
Other income	5	-	5
<b>Total income</b>	<b>1 163</b>	<b>287</b>	<b>1 450</b>
Employee benefits expenses	1 594	528	2 122
Supplies and services	388	319	707
<b>Total expenses</b>	<b>1 982</b>	<b>847</b>	<b>2 829</b>
<b>Net result</b>	<b>(819)</b>	<b>(560)</b>	<b>(1 379)</b>

**Department for Innovation and Skills**  
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**1.5. Budget performance**

The budget performance table compares the department's outcomes against budget information presented to Parliament (2019-20 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

<b>Statement of Comprehensive Income</b>	<b>Note</b>	<b>Original Portfolio budget 2020 \$'000</b>	<b>Actual 2020 \$'000</b>	<b>Variance \$'000</b>
<b><u>Income</u></b>				
Appropriations	(a)	327 516	412 851	85 335
Fees and charges		1 266	1 729	463
Commonwealth-sourced grants and funding		20 118	22 860	2 742
Infrastructure recharge - TAFE SA		-	13 851	13 851
Intra-government transfers		7 121	13 871	6 750
Resources received free of charge		-	407	407
Interest		-	6	6
Net gain from disposal of non-current assets		-	1	1
Other income		319	4 697	4 378
<b>Total income</b>		<b>356 340</b>	<b>470 273</b>	<b>113 933</b>
<b><u>Expenses</u></b>				
Employee benefits expenses		37 379	42 863	5 484
Supplies and services	(b)	12 839	38 998	26 159
Depreciation and amortisation		3 552	3 912	360
Grants and subsidies	(c)	310 948	364 734	53 786
Borrowing costs		-	27	27
Other expenses		-	1 309	1 309
Payments to consolidated account		18 193	20 085	1 892
<b>Total expenses</b>		<b>382 911</b>	<b>471 928</b>	<b>89 017</b>
<b>Net result</b>		<b>(26 571)</b>	<b>(1 655)</b>	<b>24 916</b>
<b><u>Other comprehensive income</u></b>				
Items that will not be reclassified to net result:				
Changes in property, plant and equipment asset revaluation surplus		-	1 574	1 574
<b>Total comprehensive result</b>		<b>(26 571)</b>	<b>(81)</b>	<b>26 490</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**1.5. Budget performance (continued)**

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses or total expenditure.

**Operating expenditure**

- (a) Income from Appropriations was \$85.3 million higher than original budget due to adjustments received from the Treasurer via the Governor's Appropriation Fund (refer to note 2.1).
- (b) Supplies and services expenditure was \$26.2 million higher than original budget primarily due to leasing and other property related costs impacted by delays in the transfer of property from Renewal SA to TAFE SA from 1 July 2019 to 1 November 2019 (\$19.0 million) and costs associated with the Australian Cyber Collaboration Centre (\$2.4 million).
- (c) Grants and subsidies expenditure was \$53.8 million higher than original budget primarily due to payments to:
- TAFE SA primarily relating to additional funding support (\$35.4 million), funding to mitigate the impacts of COVID-19 on external revenues (\$10.3 million) and increased funding due to delays in the transfer of property from Renewal SA to TAFE SA from 1 July 2019 to 1 November 2019 (\$12.7 million).
  - small businesses impacted by the 2019-20 Black Summer Bushfires through the loss of income and bushfire recovery grant programs (\$6.6 million).
  - the Australian Cyber Collaboration Centre which was established in 2019-20 (\$5.4 million).

Partially offset by:

- the reduction of grant budgets through the Mid-Year Budget Review process which approved the reprofiling of expenditure into future years for the Skilling South Australians Fund (\$19.4 million).

		Original Portfolio budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
	Note			
<b>Investing expenditure summary</b>				
Total existing projects		-	375	375
Total annual programs	(a)	8 329	5 620	(2 709)
<b>Total investing expenditure</b>		<b>8 329</b>	<b>5 995</b>	<b>(2 334)</b>

**Investing expenditure**

- (a) Expenditure on annual programs is \$2.7 million lower than original budget primarily due to reclassifications of budget from investing to operating approved as part of the Mid-Year Budget Review process (\$1.3 million).

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**1.6. Significant transactions with government related entities**

Significant transactions with the SA Government are identifiable throughout this financial report. In addition:

- revenue from infrastructure recharge of \$13.9 million was received from TAFE SA.
- once off funding of \$5.9 million was received from the Department of Treasury and Finance's Economic and Business Growth Fund to establish the Australian Cyber Collaboration Centre at Lot Fourteen (\$4.8 million), support migration and population growth initiatives (\$0.7 million) and support the targeted increase of business migrant nominations (\$0.4 million).
- short term lease payments of \$19 million are primarily related to the lease of VET Infrastructure from Renewal SA prior to the transfer of ownership of key TAFE SA properties from Renewal SA to TAFE SA from 1 November 2019.
- accommodation expenses are primarily related to accommodation provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (refer note 4.1).
- grant payments of \$246.3 million were made to TAFE SA.
- service level agreement fees totalling \$3.9 million were received from the Department for Trade and Investment (\$2.6 million) and the Department for Energy and Mining (\$1.3 million).
- grant payments of \$5.3 million to Creative Industries statutory authorities. South Australian Film Corporation (\$4.8 million) and Adelaide Film Festival (\$0.5 million).
- sale of assets to TAFE SA (\$19.6 million) and the Department for Education (\$2.6 million).

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**2. Income**

The department's primary income is provided by the Department of Treasury and Finance as either appropriations or on-passing of Commonwealth grants.

**2.1. Appropriations**

	2020	2019
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	327 513	412 297
Appropriations transferred to administered items (Student Transport Concessions) pursuant to section 5 of the <i>Appropriation Act</i>	-	(15 984)
Appropriations under other Acts	85 338	9 358
<b>Total appropriations</b>	<b>412 851</b>	<b>405 671</b>

***Appropriations***

Appropriations are recognised on receipt.

This table does not show appropriations in the form of a loan or an equity contribution. Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the department and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

Total appropriations consist of \$327.5 million (2019: \$396.3 million) for capital and operational funding. The original amount appropriated to the department under the annual *Appropriation Act* was adjusted for monies received from the Treasurer via the Governor's Appropriation Fund for \$85.3 million (2019: \$9.4 million) pursuant to the *Public Finance and Audit Act 1987*.

Adjustments to appropriations received from the Treasurer via the Governor's Appropriation Fund in 2020 includes additional funding to support TAFE SA (\$35.4 million), delays in the transfer of the sale of key VET properties to TAFE SA resulting in an extension of lease and sub-lease arrangements (\$19.3 million), funding to support bushfire recovery (\$17.3 million), funding to address the impact of COVID-19 on external revenues for TAFE SA (\$10.3 million) and bring forward of expenditure from 2020-21 for the VET Market Continuity Package (\$3.0 million).

**2.2. Fees and charges**

	2020	2019
	\$'000	\$'000
Immigration application fees	1 729	287
<b>Total fees and charges</b>	<b>1 729</b>	<b>287</b>

The department collects fees to assess skilled migrant and business migrant applications established by the *Fees Regulation (Immigration SA) Regulations 2019* under the *Fees Regulation Act 1927 (SA)*. The fees are intended to recover costs and are recognised when services are performed.

Responsibility for migration application fees transferred from the Department for Trade and Investment effective from 1 April 2019.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2020*

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**2.3. Commonwealth-sourced grants and funding**

	2020	2019
	\$'000	\$'000
<b>Grants</b>		
National Partnership - Skilling Australians Fund	20 100	39 233
National Partnership - Infection Control Training Fund	2 760	-
Regional Employment Facilitator Trial	-	72
Science, Technology, Engineering and Mathematics (STEM)	-	50
<b>Total Commonwealth-sourced grants and funding</b>	<b>22 860</b>	<b>39 355</b>

Commonwealth-sourced grants and funding are recognised as income on receipt.

Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia. For accounting purposes, the obligations under the funding arrangements do not sit with the department. The Commonwealth has provided funding to the State for the following purposes:

- National Partnership – Skilling Australians Fund contributes to improved employment outcomes by supporting Australians to obtain the skills and training they need for jobs in demand through increasing the uptake of apprenticeships and traineeships and other relevant employment-related training.
- National Partnership – Infection Control Training Fund supports the accelerated uptake of the new nationally accredited Infection Prevention and Control Training skills sets or equivalent nationally accredited training. The training is intended to support Australian businesses to re-open safely following the COVID-19 health and economic crisis.

**2.4. Infrastructure recharge - TAFE SA**

	2020	2019
	\$'000	\$'000
Infrastructure recharge - TAFE SA	13 851	53 985
<b>Total infrastructure recharge - TAFE SA</b>	<b>13 851</b>	<b>53 985</b>

The reduction in Infrastructure recharge to TAFE SA is due to the termination of sub-lease arrangements relating to the transfer of ownership of key TAFE SA properties from Renewal SA to TAFE SA effective from 1 November 2019.

**Department for Innovation and Skills**  
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**2.5. Intra-government transfers**

	2020	2019
	\$'000	\$'000
Economic and Business Growth Fund	5 929	6 000
Service level agreements	3 864	5 259
TVSP reimbursements	2 050	5 438
Community Development Fund	850	850
Community and Jobs Support Fund	315	-
Executive termination payment reimbursements	314	-
Business and Jobs Support Fund	104	-
Other	445	1 215
<b>Total intra-government transfers</b>	<b>13 871</b>	<b>18 762</b>

Intra-government transfers are recognised as income on receipt.

Service level agreements relate to corporate services provided to the Department for Trade and Investment \$2.5 million (2019: \$2.6 million), the Department for Energy and Mining \$1.3 million (2019: \$2.1 million) and Department of the Premier and Cabinet \$nil (2019: \$0.5 million).

The reduction in service level agreement revenues received primarily relates to the reduction in corporate services provided to the Department for Energy and Mining and the termination of corporate services for information and communications technology support provided to the Department of the Premier and Cabinet.

TVSP reimbursements from the Department of Treasury and Finance includes \$nil (2019: \$0.5 million) for TechnSA.

**2.6. Resources received free of charge**

	2020	2019
	\$'000	\$'000
Services received free of charge - Shared Services SA	407	526
<b>Total resources received free of charge</b>	<b>407</b>	<b>526</b>

**2.7. Net gain / (loss) from disposal of non-current assets**

	2020	2019
	\$'000	\$'000
<b><u>Land and buildings:</u></b>		
Proceeds from disposal	22 669	-
Less carrying amount of assets disposed	(22 669)	-
<b>Net gain from disposal of land and buildings</b>	<b>-</b>	<b>-</b>
<b><u>Plant and equipment:</u></b>		
Less carrying amount of assets disposed	-	(16)
<b>Net loss from disposal of plant and equipment</b>	<b>-</b>	<b>(16)</b>
<b><u>Total property, plant and equipment:</u></b>		
Total proceeds from disposal	22 669	-
Less total carrying amount of assets disposed	(22 669)	(16)
<b>Total net gain / (loss) from disposal of non-current assets</b>	<b>-</b>	<b>(16)</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**2.8. Other income**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Recoveries	4 463	1 978
Sponsorship revenues	164	118
Other	71	122
<b>Total other income</b>	<b>4 698</b>	<b>2 218</b>

Recoveries include the recovery of fit out costs from the Australian Cyber Collaboration Centre of \$1.8 million (2019: \$nil).

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**3. Boards, committees and employees**

The department's boards, committees and employees support the delivery of the department's programs to champion the South Australian Growth Agenda by focusing on skills and innovation to create the right conditions for business success and individual economic participation in the state's economy.

**3.1. Key management personnel**

Key management personnel of the department include the Minister, the Chief Executive Officer, the former Chief Executive to 31 March 2020 and seven (2019: six) members of the executive team who have responsibility for the strategic direction and management of the department.

Total compensation for key management personnel was \$2.2 million (2019: \$1.8 million).

Post-employment benefits relate to superannuation.

The compensation disclosed in this note excludes salaries and other benefits the Minister for Innovation and Skills receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2020	2019
	\$'000	\$'000
<b><u>Compensation</u></b>		
Salaries and other short term employee benefits	2 004	1 669
Post-employment benefits	201	170
<b>Total</b>	<b>2 205</b>	<b>1 839</b>

***Transactions with key management personnel and other related parties***

There were no transactions with key management personnel and other related parties.

**Department for Innovation and Skills**  
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**3.2. Board and committee members**

Members during the 2020 financial year were:

**Training and Skills Commission**

M Boyce (Chair)  
A Nieuwenhuis (Deputy Chair)  
E Cohen  
A Curtis  
S De Bruyn  
A Downs  
J Godwin  
S Griffiths  
A Keough  
S Neville (resigned March 2020)  
M Paterson (resigned February 2020)  
A Penney  
R Potter  
D Rossi  
S Shearer  
J Walker  
A Watt  
M Wauchope (resigned May 2020)  
A Williams  
N Govan (appointed April 2020)  
P Williams (appointed April 2020)  
A Clarke (appointed June 2020)

**Risk and Performance Committee**

C Dunsford (Chair)  
J Hill  
S Adlaf \*  
J Cirson \*  
N Chandler \* (term expired July 2019)  
N Morris \* (appointed July 2019)

**Entrepreneurship Advisory Board**

J Whalley ^ (Chair)  
A Andreacchio ^  
S Butler ^ (term expired June 2020)  
W Freney ^  
A Koo ^ (resigned in May 2020)  
T Nardini ^  
A Paradiso ^  
M Were (appointed May 2020)

**Premier's Science and Innovation Council**

I McMillen (Chair, appointed July 2019)  
P Clark ^ (appointed July 2019)  
M Gilliam ^ (appointed July 2019)  
S Harmer-Bassell ^ (appointed July 2019)  
E Hilder ^ (appointed July 2019)  
A Luiten ^ (appointed July 2019)  
S Mazumdar ^ (appointed July 2019)  
J Phillips ^ (appointed July 2019)  
S Wesselingh ^ (appointed July 2019)  
B Worrell ^ (appointed July 2019)

\* In accordance with the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board / committee duties during the financial year.

^ Indicates a member that is entitled to remuneration but has elected not to receive payment.

The number of members whose remuneration received or receivable falls within the following bands is:

	2020	2019
\$1 - \$19 999	12	18
\$20 000 - \$39 999	10	4
\$40 000 - \$59 999	1	1
<b>Total number of paid members</b>	<b>23</b>	<b>23</b>

The total remuneration received or receivable by members was \$0.4 million (2019: \$0.3 million). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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**3.3. Employee benefits expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	31 805	36 927
Targeted voluntary separation packages	2 117	5 029
Long service leave	(36)	2 405
Annual leave	2 950	3 908
Skills and experience retention leave	182	258
Employment on-costs - superannuation	3 401	4 143
Employment on-costs - other	1 921	2 496
Board and committee fees	369	319
Workers compensation	154	77
<b>Total employee benefits expenses</b>	<b>42 863</b>	<b>55 562</b>

***Employment on-costs – superannuation***

The superannuation employment on-cost charge represents the department's contributions to superannuation plans in respect of current services of current employees.

***Executive remuneration***

The number of employees whose remuneration received or receivable falls within the following bands:

	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
\$154 001 to \$174 000 <sup>Δ</sup>	6	5
\$174 001 to \$194 000 <sup>Δ</sup>	5	4
\$194 001 to \$214 000	3	3
\$214 001 to \$234 000	3	2
\$234 001 to \$254 000	2	2
\$254 001 to \$274 000 <sup>Δ</sup>	2	3
\$274 001 to \$294 000 <sup>Δ</sup>	1	3
\$294 001 to \$314 000 <sup>ΔΔ</sup>	2	1
\$314 001 to \$334 000 <sup>Δ</sup>	2	4
\$334 001 to \$354 000 <sup>ΔΔ</sup>	2	2
\$354 001 to \$374 000 <sup>Δ</sup>	1	1
\$434 001 to \$454 000	-	1
<b>Total number of employees</b>	<b>29</b>	<b>31</b>

<sup>Δ</sup> This band includes employees that have received TVSP and (or) termination payments in 2018-19.

<sup>Δ</sup> This band includes employees that have received TVSP and (or) termination payments in 2019-20.

The total remuneration received by those employees for the year was \$6.8 million (2019: \$7.8 million).

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**3.3. Employee benefits expenses (continued)**

*Targeted voluntary separation packages (TVSPs)*

The number of employees who received a TVSP during the reporting period was 23 (2019: 57).

	2020	2019
	\$'000	\$'000
Amount paid to separated employees:		
Targeted voluntary separation packages	2 117	5 029
Leave paid to separated employees	887	1 754
Recovery from the Department of Treasury and Finance	(2 050)	(4 928)
<b>Net cost to the department</b>	<b>954</b>	<b>1 855</b>

The net cost to the department after accounting for employment on-costs (payroll tax and Shared Services SA processing fees) was \$1.0 million (2019: \$2.0 million).

**3.4. Employee benefits liability**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
Accrued salaries and wages	894	1 470
Annual leave	2 878	2 856
Long service leave	513	939
Skills and experience retention leave	244	296
<b>Total current employee benefits liability</b>	<b>4 529</b>	<b>5 561</b>
<b><u>Non-current</u></b>		
Long service leave	8 714	10 213
<b>Total non-current employee benefits liability</b>	<b>8 714</b>	<b>10 213</b>
<b>Total employee benefits liability</b>	<b>13 243</b>	<b>15 774</b>

Employee benefits accrue as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

***Salaries and wages, annual leave, skills and experience retention leave and sick leave***

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at that date.

Where the annual leave liability and skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

***Long service leave***

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**4. Expenses**

The department's expenses are primarily composed of grants and subsidy expenses to TAFE SA, private training organisations, and grants under innovation initiatives.

Employee benefits expenses are disclosed in note 3.3.

**4.1. Supplies and services**

	2020	2019
	\$'000	\$'000
Short term leases	19 060	-
Accommodation	4 951	7 573
Information technology and communication charges	4 139	4 577
Office administration expenses	3 619	1 807
Contractors	3 315	5 411
Marketing	1 827	2 034
Staff related expenses	727	758
Travel and related expenses	531	758
Shared services fees <sup>(1)</sup>	477	676
Consultancies (refer below)	452	379
Accounting and audit fees *	141	139
Service recoveries	58	92
Operating lease payments	-	55 991
Accommodation incentive amortisation	(299)	(239)
<b>Total supplies and services</b>	<b>38 998</b>	<b>79 956</b>

<sup>(1)</sup> Resources provided free of charge were \$0.4 million (2019: \$0.5 million) and were expensed at fair value (refer to note 2.6).

\* Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.1 million (2019: \$0.1 million). No other services were provided by the Auditor-General's Department.

**Accommodation**

Most of the department's accommodation is provided by the Department of Planning, Transport and Infrastructure under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of a lease set out in AASB 16.

In prior years, expenses associated with MoAA have been classified as operating lease payments. Expenses associated with MoAA have been re-classified as accommodation expenses for both the current year and the comparative. Further details about this re-classification are set out in note 9.1.

**Operating leases payments**

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

Operating lease payments do not include payments associated with accommodation MoAA. This information is provided for 2018-19 only, as AASB 16 *Leases* does not distinguish between operating and finance leases for lessees.

There were no operating lease contingent rents or sub-lease payments recognised as an expense in 2018-19.

**Department for Innovation and Skills**  
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**4.1. Supplies and services (continued)**

**Consultants**

The number of consultancies and the dollar amount paid / payable (included in supplies and services expense) to consultants that fell within the following bands:

	2020 Number	2020 \$'000	2019 Number	2019 \$'000
\$10 000 or above	9	452	9	379
<b>Total</b>	<b>9</b>	<b>452</b>	<b>9</b>	<b>379</b>

**4.2. Depreciation and amortisation**

	2020 \$'000	2019 \$'000
Intangibles / software	2 936	2 762
Buildings and leasehold improvements	574	1 381
Plant and equipment	123	67
Right-of-use buildings	214	-
Right-of-use vehicles	65	-
<b>Total depreciation and amortisation</b>	<b>3 912</b>	<b>4 210</b>

All non-current assets, having a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

Accommodation incentives in the form of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or estimated useful life of the improvement, whichever is shorter.

Land and non-current assets held for sale are not depreciated.

**Review of accounting estimates**

Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

**Useful life**

Depreciation / amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	2-61
Leasehold improvements	Life of lease
Right-of-use vehicles	Life of lease
Right-of-use buildings	Life of lease
Plant and equipment	2-7
Intangibles / software	3-8

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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**4.3. Grants and subsidies**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
TAFE SA	246 260	258 789
Skills and Employment - VET subsidies	56 597	46 557
Innovation and Science	28 187	27 742
Skills and Employment - Other	24 457	25 104
Creative Industries	8 840	19 954
Migration	110	-
Industry	-	3 844
Small Business Commissioner	-	1 859
Industry Advocate	-	1 388
Other	283	658
<b>Total grants and subsidies</b>	<b>364 734</b>	<b>385 895</b>

In 2020, the department provided TAFE SA with funding of \$246.3 million (2019: \$258.8 million) including capital grant funding of \$14.8 million (2019: \$5.0 million) and \$10.3 million (2019: \$nil) to mitigate the impacts of COVID-19 on external revenue.

Creative Industries includes once-off funding to the South Australian Film Corporation to support the screen industry of \$nil (2019: \$8.5 million).

**4.4. Borrowing costs**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense on lease liabilities	27	-
<b>Total borrowing costs</b>	<b>27</b>	<b>-</b>

**4.5. Other expenses**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Land tax equivalents	1 211	3 040
Rent relief	101	-
Asset derecognition	-	190
Donated assets	-	50
Bad and doubtful debts	(3)	(63)
<b>Total other expenses</b>	<b>1 309</b>	<b>3 217</b>

Land tax equivalents relate to payments made to the Renewal SA to cover land tax and local government rates equivalent expenses relating to TAFE SA VET Infrastructure. The reduction in expenditure in 2019-20 is due to the transfer of ownership of key TAFE SA properties from Renewal SA to TAFE SA effective 1 November 2019.

Rent relief relates to the sub-lease of accommodation at Lot Fourteen in response to the COVID-19 pandemic for the period 23 March 2020 and 30 June 2020. Rent relief was funded from the Department of Treasury and Finance through the Community and Jobs Support Fund (refer note 2.5). Finance lease receivables are presented in note 6.2.

**Department for Innovation and Skills**  
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**4.6. Payments to consolidated account**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Proceeds paid to consolidated account	20 085	-
<b>Total payments to consolidated account</b>	<b>20 085</b>	<b>-</b>

Proceeds paid to the consolidated account primarily relate to the sale of VET Infrastructure to TAFE SA in 2019-20.

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**5. Non-financial assets**

**5.1. Property, plant and equipment by asset class**

Property, plant and equipment comprises owned and right-of-use (leased) tangible assets that do not meet the definition of investment property.

	2020	2019
	\$'000	\$'000
<b><u>Plant and equipment</u></b>		
Plant and equipment at cost (deemed fair value)	945	772
Accumulated depreciation at the end of the period	(297)	(209)
<b>Total plant and equipment</b>	<b>648</b>	<b>563</b>
<b><u>Buildings and leasehold improvements</u></b>		
Buildings and leasehold improvements at fair value	18 881	20 146
Accumulated depreciation at the end of the period	(11 993)	(3 760)
<b>Total buildings and leasehold improvements</b>	<b>6 888</b>	<b>16 386</b>
<b><u>Land</u></b>		
Land at fair value	5 460	4 960
<b>Total land</b>	<b>5 460</b>	<b>4 960</b>
<b><u>Works of art</u></b>		
Works of art at fair value	37	37
<b>Total works of art</b>	<b>37</b>	<b>37</b>
<b><u>Capital works in progress</u></b>		
Works in progress at cost	265	10 310
<b>Total capital works in progress</b>	<b>265</b>	<b>10 310</b>
<b>Right-of-use buildings</b>		
Right-of-use buildings (deemed fair value)	1 333	-
Accumulated depreciation at the end of the period	(214)	-
<b>Total right-of-use buildings</b>	<b>1 119</b>	<b>-</b>
<b>Right-of-use vehicles</b>		
Right-of-use vehicles (deemed fair value)	125	-
Accumulated depreciation at the end of the period	(61)	-
<b>Total right-of-use vehicles</b>	<b>64</b>	<b>-</b>
<b>Total property, plant and equipment</b>	<b>14 481</b>	<b>32 256</b>

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**5.2. Property, plant and equipment owned by the department**

Property, plant and equipment owned by the department with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed with the exception of works of art. Works of art are capitalised irrespective of their value.

Property, plant and equipment owned by the department is recorded at fair value. Detail about the department's approach to fair value is set out in note 11.2.

Plant and equipment includes \$0.8 million of fully depreciated plant and equipment still in use.

Property plant and equipment relating to TAFE SA VET Infrastructure including buildings and leasehold improvements (\$9.1 million), land (\$0.2 million) and capital works in progress (\$10.3 million) were sold to TAFE SA in 2019-20.

**Impairment**

Property, plant and equipment owned by the department has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity. Buildings and leasehold improvements and Land are subject to regular revaluation.

**Reconciliation of property, plant and equipment**

The following table shows the movement of property, plant and equipment assets during 2019-20:

	Plant and equipment	Buildings and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2019</b>	563	16 386	4 960	37	10 310	32 256
Additions	208	375	-	-	1 799	2 382
Capitalisation	-	1 534	-	-	(1 534)	-
Disposals	-	(11 687)	(220)	-	(10 310)	(22 217)
Revaluation increment	-	854	720	-	-	1 574
Depreciation / amortisation	(123)	(574)	-	-	-	(697)
<b>Carrying amount at 30 June 2020</b>	<b>648</b>	<b>6 888</b>	<b>5 460</b>	<b>37</b>	<b>265</b>	<b>13 298</b>

The following table shows the movement of property, plant and equipment assets during 2018-19:

	Plant and equipment	Buildings and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2018</b>	1 111	150 828	37 855	4 142	15 145	209 081
Additions	587	-	-	-	11 174	11 761
Capitalisation	-	3 728	-	-	(3 728)	-
Disposals	(16)	-	-	-	-	(16)
Asset derecognition	(92)	-	-	-	-	(92)
Donated assets	(50)	-	-	-	-	(50)
Depreciation / amortisation	(67)	(1 381)	-	-	-	(1 448)
Net assets transferred as a result of an administrative restructure	(913)	(136 946)	(32 895)	(4 105)	(12 281)	(187 140)
Acquisition through administrative restructuring	3	157	-	-	-	160
<b>Carrying amount at 30 June 2019</b>	<b>563</b>	<b>16 386</b>	<b>4 960</b>	<b>37</b>	<b>10 310</b>	<b>32 256</b>

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**5.3. Property, plant and equipment leased by the department**

Property, plant and equipment leased by the department is recorded at cost. Additions to leased property, plant and equipment during 2020 were \$2.5 million. Disposals of \$1.1 million were processed to recognise a reduction in right-of-use buildings for the sub-lease of accommodation relating to the Allied Health Building at Lot Fourteen.

Short-term leases of 12 months or less and low value leases where the underlying asset value is less than \$15 000 are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The department has a limited number of leases:

- 12 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from three years (60 000km) up to five years (100 000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- the department entered into a three year building lease agreement for the St Pauls Creative Centre in September 2019. No contingent rental provisions exist within the lease agreements, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be five years.
- in September 2019 the department entered into a three year building lease agreement for the Allied Health Building at Lot Fourteen with Renewal SA. No contingent rental provisions exist within the lease agreements, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be three years. The department has also entered into a three year sub-lease from 1 October 2019. The sub-lease is disclosed as a finance lease and the right-of-use asset has been reduced to account for the sub-lease. A finance lease receivable has been disclosed in note 6.2.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The department's maturity, analysis of its lease liabilities is disclosed in note 11.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

***Impairment***

Property, plant and equipment leased by the department has been assessed for impairment. There was no indication of impairment at 30 June 2020. No impairment loss or reversal of impairment loss was recognised.

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**5.4. Intangible assets**

	2020 \$'000	2019 \$'000
<b><u>Computer software</u></b>		
Internally developed computer software	20 775	19 507
Accumulated amortisation	(12 839)	(9 904)
Other computer software	366	366
Other accumulated amortisation	(366)	(366)
<b>Total computer software</b>	<b>7 936</b>	<b>9 603</b>
Intangible work in progress	2 439	94
<b>Total intangible work in progress</b>	<b>2 439</b>	<b>94</b>
<b>Total intangible assets</b>	<b>10 375</b>	<b>9 697</b>

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of internally developed software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Internally developed computer software primarily relates to the department's intangible VET systems. These systems have an average useful life of six years and carrying amount of \$6.4 million.

***Reconciliation of intangible assets***

The following table shows the movement of intangible assets during 2019-20:

	Intangible software \$'000	Intangible work in progress \$'000	Total \$'000
<b>Carrying amount at 1 July 2019</b>	9 603	94	9 697
Additions	-	3 614	3 614
Capitalisation	1 269	(1 269)	-
Amortisation	(2 936)	-	(2 936)
<b>Carrying amount at 30 June 2020</b>	<b>7 936</b>	<b>2 439</b>	<b>10 375</b>

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**5.4. Intangible assets (continued)**

The following table shows the movement of intangible assets during 2018-19:

	Intangible software	Intangible work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	11 555	611	12 166
Additions	-	1 229	1 229
Capitalisation	1 572	(1 572)	-
Amortisation	(2 762)	-	(2 762)
Net assets transferred as a result of an administrative restructure	(762)	(174)	(936)
<b>Carrying amount at 30 June 2019</b>	<b>9 603</b>	<b>94</b>	<b>9 697</b>

**5.5. Non-current assets classified as held for sale**

	2020	2019
	\$'000	\$'000
Land and buildings	-	452
<b>Total non-current assets classified as held for sale</b>	<b>-</b>	<b>452</b>

**Department for Innovation and Skills**  
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**6. Financial assets**

**6.1. Cash**

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer - Operating Account	35 258	29 340
<b>Total cash</b>	<b>35 258</b>	<b>29 340</b>

**6.2. Receivables**

	2020	2019
	\$'000	\$'000
<b>Current</b>		
<b><u>Trade receivables</u></b>		
From government entities	4 261	799
From non-government entities	3 581	1 663
Less impairment loss on receivables	(1 365)	(1 418)
<b>Total trade receivables</b>	<b>6 477</b>	<b>1 044</b>
Prepayments	11	299
GST input tax recoverable	1 308	-
Accrued revenues	1 027	7 855
Finance lease receivables	366	-
Other receivables	68	68
<b>Total current receivables</b>	<b>9 257</b>	<b>9 266</b>
<b>Non-current</b>		
Finance lease receivables	480	-
<b>Total non-current receivables</b>	<b>480</b>	<b>-</b>
<b>Total receivables</b>	<b>9 737</b>	<b>9 266</b>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods / services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Other than as recognised in the allowance for impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 11.3 for further information on risk management.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting contractual cash flows and they are measured at amortised cost.

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**6.2. Receivables (continued)**

*Allowance for Impairment on receivables*

	2020	2019
	\$'000	\$'000
Carrying amount at 1 July 2019	(1 418)	(1 482)
Amounts written off	50	-
(Increase) / decrease in the allowance	(97)	64
Amounts recovered during the year	100	-
<b>Carrying amount at 30 June 2020</b>	<b>(1 365)</b>	<b>(1 418)</b>

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

**Department for Innovation and Skills**  
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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

	2020	2019
	\$'000	\$'000
<b><u>Current</u></b>		
Accrued expenses and trade payables	9 858	21 968
GST payable	-	2 861
Employment on-costs	878	1 083
<b>Total current payables</b>	<b>10 736</b>	<b>25 912</b>
<b><u>Non-current</u></b>		
Employment on-costs	808	947
<b>Total non-current payables</b>	<b>808</b>	<b>947</b>
<b>Total payables</b>	<b>11 544</b>	<b>26 859</b>

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature.

***Employment on-costs***

Employment on-costs include payroll tax, Return to Work SA levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The department contributes to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and external schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed to 42% (2019: 41%) and the average factor for the calculation of employer superannuation cost on-costs has remained unchanged from the 2019 rate 9.8%. These rates are used in the employment on-cost calculation. The impact on 2020 is immaterial and cannot be reliably estimated for future years.

**Department for Innovation and Skills**  
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**7.2. Financial liabilities**

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
Lease liabilities	705	-
<b>Total current financial liabilities</b>	<b>705</b>	<b>-</b>
<b><u>Non-current</u></b>		
Lease liabilities	1 289	-
<b>Total non-current financial liabilities</b>	<b>1 289</b>	<b>-</b>
<b>Total financial liabilities</b>	<b>1 994</b>	<b>-</b>

The department measures financial liabilities at amortised cost.

All material cash outflows are reflected in the lease liabilities disclosed above. In 2019 there were no lease liabilities for finance leases recognised in accordance with AASB 117.

**7.3. Provisions**

	2020 \$'000	2019 \$'000
<b><u>Current</u></b>		
Provision for workers compensation	160	160
<b>Total current provisions</b>	<b>160</b>	<b>160</b>
<b><u>Non-current</u></b>		
Provision for workers compensation	329	251
<b>Total non-current provisions</b>	<b>329</b>	<b>251</b>
<b>Total provisions</b>	<b>489</b>	<b>411</b>
<b><i>Movement in provisions</i></b>		
<b>Carrying amount at 1 July 2019</b>	<b>411</b>	<b>613</b>
Increase in provisions recognised as a result of restructure activities	-	10
(Decrease) in provisions recognised as a result of restructure activities	-	(284)
Increase in provisions recognised	78	72
<b>Carrying amount at 30 June 2020</b>	<b>489</b>	<b>411</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2020 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

**Department for Innovation and Skills**  
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**7.4. Other liabilities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Accommodation incentive	350	295
Unearned revenue	77	168
<b>Total current other liabilities</b>	<b>427</b>	<b>463</b>
<b><u>Non-current</u></b>		
Accommodation incentive	2 029	2 009
<b>Total non-current other liabilities</b>	<b>2 029</b>	<b>2 009</b>
<b>Total other liabilities</b>	<b>2 456</b>	<b>2 472</b>

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**8. Other disclosures**

**8.1. Equity**

The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent that they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

**8.2. Cash flow**

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

	2020 \$'000	2019 \$'000
<b>Leases</b>		
Buildings	(521)	-
Vehicles	(64)	-
<b>Total cash outflow for leases</b>	<u>(585)</u>	<u>-</u>

***Reconciliation of net result to cash flows from operating activities***

	2020 \$'000	2019 \$'000
<b><u>Reconciliation of cash at 30 June 2020</u></b>		
Cash disclosed in the Statement of Financial Position	35 258	29 340
<b>Balance as per the Statement of Cash Flows</b>	<u>35 258</u>	<u>29 340</u>

**Reconciliation of net cash (used in) / provided by operating activities to net result**

Net cash (used in) / provided by operating activities	(15 114)	30
<b><u>Add / (less) non-cash items</u></b>		
Depreciation and amortisation expense of non-current assets	(3 912)	(4 210)
Amortisation of lease incentive	299	239
Assets de-recognised / written off	-	(190)
Bad and doubtful debts expense	53	63
Borrowing costs	(27)	-
Resources received free of charge	407	526
Donated Assets	-	(50)
Resources provided free of charge	(407)	(526)
Transfer in for administrative restructure	-	1 093
Transfer out for administrative restructure	(142)	(12 957)
Loss from disposal and write down of non-current and other assets	-	(16)

**Movement in assets and liabilities**

(Decrease) / increase in receivables	(890)	455
Decrease in payables	15 534	139
Decrease / (increase) in other liabilities	91	(87)
(Increase) / decrease in provisions	(78)	202
Decrease in employee benefits	2 531	7 237
<b>Net Result</b>	<u>(1 655)</u>	<u>(8 052)</u>

**Department for Innovation and Skills**  
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**9. Changes in accounting policy**

**9.1. AASB 16 Leases**

AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted in adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 *Leases* only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

***Impact on retained earnings***

Right-of use assets and the related lease liabilities were recognised at equal values so there was no impact on the department's retained earnings as at 1 July 2019.

The department disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$48.3 million under AASB 117.

The department has accommodation services provided by the Department of Planning, Transport and Infrastructure (DPTI) under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies.

These MoAA do not meet the definition of a lease set out either in AASB 16 or in the former standard AASB 117. Accordingly, the 2018-19 undiscounted operating lease commitments should have been disclosed as \$14.4 million under AASB 117. The difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 2019 primarily relates to operating leases classified as short term for TAFE SA properties with Renewal SA which were terminated effective 1 November 2019.

Commitments related to accommodation services provided by DPTI are included in note 10.1.

The misclassification did not impact on the Statement of Comprehensive Income or the Statement of Financial Position in prior years. This misclassification impacted items within the supplies and services expenses line. Note 4.1 applies the correct classification for both the current and comparative years.

***Accounting policies on transition***

AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. The department has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.

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**9.1. AASB 16 Leases (continued)**

- the initial measurement of lease liability was the present value of the remaining leases payments discounted using the relevant incremental borrowing published by the Department of Treasury and Finance rate as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 2.14%.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

***Ongoing accounting policies***

The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the department's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of \$15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the department, in the capacity of a lessee, does not include non-lease components in lease amounts.
- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 5.3.

**9.2. AASB 15 Revenue from Contracts with Customers**

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, AASB 118 *Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

***Accounting policies on transition***

There was no impact on the department's retained earnings as at 1 July 2019.

**9.3. AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

***Accounting policies on transition***

There was no impact on the department's retained earnings as at 1 July 2019.

**Department for Innovation and Skills**  
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**9.4. Presentation of Financial Statements**

*Treasurer's Instructions (Accounting Policy Statements)* issued on 1 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenues from and payments to the South Australian Government.

Presentation of the Statement of Comprehensive Income on an 'income and expense' basis allows information to be presented in such a way that eliminates potential confusion as to the sources of funding for the department. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

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**10. Outlook**

**10.1. Unrecognised contractual commitments**

Commitments include operating, capital and outsourcing arrangements arising from contractual or statutory sources and are disclosed at their nominal value.

***Capital commitments***

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	634	1 084
Later than one year but not later than five years	79	-
<b>Total capital commitments</b>	<b>713</b>	<b>1 084</b>

Capital commitments as at 30 June 2020 relate to intangible systems development. Capital commitments as at 30 June 2019 relate to VET Infrastructure projects for TAFE SA campuses which include digital efficiency works and cooling plant installation at the Adelaide Campus. Responsibility for these commitments transferred to TAFE SA from 1 November 2019.

***Expenditure commitments***

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	34 560	66 105
Later than one year but not later than five years	37 879	55 684
Later than five years	8 925	13 894
<b>Total expenditure commitments</b>	<b>81 364</b>	<b>135 683</b>

The department's expenditure commitments are for Memoranda of Administrative Arrangements with the Department of Planning, Transport and Infrastructure for accommodation and agreements with contractors, consultants, information and technology contracts and grant recipients.

Total expenditure commitments includes total commitments of \$nil (2019: \$50.2 million) relating to training subsidy commitments for Skills and Employment - VET subsidies. The COVID-19 pandemic is expected to continue to have a material impact on the sector. At the time of reporting, the extent and nature of the impact is unknown. As a result, the value of the commitments cannot be reliably measured.

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**10.1. Unrecognised contractual commitments (continued)**

*Operating lease commitments*

	2020 \$'000	2019 \$'000
<u>Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:</u>		
Within one year	-	14 374
Later than one year but not later than five years	-	57
<b>Total operating lease commitments</b>	<b>-</b>	<b>14 431</b>
Representing:		
Cancellable operating leases	-	136
Non-cancellable operating leases	-	14 295
<b>Total operating lease commitments</b>	<b>-</b>	<b>14 431</b>

	2020 \$'000	2019 \$'000
<u>Department as lessor</u>		
Within one year	-	10 388
<b>Total operating lease commitments</b>	<b>-</b>	<b>10 388</b>
Representing:		
Non-cancellable operating leases	-	10 388
<b>Total operating lease commitments</b>	<b>-</b>	<b>10 388</b>

Operating lease commitments is provided for the comparative year only as AASB 16 *Leases* does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for Memoranda of Administrative Arrangements within the Department of Planning, Transport and Infrastructure for accommodation. This has been reclassified and included under expenditure commitments. For more detail about the reclassification see refer to note 9.1.

The department's operating leases primarily relate to the lease of TAFE SA properties from Renewal SA to 1 November 2019 and motor vehicles leased from the South Australian Government Financing Authority through their agent LeasePlan Australia.

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**10.2. Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

***Contingent assets***

Where specific conditions relating to a financial assistance grant are not met, the department may request the amount granted be repaid by the grantee. There are no known contingent assets arising from these present obligations as at 30 June 2020.

***Contingent liabilities***

The Minister for Innovation and Skills has entered an agreement to provide Le Cordon Bleu with an interest free loan of \$7 million conditional upon Le Cordon Bleu entering into a building contract for the development of Le Cordon Bleu's city training facility.

**10.3. Impact of standards not yet effective**

The department has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

***AASB 1059 Service Concession Arrangements: Grantors***

AASB 1059 prescribes the accounting for certain arrangements in which an operator provides public services on behalf of a public sector grantor involving a service concession arrangement. This standard applies to reporting periods beginning on or after 1 January 2020. The department has assessed its arrangements where operators provide services and has concluded that none of these will be within the scope of AASB 1059.

**10.4. COVID-19 pandemic outlook for the department**

The COVID-19 pandemic will continue to impact the operations of the department in 2020-21. The key expected impacts are:

- increased expenditure in 2020-21 due to the introduction of Infection Control Training for the delivery of fee-free (or very low fee) infection prevention and control training to support businesses to re-open safely following the COVID-19 health and economic crisis, reducing the risk of transmission of COVID-19 and supporting consumer confidence that it is safe to re-engage with businesses
- reduction in income from fees and charges due to a predicted down-turn in migration applications in 2020-21 due to uncertainty around re-opening of international borders.
- extension of rent relief to 30 September 2020 relating to sub-lease arrangements at Lot Fourteen.

The department is not expecting there to be any significant credit losses, grant agreements that cannot be satisfied, contingent assets/liabilities or any significant increase of risks in the internal control environment due to the COVID-19 pandemic.

There are also potential impacts to land and building valuations that were undertaken at 30 June 2020. The impacts of COVID-19 will be monitored and there may be a requirement to perform further valuations at 30 June 2021.

Refer to note 1.3 for COVID-19 impacts in 2019-20.

**Department for Innovation and Skills**  
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**10.5. Events after the reporting period**

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2020 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2020.

Note disclosure is made about events between 30 June 2020 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2020 and which may have a material impact on the results of subsequent years as set out below.

There are no known events after the reporting period that would materially impact on the department's financial statements.

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## **11. Measurement and risk**

### **11.1. Long service leave liability - measurement**

AASB 119 *Employee Benefits* contains the calculation methodology for the long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of long service leave liability. The yield on long-term Commonwealth Government bonds has decreased to 0.75% (2019: 1.25%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service liability.

The actuarial assessment performed by the Department of Treasury and Finance decreased the salary inflation rate to 2.5% (2019: 4%) for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability and employee benefits expense of \$0.8 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

### **11.2. Fair value**

AASB 13 *Fair Value Measurement* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, in the principal or most advantageous market, at the measurement date.

#### ***Initial recognition***

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

#### ***Revaluation***

Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken every six years in accordance with APS 116.E. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

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**11.2. Fair Value (continued)**

*Fair value hierarchy*

The department classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements, based on the data and assumptions used in the most recent revaluation:

- Level 1 - traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 - not traded in an active market and are derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly.
- Level 3 - not traded in an active market and are derived from unobservable inputs.

The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

During 2020 and 2019, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation techniques.

*Fair value classification – non-financial assets at 30 June 2020*

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.2	5 460	-	5 460
Plant and equipment	5.2	-	648	648
Buildings and leasehold improvements	5.2	-	6 888	6 888
Works of art	5.2	-	37	37
<b>Total recurring fair value measurements</b>		<b>5 460</b>	<b>7 573</b>	<b>13 033</b>
<b>Total</b>		<b>5 460</b>	<b>7 573</b>	<b>13 033</b>

*Fair value classification – non-financial assets at 30 June 2019*

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.2	4 960	-	4 960
Plant and equipment	5.2	-	563	563
Buildings and leasehold improvements	5.2	-	16 386	16 386
Works of art	5.2	-	37	37
<b>Total recurring fair value measurements</b>		<b>4 960</b>	<b>16 986</b>	<b>21 946</b>
<b><u>Non-recurring fair value measurements</u></b>				
Land and buildings held for sale	5.5	452	-	452
<b>Total non-recurring fair value measurements</b>		<b>452</b>	<b>-</b>	<b>452</b>
<b>Total</b>		<b>5 412</b>	<b>16 986</b>	<b>22 398</b>

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**11.2. Fair value (continued)**

***Land and buildings***

The valuation of land and buildings was performed by an independent Certified Practising Valuer from Liquid Pacific Pty Ltd, as at 30 June 2020.

Fair value of land has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use adjustments were applied to reflect the restriction when determining fair value.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings. Information about current construction costs were derived from a combination of internal records, specialised knowledge, the acquisition / transfer costs and the estimated useful life due to age and condition of the building.

***Plant and equipment***

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that was less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

***Works of art***

These assets are classified in level 3 as there is no active market. An independent valuation of works of art was performed by Theodore Bruce, an independent Certified Practising Valuer, as at 1 June 2018. Fair value was determined by estimating the current replacement cost based on the limited market information available for similar works of art assets and reproduction materials.

**Reconciliation of level 3 recurring fair value measurement as at 30 June 2020**

The following table is a reconciliation of fair value measurement using significant unobservable inputs (level 3).

	Plant and equipment	Buildings and leasehold improvements	Works of art	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2019	563	16 386	37	16 986
Acquisitions	208	375	-	583
Capitalisation	-	1 534	-	1 534
Revaluation increment	-	854	-	854
Disposals	-	(11 687)	-	(11 687)
<b>Closing balance at 30 June 2020</b>	<b>771</b>	<b>7 462</b>	<b>37</b>	<b>8 270</b>

**Losses for the period recognised in net result:**

Depreciation and amortisation	(123)	(574)	-	(697)
<b>Total losses recognised in net result</b>	<b>(123)</b>	<b>(574)</b>	<b>-</b>	<b>(697)</b>
<b>Closing balance at 30 June 2020</b>	<b>648</b>	<b>6 888</b>	<b>37</b>	<b>7 573</b>

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**11.2. Fair value (continued)**

**Reconciliation of level 3 recurring fair value measurement as at 30 June 2019**

The following table is a reconciliation of fair value measurement using significant unobservable inputs (level 3).

	Plant and equipment	Buildings and leasehold improvements	Land	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2018	1 111	150 828	11 237	89	163 265
Acquisitions	587	-	-	-	587
Capitalised subsequent expenditure	-	3 728	-	-	3 728
Disposals	(16)	-	-	-	(16)
Donated assets	(50)	-	-	-	(50)
Asset derecognition	(92)	-	-	-	(92)
Disposal through administrative restructure	(913)	(136 946)	(11 237)	(52)	(149 148)
Acquisition through administrative restructure	3	157	-	-	160
<b>Closing balance at 30 June 2019</b>	<b>630</b>	<b>17 767</b>	<b>-</b>	<b>37</b>	<b>18 434</b>
<b><u>Losses for the period recognised in net result:</u></b>					
Depreciation and amortisation	(67)	(1 381)	-	-	(1 448)
<b>Total losses recognised in net result</b>	<b>(67)</b>	<b>(1 381)</b>	<b>-</b>	<b>-</b>	<b>(1 448)</b>
<b>Closing balance at 30 June 2019</b>	<b>563</b>	<b>16 386</b>	<b>-</b>	<b>37</b>	<b>16 986</b>

**11.3. Financial instruments**

***Financial risk management***

Risk management is managed by the department's corporate services section. Departmental risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

The department's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

***Liquidity risk***

The department is funded principally from appropriation by the SA Government. The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 7.1 and 7.2 for further information.

***Credit risk***

The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history.

No collateral is held as security and no credit enhancements relate to financial assets held by the department.

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**11.3. Financial instruments (continued)**

***Impairment of financial assets***

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9. The department uses an allowance matrix to measure the expected credit loss of receivables from non-government debtors which comprise a large number of small balances.

To measure the expected credit losses, receivables are grouped based on shared risk characteristics and the number of days past due. When estimating expected credit loss, the department considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the department's historical experience and informed credit assessment, including forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the department is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

It should be noted that the department has an outstanding debt for a loan payment. A loss percentage of 100% has been applied to the gross carrying amount of this item.

The following table provides information about the exposure to credit risk and expected credit loss for non-government debtors.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	2 021	6.4	129
1 - 30 days past due	97	9.2	9
31 - 60 days past due	13	29.3	4
61 - 90 days past due	3	39.8	1
91 - 180 days past due	579	61.0	354
<b>Loss allowance</b>	<b>2 713</b>		<b>497</b>
More than 180 days past due - loans	868	100.0	868
<b>Total loss allowance</b>			<b>1 365</b>

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the department's view of the forecast economic conditions over the expected life of the receivables.

Impairment losses are presented as net impairment losses within net result, subsequent recoveries of amounts previously written off are credited against the same line item.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the department and a failure to make contractual payments for a period of greater than 180 days past due.

There were no receivables written off during the year that are still subject to enforcement activity.

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**11.3. Financial instruments (continued)**

The department considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore the expected credit loss is nil.

All of the department's debt investments at amortised cost are considered to have low credit risk and the consideration of expected credit loss was limited to 12 months expected losses. The expected credit loss is nil.

**Market risk**

The department does not trade in foreign currency, nor enter into transactions for speculative purposes, nor for hedging. The department does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in TI 23 *Management of Foreign Currency Exposures*.

Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The department's interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

There have been no changes in risk exposure since the last reporting period.

**Categorisation of financial instruments**

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instrument are disclosed in the respective financial asset / financial liability note.

**Classification of financial instruments**

The department measures all financial instruments at amortised cost.

Category of financial asset and financial liability	Note	2020	2019	2020 Contractual maturities		
		Carrying amount / fair value \$'000	Carrying amount / fair value \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<b>Financial assets</b>						
Cash	6.1	35 258	29 340	35 258	-	-
<b>Financial assets at amortised cost</b>						
Receivables	6.2	7 572	8 967	7 572	-	-
Finance lease receivable	6.2	846	-	366	480	-
<b>Total financial assets</b>		<b>43 676</b>	<b>38 307</b>	<b>43 196</b>	<b>480</b>	<b>-</b>
<b>Financial liabilities</b>						
<b>Financial liabilities at amortised cost</b>						
Payables	7.1	9 717	21 831	9 717	-	-
Lease liabilities	7.2	1 994	-	705	1 289	-
<b>Total financial liabilities</b>		<b>11 711</b>	<b>21 831</b>	<b>10 422</b>	<b>1 289</b>	<b>-</b>

**Receivables and payables**

Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

**Department for Innovation and Skills**  
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**11.3. Financial instruments (continued)**

Receivable amounts disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

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**12. Disclosure of Administered Items**

**12.1. Disclosure of administered items as at 30 June 2020**

The department's administered items are structured to contribute to two main activities:

***Student Transport Concessions***

Payments provided to Department of Planning, Transport and Infrastructure to support student travel concessions for all VET and higher education students within metropolitan and regional South Australia.

***Ministers' Salary***

The department disburses parliamentary salaries and allowances pursuant to the *Parliamentary Remuneration Act 1990* on behalf of the State Government.

***Administered income and expenses***

	Student Transport Concessions		Ministers' Salary		Total	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Administered Income</u></b>						
Appropriation	14 472	15 984	368	390	14 840	16 374
<b>Total administered income</b>	<b>14 472</b>	<b>15 984</b>	<b>368</b>	<b>390</b>	<b>14 840</b>	<b>16 374</b>
<b><u>Administered Expenses</u></b>						
Employee benefits expenses	-	-	368	359	368	359
Grants and subsidies	13 998	15 718	-	-	13 998	15 718
<b>Total administered expenses</b>	<b>13 998</b>	<b>15 718</b>	<b>368</b>	<b>359</b>	<b>14 366</b>	<b>16 077</b>
<b>Net result</b>	<b>474</b>	<b>266</b>	<b>-</b>	<b>31</b>	<b>474</b>	<b>297</b>

***Administered assets and liabilities***

	2020	2019
	\$'000	\$'000
<b><u>Administered current assets</u></b>		
Cash	739	421
Receivables	-	6
<b>Total current assets</b>	<b>739</b>	<b>427</b>
<b>Total assets</b>	<b>739</b>	<b>427</b>
<b><u>Administered current liabilities</u></b>		
Payables	66	222
<b>Total current liabilities</b>	<b>66</b>	<b>222</b>
<b>Net assets</b>	<b>673</b>	<b>205</b>
<b><u>Administered equity</u></b>		
Retained earnings	673	205
<b>Total equity</b>	<b>673</b>	<b>205</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**12.1. Disclosure of administered items as at 30 June 2020 (continued)**

***Budget performance***

The budget performance table compares the department's administered outcomes against budget information presented to Parliament (2019-20 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget	Actual	Variance
	2020	2020	
	\$'000	\$'000	\$'000
<b><u>Administered Income</u></b>			
Appropriation	14 836	14 840	(4)
<b>Total administered income</b>	<b>14 836</b>	<b>14 840</b>	<b>(4)</b>
<b><u>Administered Expenses</u></b>			
Employee benefits	364	368	(4)
Grants and subsidies	14 472	13 998	474
<b>Total administered expenses</b>	<b>14 836</b>	<b>14 366</b>	<b>470</b>
<b>Net result</b>	<b>-</b>	<b>474</b>	<b>(474)</b>

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.