

Department of Primary Industries and Regions

Financial report
for the year ended
30 June 2020



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Department of Primary Industries and Regions

Opinion

I have audited the financial report of Department of Primary Industries and Regions 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 of Primary Industries and Regions 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
- a Schedule of Income and Expenses by Program for the year ended 30 June 2020
- a Schedule of Assets and Liabilities by Program as at 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2020
- a Statement of Administered Financial Position as at 30 June 2020
- a Statement of Administered Cash Flows for the year ended 30 June 2020
- a Schedule of Expenses and Income by Administered Program for the year ended 30 June 2020
- Notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

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 Department of Primary Industries and Regions. 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 of Primary Industries and Regions 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 of Primary Industries and Regions'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.



Andrew Richardson

Auditor-General

22 September 2020

Department of Primary Industries and Regions
Certification of Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for the Department of Primary Industries and Regions:

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

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



Michelle Edge
Chief Executive
15 September 2020



Darren Humphrys
Chief Financial Officer
15 September 2020

**Department of Primary Industries and Regions
(PIRSA)**

Controlled Financial Statements

For the year ended 30 June 2020

Department of Primary Industries and Regions
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Appropriations	2.1	144 728	99 323
Fees and charges	2.2	2 780	2 533
Advances and grants	2.3	61 811	56 756
Commonwealth Grants (National Partnership Payments)	2.4	3 465	33 625
Transfer from Treasurer's contingency fund	2.5	398	4 578
Interest	2.6	719	1 488
Sale of goods and services	2.7	16 217	16 855
Resources received free of charge	2.8	1 793	1 883
Net gain from the disposal of non-current assets	2.9	60	52
Other income	2.10	4 507	9 591
Total income		236 478	226 684
Expenses			
Employee benefits expenses	3.3	90 059	95 944
Supplies and services	4.1	55 213	52 273
Depreciation and amortisation	4.2	8 636	6 998
Grants and subsidies	4.3	69 989	49 991
Borrowing costs	4.4	442	604
Other expenses	4.5	2 628	2 827
Total expenses		226 967	208 637
Net result		9 511	18 047
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		763	-
Changes in fair value of investments classified as fair value through other comprehensive income		(215)	2 954
Total other comprehensive income		548	2 954
Total comprehensive result		10 059	21 001

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 of Primary Industries and Regions
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	140 672	130 583
Receivables	6.2	14 150	13 866
Contract assets	6.3	6 170	-
Inventories	5.5	2 553	2 276
Total current assets		163 545	146 725
Non-current assets			
Receivables	6.2	24 767	17 885
Other financial assets	6.4	20 428	20 643
Property, plant and equipment	5.1	121 039	120 475
Intangible assets	5.4	6 821	6 106
Total non-current assets		173 055	165 109
Total assets		336 600	311 834
Current liabilities			
Payables	7.1	16 357	13 597
Financial liabilities	7.2	3 127	950
Contract liabilities	6.3	13 307	-
Employee benefits	3.4	11 885	10 456
Provisions	7.3	445	303
Other current liabilities	7.4	73	12 561
Total current liabilities		45 194	37 867
Non-current liabilities			
Payables	7.1	2 115	2 301
Financial liabilities	7.2	25 835	17 875
Contract liabilities	6.3	250	-
Employee benefits	3.4	22 819	24 869
Provisions	7.3	1 953	474
Other non-current liabilities	7.4	479	552
Total non-current liabilities		53 451	46 071
Total liabilities		98 645	83 938
Net assets		237 955	227 896
Equity			
Retained earnings		185 182	175 671
Asset revaluation surplus		50 034	49 271
Investment reserve		2 739	2 954
Total equity		237 955	227 896

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

Department of Primary Industries and Regions
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Asset revaluation surplus \$'000	Investment reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2018		49 271	-	156 412	205 683
Net result for 2018-19		-	-	17 891	17 891
Prior period adjustment to net result	8.3	-	-	156	156
Fair value movement of investments classified as fair value through other comprehensive income	6.4	-	2 954	-	2 954
Total comprehensive result for 2018-19		-	2 954	18 047	21 001
Net assets received from an administrative restructure		-	-	1 171	1 171
Net assets transferred as a result of an administrative restructure		-	-	72	72
Balance at 30 June 2019		49 271	2 954	175 702	227 927
Prior period adjustment		-	-	(31)	(31)
Adjusted balance at 1 July 2019		49 271	2 954	175 671	227 896
Net result for 2019-20		-	-	9 511	9 511
Gain on revaluation of property plant and equipment	5.2	763	-	-	763
Fair value movement of investments classified as fair value through other comprehensive income	6.4	-	(215)	-	(215)
Total comprehensive result for 2019-20		763	(215)	9 511	10 059
Balance at 30 June 2020		50 034	2 739	185 182	237 955

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

Department of Primary Industries and Regions
Statement of Cash Flows
for the year ended 30 June 2020

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Appropriations		144 728	99 323
Fees and charges		2 750	2 533
Sale of goods and services		15 025	16 385
Commonwealth revenues (National Partnership payments)		3 465	33 789
Advances and grants		58 026	55 238
Interest		1 018	879
GST receipts from customers		4 534	6 030
GST recovered from the ATO		4 328	5 403
Receipts for paid parental leave scheme		86	75
Transfer from Treasurer's contingency fund		398	4 560
Other receipts		5 405	4 247
Dividends received		459	593
Cash generated from operations		240 222	229 055
Cash outflows			
Employee benefit payments		(90 494)	(95 027)
Supplies and services		(56 550)	(48 290)
Grants and subsidies		(66 006)	(52 566)
Interest paid		(519)	(595)
GST paid to suppliers		(9 300)	(11 648)
Payments for paid parental leave scheme		(68)	(76)
Other payments		(1 155)	(816)
Cash used in operations		(224 092)	(209 018)
Net cash provided by / (used in) operating activities	8.2	16 130	20 037
Cash flows from investing activities			
Cash inflows			
Loans repaid by the rural sector and industry		2 748	3 880
Proceeds from the sale of property, plant and equipment		109	156
Sale of inventories		1 854	1 705
Cash generated from investing activities		4 711	5 741
Cash outflows			
Purchase of property plant and equipment		(4 262)	(4 694)
Loans advanced to rural sector and industry		(10 700)	(2 061)
Purchase of inventories		(505)	(475)
Purchase of intangibles		(1 880)	(795)
Cash used in investing activities		(17 347)	(8 025)
Net cash (used in) / provided by investing activities		(12 636)	(2 284)
Cash flows from financing activities			
Cash inflows			
Proceeds of borrowings	7.2	10 700	-
Cash generated by financing activities		10 700	-
Cash outflows			
Repayment of borrowings	7.2	(2 820)	(10 853)
Repayment of leases	7.2	(1 285)	-
Cash used in financing activities		(4 105)	(10 853)
Net cash provided / (used in) by financing activities		6 595	(10 853)
Net increase / (decrease) in cash and cash equivalents		10 089	6 900
Cash and cash equivalents at the beginning of the reporting period		130 583	123 683
Cash and cash equivalents at the end of the reporting period	6.1	140 672	130 583

Department of Primary Industries and Regions

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1 About the Department of Primary Industries and Regions

The Department of Primary Industries and Regions (PIRSA/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 department does not control any other entity and has no interests in unconsolidated structured entities. The financial statements and accompanying notes include all the controlled activities of the department.

Administered financial statements relating to administered resources are presented separately in the administered financial statements at the back of the controlled general purpose financial statements.

In the process of reporting on the department as a single unit, all internal transactions have been eliminated in full.

1.1. Basis of preparation

These 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*;
- 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.

The department is not subject to Income Tax. The department is liable for Payroll Tax, Fringe Benefits Tax (FBT), Goods and Services tax (GST) and Emergency Services Levy (ESL).

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;
- 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.

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.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and programs

Objectives

The purpose of the department is to grow primary industries and drive regional development in South Australia.

Programs

In achieving its objectives, the department provides a range of services classified into the following programs.

Primary Industries

To drive the growth and sustainable development of the state's primary industries.

Regional Development

Work with South Australia's regional communities, sectors and the three levels of government to identify, promote and support strategic economic development initiatives throughout regional South Australia.

Support regional South Australia to create new jobs and unlock new economic activity in the regions. Leverage economic activity that will grow regions' economic prosperity, security and opportunity through its grant programs and other initiatives.

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

Department of Primary Industries and Regions
Income and Expenses by Program
for the year ended 30 June 2020

1.2 Objectives and programs (continued)

	Primary Industries		Regional Development		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income						
Appropriations	126 606	83 244	18 122	16 079	144 728	99 323
Fees and charges	2 780	2 533	-	-	2 780	2 533
Advances and grants	61 778	56 631	33	125	61 811	56 756
Commonwealth Grants (National Partnership Payments)	3 465	33 625	-	-	3 465	33 625
Transfer from Treasurer's contingency fund	398	4 578	-	-	398	4 578
Interest	719	1 488	-	-	719	1 488
Sale of goods and services	16 217	16 855	-	-	16 217	16 855
Resources received free of charge	1 793	1 883	-	-	1 793	1 883
Net gain from the disposal of non-current assets	60	52	-	-	60	52
Other income	4 506	9 274	1	317	4 507	9 591
Total income	218 322	210 163	18 156	16 521	236 478	226 684
Expenses						
Employee benefits expenses	87 779	92 434	2 280	3 510	90 059	95 944
Supplies and services	54 464	51 332	749	941	55 213	52 273
Depreciation and amortisation	8 636	6 998	-	-	8 636	6 998
Grants and subsidies	54 862	37 921	15 127	12 070	69 989	49 991
Borrowing costs	442	604	-	-	442	604
Other expenses	2 628	2 827	-	-	2 628	2 827
Total expenses	208 811	192 116	18 156	16 521	226 967	208 637
Net result	9 511	18 047	-	-	9 511	18 047

Department of Primary Industries and Regions
Assets and Liabilities by Program
for the year ended 30 June 2020

1.2 Objectives and programs (continued)

	Primary Industries		Regional Development		General/Not Attributable		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Current assets								
Cash and cash equivalents	91 437	85 505	-	-	49 235	45 078	140 672	130 583
Receivables	13 860	13 414	7	141	283	311	14 150	13 866
Contract assets	6 170	-	-	-	-	-	6 170	-
Inventories	2 553	2 276	-	-	-	-	2 553	2 276
Total current assets	114 020	101 195	7	141	49 518	45 389	163 545	146 725
Non-current assets								
Receivables	24 767	17 884	-	-	-	1	24 767	17 885
Other financial assets	20 428	20 643	-	-	-	-	20 428	20 643
Property, plant and equipment	99 252	99 322	-	-	21 787	21 153	121 039	120 475
Intangible assets	887	794	-	-	5 934	5 312	6 821	6 106
Total non-current assets	145 334	138 643	-	-	27 721	26 466	173 055	165 109
Total assets	259 354	239 838	7	141	77 239	71 855	336 600	311 834
Current liabilities								
Payables	9 681	6 781	133	536	6 543	6 280	16 357	13 597
Financial liabilities	3 127	950	-	-	-	-	3 127	950
Contract liabilities	13 307	-	-	-	-	-	13 307	-
Employee benefits	7 529	6 595	196	158	4 160	3 703	11 885	10 456
Provisions	405	265	-	-	40	38	445	303
Other current liabilities	-	12 489	-	-	73	72	73	12 561
Total current liabilities	34 049	27 080	329	694	10 816	10 093	45 194	37 867
Non-current liabilities								
Payables	1 669	1 777	23	33	423	491	2 115	2 301
Financial liabilities	25 835	17 875	-	-	-	-	25 835	17 875
Contract liabilities	250	-	-	-	-	-	250	-
Employee benefits	17 793	19 201	462	353	4 564	5 315	22 819	24 869
Provisions	1 893	414	-	-	60	60	1 953	474
Other non-current liabilities	-	-	-	-	479	552	479	552
Total non-current liabilities	47 440	39 267	485	386	5 526	6 418	53 451	46 071
Total liabilities	81 489	66 347	814	1 080	16 342	16 511	98 645	83 938
Net assets	177 865	173 491	(807)	(939)	60 897	55 344	237 955	227 896

Note:

Assets and liabilities are only attributed to programs where this can be done reliably.
Certain amounts like cash and taxation amounts receivable and due from operating transactions are not allocated.
Property, plant and equipment assets are only allocated where there is exclusive custody, control and regulation of the use of the asset, by that program. Where this criteria is not met the asset value is 'general/not attributable'.
In the construction of this report a negative 'net assets' position may result for a program from the allocation method used and/or non attribution of assets and liabilities to programs. However, total 'net assets' reconciles to the Statement of Financial Position.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the regions and the primary industry sectors and the way in which the department has had to operate and deliver services in 2019-20.

These changes have not had significant financial impacts on the department in 2019-20.

1.4. Budget performance

The budget performance table compares the departments 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 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Statement of Comprehensive Income				
Income				
Appropriations	(a)	95 342	144 728	49 386
Fees and charges		2 756	2 780	24
Advances and grants		57 371	61 811	4 440
Commonwealth Grants (National Partnership Payments)		2 000	3 465	1 465
Transfer from Treasurer's contingency fund		-	398	398
Interest		1 705	719	(986)
Sale of goods and services		23 284	16 217	(7 067)
Resources received free of charge		-	1 793	1 793
Net gain from the disposal of non-current assets		-	60	60
Other income		4 251	4 507	256
Total income		186 709	236 478	49 769
Expenses				
Employee benefits expenses		94 675	90 059	(4 616)
Supplies and services	(b)	40 021	55 213	15 192
Depreciation and amortisation		6 763	8 636	1 873
Grants and subsidies	(c)	50 586	69 989	19 403
Borrowing costs		586	442	(144)
Other expenses		1 758	2 628	870
Total expenses		194 389	226 967	32 578
Net result		(7 680)	9 511	17 191
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Changes in property, plant and equipment asset revaluation surplus		-	763	763
Changes in fair value of investments classified as fair value through other comprehensive income		-	(215)	(215)
Total other comprehensive income		-	548	548
Total comprehensive result		(7 680)	10 059	17 739

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.4. 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.

- (a) Increase in appropriation is due to budget adjustments processed to the department after the original budget was published. These adjustments mainly reflect bushfire recovery, drought support and biosecurity response measures.
- (b) Increased supplies and services expenditure mainly relates to the increase in the biosecurity responses required to be undertaken during the year due to the significant number of fruit fly outbreaks.
- (c) Increased grant expenditure mainly reflects the various bushfire recovery programs implemented during the year.

	Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Investing expenditure summary			
Total annual programs	5 429	5 603	174
Total investing expenditure	5 429	5 603	174

1.5. Significant transactions with government related entities

The department is a government administrative unit and is wholly owned and controlled by the Crown.

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

Payments made to:

- the Department of Planning, Transport and Infrastructure (DPTI) of \$14.4 million for accommodation, including payments, rates, taxes, outgoings and facility management fees; and minor works, preventative and breakdown maintenance charges in relation to PIRSA controlled facilities;
- the Department of Premier and Cabinet (DPC) of \$1.3 million primarily in relation to ICT and communication charges.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2. Income

2.1. Appropriations

	2020	2019
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	95 342	99 323
Appropriation under other Acts	49 386	-
Total appropriations	144 728	99 323

Appropriations

Appropriations are recognised under AASB 1058 upon receipt.

The original amount appropriated to the department under the annual Appropriation Act was not varied. An additional \$49 386 000 was appropriated to the department from the Governor's Appropriation Fund.

2.2. Fees and charges

	2020	2019
	\$'000	\$'000
Accreditation and licence fees	1 912	1 670
Inspection and Audit fees	799	818
Other fees	69	45
Total fees and charges	2 780	2 533

Fees and charges are categorised to reflect the nature of the income received. Revenue is recognised under AASB 1058 upon receipt.

Collections were pursuant to legislation which include *Primary Produce (Food Safety Schemes) Act 2004*, *Plant Health Act 2009*, *Industrial Hemp Act 2017* and *Livestock Act 1997*.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.3. Advances and grants

	2020	2019
	\$'000	\$'000
Industry grants ⁽¹⁾	38 645	36 804
State grants - received from administered industry funds ^{(1) (2)}	15 245	15 930
State grants - received from DTF Administered Items ⁽³⁾	4 200	-
State grants - received from SA Government entities ⁽¹⁾	1 897	2 124
Commonwealth grants - other	1 674	1 835
Commonwealth grants - Concessional Loans Schemes ⁽⁴⁾	-	47
Interstate government grants	-	16
Other	150	-
Total advances and grants	61 811	56 756

	2020	2019
	\$'000	\$'000
Advances and grants were applied to the following business division		
South Australian Research and Development Institute ⁽⁵⁾	44 612	42 468
Fisheries ⁽⁵⁾	7 282	7 835
Biosecurity	4 682	5 297
Rural Solutions	4 178	41
Aquaculture ⁽⁵⁾	874	954
Other	150	36
Regions	33	125
Total advances and grants	61 811	56 756

Advances and grants received from all sources comprise funding for collaborative research, delivery of projects for industry development and funding from the Commonwealth to administer arrangements for financial assistance.

- (1) The funding is recognised under AASB 15 and received for collaborative research and project activities under enforceable agreements with sufficient and specific performance obligations in the form of the promise to carry out research and project activities in accordance with specific plans to deliver agreed outcomes. The performance obligations are satisfied overtime over the life of the agreements. The department uses direct costs incurred on projects as the best estimate to measure and determine revenue recognised in each reporting period.
- (2) Contributions from industry groups are received into the administered funds of the department (refer note A2.2 & A4.2) and may be transferred in part to PIRSA controlled to undertake specific research or to deliver projects proposed by the industry groups in their approved management plans.
- (3) Funding received from DTF Administered is recognised under AASB 1058 and is for the Growing the Livestock Sector Program (\$3.9m) and the Oat Breeding Centre of Excellence Project (\$0.3m). There are broad guidelines for the use of the funds received and the department recognised the grants as revenue upon receipt.
- (4) Funding received from the Commonwealth for administering the various Concessional Loans Schemes.
- (5) Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund for the administration of licences and registration are applied to the delivery of projects in compliance, research and fishing industry development in the Division of Fisheries and Aquaculture, and South Australian Research and Development Institute. In 2019-20 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund included within State grants – received from administered industry funds was \$13.08 million (2019: \$13.9 million).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.4. Commonwealth grants (National Partnership Payments)

	2020	2019
	\$'000	\$'000
National Water Infrastructure Development Fund	3 215	-
Pest Animal and Weed Management in Drought Affected Areas	250	1 695
South Australian River Murray Sustainability Program (SARMS) ⁽¹⁾	-	31 500
On-Farm Emergency Water Infrastructure Rebate Scheme	-	419
Khapra Beetle Eradication Program	-	11
Total commonwealth grants (National Partnership Payments)	3 465	33 625

National Partnership Payments are recognised as income under AASB 1058 upon receipt.

Obligations under National Partnership Payments 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.

⁽¹⁾ The SARMS is a non-recourse grant that has been recognised upon receipt. The program will support the sustainability of South Australian River Murray communities through investment in irrigation efficiencies, water returns, irrigation industry assistance and regional economic development.

2.5. Transfer from Treasurer's contingency fund

	2020	2019
	\$'000	\$'000
Rembursement for TVSPs	373	4 578
Other	25	-
Total transfer from Treasurer's contingency fund	398	4 578

2.6. Interest

	2020	2019
	\$'000	\$'000
Loans to the rural sector	390	613
Interest on special deposit accounts	329	875
Total interest	719	1 488

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.7. Sale of goods and services

	2020	2019
	\$'000	\$'000
Sale of goods		
Livestock	1 854	1 705
Agricultural produce	1 347	1 021
Other sale of goods	156	165
Water sales ⁽¹⁾	6	1 915
Total sale of goods	3 363	4 806
Sale of services		
Rural Solutions, consultancies and services ⁽²⁾	4 905	4 665
South Australian Research and Development Institute, consultancies and services ⁽²⁾	4 099	4 433
Agriculture, Biosecurity and Fisheries, consultancies and services ⁽²⁾	2 893	1 012
Pastoral lease ⁽³⁾	785	-
Other sale of services	172	1 939
Total sale of services	12 854	12 049
Total sale of goods and services	16 217	16 855

Revenue from sale of goods is recognised under AASB 15 at a point in time when the control of the goods is transferred to the customer

- ⁽¹⁾ Sale on the open market of temporary water access entitlements for productive use.
- ⁽²⁾ Consultancies and services are recognised under AASB 15 over time. The revenue is from contracts with customers under enforceable agreements with sufficient and specific obligation. The department uses direct costs incurred on each specific service to measure the performance obligation satisfaction and recognises revenue overtime accordingly in each reporting period.
- ⁽³⁾ Rent is due in arrears on annual basis and is recognised under AASB 16 Leases.

2.8. Resources received free of charge

	2020	2019
	\$'000	\$'000
Services received free of charge - Shared Services SA	1 793	1 873
Fair value of assets received free of charge	-	10
Total resources received free of charge	1 793	1 883

Resources received free of charge are recorded at their fair value and recognised as revenue under AASB 1058 upon receipt.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.9. Net gain / (loss) from the disposal of non-current assets

	2020	2019
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	113	156
Less net book value of assets disposed	(53)	(60)
Net gain/(loss) from disposal of plant and equipment	<u>60</u>	<u>96</u>
Computer software		
Less net book value of assets disposed	-	(44)
Net gain/(loss) from disposal of computer software	<u>-</u>	<u>(44)</u>
Total assets		
Proceeds from disposal	113	156
Less net book value of assets disposed	(53)	(104)
Net gain/(loss) from disposal of assets	<u>60</u>	<u>52</u>

Gains/losses on disposal are recognised at the date control of the asset is passed to the buyer and are determined after deducting the carrying amount of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

2.10. Other income

	2020	2019
	\$'000	\$'000
Reimbursements/recoveries	1 907	1 694
Seed and other royalties	1 694	2 322
Dividends	459	593
Gain from changes in fair value of biological assets ⁽¹⁾	250	217
Diesel fuel rebates	119	136
Other	53	58
Impairment loss on receivables	25	31
Workers compensation liability revaluation ⁽²⁾	-	3 194
Forgiveness of liabilities ⁽³⁾	-	1 346
Total other income	<u>4 507</u>	<u>9 591</u>

⁽¹⁾ The changes in fair values of livestock is reconciled along with the movement in inventory in note 5.5.

⁽²⁾ In 2019-20 the liability was revalued up. This is reflected under note 4.5 'Other expenses'. A reconciliation of the movement in the workers compensation provision is at note 7.3.

⁽³⁾ The Treasurer approved the waiver of a loan provided to Lenswood Cold Storage Cooperative Society Ltd., to alleviate the impact on the company and growers from the hail damage that occurred in October 2017 that adversely impacted both the quality and volume of fruit produced in the Adelaide Hills and other regions. The loan waiver has a corresponding offset in the waiver (release) of PIRSA from repaying the borrowing that was received from the Treasurer to facilitate the original loan. Refer notes 4.5, 6.2 and 7.2.

Dividends

Dividend income is recognised when the unconditional right to receive the dividend is established.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the department include the Minister and seventeen members who have been part of the Executive Team who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Minister for Primary Industries and Regional Development received. 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 the *Parliamentary Remuneration Act 1990*.

	2020	2019
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	2 872	2 856
Post-employment benefits	292	294
Other long-term employment benefits	152	-
Total compensation	3 316	3 150

Transactions with key management personnel and other related parties

Compensation of key management personnel is disclosed above.

There were no transactions with key management personnel and other related parties entered into by the department.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2. Board and committee members

Members during 2019-20 financial year were:

Aquaculture Tenure Allocation Board

G S Davis (Presiding member)
D Hall
C J Sayer
K N Shierlaw
A C Tham
J Zadow

Eyre Peninsula Farming System Board

The committee ceased on 26 May 2020
B Smith (Chair)
J Able
A Bates
M Cook
J Fromm
S Guerin (retired 19 September 2019)
W Matthews
Dr K M Ophel-Keller *
G Scholz
M Stanley

Fisheries Reform Advisory Committee

The committee ceased on 06 March 2020
D Hall (Chair)
B Butson
R Edwards
C Fletcher
J Kouvaris
W Lamont
G Lloyd
J Presser *
J Redman
N Schmucker
M Steer *
A Wheeler

Genetically Modified Crops Advisory Committee

Hon J A W Levy (Presiding member)
(reappointed 26 August 2019)
R A Ankeny (reappointed 26 August 2019)
Dr G Annison (reappointed 26 August 2019)
H L Baldock (reappointed 26 August 2019)
M S Bowen (term expired 24 August 2019)
P Gibbs (reappointed 26 August 2019)
A M Hannon (reappointed 26 August 2019)
Dr P A McMichael (reappointed 26 August 2019)
Dr K M Ophel-Keller * (reappointed 26 August 2019)
N C Pontifex (reappointed 26 August 2019)

Meat Food Safety Advisory Committee

The committee ceased on 22 May 2020
Prof M Doroudi * (Chair)
T M Ackland
A Centofanti *
P Dowsett *
E T Dunn *
L A Fell
F P Knoll
K Koto
WR Lowe
C McLean (deputy member)
M Mohammed (deputy member)
C Nicks * (deputy member)
Dr B Nirimalaraja (deputy member)
M S Rock
Dr M E Sexton * (deputy member)
N B Shelbourn
S Singh (deputy member)
D Skara (deputy member)
P Stocker

Minister's Recreational Fishing Advisory Council (MRFAC)

G Keegan (Chair)
I Fitzgerald (retired 12 July 2019)
S Mensforth (retired 29 December 2019)
D Schofield
P Teakle
J Thomas (retired 27 February 2020)
T Tito (retired 29 December 2019)
B Wheadon
A Whitehorn

Pastoral Board

D Larkin (appointed 29 October 2019) (Presiding Member)
G D Mills (Presiding Member) (term expired 27 September 2019)
M Anderson (deputy member) (reappointed 29 October 2019)
A Barclay * (term expired 27 September 2019)
M A Fennell (reappointed 29 October 2019)
L Feuerherdt * (deputy member) (term expired 27 September 2019)
J Foulkes (deputy member) (term expired 27 September 2019)
J Greg-Smith * (deputy member) (appointed 29 October 2019)
C B Greenfield (appointed 29 October 2019)
J Morgan (deputy member) (appointed 29 October 2019)
(retired 20 November 2019)
T Naismith * (deputy member) (term expired 27 September 2019)
B G Nutt (appointed 29 October 2019)
A S Oldfield (deputy member) (reappointed 29 October 2019)
T L Partridge (appointed 29 October 2019)
K L Sheehan (deputy member) (appointed 29 October 2019)
K L Slade (deputy member) (reappointed 29 October 2019)
J M Treloar (reappointed 29 October 2019)
A K Tschirmer (term expired 27 September 2019)

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2 Board and committee members (continued)

PIRSA Animal Ethics Committee

Prof J Cox * (Chair from 17 December 2019)
 Prof G Begg * (Chair) (retired 05 November 2019)
 S L Baird
 Dr R Berekatain *
 S Barnes * (resigned 14 February 2020)
 Dr M Carr (appointed 15 April 2019)
 J G Cooper
 Dr M Deveney *
 Dr R F Evers
 Dr D W Jones
 K McGrath
 S Rudiger *
 H Sandford
 S Tilbrook *
 J Zemitis * (resigned 23 March 2020)

Risk and Performance Committee

A E Harvey (Chair appointed 2 March 2020)
 Y Sneddon (Chair) (resigned 28 February 2020)
 A Alford * (resigned 12 December 2019)
 E Aneer *
 Prof M Doroudi *
 T Goodes * (resigned 29 May 2020)
 J C Grant (appointed 24 February 2020)
 M Griffiths *

Rural Assistance Appeals Committee

The committee ceased on 30 November 2019
 D J Hollands (Chair)
 J L Collins *
 J A Long

SA River Murray Sustainability Program Appeals Committee

The committee is in abeyance.
 P Dietman * (Chair)
 A E Harvey
 M O'Shea *

SA River Murray Sustainability Program Expert Assessment Panel

The committee is in abeyance
 D Mutton (Chair)
 P J Cole
 M Cutting *
 D M Davidson
 N J Jachmann

SA River Murray Sustainability Program Steering Committee

The committee is in abeyance
 R G Kerin (Chair)
 M D Akeroyd
 D Casement *
 D Jordan *
 Mayor N T Martinson
 J W Parish
 J Podoliak
 N Sincock *
 S R Starick
 T Stefanovic

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

Board and committee remuneration

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

	2020	2019
\$0 - \$19 999	124	135
Total number of members	124	135

The total remuneration received or receivable by members was \$63 000 (2019: \$44 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.3. Employee benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	69 873	68 361
Employment on-costs - superannuation*	7 423	7 532
Annual leave	6 267	6 539
Employment on-costs - other	4 156	4 312
Targeted voluntary separation packages	894	4 501
Long service leave	641	3 681
Skills and experience retention leave	447	489
Workers' compensation	171	289
Other employee related expenses	130	203
Board and committee fees	57	37
Total employee benefits expenses	90 059	95 944

***Employment on-costs - superannuation**

The superannuation employment on-costs 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:

	2020	2019
	No	No
\$151 000 - \$154 000 ⁽¹⁾	n/a	4
\$154 001 - \$174 000	14	8
\$174 001 - \$194 000	5	8
\$194 001 - \$214 000	3	3
\$214 001 - \$234 000	2	3
\$234 001 - \$254 000	2	2
\$254 001 - \$274 000	-	2
\$274 001 - \$294 000	3	1
\$294 001 - \$314 000	-	4
\$334 001 - \$354 000	-	1
\$354 001 - \$374 000	2	3
\$494 001 - \$514 000	1	-
Total	32	39

⁽¹⁾The \$151 000 to \$154 000 band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2018-19.

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. The total remuneration received by these employees for the year was \$6.8 million (2019: \$8.6 million).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.3. Employee benefits expenses (continued)

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 11 (2019: 50).

	2020	2019
	\$'000	\$'000
Amount paid and accrued during the reporting period to separated employees:		
TVSPs	894	4 501
Leave paid to those employees	440	1 869
Total amount paid	1 334	6 370
Recovery from the Department of Treasury and Finance	373	4 578
Net cost to the department	961	1 792

3.4. Employee benefits liability

	2020	2019
	\$'000	\$'000
Current		
Annual leave	6 365	5 872
Accrued salaries and wages	2 781	1 957
Long service leave	2 055	1 926
Skills and experience retention leave	684	701
Total current employee benefits	11 885	10 456
Non-current		
Long service leave	22 819	24 869
Total non-current employee benefits	22 819	24 869
Total employee benefits	34 704	35 325

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 (SERL) and sick leave

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

The annual leave liability and the SERL liability in full 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. Details about the measurement of long service leave liability is provided as note 11.1.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4. Expenses

Employee benefits expense are disclosed in note 3.3.

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Professional and technical services ⁽¹⁾	19 451	13 754
Administrative and operating costs	9 959	9 199
Utility and property costs	8 384	10 352
Information technology and communication charges	6 282	5 555
Accommodation	3 379	3 464
Travel	2 208	2 678
Shared Services costs	1 809	1 990
Staff development and safety	1 152	1 147
Other vehicle and equipment operating and management costs	2 096	2 126
Property and risk insurance	448	449
Short term leases	34	-
Low-value leases	11	-
Vehicle and equipment operating lease payment ⁽²⁾	-	1 559
Total supplies and services	55 213	52 273

⁽¹⁾ Includes consultancies costs which are further broken down below and audit fees paid/payable to the Auditor-General's Department of \$291 300 (2019: \$282 000) relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

⁽²⁾ For 2018-19 comparative only as AASB 16 does not distinguish between operating and finance leases for lessees.

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 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 is 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.

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	2020	2019	2019
	Number	\$'000	Number	\$'000
Below \$10 000	3	10	1	2
\$10 000 or above	1	11	2	95
Total paid/payable to consultants engaged	4	21	3	97

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.2. Depreciation and amortisation

	2020	2019
	\$'000	\$'000
Buildings and infrastructure	3 179	3 075
Plant and equipment	2 536	2 582
Right-of-use plant and equipment	1 358	-
Intangible assets	1 165	859
Accommodation improvements	294	384
Large vessels	104	98
Total depreciation and amortisation	8 636	6 998

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.

Incentives in the form of accommodation 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 is 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:

Class of asset	Useful life (years)
Buildings and infrastructure	1-80
Accommodation improvements	10 (or life of lease)
Plant and equipment	1-40
Intangibles	1-10
Large vessels	1-25
Right of use plant and equipment	life of lease

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.3. Grants and subsidies

	2020	2019
	\$'000	\$'000
Recurrent grants	57 858	48 200
Intra government transfers	12 131	1 791
Total grants and subsidies	69 989	49 991
Major grant program expenditure during the year includes:		
South Australian River Murray Sustainability Program	6 643	23 046
Regional Growth Fund	6 402	440
South East Forestry Partnership Program	4 715	354
Regional Development Fund	3 869	7 260
Regional Development Australia	3 219	3 194
Mobile Black Spot Program	1 227	-
Economic Sustainability Program	148	469
Adverse events recovery programs		
Bushfire Recovery and Response	20 204	-
On-farm Emergency Water Infrastructure Rebate Scheme	2 138	490
Drought Support Package	2 095	-
Cooperative Research projects ⁽¹⁾	4 938	4 333
National Biosecurity Contributions		
Red imported fire ants	1 436	1 402
Citrus Canker response	776	1 074
Industry development and restructuring initiatives greater than \$1 million made during the year were:		
National Water Infrastructure Development Fund	3 715	-
SA Wine Industry Development Scheme	1 769	1 544
Aggregate of all other payments less than \$1 million made during the year	6 695	6 385
Total grants and subsidies	69 989	49 991

⁽¹⁾ Research expenditure mainly incurred by the South Australian Research and Development Institute working with state, national and international collaborators. This includes funding of an operating nature assisting with the engagement of research staff or resources, or support with infrastructure development and renewal to improve research capability.

4.4. Borrowing costs

	2020	2019
	\$'000	\$'000
Interest paid/payable on borrowings measured at amortised cost	387	600
Guarantee fees	-	4
Interest paid to creditors on late payment of invoices	2	-
Interest expense on lease liabilities	53	-
Total borrowing costs	442	604

The department does not capitalise borrowing costs.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.5. Other expenses

	2020	2019
	\$'000	\$'000
Workers compensation liability revaluation ⁽¹⁾	1 364	-
Royalty payments	464	789
Deemed cost of produce consumed ⁽²⁾	333	174
Workers compensation provision movement	260	199
Publications, seed and miscellaneous stocks - cost of sales	113	98
Other	89	53
Bad debts	5	-
Forgiveness of loan debt ⁽³⁾	-	1 346
Intangible assets derecognised ⁽⁴⁾	-	168
Total other expenses	2 628	2 827

⁽¹⁾ In 2018-19 the liability was revalued down. This is reported at note 2.10 'Other income'. A reconciliation of the movement in the workers compensation provision is at note 7.3.

⁽²⁾ Publications, seed and other miscellaneous stocks are disclosed separately from the cost of sales of agricultural produce and livestock. This line predominantly represents the value of the inventory movement within the year and excludes the cost of crop harvesting from the use of internal resources. These amounts are included within the financial statements under the notes for 'employee benefit expenses' and 'supplies and services'.

⁽³⁾ The Treasurer approved the waiver of a loan provided to Lenswood Cold Storage Cooperative Society Ltd., to alleviate the impact on the company and growers from the hail damage that occurred in October 2017 that adversely impacted both the quality and volume of fruit produced in the Adelaide Hills and other regions. The loan waiver has a corresponding offset in the waiver (release) of PIRSA from repaying the borrowing that was received from the Treasurer to facilitate the original loan Refer notes 2.10, 6.2 and 7.2.

⁽⁴⁾ Derecognising software development expenditure on discontinued projects.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5. Non-financial assets

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

5.1. Property, plant and equipment by asset class

	2020	2019
	\$'000	\$'000
Land and buildings		
Land at fair value	28 545	28 545
Buildings and infrastructure at cost (deemed fair value)	-	1 370
Buildings and infrastructure at fair value	76 566	75 079
Accumulated depreciation	(6 328)	(3 151)
Constructions and works in progress at cost	938	119
Total land and buildings	99 721	101 962
Accommodation improvements		
Accommodation improvements at cost (deemed fair value)	4 177	4 177
Accumulated amortisation	(3 310)	(3 016)
Total accommodation improvements	867	1 161
Plant and equipment		
Plant and equipment at cost (deemed fair value)	43 890	42 178
Accumulated depreciation	(27 547)	(25 653)
Construction and works in progress at cost	492	114
Total plant and equipment	16 835	16 639
Large vessels		
Large vessels at fair value	1 300	1 000
Accumulated depreciation	(33)	(392)
Total large vessels	1 267	608
Bearer plants		
Orchards and vineyards at cost (deemed fair value)	105	105
Total bearer plants	105	105
Right-of-use plant and equipment		
Right-of-use plant and equipment at cost	3 602	-
Accumulated depreciation	(1 358)	-
Total right-of-use plant and equipment	2 244	-
Total property, plant and equipment	121 039	120 475

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.1 Property, plant and equipment by asset class (continued)

Impairment

Property, plant and equipment have 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 and are subject to regular revaluation.

5.2. Property, plant and equipment owned by the department

Reconciliation 2019-20

	Land	Buildings and infrastructure	Accommodation improvements	Bearer plants	Plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	28 545	73 298	1 161	105	16 525
Acquisitions	-	-	-	-	1 155
Disposals	-	-	-	-	(53)
Depreciation/amortisation expense	-	(3 179)	(294)	-	(2536)
Transfer between asset classes	-	119	-	-	1 253
Carrying amount at 30 June 2020	28 545	70 238	867	105	16 344

	Large vessels	Constructions and works in progress - Plant and equipment	Constructions and works in progress - Buildings	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	608	114	119	120 475
Acquisitions	-	1 630	938	3 723
Disposals	-	-	-	(53)
Depreciation/amortisation expense	(104)	-	-	(6 113)
Revaluation increment/(decrement)	763	-	-	763
Transfer between asset classes	-	(1 253)	(119)	-
Carrying amount at 30 June 2020	1 267	491	938	118 795

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.2. Property, plant and equipment owned by the department (continued)

Reconciliation 2018-19

	Land \$'000	Buildings and infrastructure \$'000	Accommodation improvements \$'000	Bearer plants \$'000	Plant and equipment \$'000
Carrying amount at 1 July 2018	28 545	75 003	1 545	105	14 557
Acquisitions	-	1 370	-	-	1 434
Disposals	-	-	-	-	(60)
Depreciation/amortisation expense	-	(3 075)	(384)	-	(2 582)
Transfer between asset classes	-	-	-	-	3 166
Assets received free of charge	-	-	-	-	10
Carrying amount at 30 June 2019	28 545	73 298	1 161	105	16 525

	Large vessels \$'000	Constructions and works in progress - Plant and equipment \$'000	Constructions and works in progress - Buildings \$'000	Total \$'000
Carrying amount at 1 July 2018	706	1 396	-	121 857
Acquisitions	-	1 881	119	4 804
Disposals	-	-	-	(60)
Depreciation/amortisation expense	(98)	-	-	(6 139)
Transfer between asset classes	-	(3 163)	-	3
Assets received free of charge	-	-	-	10
Carrying amount at 30 June 2019	608	114	119	120 475

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed.

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

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 2019-20 were \$1.013 m.

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:

- 177 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 3 years (60,000km) up to 5 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.
- 2 tractor leases and 1 storage facility lease with private sector providers.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.4. Intangible assets

	2020	2019
	\$'000	\$'000
Software		
Computer software	18 383	16 766
Accumulated amortisation	(12 594)	(11 426)
Total software	<u>5 789</u>	<u>5 340</u>
Computer software development (works in progress)	<u>844</u>	<u>593</u>
Water rights at cost ⁽¹⁾	<u>188</u>	<u>173</u>
Total intangible assets	<u><u>6 821</u></u>	<u><u>6 106</u></u>

(1) An agreement secures access to water resources for the research farm operated by the South Australian Research and Development Institute at Nuriootpa. This provides a perpetual right to an annual water allocation. Water allowances are now at 100% (2019: 100%), with no rationing.

Intangible assets are initially measured at cost and are tested for indicators 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 or internal development of 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.

All research and development costs that do not meet the capitalisation criteria in *AASB 138 Intangible Assets* are expensed.

Water rights are valued at cost determined from an infrastructure levy payable in instalments to the water provider. The right grants access to a contracted fixed annual supply of water while PIRSA maintains a supply agreement and shares with the provider. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised, conversely where there are no restrictions the impairment is removed.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.4 Intangible assets (continued)

Reconciliation 2019-20

	Computer software \$'000	Computer software development \$'000	Water rights \$'000	Total \$'000
Carrying amount at 1 July 2019	5 340	593	173	6 106
Additions	116	1 749	15	1 880
Transfer between asset classes	1 498	(1 498)	-	-
Amortisation expense	(1 165)	-	-	(1 165)
Derecognition	-	-	-	-
Carrying amount at 30 June 2020	5 789	844	188	6 821

Reconciliation 2018-19

	Computer software \$'000	Computer software development \$'000	Water rights \$'000	Total \$'000
Carrying amount at 1 July 2018	4 351	1 393	158	5 902
Additions	50	1 213	15	1 278
Disposals	(44)	-	-	(44)
Transfer between asset classes	1 842	(1 845)	-	(3)
Amortisation expense	(859)	-	-	(859)
Derecognition	-	(168)	-	(168)
Carrying amount at 30 June 2019	5 340	593	173	6 106

The department has no contractual commitments for the acquisition of intangible assets.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.5. Inventories

	2020	2019
	\$'000	\$'000
Current inventories		
Biological assets		
Livestock	2 273	1 991
Agricultural produce	219	212
Total biological assets	<u>2 492</u>	<u>2 203</u>
Other inventories		
Chemicals and other	38	39
Fuel and related items	23	34
Total other inventories	<u>61</u>	<u>73</u>
Total current inventories	<u>2 553</u>	<u>2 276</u>
Total inventories	<u><u>2 553</u></u>	<u><u>2 276</u></u>

Biological assets are livestock valued at fair value less estimated costs to sell. Agricultural produce, including wool, fruit and harvested crops is valued at fair value less estimated costs to sell, using level 2 inputs. Gains and losses resulting from measurement at fair value, and from changes in fair value, are recognised in the Statement of Comprehensive Income.

Fair value for biological assets and agricultural produce has been determined by reference to quoted prices in the markets in which the produce is ordinarily sold, reduced by estimated point of sale costs that include commissions, packing and handling, brokerage selling charges and levies from regulatory bodies.

Other inventories are measured at the lower of cost and net realisable value.

Inventories include chemicals, fuel, seed stocks and other goods held either for sale or distribution at no or nominal cost in the ordinary course of business. It excludes depreciable assets.

Inventories held for distribution, for no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential.

Cost is measured on the basis of the first-in, first-out method or using the weighted average price of the stock purchased and on hand. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised as an expense in the period the write-down or loss occurred.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

5.5. Inventories (continued)

	Agricultural produce	Livestock
	\$'000	\$'000
Balance at the beginning of the period	212	1 991
Acquisitions	189	779
Sales	(505)	(1 261)
Used as feed stock	(727)	-
Harvests transferred to inventories	1 050	-
Increase due to natural accretion	-	480
Inventory changes (biological growth)	-	32
Change in fair value less estimated costs to sell	-	252
Balance at the end of the period	219	2 273

Agricultural activities are carried out to assist with research, but are conducted on a commercial basis. At 30 June 2020 inventory included 9 182 sheep, 1 035 cattle and 1 030 tonnes of crops and grain.

Production for the year included 230 tonnes of grapes and fruit, 5 892 lambs, 119 calves and 3 333 tonnes of other grain crops.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	140 370	130 445
Deposits with SAFA (foreign currency) ⁽¹⁾	301	137
Imprest account and cash on hand	1	1
Total cash and cash equivalents	140 672	130 583

Deposits with the Treasurer includes the following fund balances that have restricted conditions:

Funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use (i.e. the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval)	21 593	17 956
Funds held pursuant to the <i>Rural Industry Adjustment and Development Act 1985</i> and other State and Commonwealth Schemes for rural financial assistance	56 479	57 267
External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder	14 075	15 568
Commonwealth funds held for the SARMS Program	4 085	12 078
Commonwealth funds held pursuant to the various Concessional Loans Schemes	55	591
Deposits with the Treasurer held as working capital, but subject to Department of Treasury and Finance budget and cash alignment policies	44 083	26 985
Total deposits with the Treasurer	140 370	130 445

⁽¹⁾ PIRSA is a project lead for an externally funded collaborative International Research project. Funds are both received from the funding body and disbursed to project partners in US dollars. The single currency arrangement softens the impact of exchange rate differences across the participant countries.

The amount reflects the Australian collar equivalent of the US dollars held at 30 June 2020.

Deposits with the Treasurer

Deposits into interest earning accounts with the Treasurer, are at call and earn a floating interest rate.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2. Receivables

	2020	2019
	\$'000	\$'000
Current		
Trade receivables		
From government entities	612	2 181
From non-government entities	8 693	4 675
Less: impairment loss on receivables	(106)	(141)
Total trade receivables	9 199	6 715
Loans receivable		
Loans to cooperatives	338	1 346
Loans - Commonwealth concessional loan schemes	1 662	450
Less: debt forgiveness ⁽¹⁾	-	(1 346)
Total Loans receivable	2 000	450
Other receivables		
Workers compensation recoveries	8	7
Accrued interest on loans and deposits	61	169
Other accrued revenue	841	4 603
GST receivable	1 732	1 504
Prepayments	309	418
Total Other receivables	2 951	6 701
Total current receivables	14 150	13 866
Non-Current		
Loans to cooperatives	10 362	-
Loans - Commonwealth concessional loan schemes	14 343	17 875
Workers compensation recoveries	62	10
Total non-current Receivables	24 767	17 885
Total receivables	38 917	31 751

⁽¹⁾ The Treasurer approved the waiver of a loan provided to Lenswood Cold Storage Cooperative Society Ltd., to alleviate the impact on the company and growers from the hail damage that occurred in October 2017 that adversely impacted both the quality and volume of fruit produced in the Adelaide Hills and other regions. Refer notes 4.5 and 7.2.

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Trade 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 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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2. Receivables (continued)

Loans receivables consist of:

Loans to cooperatives

Cooperative loans are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 7.2). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA. The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part, or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the negotiated interest period. Interest periods can range between 30 days to 10 years subject to agreement through SAFA. The interest rate on-charged to loan applicants is at a market rate and a lending margin is added to the interest rate incurred by Cooperatives to cover related costs.

Loans to eligible applicants of various concessional loan schemes offered by the Commonwealth Government

Commonwealth loan programs administered by the department include the Farm Finance Concessional Loans Scheme, Drought Concessional Loans Scheme, Drought Recovery Concessional Loans Scheme, Dairy Recovery Concessional Loans Scheme and Farm Business Concessional Loans Scheme (which included Drought Assistance, Dairy Recovery and Business Improvement Concessional Loans).

All of the Commonwealth concessional loan programs are now closed but the department will continue to administer the outstanding loan agreements (including principal and interest repayments) until the end of the loan term or the loan is repaid or refinanced by another financier. Commencing 1 July 2018, the Regional Investment Corporation was established by the Commonwealth Government as a national administrator of future Concessional loan schemes.

The department's role with the Commonwealth Concessional Loan Schemes was to assess applications and offer to eligible applicants, loans under the terms, conditions and interest rates prescribed by the Commonwealth, and subsequently manage the administration of the loan facility over its offered term. Funding was received from the Commonwealth (through the State) for each scheme and all or part of that funding was on-lent by the department to eligible applicants meeting the requirements of the Commonwealth program. The majority of uncommitted funds from the loan pool funds received were returned to the Commonwealth at the end of the program. In addition, any loan principal and interest repaid by eligible applicants to the department is returned on collection to the Commonwealth and the associated borrowing is reduced. Refer to Note 7.2 Financial liabilities – Borrowings.

In assessing the requirements of AASB 9 *Financial Instruments* the department has taken the position that in the provision of these loans the department operates as only a pass-through delivery agent and administrator for the Commonwealth Funds. Further, it bears no financial or credit risk, nor foregoes any resources from the concessional interest rate under the Commonwealth agreement.

Refer to note 11.3 for further information on risk management and impairment of financial assets.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.2. Receivables (continued)

Impairment of receivables

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	141	176
Amounts written off	(10)	(4)
Increase/(Decrease) in provision recognised in profit or loss	(25)	(31)
Carrying amount at the end of the period	106	141

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

6.3. Contract Balances

	30 June 2020	1 July 2019
	\$'000	\$'000
Contract assets		
Advances and grants	5 697	3 954
Sale of services	473	114
Total contract assets	6 170	4 068
Contract liabilities		
Current		
Advances and grants	12 205	11 281
Sale of services	1 102	1 185
Total current contract liabilities	13 307	12 466
Non-Current		
Advances and grants	250	-
Total non current contract liabilities	250	-
Total contract liabilities	13 557	12 466

Contract assets primarily relate to the department's rights to consideration for work completed but not yet billed at the reporting date on collaborative research projects and consultancy services. Amounts are billed in accordance with agreed upon contractual terms (i.e. periodic intervals). Contract assets are transferred to receivables when the rights become unconditional.

Contract assets have increased as the department provided more services ahead of contractual payment schedules. Based on assessment of previous 5 year's collection data, the department did not recognise a loss allowance for contract assets in accordance with AASB 9.

Contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised based on direct project costs incurred.

Revenue totalling \$12.466m was recognised in 2019-20 that was included in contract liabilities at 1 July 2019. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

Refer to note 9.4 for details regarding the effect of adopting AASB 15 and AASB 1058 on the department's financial statements for the year ending 30 June 2020.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.4. Other financial assets

	2020	2019
	\$'000	\$'000
Non-current		
Investments in shares - unlisted public companies	20 428	20 643
Total other financial assets	20 428	20 643

The department measures equity instruments (shares) at fair value and the department has made an irrevocable election that the investments will be categorised as Fair Value through Other Comprehensive Income (FVOCI). As such, while the fair value will be recognised in the statement of financial position, changes in value will be recognised in other comprehensive income rather than profit and taken to the investment reserve.

On disposal of these equity investments, any related balance within the investment reserve will be reclassified to retained earnings. Dividends arising from these investments will be recognised in the statement of comprehensive income.

Investments are primarily held to secure long term benefits from research partnerships and access to resources (water entitlements). The shares are not held for trading purposes. The department's investments include:

- Ordinary shares in Australian Grain Technologies Pty Ltd (AGT), an entity involved in research to assist wheat breeding programs. The department is a shareholder along with the University of Adelaide, Grains Research and Development Corporation and Vilmorin & CIE SA.

The fair value of the AGT investment was \$20.398m. An independent valuation was conducted on 31 March 2020 for the year ended 30 June 2020 by Ernst & Young of the respective interests of shareholders. The valuation methodology consisted primarily of a discounted free cash flow applied to long range business and earnings forecasts provided by AGT.

The discounts applied in the valuation take into consideration both the size of AGT relative to reference markets and other comparative companies considered in the valuation approach, and specific risk premiums for uncertainties associated with market expansion.

In assessing the value of the department's shareholding, further discounts were applied for minority shareholding and marketability of shareholder interests

Measurement uncertainty, valuation sensitivity and valuation risk mitigation -

The valuation approach considered long range forecast business and earnings data provided by AGT. Ernst & Young, in their measurement approach, undertook a number of valuation cross checks including earnings and trading multiples and considered companies that operate in the same industry and geography or exposed to similar risks. Ernst & Young noted that the investments value is most sensitive to changes in volume assumptions. Trading multiples were also considered to vary significantly with potential comparable companies being larger in size and/or more diversified than AGT. To mitigate these risks, Ernst & Young provided a range of possible outcomes to allow for valuation sensitivities and used long term historical averages and harvest forecasts in its valuation methodology. The department considered the information presented by Ernst & Young and taken a conservative approach in using the midpoint (\$20.398m) of the low-high range of possible outcomes (between \$17.491m and \$23.305m) as the basis of measurement for the investment. Selecting a measurement point different to the midpoint will increase or reduce the fair value movement recognised through other comprehensive income.

Liquidation value of the investment -

As an unlisted public company there is no true active market for the disposal of these shares. The constitution of AGT outlines the process for the disposal or the transfer of shares, but this operates in a restrictive manner and may strongly influence share value. A liquidation value for the investment cannot be reliably forecast and may be considerably different to the fair value determined under AASB9.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

6.4 Other financial assets (continued)

Assessment summary

The Ernst & Young valuation provides an independent assessment of the valuation of the investment, which can be periodically remeasured. The analysis and report were prepared in accordance with the requirements of AASB 9 and AASB 13, and in the judgement of the department the valuation represents a fair estimate of the value of the investment at 30 June 2020.

- Shares in Barossa Infrastructure Limited (\$12 500) acquired in 2000-01 and a further investment in 2014-15 (\$17 500) to secure a water entitlement for the department's research farm located at Nuriootpa. All shares acquired in Barossa Infrastructure were at a transaction price of \$1.00 per unit. The market buy-in price for new subscribers to the company last published in financial statements of Barossa Infrastructure Ltd (30 June 2018) remains at \$1.00 per share. The valuation method is a market approach based on observable inputs of share market price available from the published financial statements of Barossa Infrastructure Ltd.

Impairment of financial assets is assessed by reviewing external or internal evidence for indicators of changes that occurred in the period, or are expected to occur in the near future, in the technological, market, economic or legal environment of the investee.

	2020	2019
	\$'000	\$'000
Movement in financial assets		
Carrying amount at the beginning of the period	20 643	17 689
Fair value movement	(215)	2 954
Carrying amount at the end of the period	20 428	20 643

For further information on risk management refer to note 11.3.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2020	2019
	\$'000	\$'000
Current		
Trade and other payables	400	1
Accrued expenses	13 928	11 680
Accrued interest on borrowings	106	183
Paid parental leave scheme	22	4
Employment on-costs	1 901	1 729
Total current payables	16 357	13 597
Non-current		
Employment on-costs	2 115	2 301
Total non-current payables	2 115	2 301
Total payables	18 472	15 898

Payables and accruals are raised for all amounts owing but unpaid. 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, workers compensation levies and superannuation contributions and are settled when the respective employee benefits that they relate to is discharged.

The department makes contributions 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 dates relates to any contributions due but not yet paid to employee's superannuation funds.

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 from 2019 rate (41%) to 42%.

The department's contributions to the superannuation plan mix of its employees determines an average employer superannuation on-cost rate. This rate changed from the 2019 rate (10%) to 9.8%.

The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$11 000 and employee benefits expense of \$11 000.

Paid parental leave scheme

Paid Parental Leave Scheme – represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll process. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.2. Financial liabilities

	2020	2019
	\$'000	\$'000
Current		
Indebtedness to the Treasurer		
Borrowings for commonwealth concessional loan schemes	1 662	950
Borrowings for loans to cooperatives	338	-
Lease liabilities ⁽¹⁾	1 127	-
Total current financial liabilities	3 127	950
Non-current		
Indebtedness to the Treasurer		
Borrowings for loans to cooperatives	10 362	-
Borrowings for commonwealth concessional loan schemes	14 343	17 875
Lease liabilities ⁽¹⁾	1 130	-
Total non-current financial liabilities	25 835	17 875
Total financial liabilities	28 962	18 825

⁽¹⁾ Refer to note 5.3 and 9.1 for other lease information

The department measures financial liabilities including borrowings/debt at amortised cost.

Borrowings consist of Loans to cooperatives and loans to eligible applicants of various concessional loan schemes offered by the Commonwealth Government. Refer to further details of the loan schemes in Note 6.2 Receivables.

In assessing the requirements of AASB 9 *Financial Instruments* the department has taken the position that borrowings in respect of Commonwealth Concessional Loan schemes are a pass-through arrangement between the Commonwealth, State and department, with the department operating as a delivery agent and administrator for the Commonwealth Funds. Further, the department bears no financial or credit risk, nor foregoes any resources from the concessional interest rate under the Commonwealth agreement.

	2020	2019
	\$'000	\$'000
Movement in Indebtedness to the Treasurer		
Carrying amount at the beginning of the period	18 825	31 024
Additional borrowing during the year	10 700	-
Repayment of borrowings	(2 820)	(10 853)
Forgiveness of loan liability ⁽¹⁾	-	(1 346)
Carrying amount at the end of the period	26 705	18 825

⁽¹⁾ The Treasurer approved the waiver of loans provided to Lenswood Cold Storage Cooperative Society Ltd., to alleviate the impact on the company and growers from the hail damage that occurred in October 2017 that adversely impacted both the quality and volume of fruit produced in the Adelaide Hills and other regions. Refer notes 2.10 and 6.2.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.3. Provisions

	2020	2019
	\$'000	\$'000
Current		
Provision for workers compensation	445	303
Total provisions current	445	303
Non-current		
Provision for workers compensation	1 953	474
Total provisions non-current	1 953	474
Total provisions	2 398	777
Carrying amount at the beginning of the period	777	3 771
Reductions arising from payments	(157)	(332)
Revaluation of liability ⁽¹⁾	1 364	(3 194)
Additional provisions recognised	414	532
Carrying amount at the end of the period	2 398	777

⁽¹⁾ Open seriously injured worker (SIW) claims increased from zero (at previous valuation) to one.

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 Public Sector Employment. 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.

Additional Compensation for Certain Work-Related Injuries or Illnesses (Additional Compensation provision)

Following changes to relevant *Public Sector Enterprise Agreements and Awards*, the department has recognised an Additional Compensation provision of \$45 000 (2019: \$48 000) as workers compensation.

The Additional Compensation provision provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are non-serious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

7.4. Other liabilities

	2020	2019
	\$'000	\$'000
Current		
Accommodation incentive	73	73
Unearned revenue ⁽¹⁾	-	12 488
Total other current liabilities	<u>73</u>	<u>12 561</u>
Non-current		
Accommodation incentive	477	550
Other liabilities	2	2
Total other non-current liabilities	<u>479</u>	<u>552</u>
Total other liabilities	<u>552</u>	<u>13 113</u>

⁽¹⁾ Funding received primarily for research and fee for service contracts that are uncompleted at the end of the period. Revenue is earned as expenditure is incurred under the project or contract. In 2019-20, this is classified as contract liabilities disclosed in note 6.3.

8. Other disclosures

8.1. Equity

Asset Revaluation

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

Investment reserve

The reserve is used to record all changes in fair value of investments classified as fair value through other comprehensive income.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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	2019
	\$'000	\$'000
Leases		
Plant and equipment	1 383	1 559
Total cash outflow for leases	<u>1 383</u>	<u>1 559</u>

Reconciliation of net result to cash flows from operating activities

	2020	2019
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	140 672	130 583
Balance as per the Statement of Cash Flows	140 672	130 583
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by / (used in) operating activities	16 130	20 037
Add / (less) non-cash items		
Depreciation and amortisation	(8 636)	(6 998)
Gain/(loss) on disposal of non - current assets	60	52
Gain/(loss) on inventories	593	546
Derecognition of assets	-	(168)
Accommodation incentive	129	74
Impairment loss on receivables movement	27	34
Asset write down	(5)	-
Forgiveness of loan debt	-	(1 346)
Forgiveness of liabilities	-	1 346
Fair value of assets received free of charge	-	10
Movement in assets/liabilities		
(Decrease)/increase in receivables	(1 485)	(644)
(Decrease)/(decrease) in inventories	(228)	(264)
Decrease/(increase) in contract assets	6 170	-
Decrease/(increase) in payables and provisions	(2 796)	3 538
(Increase)/(increase) in contract liabilities	(13 557)	-
(Increase)/(increase) in employee benefits	621	(752)
Decrease/decrease in other liabilities	12 488	2 582
Net result	<u>9 511</u>	<u>18 047</u>

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.3. Prior period adjustments

During the financial year adjustments were made to prior year balances. The impact of these adjustments is detailed in the table below:

	Note	2019 Original balance \$'000	2019 Restated balance \$'000	Change \$'000
Statement of Comprehensive Income				
Supplies and services	4.1	52 458	52 273	(185)
Depreciation and amortisation	4.2	6 969	6 998	29
Prior period adjustments relating to net result				(156)
Statement of Financial Position				
Property, plant and equipment	5.1	120 503	120 475	(28)
Intangible assets	5.4	6 107	6 106	(1)
Accrued expenses	7.1	(11 865)	(11 680)	185
Employment on-costs	7.1	(1 698)	(1 729)	(31)
Total prior period adjustments				125
Net prior period adjustments reflected in equity				
Retained earnings				(31)
Total				(31)

8.4. Trust funds

The department has received monies in a trustee capacity for trusts. As the department performs only a custodial role in respect of these monies, and because the monies cannot be used for achievement of the department's objectives, the revenues and expenditures are only disclosed by way of note and are not brought to account in the department's financial statements.

Pleura Pneumonia Fund

This fund consists of monies belonging to all State Governments and the Federal Government. The fund is controlled by the Standing Committee of Agriculture and all expenditure is subject to the approval of the Chairman. Funds are to be used principally for publication of the history of the Pleura Pneumonia Eradication Campaign and are held in a Section 21 Deposit Account.

	2020 \$'000	2019 \$'000
Pleura Pneumonia Fund		
Net assets		
Cash at bank	16	16
Net assets	16	16
Funds		
Balance of funds at beginning of period	16	16
Fund balance at end of period	16	16

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

8.4. Trust Funds (continued)

Daniel Livingston Scholarship

This fund consists of monies bequested to the State Government by a 1937-38 memorandum to provide an annual student award in the University of Adelaide School of Agriculture, Food and Wine. Disbursements from the fund require the approval of the Minister or the Minister's delegate. The fund is held as a Section 21 Deposit Account.

Administration of the fund was transferred to the University of Adelaide in 2020.

	2020	2019
	\$'000	\$'000
Daniel Livingston Scholarship		
Operations		
Expenses	35	-
Net operating surplus (deficit)	<u>(35)</u>	<u>-</u>
Net assets		
Cash at bank	-	35
Net assets	<u>-</u>	<u>35</u>
Funds		
Balance of funds at beginning of period	35	35
Fund balance at end of period	<u>-</u>	<u>35</u>

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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 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

The total impact on the department's retained earnings as at 1 July 2019 is as follows:

	\$'000
Closing retained earnings 30 June 2019 - AASB 117	227 896
<u>Assets</u>	
Property, plant and equipment	2 560
<u>Liabilities</u>	
Financial liabilities	<u>2 560</u>
Opening retained earnings 1 July 2019 - AASB 16	<u>227 896</u>

The department disclosed in its 2018-19 financial report total undiscounted operating lease commitments of \$17.9 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 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 \$2.526 million under AASB 117. There is no material difference between the revised operating lease commitments when discounted and the financial liabilities recognised as at 1 July 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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

9.1 AASB 16 Leases (continued)

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.
- the initial measurement of lease liability was the present value of the remaining lease payments discounted using the relevant incremental borrowing rate published by the Department of Treasury and Finance as at 1 July 2019 based on the SA Government's cost of borrowing. The average weighted incremental borrowing rate for this purpose was 2.74 %.
- 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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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.

On transition, amounts were reclassified between contract assets and receivables; contract liabilities and other liabilities. The reclassification has no impact on retained earnings. Refer to note 6.3 for contract balance that were reclassified at 1 July 2019.

Accounting policies on transition

The department has adopted AASB 15 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The department has on transition:

- recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings as at 1 July 2019. Therefore, the comparative information has not been restated.
- not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards
- elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019. Such contract modifications were minor so this is expected to have little impact on the financial statements.

Impacts on the financial statements are explained below together with impacts from adoption of AASB 1058 *Income of Not-for-Profit Entities*.

Ongoing accounting policies

The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the department's accounting policies as follows:

- for non-intellectual property licences, low value licences (i.e. assets which have a value of \$15 000 or less) and short-term licences (i.e. being those with a licence term of 12 months or less) are exempt from AASB 15 revenue recognition requirements. The department has elected to recognise revenue at the point in time the licence is issued.
- AASB 15 is applied to a portfolio contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year or less.
- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the department would have recognised is one year or less.
- there is no disclosures of certain information relating to remaining performance obligations if the original contract is expected to end within one year or when revenue is recognised in accordance with para. B16.

Significant accounting policies relate to the application of AASB 15 are disclosed under relevant notes.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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

On transition, there was no impact on retained earnings.

9.4. Effects on financial statements from AASB 15 and AASB 1058

The following table shows the effect of adopting AASB 15 and AASB 1058 on the department's financial statements for the year ending 30 June 2020. There is immaterial impact on the department's Statement of Comprehensive Income.

Statement of Financial Position

		As reported	Adjustments AASB 15	Adjustments AASB 1058	Balances without adoption of AASB 15 & 1058
	Note	\$'000	\$'000	\$'000	\$'000
Other accrued revenue	6.2	841	6 170	-	7 011
Contract assets	6.3	6 170	(6 170)	-	-
Total assets		7 011	-	-	7 011
Contract liabilities	6.3	13 557	(13 557)	-	-
Unearned revenue	7.4	-	13 557	-	13 557
Total liabilities		13 557	-	-	13 557

9.5. 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 source 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.

Consultancies and services revenue previously disclosed in note 2.2 Fees and charges have been reclassified to note 2.7 Sale of goods and services as part of application of AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income on Non-for-Profit Entities* and to reflect the nature of the revenue.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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

Capital expenditure contracted for at the reporting date but are not recognised as liabilities in the financial report, are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	237	126
Total capital commitments	237	126

Capital commitments relate to current contractual agreements for the development and supply of plant and equipment.

Expenditure commitments

	2020	2019
	\$'000	\$'000
Within one year	48 063	54 262
Later than one year but not longer than five years	25 911	35 327
Later than five years	662	1 930
Total other commitments	74 636	91 519

The department's expenditure commitments include:

- memoranda of administrative arrangements with the Department of Planning, Transport and Infrastructure for accommodation with commitment of \$12 134 000 (2019:\$15 368 000).
- amounts owing under fixed price contracts outstanding at the end of the reporting period and future amounts payable under approved grant and funding agreements where payment by the department is conditional on the grant applicant meeting any conditions precedent in the agreement. Non-performance by the applicant would result in a withdrawal of the grant offer.

Operating lease commitments

Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	-	1 341
Later than one year and not later than five years	-	1 161
Later than five years	-	24
Total operating lease commitments	-	2 526
Representing:		
Non-cancellable operating leases	-	2 526
Total operating lease commitments	-	2 526

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10.1. Unrecognised contractual commitments (continued)

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 with 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 9.1.

The Department's non-cancellable operating leases include agreements with LeasePlan for long term hire of light vehicles

10.2. Expected realisation of contract liabilities as revenue

	2020-21	2021-22	Total
	\$'000	\$'000	\$'000
Revenue expected to be recognised	13 307	250	13 557

10.3. 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

The department owns intangible assets consisting of intellectual property from its core research activities from which the department may receive economic benefits in the form of royalties revenue. These assets are not recognised in the financial statements due to difficulties in determining reliable fair values.

The department may be awarded the reimbursement of costs for a legal case which is still subject to litigation

Contingent liabilities

The nature of activities that the department is involved in can create potential exposure to environmental matters, which the department may be required to remedy in the future.

The department has some potential outstanding litigation in a number of these areas.

Certain matters associated with contaminants such as contaminated land and hazardous materials have been identified and are managed in accordance with recognised standards, minimising the likelihood of future environmental risks to Government. At this time, the financial impact cannot be reliably estimated.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

10.4. Impact of standards and statements 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.

10.5. COVID-19 pandemic outlook for the department

The COVID-19 pandemic will continue to impact on the way in which the department operates and delivers services in 2020-21 to the primary industry sectors and regions of the state.

At this stage any potential significant on-going financial impacts on the department are still being determined and are not reliably measurable.

10.6. Events after the reporting period

No events have occurred after balance date that would affect the financial statements of PIRSA as at 30 June 2020.

11. Measurement and risk

11.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* contains the calculation methodology for 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 the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

The actuarial assessment performed by the Department of Treasury and Finance for the salary inflation rate has decreased from 2019 (4%) to 2020 (2.5%) 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 leave liability of \$1.836m and employee benefit expense of \$1.836m. 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.

The actuary determined that of the total liability of \$24.874m (\$26.795m) that \$20.834m (\$22.658m) was unconditionally payable to employees as they had greater than 10 years of service. Leave analysis indicates that a significant amount of long service leave is accumulated and will not be taken in the next financial year. The current portion of the long service leave provision therefore reflects the unconditional amount expected to be paid within the next reporting period, calculated from a long term average of recurrent long service leave payments.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

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

Property, plant and equipment owned by the department 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 (that is the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

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

The revaluation process is reviewed by the department each year.

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 million and estimated useful life is greater than three years.

Revaluation is undertaken on a 5 year cycle. 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.

Equity instruments are re-measured to fair value at each reporting period.

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 department's 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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2. Fair value (continued)

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 technique.

Fair value classification - at 30 June 2020		2020	Level 2	Level 3
Recurring fair value measurements		\$'000	\$'000	\$'000
Land	5.1	28 545	28 545	-
Buildings and infrastructure specialised		62 276	-	62 276
Buildings non specialised		7 962	7 962	-
Accommodation improvements		867	-	867
Bearer plants		105	-	105
Plant and equipment		16 344	-	16 344
Large vessels		1 267	-	1 267
Other financial assets	6.4	20 428	-	20 428
Total recurring fair value measurements		137 794	36 507	101 287
Total		137 794	36 507	101 287

Fair value classification - at 30 June 2019		2019	Level 2	Level 3
Recurring fair value measurements		\$'000	\$'000	\$'000
Land	5.1	28 545	28 545	-
Buildings and infrastructure specialised		64 879	-	64 879
Buildings non specialised		8 421	8 421	-
Accommodation improvements		1 161	-	1 161
Bearer plants		105	-	105
Plant and equipment		16 525	-	16 525
Large vessels		608	-	608
Other financial assets	6.4	20 643	-	20 643
Total recurring fair value measurements		140 887	36 966	103 921
Total		140 887	36 966	103 921

Land, buildings and infrastructure

Land, buildings and infrastructure were independently reviewed and revalued to fair value as at 30 June 2018, by Liquid Pacific Pty Ltd, in accordance with AASB 116 *Property, Plant and Equipment*. The valuer arrived at fair value using the market approach based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services, specialised nature of the assets, including the restricted use of the assets; the size, condition, location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2. Fair value (continued)

Large vessels

The department's purpose built high speed patrol vessel 'Southern Ranger' used for South Australia's Fisheries and Aquaculture operations was reviewed by an independent valuer and revalued to fair market value as at 31 March 2020. The market value appraisal was arrived at from market research and recent market evidence through the independent valuer. This asset is classified at level 3.

Other financial assets – investments in shares

The fair value of unlisted investments are based on expected cash flows discounted at a market interest rate and taking into account the risk premium specific to the investments. These investments are classified as Level 3 in the hierarchy. Refer to note 6.4.

Plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition of less than \$1 million or had an estimated useful life that was less than three years, have not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

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

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

	Buildings and infrastructure specialised \$'000	Plant and equipment \$'000	Large vessels \$'000	Accommodation improvements \$'000	Bearer plants \$'000	Other financial assets \$'000
Opening balance at the beginning of the period	64 879	16 525	608	1 161	105	20 643
Acquisitions	-	1 155	-	-	-	-
Transfer between asset classes	119	1 253	-	-	-	-
Disposals	-	(53)	-	-	-	-
	64 998	18 880	608	1 161	105	20 643
<u>Gains / (Losses) for the period recognised in net result</u>						
Depreciation/amortisation	(3 179)	(2 536)	(104)	(294)	-	-
Total gains / (losses) recognised in net result	(3 179)	(2 536)	(104)	(294)	-	-
<u>Gains / (Losses) for the period recognised in other comprehensive income (OCI)</u>						
Changes in fair value of investments classified as fair value through other comprehensive income	-	-	763	-	-	(215)
Total gains / (losses) for the period recognised in other comprehensive income (OCI)	-	-	763	-	-	(215)
Carrying amount at the end of the period	61 819	16 344	1 267	867	105	20 428

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.2. Fair value (continued)

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

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

	Buildings and infrastructure specialised \$'000	Plant and equipment \$'000	Large vessels \$'000	Accommodation improvements \$'000	Bearer plants \$'000	Other financial assets \$'000
Opening balance at the beginning of the period	66 343	14 557	706	1 545	105	17 689
Acquisitions	1 370	1 434	-	-	-	-
Transfer between asset classes	-	3 166	-	-	-	-
Disposals	-	(60)	-	-	-	-
Assets received free of charge	-	10	-	-	-	-
	67 713	19 107	706	1 545	105	17 689
<u>Gains / (Losses) for the period recognised in net result</u>						
Depreciation/amortisation	(2 834)	(2 582)	(98)	(384)	-	-
Total gains / (losses) recognised in net result	(2 834)	(2 582)	(98)	(384)	-	-
<u>Gains / (Losses) for the period recognised in other comprehensive income (OCI)</u>						
Revaluation increment	-	-	-	-	-	2 954
Total gains / (losses) for the period recognised in other comprehensive income (OCI)	-	-	-	-	-	2 954
Carrying amount at the end of the period	64 879	16 525	608	1 161	105	20 643

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.3. Financial instruments

Financial risk management

Risk management is managed by the department's corporate services section and 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 (refer note 2.1). 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 6.2 and 7.2 for information in relation to loans and borrowings.

The department's performance against budget is presented in note 1.4.

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.

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 risks characteristics and the 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 where practicable 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.

Loans Receivables

There is no impairment allowance provided for the loans receivables. The department operates as only a pass-through delivery agent for loans under Commonwealth concessional loan schemes and bears no financial risks. Under the arrangement with the Commonwealth, should a bad debt loss occur, the loss would be passed back to the Commonwealth. Loans to cooperatives are secured by bank guarantee for the total balance.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.3. Financial instruments (continued)

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

	Debtor gross carrying amount	Loss %	Lifetime expected losses
	\$'000	%	\$'000
Current	7 600	-	-
1-30 days past due	423	0.04%	-
31 - 60 days past due	153	0.16%	-
61-90 days past due	79	0.31%	-
More than 90 days past due	438	24.05%	106
Loss allowance			<u>106</u>

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.

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, 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. PIRSA'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. Except as noted at 6.1. there is no exposure to foreign currency or other price risks.

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.3. Financial instruments (continued)

Categorisation of financial instruments

Details of the 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

Category of financial asset and financial liability		2020 Carrying amount / fair value \$'000	2020 Contractual maturities		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and cash equivalents	6.1	140 672	140 672	-	-
Financial assets at amortised cost					
Receivables	6.2	10 171	10 171	-	-
Loans receivable	6.2	26 705	2 000	12 510	12 195
Financial assets at fair value through other comprehensive income					
Other financial Assets	6.4	20 428	20 428	-	-
Total financial assets		197 976	173 271	12 510	12 195
Financial liabilities at amortised cost					
Payables	7.1	14 165	14 165	-	-
Borrowings	7.2	26 705	2 000	12 510	12 195
Lease liabilities	7.2	2 257	1 127	1 130	-
Total financial liabilities		43 127	17 292	13 640	12 195

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

11.3 Financial instruments (continued)

Category of financial asset and financial liability		2019 Carrying amount / Fair value (\$'000)	2019 Contractual maturities		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets					
Cash and cash equivalents	6.1	130 583	130 583	-	-
Financial assets at amortised cost					
Receivables	6.2	11 487	11 487	-	-
Loans receivable	6.2	18 325	450	4 925	12 950
Financial assets at fair value through other comprehensive income					
Other financial assets	6.4	20 643	20 643	-	-
Total financial assets		181 038	163 163	4 925	12 950
Financial liabilities at amortised cost					
Payables	7.1	11 767	11 767	-	-
Borrowings	7.2	18 825	950	4 925	12 195
Total financial liabilities		30 592	12 717	4 925	12 195

Receivables and payables

The receivables and payables 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 etc they would be excluded from the disclosure. All amounts recorded are carried at amortised cost.

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.

**Department of Primary Industries and Regions
(PIRSA)**

Administered Financial Statements

For the year ended 30 June 2020

Department of Primary Industries and Regions
Statement of Administered Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Administered Income			
Appropriations	A2.1	4 948	4 868
Fees and charges	A2.2	28 373	28 021
Interest	A2.3	98	215
Levies collection	A2.4	218	196
Resources received free of charge	A2.5	71	-
Other income	A2.6	51	136
Total administered income		33 759	33 436
Administered Expenses			
Employee benefits expenses	A3.3	408	457
Supplies and services	A4.1	2 418	2 305
Grants and subsidies	A4.2	29 398	30 037
Levies payments	A4.3	170	201
Other expenses	A4.4	4	6
Total administered expenses		32 398	33 006
Net result		1 361	430
Total comprehensive result		1 361	430

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 of Primary Industries and Regions
Statement of Administered Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Administered Current Assets			
Cash and cash equivalents	A6.1	19 252	22 702
Receivables	A6.2	748	287
Total administered current assets		20 000	22 989
Administered non-current assets			
Property, plant and equipment	A5.1	54 116	54 116
Total administered non-current assets		54 116	54 116
Total administered assets		74 116	77 105
Administered Current Liabilities			
Payables	A7.1	201	1 658
Other current liabilities	A7.2	863	3 756
Total administered current liabilities		1 064	5 414
Total administered liabilities		1 064	5 414
Net assets		73 052	71 691
Administered Equity			
Retained earnings		73 052	71 691
Total administered equity		73 052	71 691

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

Department of Primary Industries and Regions
Statement of Administered Cash Flows
for the year ended 30 June 2020

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Appropriations		4 951	4 868
Fees and charges		25 067	28 491
Interest received		98	215
Levy collections		218	196
Other receipts		-	22
Cash generated from operations		30 334	33 792
Cash outflows			
Employee benefit payments		(408)	(457)
Payments for supplies and services		(2 364)	(2 270)
Payments of grants and subsidies		(30 838)	(29 083)
Levy payments		(170)	(201)
Other payments		(4)	(6)
Cash used in operations		(33 784)	(32 017)
Net cash (used in) / provided by operating activities	A8.1	(3 450)	1 775
Cash flows from financing activities			
Cash inflows			
Cash received from restructuring activities		-	127
Cash generated from financing activities		-	127
Net cash provided by / (used in) financing activities		-	127
Net (decrease) / increase in cash and cash equivalents		(3 450)	1 902
Cash and cash equivalents at the beginning of the reporting period		22 702	20 800
Cash and cash equivalents at the end of the reporting period	A6.1	19 252	22 702

The accompanying notes form part of these financial statements.

Department of Primary Industries and Regions
Expenses and Income by Administered Programs
for the year ended 30 June 2020

Programs - refer note A1.1.

	Adelaide Hills Wine Industry Fund		Aquaculture Resource Management Fund		Barossa Wine Industry Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered Income						
Appropriations	-	-	-	-	-	-
Fees and charges	278	278	1 335	1 318	946	808
Interest	1	4	9	20	3	8
Levies collection	-	-	-	-	-	-
Resources received free of charge	9	-	-	-	10	-
Other income	-	-	-	67	-	-
Total administered income	288	282	1 344	1 405	959	816
Administered Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	29	25	-	-	35	70
Grants and subsidies	226	457	1 160	1 347	779	1 080
Levies payments	-	-	-	-	-	-
Other expenses	-	-	(36)	-	-	-
Total administered expenses	255	482	1 124	1 347	814	1 150
Net result	33	(200)	220	58	145	(334)

	Citrus Growers Fund		Clare Valley Wine Industry Fund		Eyre Peninsula Grain Growers Rail Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered Income						
Appropriations	-	-	-	-	-	-
Fees and charges	174	184	231	303	-	-
Interest	2	3	1	3	-	-
Levies collection	-	-	-	-	-	-
Resources received free of charge	-	-	5	-	-	-
Other income	-	-	-	-	3	-
Total administered income	176	187	237	306	3	-
Administered Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	12	15	13	13	3	4
Grants and subsidies	150	-	232	300	-	-
Levies payments	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total administered expenses	162	15	245	313	3	4
Net result	14	172	(8)	(7)	-	(4)

Department of Primary Industries and Regions
Expenses and Income by Administered Programs
for the year ended 30 June 2020

Programs - refer note A1.1.

	Fisheries Research and Development Fund		ForestrySA Community Service Obligations		Grain Industry Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered Income						
Appropriations	-	-	4 544	4 521	-	-
Fees and charges	14 816	14 925	-	-	1 092	975
Interest	-	-	-	-	9	27
Levies collection	-	-	-	-	-	-
Resources received free of charge	-	-	-	-	-	-
Other income	3	67	-	-	-	-
Total administered income	14 819	14 992	4 544	4 521	1 101	1 002
Administered Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	1 670	1 578	-	-	21	21
Grants and subsidies	12 758	13 294	4 544	4 519	1 350	1 480
Levies payments	-	-	-	-	-	-
Other expenses	40	-	-	-	-	-
Total administered expenses	14 468	14 872	4 544	4 519	1 371	1 501
Net result	351	120	-	2	(270)	(499)

	Grain Industry Research and Development Fund		Langhorne Creek Wine Industry Fund		McLaren Vale Wine Industry Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered Income						
Appropriations	-	-	-	-	-	-
Fees and charges	1 638	1 462	405	261	707	614
Interest	1	3	1	3	2	6
Levies collection	-	-	-	-	-	-
Resources received free of charge	-	-	5	-	8	-
Other income	-	-	-	-	-	-
Total administered income	1 639	1 465	411	264	717	620
Administered Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	20	21	17	24	23	45
Grants and subsidies	1 631	1 507	300	313	533	758
Levies payments	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total administered expenses	1 651	1 528	317	337	556	803
Net result	(12)	(63)	94	(73)	161	(183)

Department of Primary Industries and Regions
Expenses and Income by Administered Programs
for the year ended 30 June 2020

Programs - refer note A1.1.

	Riverland Wine Industry Fund		South Australian Apiary Industry Fund		South Australian Cattle Industry Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered Income						
Appropriations	-	-	-	-	-	-
Fees and charges	1 389	1 101	64	61	779	1 204
Interest	6	8	2	4	6	9
Levies collection	-	-	-	-	-	-
Resources received free of charge	12	-	-	-	-	-
Other income	-	-	-	-	16	-
Total administered income	1 407	1 109	66	65	801	1 213
Administered Expenses						
Employee benefits expenses	-	-	-	-	-	24
Supplies and services	274	230	7	6	45	50
Grants and subsidies	925	773	44	44	700	583
Levies payments	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total administered expenses	1 199	1 003	51	50	745	657
Net result	208	106	15	15	56	556

	South Australian Grape Growers Industry Fund		South Australian Pig Industry Fund		South Australian Sheep Industry Fund	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Administered Income						
Appropriations	-	-	-	-	-	-
Fees and charges	605	509	163	200	3 751	3 818
Interest	2	5	23	53	29	59
Levies collection	-	-	-	-	-	-
Resources received free of charge	22	-	-	-	-	-
Other income	-	-	-	-	29	2
Total administered income	629	514	186	253	3 809	3 879
Administered Expenses						
Employee benefits expenses	-	-	-	-	6	35
Supplies and services	128	130	63	14	54	52
Grants and subsidies	450	462	302	221	3 314	2 899
Levies payments	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total administered expenses	578	592	365	235	3 374	2 986
Net result	51	(78)	(179)	18	435	893

Department of Primary Industries and Regions
Expenses and Income by Administered Programs
for the year ended 30 June 2020

Programs - refer note A1.1.	Pastoral Land Management Fund		Other Funds		Total	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered Income						
Appropriations	14	-	390	347	4 948	4 868
Fees and charges	-	-	-	-	28 373	28 021
Interest	1	-	-	-	98	215
Levies collection	-	-	218	196	218	196
Resources received free of charge	-	-	-	-	71	-
Other income	-	-	-	-	51	136
Total administered income	15	-	608	543	33 759	33 436
Administered Expenses						
Employee benefits expenses	-	-	402	398	408	457
Supplies and services	-	-	4	7	2 418	2 305
Grants and subsidies	-	-	-	-	29 398	30 037
Levies payments	-	-	170	201	170	201
Other expenses	-	-	-	6	4	6
Total administered expenses	-	-	576	612	32 398	33 006
Net result	15	-	32	(69)	1 361	430

The accompanying notes form part of these financial statements.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A1. Basis of preparation

The basis of preparation for administered financial statements is the same as the basis outlined in note 1.1. The Department of Primary Industries and Regions (PIRSA/the department) applies the same accounting policies to the administered financial statements as set out in the notes to PIRSA's controlled financial statements.

A1.1. Administered funds of the department

The program schedule provides details of expenses and revenues applicable to the administered funds of PIRSA. Information about the PIRSA administered funds is set out below:

Adelaide Hills Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2003. The primary purposes of the fund are to promote the Adelaide Hills wine industry, undertake research and development and encourage communication and cooperation between participants in the Adelaide Hills wine industry.

Aquaculture Resource Management Fund

This fund, established under the *Aquaculture Act 2001*, came into operation on 11 November 2002. Under the Act, fees are paid into the fund and are to be utilised primarily for the purposes of any investigation or other projects relating to the management of aquaculture resources.

Barossa Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the Barossa wine industry, undertake research and development and encourage communication and cooperation between participants in the Barossa wine industry.

Citrus Growers Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 20 October 2005. The primary purposes of the fund are to provide services to growers, promote the SA citrus industry, represent growers in regional, State or national citrus or horticulture industry forums and encourage communication and cooperation between participants in the citrus industry.

Clare Valley Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 21 February 2008. The primary purposes of the fund are to promote the Clare Valley wine industry, undertake research and development and encourage communication and cooperation between participants in the Clare Valley wine industry.

Eyre Peninsula Grain Growers Rail Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 7 September 2006. The primary purpose of the fund is to collect \$2 million towards the cost of improving the Eyre Peninsula grain railway line and associated equipment or infrastructure. The purpose of the fund has been met and the prescribed contribution rate has been reduced to zero.

Fisheries Research and Development Fund

Under the *Fisheries Management Act 2007*, all commercial licence fees received by PIRSA are required to be paid into this fund. The primary purposes of the fund are to carry out research, exploration, experiments, works or operations for the conservation, management or enhancement of living resources found in waters to which the Act applies or promotion of any fishing, fish farming or fish processing activity.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A1.1. Administered funds of the department (continued)

ForestrySA Community Service Obligations

PIRSA receives appropriation to make payments to ForestrySA representing Community Service Obligations for the provision of: management of native forests for biodiversity conservation; community use of forest reserves; forest research programs; and provision of community fire protection services near forest reserves.

Grain Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 March 2012. The primary purposes of the fund are to promote the grain industry, through industry field days, conferences and other events; represent grain growers in regional, state or national grain or agriculture industry forums; collect and disseminate to grain growers information relevant to the grain industry; and undertake programs designed to encourage communication and cooperation between grain growers and other persons associated with the grain industry.

Grain Industry Research and Development Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2013. The primary purposes of the fund are to collect industry funds and make payments to the South Australian Grain Industry Trust Fund and others; to undertake or facilitate research and development into the growing, harvesting, storage, processing and marketing of grain; and collect and disseminate to grain growers information relevant to research and development into grains.

Langhorne Creek Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001 with new Regulations assented to on 1 September 2016. The primary purposes of the fund are to promote the Langhorne Creek wine industry, undertake research and development and encourage communication and cooperation between participants in the Langhorne Creek wine industry.

McLaren Vale Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 5 June 2003. The primary purposes of the fund are to promote the McLaren Vale wine industry, undertake research and development and encourage communication and cooperation between participants in the McLaren Vale wine industry.

Pastoral Land Management Fund

This fund was established pursuant to section 9 of the *Pastoral Land Management and Conservation Act 1989*. The primary purposes of the fund is to provide funding for research into techniques for pastoral land management, for prevention or minimisation of pastoral land degradation and for rehabilitation of degraded pastoral land, and other purposes consistent with the management and conservation of pastoral land.

Riverland Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001 with new Regulations assented to on 1 September 2016. The primary purposes of the fund are to promote the Riverland wine industry, undertake research and development and encourage communication and cooperation between participants in the Riverland wine industry.

South Australian Apiary Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 31 January 2001 with new Regulations assented to on 1 September 2016. The primary purpose of the fund is to undertake programs relating to the apiary industry or apiary products or any other aspect of the apiary industry that is considered will benefit the apiary industry.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A1.1. Administered funds of the department (continued)

South Australian Cattle Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 July 2000 with new Regulations assented to on 14 May 2015. The primary purposes of the fund are to undertake programs relating to cattle, cattle products or any other aspect of the cattle industry, and payment of compensation and other amounts in line with Regulations.

South Australian Grape Growers Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the SA grape growers industry, undertake research and development and encourage communication and cooperation between participants in the SA grape growers industry.

South Australian Pig Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 October 2001 with new Regulations assented to on 1 September 2016. The primary purposes of the fund are to undertake research, investigations or other programs relating to pigs, pig products or any other aspect of the pig industry and payment of compensation in line with Regulations.

South Australian Sheep Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 28 October 1999 with new Regulations assented to on 14 August 2014. The purposes of the fund are to make financial assistance or ex gratia payments to farmers in line with the Regulations, undertake programs as recommended by the South Australian Sheep Advisory Group and provide contributions to the Dog Fence Board towards the maintenance or improvement of the dog proof fence.

Other Funds

This is the total of all other administered funds including the payment of Ministerial salaries and allowances, and seed levies collected and remitted pursuant to the *Commonwealth Pasture Seed Levy Collection Act 1989* and amending Act *Primary Industries Levies and Charges Collection (Consequential Provisions) Act 1991*.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A1.2. Budget performance

The budget performance table compares the departments 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.

Statement of Administered Comprehensive Income	Note	Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Income				
Appropriations		4 940	4 948	8
Fees and charges		30 706	28 373	(2 333)
Interest		238	98	(140)
Levies collection		166	218	52
Resources received free of charge		-	71	71
Other income		-	51	51
Total income		36 050	33 759	(2 291)
Expenses				
Employee benefits expenses		483	408	(75)
Supplies and services		2 362	2 418	56
Grants and subsidies	(a)	33 373	29 398	(3 975)
Levies payments		166	170	4
Other expenses		20	4	(16)
Total expenses		36 404	32 398	(4 006)
Net result		(354)	1 361	1 715
Total comprehensive result		(354)	1 361	1 715

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.

(a) Grants and subsidies payments were lower than the original budget primarily due to the realignment of expenditure profiles and timelines to reflect 2019-20 service delivery in line with industry management plans, and reduced expenditure offsetting reduced industry contributions into the Industry Funds.

A1.3. Significant transactions with government related entities

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A2. Income

A2.1. Appropriations

	2020	2019
	\$'000	\$'000
Revenues from appropriations	4 558	4 521
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	390	347
Total revenues from appropriations	4 948	4 868

Appropriations

Appropriations are recognised under AASB 1058 upon receipt.

A2.2. Fees and charges

	2020	2019
	\$'000	\$'000
Aquaculture and fishing licences	14 007	14 265
Industry contributions	12 222	11 778
Penalties and fines	11	33
Other fees and levies	2 133	1 945
Total revenue from fees and charges	28 373	28 021

Aquaculture and Fishing Licences

Revenue is recognised at the date of grant of a new licence and on any subsequent renewal, at the date of commencement of the new licence period. The operations of Fisheries and Aquaculture are largely cost recovered and annual licence fee revenue collections fund legislative compliance, research and other industry specific projects, in accordance with strategic plans developed by the industry.

Industry contributions

Under the *Primary Industry Funding Schemes Act 1998* certain administered industry funds may impose a levy on industry participants to raise funds for the conduct of approved projects to advance research or development in the industry sector. For each industry fund, regulations under the Act specify the amount and nature of levies payable. Revenue from this source is recognised as income when received.

A2.3. Interest

	2020	2019
	\$'000	\$'000
Interest on special deposit accounts	98	215
Total interest	98	215

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A2.4. Levies collections

	2020	2019
	\$'000	\$'000
Seed levies	218	196
Total levies collections	218	196

Seed levies comprise amounts collected pursuant to the Commonwealth *Pasture Seed Levy Collection Act 1989* and amending Act *Primary Industries Levies and Charges Collection (Consequential Provisions) Act 1991* for certification of pasture seed by the State and fees charged by Australian Seed Authority Ltd (ASA) under licence by the Commonwealth Department of Agriculture and Water Resources. ASA undertake the role of the National Designated Authority for the Organisation for Economic Cooperation and Development (OECD) seed schemes, and, at the request of the Australian seed industry, operates the Australian Seed Certification Scheme which is used principally for seed not destined for export. The department has an agreement with ASA to collect and remit the levy on their behalf.

Payments are recognised under note A4.3.

A2.5. Resources received free of charge

	2020	2019
	\$'000	\$'000
Resources received free of charge	71	-
Total resources received free of charge	71	-

The cost of PIRSA's administration services were not charged to various funds in 2019-20 to reflect government support to the financial hardship being experienced by the wine sector mainly in relation to drought and bushfire impacts as well as COVID-19 restrictions.

Resources received free of charge are recorded at their fair value and recognised as revenue under AASB 1058 upon receipt.

A2.6. Other income

	2020	2019
	\$'000	\$'000
Reimbursements/recoveries	48	2
Reduction in impairment on receivables	-	127
Other	3	7
Total other income	51	136

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A3. Board, committees and employees

A3.1. Key management personnel

The Minister for Primary Industries and Regional Development has responsibility for all of the administered funds included under note A1.1 and discharges his duties in accordance with the governance arrangements in the legislation and regulations that underpin each fund. The Minister is deemed to be a key management person for the administered funds.

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 DTF) under section 6 the *Parliamentary Remuneration Act 1990*.

A3.2. Board and committee members

Members during 2020 financial year were:

South Australian Cattle Advisory Group

The committee ceased on 02 June 2020

L F Cleggett (Chair) (reappointed 02 July 2019)

K I Dennis

A Giles (deputy member)

J J Greenfield

P Hicks

T J Honner (reappointed 02 July 2019)

S Joppich (reappointed 02 July 2019)

H F E Keatley (reappointed 02 July 2019)

B F W McHugh (deputy member) (reappointed 02 July 2019)

J Owens (appointed 10 July 2019)

P J Schulz

E K Spark (appointed 10 July 2019)

South Australian Sheep Advisory Group

The committee ceased on 02 June 2020

I H Rowett (Chair) (reappointed 02 July 2019)

B J Bateman (reappointed 02 July 2019)

K T Bolto

K I Dennis (deputy member) (reappointed 02 July 2019)

J I Fischer

R E Giles

J Kellock

A J P MacLachlan (deputy member) (reappointed 02 July 2019)

Dr E K Matthews* (deputy member) (reappointed 10 July 2019)

L J Mills

J Owens (appointed 10 July 2019)

A S Pearce (reappointed 02 July 2019)

P J Schulz (deputy member) (reappointed 02 July 2019)

W L Stewart

M M Whittlesea (deputy member) (reappointed 02 July 2019)

* In accordance with the Premier and Cabinet Circular PC016, government employees did not receive any remuneration for board/committee duties during the financial year.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A3.2. Board and committee members (continued)

Board and committee remuneration

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

	2020	2019
\$0 - \$19 999	24	24
Total number of members	24	24

The total remuneration received or receivable by member was \$2 000 (2019: \$26 000). Remuneration of members includes sitting fees, superannuation contribution, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

A3.3. Employee benefit expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	390	409
Board and committee fees	2	25
Workers' compensation	16	20
Employment on-costs - superannuation	-	2
Employment on-costs - other	-	1
Total employee benefit expenses	408	457

Employment on-costs - superannuation

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A4. Expenses

Employee benefits expenses are disclosed in note A3.3.

A4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Professional and technical services ⁽¹⁾	1 902	1 794
Administrative and operating costs	513	499
Travel	-	6
Other	3	6
Total supplies and services	2 418	2 305

⁽¹⁾ Includes audit fees paid/payable to the Auditor-General's Department of \$107 300 (2019: \$106 400) relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

A4.2. Grants and subsidies

	2020	2019
	\$'000	\$'000
Recurrent grants	8 832	9 134
Transfer payments to PIRSA for industry research and project delivery	15 245	15 930
Intra government transfers	5 321	4 973
Total grants and subsidies	29 398	30 037

The major grant programs and subsidies paid/payable during the year were:

Fisheries Research and Development Fund	12 758	13 294
ForestrySA-Community Service Obligations	4 544	4 519
South Australian Sheep Industry Fund	3 314	2 899
Grain Industry Research and Development Fund	1 631	1 507
Aquaculture Resource Management Fund	1 160	1 347
Grain Industry Fund	1 350	1 480
Barossa Wine Industry Fund	779	1 080
South Australian Cattle Industry Fund	700	583
McLaren Vale Wine Industry Fund	533	758
Riverland Wine Industry Fund	925	773
South Australian Grape Growers Industry Fund	450	462
Adelaide Hills Wine Industry Fund	226	457
Langhorne Creek Wine Industry Fund	300	313
Citrus Growers Fund	150	-
South Australian Pig Industry Fund	302	221
Clare Valley Wine Industry Fund	232	300
South Australian Apiary Industry Fund	44	44
Total grants and subsidies	29 398	30 037

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A4.3. Levies payments

	2020	2019
	\$'000	\$'000
Seed levies	170	201
Total levies payments	170	201

Seed levies collected pursuant to the Commonwealth *Pasture Seed Levy Collection Act 1989* are paid to the Commonwealth Department of Agriculture and Water Resources. Fees charged by ASA are by an agreement with the department, collected and remitted to ASA.

Income is recognised under note A2.4.

A4.4. Other expenses

	2020	2019
	\$'000	\$'000
Increase in impairment of receivables	4	-
Return of surplus cash to DTF pursuant to cash alignment policy	-	5
Other	-	1
Total other expenses	4	6

A5. Non-financial assets

A5.1. Property, plant and equipment

	2020	2019
	\$'000	\$'000
Land		
Land at fair value	54 116	54 116
Total land	54 116	54 116
Total property, plant and equipment	54 116	54 116

Land relates to crown tenure over pastoral lands in South Australia covering the more arid lands north of, and immediately below, the dog fence. The value recognised is the value transferred in from the Department of Environment and Water (DEW) arising from the transfer of the Pastoral Board on 1 January 2019. The unimproved value of the land is a value determined by the Valuer-General. The Valuer-General conducts the valuation and the determination of pastoral lease rents in accordance with the *Pastoral Land Management and Conservation Act 1989* (Section 23 (1) and (2)). The unimproved land value is determined using Level 2 inputs (refer PIRSA Controlled note 11.2).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A6. Financial assets

A6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	19 252	22 702
Total cash and cash equivalents	19 252	22 702

Deposits with the Treasurer

Deposits into interest earning accounts with the Treasurer, are at call and earn a floating interest rate.

A6.2. Receivables

	2020	2019
	\$'000	\$'000
Current		
Trade receivables		
From non-government entities	962	602
Less impairment loss on receivables	(267)	(329)
Total trade receivables	695	273
Accrued interest on deposits	14	14
Other accrued revenue	39	-
Total current receivables	748	287
Total receivables	748	287

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. 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 are non-interest bearing. Receivables are held with the objectives of collecting the contractual cash flows and they are measured at amortised cost.

Allowance for impairment loss on receivables

	2020	2019
	\$'000	\$'000
Carrying amount at the beginning of the period	329	498
Amounts written off	(66)	(42)
(Decrease) / increase in allowance recognised in profit and loss	4	(127)
Carrying amount at the end of the period	267	329

Refer to note A11.1 for details regarding credit risk and the methodology for determining impairment.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A7. Liabilities

A7.1. Payables

	2020	2019
	\$'000	\$'000
Current		
Accrued expenses	201	1 658
Total current payables	<u>201</u>	<u>1 658</u>
Total payables	<u>201</u>	<u>1 658</u>

A7.2. Other liabilities

	2020	2019
	\$'000	\$'000
Current		
Contract liabilities ⁽¹⁾	818	-
Unearned revenue ⁽¹⁾	-	3 701
Other	45	55
Total current other liabilities	<u>863</u>	<u>3 756</u>
Total other liabilities	<u>863</u>	<u>3 756</u>

⁽¹⁾ Licence fees paid in advance of the licence period start date.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A8. Other disclosures

A8.1. Cash flow

The department prepares the Business Activity Statement on behalf of the Administered funds under the grouping provisions of the GST legislation.

Under these provisions, the department is liable for payments and entitled to receipts associated with GST. GST cash flows applicable to the Administered funds are recorded in the department's Controlled Statement of Cash Flows

Reconciliation of net result to cash flows from operating activities

	2020	2019
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	19 252	22 702
Balance as per the Statement of Administered Cash Flows	19 252	22 702
Reconciliation of net cash (used in) / provided by operating activities to net result		
Net cash (used in) / provided by operating activities	(3 450)	1 775
Add / (less) non-cash items		
Impairment of receivables	(4)	127
Movement in assets and liabilities		
Increase / (decrease) in receivables	465	(992)
Decrease / (increase) in payables	1 457	(989)
Decrease / (increase) in other liabilities	2 893	509
Net result	1 361	430

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A9. Changes in accounting policy

Refer to note 9 in the Controlled Financial Statement for information of the standards first time adopted in 2019-20, relevant transition and ongoing accounting policies and Presentation of Financial Statements.

A9.1. AASB 15 Revenue from Contracts with Customers

On transition, amounts were reclassified between contract liabilities and unearned revenue of \$3 701 000 as at 1 July 2019. The reclassification has no impact on retained earnings.

A9.2. AASB 1058 Income of Not-for-Profit Entities

On transition, there was no impact on administered retained earnings.

A9.3. Effects on financial statements from AASB 15 and AASB 1058

There is immaterial impact on the Statement of Administered Comprehensive Income and Statement of Administered Financial Position, except all unearned revenue is reclassified as contract liabilities of \$818 000. Refer to note A7.2.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A10. Outlook

A10.1. Contingent assets and liabilities

The department is not aware of any contingent assets affecting the administered entities comprising the consolidated financial report as at 30 June 2020.

Contingent liabilities - refunds of contributions

Funds established by Regulations under the *Primary Industry Funding Schemes Act 1998* may enable contributors to claim a refund for contributions made in relation to a prescribed period. At the reporting date the possible emergence of valid refund requests within each fund is present. However, as uncertainty exists as to the number of refund requests that will be received, and their timing and amount, these potential obligations cannot be reliably estimated and therefore represent a contingent liability for the fund. Once a valid refund request has been received from a past contributor and it is approved by the Minister or delegate, a present obligation to pay the refund arises. The refund amount is then recognised as a liability and expense of the fund.

A10.2. Events after the reporting period

No events have occurred after balance date that would affect the consolidated administered financial statements of PIRSA as at 30 June 2020.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A11. Measurement and risk

A11.1. Financial instruments

Impairment of financial assets

Refer to note 11.3 for the department's accounting policy and calculation method for expected credit losses.

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

	Debtor gross carrying amount ⁽¹⁾ \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	128	0.31%	-
1-30 days past due	-	10.03%	-
31-60 days past due	-	21.57%	-
61-90 days past due	303	25.70%	78
More than 90 days past due	531	35.59%	189
Loss allowance			<u><u>267</u></u>

⁽¹⁾ Refer note A6.2

Categorisation of financial instruments

Details of the 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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2020

A11.1. Financial instruments (continued)

Category of financial asset and financial liability	Note	2020 Carrying amount/fair value \$'000	2020 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	A6.1	19 252	19 252	-	-
Financial assets at amortised cost					
Receivables	A6.2	748	748	-	-
Total financial assets		20 000	20 000	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	A7.1	96	96	-	-
Total financial liabilities		96	96	-	-

Category of financial asset and financial liability	Note	2019 Carrying amount/fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	A6.1	22 702	22 702	-	-
Financial assets at amortised cost					
Receivables	A6.2	287	287	-	-
Total financial assets		22 989	22 989	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	A7.1	1 552	1 552	-	-
Total financial liabilities		1 552	1 552	-	-

Receivables and payables

The receivables and payables 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 etc., they would be excluded from the disclosure. All amounts recorded are carried at amortised cost.

The receivables amount disclosed here excludes prepayments as they are not financial assets.