

Department of Treasury and Finance

Financial report
for the year ended
30 June 2021



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To the Chief Executive Department of Treasury and Finance

Opinion

I have audited the financial report of the Department of Treasury and Finance for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2021
- a Statement of Administered Financial Position as at 30 June 2021
- a Statement of Administered Cash Flows for the year ended 30 June 2021
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the acting Chief Executive Officer and the Director, Financial Services, Organisation and Governance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Department of Treasury and Finance. 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.

In preparing the financial report, the Chief Executive is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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 the Department of Treasury and Finance for the financial year ended 30 June 2021.

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 Treasury and Finance's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- 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

24 September 2021

**Department of Treasury and Finance
(DTF)**

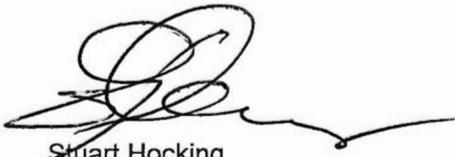
Financial Statements

for the year ended 30 June 2021

Department of Treasury and Finance
Statement of Certification
For the year ended 30 June 2021

We certify that the:

- financial statements of the Department of Treasury and Finance:
 - are in accordance with the accounts and records of the department;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the department at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Department of Treasury and Finance for the financial year over its financial reporting and its preparation of financial statements have been effective.



Stuart Hocking
Acting Chief Executive Officer
17 September 2021



Les Jones
Director, Financial Services, Organisation and Governance
17 September 2021

Department of Treasury and Finance
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Appropriation	2.1	148 367	149 664
SA Government grants, subsidies and transfers	2.2	-	803
Fees and charges	2.3	104 947	101 554
Other income	2.4	2 894	11 211
Total income		256 208	263 232
Expenses			
Employee benefits expenses	3.3	163 569	162 488
Supplies and services	4.1	83 639	86 072
Depreciation and amortisation		9 521	9 756
Cash alignment transfers to Consolidated Account		7 647	5 719
Borrowing costs		14	25
Other expenses	4.2	1 950	28
Total expenses		266 340	264 088
Net result		(10 132)	(856)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment assets revaluation surplus		827	-
Total other comprehensive income		827	-
Total comprehensive result		(9 305)	(856)

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

Department of Treasury and Finance
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	14 140	24 128
Receivables	6.2	20 242	14 330
Inventories	5.5	-	834
Total current assets		34 382	39 292
Non-current assets			
Receivables	6.2	275	280
Property, plant and equipment		26 801	25 537
Intangible assets	5.4	37 183	41 746
Total non-current assets		64 259	67 563
Total assets		98 641	106 855
Current liabilities			
Payables	7.1	12 551	12 919
Financial liabilities	7.2	751	763
Employee benefits	3.4	23 452	21 275
Provisions	7.3	1 346	818
Total current liabilities		38 100	35 775
Non-current liabilities			
Payables	7.1	3 294	3 516
Financial liabilities	7.2	458	462
Employee benefits	3.4	34 564	37 686
Provisions	7.3	10 225	8 749
Total non-current liabilities		48 541	50 413
Total liabilities		86 641	86 188
Net assets		12 000	20 667
Equity			
Contributed capital		5 344	5 344
Asset revaluation surplus		827	-
Retained earnings		5 829	15 323
Total equity		12 000	20 667

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

Department of Treasury and Finance
Statement of Changes in Equity
for the year ended 30 June 2021

	Note	Contributed Capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		5 344	-	20 405	25 749
Net result for 2019-20		-	-	(856)	(856)
Total comprehensive result for 2019-20		-	-	(856)	(856)
Net assets transferred as a result of an administrative restructure		-	-	(4 226)	(4 226)
Balance at 30 June 2020		5 344	-	15 323	20 667
Net result for 2020-21		-	-	(10 132)	(10 132)
Gain on revaluation of property, plant and equipment		-	827	-	827
Total comprehensive result for 2020-21		-	827	(10 132)	(9 305)
Net assets transferred as a result of an administrative restructure	1.4	-	-	638	638
Balance at 30 June 2021		5 344	827	5 829	12 000

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

Department of Treasury and Finance
Statement of Cash Flows
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		148 367	149 664
SA Government grants, subsidies and transfers		-	803
Fees and charges		111 371	104 410
GST recovered from the ATO		4 862	2 819
Other receipts		2 894	6 297
Receipts for Paid Parental Leave Scheme		243	312
Cash generated from operations		267 737	264 305
Cash (outflows)			
Employee benefit payments		(162 941)	(159 142)
Payments for supplies and services		(100 511)	(95 574)
Payments for Paid Parental Leave Scheme		(257)	(288)
Return of cash to Consolidated Account - cash alignment policy		(7 647)	(5 719)
Cash (used in) operations		(271 356)	(260 723)
Net cash provided by / (used in) operating activities	8.2	(3 619)	3 582
Cash flows from investing activities			
Cash (outflows)			
Purchase of property, plant and equipment		(3 097)	(2 137)
Purchase of intangible assets		(2 271)	(4 851)
Cash (used in) investing activities		(5 368)	(6 988)
Net cash provided by / (used in) investing activities		(5 368)	(6 988)
Cash flows from financing activities			
Cash (outflows)			
Repayment of principal portion of lease liabilities		(1 001)	(1 169)
Cash (used in) financing activities		(1 001)	(1 169)
Net cash provided by / (used in) financing activities		(1 001)	(1 169)
Net increase / (decrease) in cash and cash equivalents		(9 988)	(4 575)
Cash and cash equivalents at the beginning of the period		24 128	28 703
Cash and cash equivalents at the end of the period	6.1	14 140	24 128
Non-cash transactions	8.2		

The accompanying notes form part of these financial statements.

Department of Treasury and Finance

Notes to and forming part of the financial statements

For the year ended 30 June 2021

1. About the Department of Treasury and Finance

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

The financial statements and accompanying notes include all the controlled activities of the department (refer to the disaggregated disclosures for details of the department's controlled activities).

Transactions and balances relating to administered resources are not recognised as departmental income, expenses, assets or liabilities. As administered items are significant in relation to the department's overall financial performance and position, they are disclosed in the administered financial statements at the back of the controlled general purpose financial statements. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as for departmental items.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared to comply with:

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

The financial statements are prepared 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.

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.

The department is not subject to income tax. The department is liable for fringe benefits tax (FBT) and goods and services tax (GST).

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

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.2. Objectives and programs

Objectives

The department administers a range of programs and services to support the prosperity and wellbeing of all South Australians.

The department's objectives are to:

- promote sustainable state finances
- support responsible budget and financial management
- deliver timely high-quality services to meet the needs of our clients
- collaborate to deliver high-quality advice on economic, social and environmental issues
- improve safety in South Australian workplaces
- provide industrial relations and procurement services.

Programs

In achieving its objectives, the department undertakes the following programs:

Accountability for Public Sector Resources

The department ensures accountability for public sector resources through providing policy, economic, and financial advice to the government and coordinating resource allocations for Government programs and priorities at the whole-of-government level.

Treasury Services

The department manages the government's financial assets and liabilities and provision of certainty of funding to the state.

These services include:

- Administration of taxation legislation through the management of revenue and compliance systems, processes, policy advice and taxpayer education
- Provision of insurance cover to government agencies and advice and management of government risks
- Provision of fleet management services to government agencies and vehicle disposal services to government
- Administration of various public sector superannuation schemes and provision of superannuation policy and legislative advice.

Industrial Relations

The department provides services to ensure the rights and obligations of employees and employers are protected and the relevant law applied to prevent and resolve workplace disputes.

These services include:

- Lead and manage enterprise bargaining negotiations and manage the conduct of employment-related litigation
- Provides industrial relations advice to public sector agencies
- Provision of work health and safety and industrial relations education and compliance services to promote safe, fair, productive working lives and high standards of public safety for all South Australians
- Provision of efficient and cost-effective processes for the resolution of employment disputes.

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.2. Objectives and programs (continued)

Government Services

The department delivers a comprehensive range of services to various government agencies and the community.

These services include:

- Delivery of corporate services to various government agencies in the areas of accounts payable, accounts receivable, payroll, work injury services and finance
- Provision of across government contracts for goods, services and information communications technology and specialist procurement advice and assistance
- Provision of support services to members of parliament to assist them in meeting their responsibilities to the parliament and the broader community
- Provision of range of information and communication services to members of parliament, their staff and parliamentary support staff.

General/not attributable: Certain items of the department are not allocated to activities

The disaggregated disclosure schedules present expenses, income, assets and liabilities attributed to each of the activities for the years ended 30 June 2021 and 30 June 2020.

Income and expenses by program	Accountability for				Industrial		Government	
	Public Sector		Treasury Services		Relations		Services	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income								
Appropriation	-	-	-	-	-	-	-	-
SA Government grants, subsidies and transfers	-	-	-	-	-	-	-	-
Fees and charges	285	139	55 877	48 335	35 660	35 021	13 124	18 059
Other income	514	2 006	690	1 949	553	1 957	1 138	5 299
Total income	799	2 145	56 567	50 284	36 213	36 978	14 262	23 358
Expenses								
Employee benefits expenses	15 123	15 560	61 072	58 919	26 685	26 753	60 689	61 256
Supplies and services	4 890	8 730	37 667	33 187	11 949	12 241	29 133	31 914
Depreciation and amortisation	413	358	6 400	6 453	1 238	1 331	1 470	1 614
Borrowing costs	1	1	2	14	2	7	9	3
Other expenses	27	-	303	28	140	-	1 480	-
Total expenses	20 454	24 649	105 444	98 601	40 014	40 332	92 781	94 787
Net result	(19 655)	(22 504)	(48 877)	(48 317)	(3 801)	(3 354)	(78 519)	(71 429)

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.2. Objectives and programs (continued)

Income and expenses by program	General / Not attributable		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income				
Appropriation	148 367	149 664	148 367	149 664
SA Government grants, subsidies and transfers	-	803	-	803
Fees and charges	-	-	104 946	101 554
Other income	-	-	2 895	11 211
Total income	148 367	150 467	256 208	263 232
Expenses				
Employee benefits expenses	-	-	163 569	162 488
Supplies and services	-	-	83 639	86 072
Depreciation and amortisation	-	-	9 521	9 756
Cash alignment transfer to Consolidated Account	7 647	5 719	7 647	5 719
Borrowing costs	-	-	14	25
Other expenses	-	-	1 950	28
Total expenses	7 647	5 719	266 340	264 088
Net result	140 720	144 748	(10 132)	(856)

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.2. Objectives and programs (continued)

Assets and liabilities by program	Accountability for							
	Public Sector Resources		Treasury Services		Industrial Relations		Government Services	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Assets								
Cash and cash equivalents	-	-	-	-	35	36	-	-
Receivables	-	-	320	-	-	25	-	1
Inventories	-	-	-	-	-	-	-	-
Property, plant and equipment	604	628	3 685	3 165	8 689	9 074	3 136	8 030
Intangible assets	409	466	35 304	37 932	1 299	1 188	90	2 140
Total assets	1 013	1 094	39 309	41 097	10 023	10 323	3 226	10 171
Liabilities								
Payables	-	-	-	(1)	-	(1)	-	1
Financial liabilities	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	12
Provisions	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	(1)	-	(1)	-	13
Net assets	1 013	1 094	39 309	41 098	10 023	10 324	3 226	10 158

Assets and liabilities by program	General / Not attributable		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Assets				
Cash and cash equivalents	14 105	24 092	14 140	24 128
Receivables	20 197	14 584	20 517	14 610
Inventories	-	834	-	834
Property, plant and equipment	10 687	4 640	26 801	25 537
Intangible assets	81	20	37 183	41 746
Total assets	45 070	44 170	98 641	106 855
Liabilities				
Payables	15 845	16 436	15 845	16 435
Financial liabilities	1 209	1 225	1 209	1 225
Employee benefits	58 016	58 949	58 016	58 961
Provisions	11 571	9 567	11 571	9 567
Total liabilities	86 641	86 177	86 641	86 188
Net assets	(41 571)	(42 007)	12 000	20 667

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the operations of the department. The impacts are included under the relevant disclosure note 9.4. The key impacts in 2020-21 related to:

- Administrative support for the government's economic stimulus initiatives
- Higher up take of flexible working arrangements by staff
- Delays in the taking of annual leave by staff due to COVID-19 travel restrictions.

1.4. Changes to the Department of Treasury and Finance

Transferred in

As a result of administrative arrangements outlined in a Chief Executive agreement on 28 August 2020, Parliamentary Network Support Group (PNSG) became a business unit of the department. Assets and liabilities relating to this business unit were transferred from the Department for Infrastructure and Transport (DIT) to the department, effective 1 October 2020.

On transfer of the PNSG, the department recognised the following assets and liabilities:

	<u>\$'000</u>
Receivables	4
Prepayments	319
Property, plant and equipment	<u>952</u>
Total assets	<u>1 275</u>
Payables	83
Employee benefits	<u>554</u>
Total liabilities	<u>637</u>
Total net assets transferred	<u>638</u>

	DIT	DTF	Total
	1 Jul 2020 - 30 Sep 2020	1 Oct 2020 - 30 Jun 2021	Total
	\$'000	\$'000	\$'000
Total income and expenses attributable to the PNSG for 2020-21 were:			
Income			
Fees and charges	-	776	776
Other income	26	-	26
Total income	<u>26</u>	<u>776</u>	<u>802</u>
Expenses			
Employee benefits expenses	593	1 545	2 138
Supplies and services	586	2 607	3 193
Depreciation and amortisation	-	173	173
Other expenses	-	272	272
Total expenses	<u>1 179</u>	<u>4 597</u>	<u>5 776</u>
Net result	<u>(1 153)</u>	<u>(3 821)</u>	<u>(4 974)</u>

Net assets transferred at carrying amounts.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.5. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2020-21 Budget Paper 4). Appropriation reflects appropriation to special deposit accounts and deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Statement of Comprehensive Income			
Income			
Appropriation	148 367	148 367	-
SA Government grants, subsidies and transfers	2 985	-	(2 985)
Fees and charges	111 502	104 947	(6 555)
Other income	2 401	2 894	493
Total income	265 255	256 208	(9 047)
Expenses			
Employee benefits expenses	169 609	163 569	(6 040)
Supplies and services	84 890	83 639	(1 251)
Depreciation and amortisation	10 636	9 521	(1 115)
Cash alignment transfers to Consolidated Account	9 331	7 647	(1 684)
Borrowing costs	442	14	(428)
Other expenses	3 486	1 950	(1 536)
Total expenses	278 394	266 340	(12 054)
Net result	(13 139)	(10 132)	3 007
Other comprehensive income			
<i>Items that will not be reclassified to net results</i>			
Changes in property, plant and equipment assets revaluation surplus	-	827	827
Total other comprehensive income	-	827	827
Total comprehensive result	(13 139)	(9 305)	3 834

	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Investing expenditure summary			
Total existing projects	2 437	2 377	(60)
Total leases	1 319	971	(348)
Total annual program	12 372	4 871	(7 501)
Total investing expenditure	16 128	8 219	(7 909)

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.5. Budget performance (continued)

Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses. No 2020-21 variation meets these criteria for explanation.

1.6. Significant transactions with government related entities

Significant transactions with government related entities are identifiable throughout this financial report. All lease payments relate to cars supplied by Fleet SA.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2. Income

2.1. Appropriation

	2021	2020
	\$'000	\$'000
Appropriation from the Consolidated Account pursuant to the <i>Appropriation Act</i>	148 367	149 664
Total appropriation	148 367	149 664

Appropriations are recognised on receipt.

This table does not show appropriations in the form of a loan or an equity contribution.

Appropriation pursuant to the *Appropriation Act* consist of \$145 million for operational funding and \$3.4 million for capital projects. This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act, varied pursuant to section 5 of the Act for changed functions and duties of the department (refer to note 1.4 for details of these transferred functions).

2.2. SA Government grants, subsidies and transfers

	2021	2020
	\$'000	\$'000
Transfers from the Treasurer's Contingency Fund	-	803
Total SA Government grants, subsidies and transfers	-	803

SA Government grants, subsidies and transfers are recognised as income on receipt.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.3. Fees and charges

	2021	2020
	\$'000	\$'000
Regulatory fees	5 772	5 746
Safework - ReturnToWorkSA prescribed fee	21 367	20 846
South Australian Superannuation Board	31 812	26 573
Service provision	13 056	18 323
South Australian Employment Tribunal	9 504	8 461
South Australian Government Financing Authority	13 352	13 031
Administration fee - Community Emergency Services Fund	6 849	6 695
Land Tax certificates	404	297
Other recoveries	2 831	1 582
Total fees and charges	104 947	101 554

All revenue from fees and charges is revenue recognised from contracts with customers except for the ReturnToWorkSA prescribed fee, South Australian Superannuation Board recoveries, South Australian Government Financing Authority recoveries, and other recoveries.

The department measures revenue based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. All revenue is recognised at a point in time.

The department recognises revenue (contract from customers) from the following major sources:

Regulatory fees: Safework SA issues licences and registrations to businesses and members of the public. Licence and registration fees and charges are subject to the government's annual review of regulatory fees and charges, and are of low value. Accordingly, the department has elected to recognise the revenue at the point in time the licence/registration is issued and paid.

ReturnToWorkSA – prescribed fee: ReturnToWorkSA collects the Workplace Health and Safety fee on SafeWork SA's behalf. This fee is added to the ReturnToWorkSA premium and contributes to costs associated with the government's work health and safety activities.

Services are provided to South Australian government agencies. This includes whole of government contract management (e.g. electricity, banking) and non-SLA transactional services provided by SSSA (e.g. TVSP calculations). Revenue from these services is recognised on a time-and-material basis as services are provided. Any amounts remaining unpaid at the end of the reporting period are treated as accounts receivable.

Administration fee – Community Emergency Services Fund (CESF): Revenue SA charges the CESF an administration fee to administer the fixed property component of the emergency services levy. Administration fee revenue is recognised at the point in time as the performance obligation is discharged, which is once the services are provided.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.4. Other income

	2021	2020
	\$'000	\$'000
Commissions	9	74
Donated assets	-	4 910
Cost recovery - laptops	333	2 453
Other income	2 552	3 774
Total other income	2 894	11 211

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the department include the Treasurer, the Chief Executive Officer and other directors/members of the Executive Leadership Group who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of South Australia respectively and are payable from the Consolidated Account under section 6 the *Parliamentary Remuneration Act 1990*. See administered items for disclosures of the Treasurer's remuneration paid and recovered from the consolidated account.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	3 767	3 566
Post-employment benefits	356	343
Total compensation	4 123	3 909

Transaction with key management personnel and other related parties

The department did not enter into any transactions with key management personnel or their close family during the reporting period.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.2. Board and committee members

SAFA Advisory Board

David Reynolds* (Presiding Member)
David Russell
Kathryn Presser
Melissa Grantham (resigned December 2020)
Juliet Brown (term ceased September 2020)
Mark Day
Jacqueline Guerin* (appointed November 2020)

DTF Risk and Performance Committee

Kathryn Presser (Independent chair)
Stuart Hocking*
Mark Carey*
Tracey Scott*
Andrew Armour
Chris Oerman
Julie-Anne Burgess*

SAFA Risk and Performance Committee

Debra Contala (Chair) (term ceased May 2021)
Gianna Giannopoulos*
Melissa Grantham (resigned December 2020)
Mark Day

Super SA Board

Gregory Boulton (Presiding Member)
Virginia Deegan
Alison Kimber
Dr Bill Griggs
Richard Dennis

Mining and Quarrying Occupational Health and Safety Committee

Martin O'Malley (resigned October 2020)
Peter Lamps
Carolyn Fisher (resigned November 2020)
Charlie Condo (Presiding Member)
Luke Brammy* (resigned July 2020)
Rebecca Knol
Alexandra Russell
Martyn Campbell* (appointed August 2020)
Erryn Munchenberg (appointed March 2021)
Keith George (appointed March 2021)

Construction Industry Long Service Leave Board

Estha Van Der Linden (resigned February 2021)
Steven Minuzzo
Laurence Moore
Derek Stapleton (resigned October 2020)
Erin Hennessy
Marie Boland (Presiding Member)
Peter Bauer
Peter Russell (appointed January 2021)
Stephen Knight (appointed May 2021)

Super SA Member Services Committee

Leah York
Dr Bill Griggs
Gregory Boulton
Dascia Bennett*
Alison Kimber

Industrial Relations Consultative Council

Hon Robert Lucas* MLC (Chair)
Natasha Brown
Monique Gillespie
Owen Webb
Peter Lamps
Erma Ranieri*
Jessica Rogers
Estha Van Der Linden (resigned February 2021)
Charlie Condo
Christopher Morey
William Frogley
Angas Story
Leah York
Kendall Crowe (appointed May 2021)

Super SA Audit, Risk and Finance Committee

Virginia Deegan
Richard Dennis
Gregory Boulton
John Wright

* In accordance with the Department of Premier and Cabinet Circular Number 016, Government employees did not receive any remuneration for board/committee duties during the financial year.

Department of Treasury and Finance
Notes to and forming part of the financial statements
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3.2 Board and committee members (continued)

Board and committee remuneration

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

	2021	2020
	Number	Number
\$0	14	11
\$1 - \$19 999	21	22
\$20 000 - \$39 999	4	5
\$40 000 - \$59 999	3	3
\$60 000 - \$79 999	1	1
Total number of members	43	42

The total remuneration received or receivable by members was \$406 000 (\$451 000).

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefit tax.

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	124 096	120 100
Employment on-costs - superannuation	15 446	15 127
Annual leave	11 542	11 206
Employment on-costs - other	7 465	7 426
Long service leave	(771)	2 221
Targeted voluntary separation packages	477	758
Skills and experience retention leave	782	925
Board and committee fees	570	618
Other employee related expenses	3 962	4 107
Total employee benefits expenses	163 569	162 488

Department of Treasury and Finance
Notes to and forming part of the financial statements
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3.3. Employee benefits expenses (continued)

Employment on-costs - superannuation

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

Employees remuneration

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

	2021	2020
	Number	Number
\$154 001 - \$174 000	15	11
\$174 001 - \$194 000	12	7
\$194 001 - \$214 000	12	15
\$214 001 - \$234 000	7	8
\$234 001 - \$254 000	4	2
\$254 001 - \$274 000	1	1
\$274 001 - \$294 000	5	4
\$294 001 - \$314 000	1	2
\$314 001 - \$334 000	4	-
\$334 001 - \$354 000	2	4
\$354 001 - \$374 000	2	1
\$474 001 - \$494 000	1	1
\$554 001 - \$574 000	2	2
Total number of employees	68	58

The total remuneration received by those employees for the year was \$16.1 million (2020:\$13.8 million).

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

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 5 (2020:9).

	2021	2020
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted Voluntary Separation Packages	399	758
Leave paid to those employees	166	432
Recovery from the department's administered items	-	(328)
Net cost to the department	565	862

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	4 396	3 650
Annual leave	14 003	12 909
Long service leave	3 894	3 702
Skills and experience retention leave	1 159	1 014
Total current employee benefits	<u>23 452</u>	<u>21 275</u>
Non-current		
Long service leave	34 564	37 686
Total non-current employee benefits	<u>34 564</u>	<u>37 686</u>
Total employee benefits	<u><u>58 016</u></u>	<u><u>58 961</u></u>

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 experience and retention leave (SERL) and sick leave

The liability for salaries 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 is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

Department of Treasury and Finance
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for the year ended 30 June 2021

4. Expenses

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Information technology and communication	23 633	21 448
Accommodation	15 587	16 420
Contractors and temporary staff	15 531	16 018
Valuation fees	5 348	5 207
General administration and consumables	7 767	10 664
Legal costs	1 737	3 485
Corporate recharge expense	4 475	4 207
Consultants	1 808	1 706
Minor works, maintenance and equipment	1 490	917
Other*	6 263	6 000
Total supplies and services	83 639	86 072

* Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance Audit Act 1987* were \$853 000 (\$776 000). No other services were provided by the Auditor-General's Department.

Accommodation

Most of the department's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangements issued in accordance with government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly associated rental costs are expensed (disclosed within accommodation).

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:

	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
Below \$10 000	31	150	20	81
\$10 000 or above	32	1 658	31	1 625
Total paid / payable to the consultants engaged	63	1 808	51	1 706

4.2. Other expenses

	2021	2020
	\$'000	\$'000
Donated assets	1 361	-
Plant and equipment write-off	273	9
Loss on Disposal of Inventory	213	-
Buildings fitouts write-off	103	19
Total other expenses	1 950	28

Department of Treasury and Finance
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5. Non-financial assets

5.1. Property, plant and equipment owned by the Department

Property, plant and equipment comprises tangible assets owned by the department. The assets presented below do not meet the definition of investment property.

Reconciliation 2020-21	Land and Buildings	Building fitouts	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	5 405	16 547	2 304	64	24 320
Additions	-	-	238	2 713	2 951
Capital transfers from work in progress	-	905	387	(1 292)	-
Transfer through administrative restructure	-	-	910	30	940
Depreciation and amortisation	(153)	(1 876)	(1 035)	-	(3 064)
Write offs	-	(104)	(273)	-	(377)
Revaluation increment/(decrement)	699	128	-	-	827
Carrying amount at end of the period	5 951	15 600	2 531	1 515	25 597

Gross carrying amount

Gross carrying amount	5 951	18 586	6 450	1 515	32 502
Accumulated depreciation	-	(2 986)	(3 919)	-	(6 905)
Carrying amount at end of the period	5 951	15 600	2 531	1 515	25 597

Reconciliation 2019-20	Land and Buildings	Building fitouts	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	5 555	9 913	1 205	3 283	19 956
Additions	-	-	123	1 959	2 082
Capital transfers from work in progress	-	3 518	1 668	(5 186)	-
Depreciation and amortisation	(150)	(1 775)	(683)	-	(2 608)
Write offs	-	(19)	(9)	-	(28)
Donated assets	-	4 910	-	-	4 910
Other	-	-	-	8	8
Carrying amount at end of the period	5 405	16 547	2 304	64	24 320

Gross carrying amount

Gross carrying amount	6 143	25 206	4 806	64	36 219
Accumulated depreciation	(738)	(8 659)	(2 502)	-	(11 899)
Carrying amount at end of the period	5 405	16 547	2 304	64	24 320

Department of Treasury and Finance
Notes to and forming part of the financial statements
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5.1. Property, plant and equipment owned by the Department (continued)

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. Note 10.2 describes the department's approach to fair value.

\$1.207 million of fully depreciated plant and equipment is still in use.

Impairment

Property, plant and equipment owned by the department has not been assessed for impairment as they are non-cash generating assets, specialised in nature, and held for continual use of their service capacity.

Revaluation of property, plant and equipment is undertaken on a regular cycle as described in note 10.2. If at any time management considers the carrying amount of an asset materiality differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

5.2. Property, plant and equipment leased by the department

Right-of-use assets for property, plant and equipment leased by the department as lessee are measured at cost and there were no indications of impairment. Additions to leased property, plant and equipment during 2020-21 were \$1.013 million (2020:\$0.896 million).

The department has 188 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 variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

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 included in note 4.1.

5.3. Depreciation and amortisation

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

Useful life

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

Class of asset	Useful life (years)
Buildings	4-69
Building fitouts	1-12
IT equipment	3-5
Internally developed computer software	2-15
Externally acquired computer software	1-10
Plant and Equipment	3-10
Right-of-use assets	Lease term

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.

The department revalued its building fitouts, land and buildings upward at 30 June 2021. Future depreciation expense will increase as a result.

Department of Treasury and Finance
Notes to and forming part of the financial statements
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5.4. Intangible assets

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

The acquisition of or internal development of computer 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.

Reconciliation of Intangible assets

	Internally developed computer software	Externally acquired computer software	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000
Reconciliation 2020-21				
Carrying amount at the beginning of the period	35 545	1 520	4 681	41 746
Additions	-	63	3 310	3 373
Transfer through administrative restructure	-	13	-	13
Derecognitions	-	(1 115)	-	(1 115)
Capital transfers from work in progress	4 940	1 468	(6 408)	-
Amortisation	(5 090)	(383)	-	(5 473)
Donated assets	-	-	(1 361)	(1 361)
Carrying amount at the end of the period	35 395	1 566	222	37 183

	Internally developed computer software	Externally acquired computer software	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000
Reconciliation 2019-20				
Carrying amount at the beginning of the period	40 173	1 152	1 681	43 006
Additions	-	1 129	3 722	4 851
Capital transfers from work in progress	722	-	(722)	-
Amortisation	(5 350)	(761)	-	(6 111)
Carrying amount at the end of the period	35 545	1 520	4 681	41 746

Department of Treasury and Finance
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5.5. Inventories

	2021	2020
	\$'000	\$'000
Current inventories		
Inventories	-	834
Total inventories - current	<u>-</u>	<u>834</u>
Total inventories	<u>-</u>	<u>834</u>

Reconciliation of Inventories

	Inventories	Total
	\$'000	\$'000
Carrying amount at 1 July 2020	834	834
Sales	(834)	(834)
Carrying amount at 30 June 2021	<u>-</u>	<u>-</u>

	Inventories	Total
	\$'000	\$'000
Carrying amount at 1 July 2019	-	-
Purchases	3 446	3 446
Sales	(2 612)	(2 612)
Carrying amount at 30 June 2020	<u>834</u>	<u>834</u>

The department held an inventory of laptop devices for transfer at cost to government agencies. This reflected the department's lead role in a whole of government initiative to secure supply of laptops devices to support business continuity during the COVID-19 pandemic.

Inventories held for sale are measured at the lower of cost or their net realisable value.

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer		
Operating account	14 104	24 029
Accrual appropriation excess funds account	-	63
Total deposits with the Treasurer	<u>14 104</u>	<u>24 092</u>
Cash on hand	36	36
Total cash and cash equivalents	<u>14 140</u>	<u>24 128</u>

Although the department controls the funds reported above in the accrual appropriation excess funds account, the Treasurer must approve its use. The department does not earn interest on its deposits with the Treasurer.

Department of Treasury and Finance
Notes to and forming part of the financial statements
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6.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables	4 388	6 913
Accrued revenues	9 118	4 239
Prepayments	5 334	2 617
Net GST receivable from the ATO	1 402	561
Total current receivables	<u>20 242</u>	<u>14 330</u>
Non-current		
Receivables	275	280
Total non-current receivables	<u>275</u>	<u>280</u>
Total receivables	<u><u>20 517</u></u>	<u><u>14 610</u></u>

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

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

Refer to note 10.3 for further information on risk management.

The net amount of GST receivable from the ATO is included as part of receivables.

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.

The expected credit loss for receivables relating to contracts with SA government entities (as the customer) is considered to be nil based on the nature and credit rating of the SA government entities (as the counterparty to the transaction).

Allowance for impairment loss on receivables

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	-	3
Increase/(decrease) in the allowance recognised in profit or loss	-	(3)
Carrying amount at the end of the period	<u>-</u>	<u>-</u>

Impairment losses relate to contracts with customers external to SA Government. No impairment loss was recognised in 2021 in relation to statutory receivables as all were with South Australian government debtors.

Refer to note 10.3 for details regarding credit risk and the methodology for determining impairment.

Department of Treasury and Finance
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7. Liabilities

7.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Trade payables	156	586
Accrued expenses	9 003	9 286
Employment on-costs	3 371	3 012
Paid Parental Leave Scheme payable	21	35
Total current payables	<u>12 551</u>	<u>12 919</u>
Non-current		
Employment on-costs	3 294	3 516
Total non-current payables	<u>3 294</u>	<u>3 516</u>
Total payables	<u><u>15 845</u></u>	<u><u>16 435</u></u>

Payables are measured at nominal amounts.

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

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this payable note.

Employment on-costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective employee benefits they relate to are discharged.

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

As a result of an actuarial assessment performed by the department, the portion of long service leave taken as leave has remain unchanged from the 2020 rate (42%) and the average factor for the calculation of employer superannuation on-costs has changed from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$67 000 and employee benefits expense of \$67 000.

Department of Treasury and Finance
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7.2. Financial liabilities

	2021	2020
	\$'000	\$'000
Current		
Lease liabilities	751	763
Total current financial liabilities	<u>751</u>	<u>763</u>
Non-current		
Lease liabilities	458	462
Total non-current financial liabilities	<u>458</u>	<u>462</u>
Total financial liabilities	<u>1 209</u>	<u>1 225</u>

The department measures lease liabilities by discounting lease payments using either the interest implicit in the lease or Treasury's incremental borrowing rate.

All material cash outflows are reflected in the lease liabilities disclosed above.

Borrowing costs associated with these lease liabilities was \$14 000 (2020: \$25 000).

7.3. Provisions

Movement in provisions

	2021	2020
	\$'000	\$'000
Workers compensation		
Carrying amount at the beginning of the period	9 567	8 129
Transfers through administrative restructure	-	52
Payments/other sacrifices of future economic benefits	(553)	(1 110)
Additional provisions recognised	2 557	2 496
Carrying amount at the end of the period	<u>11 571</u>	<u>9 567</u>

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

A provision is recorded to reflect unsettled workers compensation claims. This provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated to be required to settle obligations incurred as at 30 June 2021. No risk margin is included in this estimate.

Department of Treasury and Finance
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8. Other disclosures

8.1. Equity

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

8.2. Cash flow reconciliation

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.

Reconciliation of net result to cash flows from operating activities	2021	2020
	\$'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	14 140	24 128
Balance as per the Statement of Cash Flows	14 140	24 128
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by / (used in) operating activities	(3 619)	3 582
Add / (less) non-cash items		
Depreciation and amortisation	(9 521)	(9 756)
Donated assets	(1 361)	4 910
Other expenses - write off	(376)	(28)
Other expenses - loss on disposal of inventory	(213)	-
Borrowing costs	(14)	(25)
Movement in assets and liabilities		
Increase/(decrease) in receivables	5 584	3 676
Increase/(decrease) in inventories	(621)	834
Increase/(decrease) in payables	514	(1 668)
Increase/(decrease) in employee benefits	1 499	(995)
Increase/(decrease) in provisions	(2 004)	(1 386)
Net result	(10 132)	(856)

Total cash outflows for leases was \$1 001 000 (2020: \$1 169 000).

Department of Treasury and Finance
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9. Outlook

9.1. Unrecognised commitments

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

Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	14 367	11 870
Later than one year but not later than five years	49 311	41 446
Later than five years	47 749	49 885
Total expenditure commitments	111 427	103 201

The department's expenditure commitments are for the Memoranda of Administrative Arrangements with Department for Infrastructure and Transport for accommodation.

Other commitments

The department's other commitments are primarily agreements for computer software licences and software development.

	2021	2020
	\$'000	\$'000
Within one year	19 378	16 522
Later than one year and not later than five years	38 342	29 418
Later than five years	870	528
Total other commitments	58 590	46 468

9.2. Contingent assets and liabilities

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

Legal proceedings (SafeWork SA)

The department is involved in prosecuting breaches under the *Occupational Health, Safety and Welfare Act 1986*, *Fair Work Act 1994*, *Explosives Act 1936* and *Dangerous Substances Act 1979*. At balance date there were 4 matters before the Industrial Relations Court that are yet to be resolved. In the event decisions are not awarded in favour of the department, the contingent liability is estimated to be \$500 000 for the court and prosecution costs.

9.3. Impact of standards and statements not yet effective

The department has assessed the impact of the new amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. The department considers there will be no impact on the financial statements.

Department of Treasury and Finance
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9.4. COVID-19 pandemic outlook for the Department

The COVID-19 pandemic will continue to impact the operations of the department in 2021-22. This is expected to relate to a continuation of those impacts identified at note 1.3 namely:

- Administrative support for the government's economic stimulus initiatives
- Higher up take of flexible working arrangements by staff
- Delays in the taking of annual leave by staff due to COVID-19 travel restrictions

9.5. Events after the reporting period

From the 1 July 2021, the Fines Enforcement and Recovery Unit (FERU) transferred from the Attorney-General's Department to the department. The financial effect of this machinery of government change has not been reflected in the financial statements.

10. Measurement and risk

10.1. Long service leave liability – measurement

AASB 119 Employee Benefits (AASB 119) describes the calculation methodology for long service leave liability.

The actuarial assessment performed by the department has provided a basis for the measurement of long service leave and is based on actuarial assumptions for 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 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 changed from 0.75% for 2020 to 1.25% for 2021.

This change in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported 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 \$3.9 million and employee benefits expense of \$3.9 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the department left the salary inflation rate at 2.5% for long service leave liability.

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.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

10.2. Fair value

Initial recognition

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

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

Revaluation

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

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

Revaluation is undertaken on a regular cycle. If at any time management considers 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.

Fair value hierarchy

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

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

The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. All non-financial assets as at 30 June 2020 were categorised in level 3.

Fair value classification – non-financial assets at 30 June 2021.

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	740	-	740
Buildings	5.1	-	5 211	5 211
Building fitouts	5.1	-	15 600	15 600
Plant and equipment	5.1	-	2 531	2 531
Total recurring fair value measurements		740	23 342	24 082

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

10.2. Fair Value (continued)

Reconciliation of level 3 recurring fair value measurements as at 30 June 2021

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

	Land	Buildings	Building fitouts	Plant and equipment
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	590	4 815	16 547	2 304
Acquisitions			-	238
Capitalised subsequent expenditure	-	-	905	387
Acquisitions through administrative restructures	-	-	-	910
Transfer out of level 3	(590)	-	-	-
Write-offs		-	(104)	(273)
Gains/(Losses) for the period recognised in net result:				
Depreciation	-	(153)	(1 876)	(1 035)
Total loss recognised in net result	-	4 662	15 472	2 531
Gains/(Losses) for the period recognised in other comprehensive income (OCI):				
Revaluation increments/(decrements)	-	549	128	-
Total gains/(losses) recognised in OCI	-	549	128	-
Carrying amount at the end of the period	-	5 211	15 600	2 531

Land, buildings and building fitout

An independent valuation of land, buildings and building fitouts owned by the department was performed in June 2021 by independent Certified Practising Valuers.

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

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

Plant and equipment

All items of plant and equipment owned by the department which had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

10.3. Financial instruments

Financial risk management

The department's risk management policies are in accordance with the *South Australian Risk Management Guide* 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 Government of South Australia. The department determines the cash flows associated with its government approved program of work and to ensure funding is provided through the Government of South Australia budgetary processes to meet the expected cash flows.

Refer to notes 7.1 and 7.2 for further information.

Credit risk

The department has policies and procedures in place to ensure it transacts 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 described 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 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.

The overall expected credit loss for non-government debtors is immaterial for the department.

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.

The allowance was recognised when there was objective evidence a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Impairment losses on the department's receivables arising from the department's contracts with customers was considered and no impairment losses were recognised in relation to contract assets during the year.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2021

10.3. Financial instruments (continued)

Cash and debt investments

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

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

Market risk

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

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 notes.

Classification of financial instruments

The department measures all financial instruments at amortised cost.

Department of Treasury and Finance

Administered Financial Statements

For the year ended 30 June 2021

Department of Treasury and Finance
Statement of Administered Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Administered income			
Appropriation	12.1	2 419 136	2 477 965
Taxation	12.2	4 311 503	3 891 725
Commonwealth revenues	12.3	8 959 931	9 342 438
Dividends	12.4	143 581	276 410
Interest revenues	12.5	10 161	60 053
Grants and contributions	12.6	228 841	286 387
Fees and charges	12.7	126 374	146 326
Net gain from the disposal of property, plant and equipment	12.8	-	126
Other income	12.9	827 037	607 984
Total administered income		17 026 564	17 089 414
Administered expenses			
Employee benefits expenses	13.1	522 127	473 423
Supplies and services	14.1	50 838	52 711
Borrowing costs	14.2	263 303	264 778
Grants subsidies and transfers	14.3	4 101 387	4 215 869
Depreciation and amortisation		512	485
Payments to SA Government	14.4	12 020 865	11 318 355
Other expenses	14.5	110 768	50 229
Total administered expenses		17 069 800	16 375 850
Net result		(43 236)	713 564
Total comprehensive result		(43 236)	713 564

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 Treasury and Finance
Statement of Administered Financial Position
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Administered current assets			
Cash and cash equivalents	16.1	2 416 431	1 916 918
Receivables	16.2	114 964	94 612
Other financial assets	16.3	2 794	2 421
Total current assets		2 534 189	2 013 951
Administered non-current assets			
Receivables	16.2	2	3
Other financial assets	16.3	226 453	235 213
Property, plant and equipment	15.1	4 378	4 051
Intangible assets	15.3	325	325
Total non-current assets		231 158	239 592
Total assets		2 765 347	2 253 543
Administered current liabilities			
Payables	17.1	1 498 445	695 371
Employee benefits	13.2	2 544	2 499
Provisions	17.2	55	1 952
Other current liabilities	17.3	25	25
Total current liabilities		1 501 069	699 847
Administered non-current liabilities			
Payables	17.1	31 546	31 628
Employee benefits	13.2	2 269	2 687
Provisions	17.2	145	101
Other non-current liabilities	17.3	456 032	703 111
Total non-current liabilities		489 992	737 527
Total liabilities		1 991 061	1 437 374
Net assets		774 286	816 169
Administered equity			
Accumulated surplus	18.1	771 494	813 377
Asset revaluation surplus	18.1	2 792	2 792
Total equity		774 286	816 169

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

Department of Treasury and Finance
Statement of Administered Cash Flows
For the year ended 30 June 2021

		2021 (Outflows) Inflows \$'000	2020 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash inflows			
Taxation received		4 311 503	3 891 725
Receipts from Commonwealth		8 700 192	9 029 938
Dividends		143 581	276 410
Interest received		10 161	60 053
Appropriation		2 419 136	2 477 965
Grants and contributions		228 841	286 387
Fees and charges		119 417	158 560
GST recovered from ATO		2 762	2 122
Receipts for Paid Parental Leave Scheme		9	35
Other receipts		826 603	364 739
Cash generated from operations		16 762 205	16 547 934
Cash (outflows)			
Payments to SA Government		(11 184 025)	(11 266 025)
Employee benefit payments		(522 375)	(473 392)
Payments for supplies and services		(88 450)	(20 375)
Interest payments		(263 303)	(273 546)
Grants, subsidies and transfers		(4 101 387)	(4 250 149)
Payments for Paid Parental Leave Scheme		(6)	(39)
Other payments		(97 687)	(39 315)
Cash (used in) operations		(16 257 233)	(16 322 841)
Net cash provided by / (used in) operations	18.2	504 972	225 093
Cash flows from investing activities			
Cash inflows			
Proceeds from sale of property, plant and equipment		-	557
Cash generated from investing activities		-	557
Cash (outflows)			
Purchase of property, plant and equipment		(839)	(655)
Purchase of shares in SOGLC		(9 000)	-
Cash (used in) investing activities		(9 839)	(655)
Net cash provided by / (used in) investing activities		(9 839)	(98)
Cash flows from financing activities			
Cash inflows			
Proceeds from other financial assets		6 895	4 048
Cash received from restructuring activities		1 540	-
Cash generated from financing activities		8 435	4 048
Cash (outflows)			
Other financial assets granted		(4 055)	(2 836)
Cash (used in) financing activities		(4 055)	(2 836)
Net cash provided by / (used in) financing activities		4 380	1 212
Net increase / (decrease) in cash and cash equivalents		499 513	226 207
Cash and cash equivalents at the beginning of the period		1 916 918	1 690 711
Cash and cash equivalents at the end of the period	16.1	2 416 431	1 916 918
Non-cash transactions	16.2		

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2021

	Administered Items on		Industrial Tribunal		Commonwealth Mirror	
	behalf of the		Payments into Court		Taxes on	
	Consolidated Account	Consolidated Account	Payments into Court	Payments into Court	Commonwealth Places	Revenue Account
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	167 164	50 269	-	-	-	-
Taxation	3 971 996	3 572 540	-	-	-	-
Commonwealth revenues	6 255 719	6 768 270	-	-	27 465	25 495
Dividends	143 581	274 661	-	-	-	-
Interest revenues	9 090	55 266	-	2	-	-
Grants and contributions	30 994	-	-	-	-	-
Fees and charges	126 115	141 093	9	-	-	-
Net gain from the disposal of property, plant and equipment	-	557	-	-	-	-
Other income	823 300	307 201	-	-	-	-
Total administered income	11 527 959	11 169 857	9	2	27 465	25 495
Administered expenses						
Employee benefits expenses	3 404	3 710	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	164 375	47 387	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Payments to SA Government	11 359 606	11 118 442	-	-	-	-
Other expenses	-	16	-	340	27 465	25 495
Total administered expenses	11 527 385	11 169 555	-	340	27 465	25 495
Net result	574	302	9	(338)	-	-

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2021

	Community		Community		Country Equalisation	
	Development Fund		Emergency Services Fund		Scheme Account	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	-	-	-	-	-	-
Taxation	-	-	161 400	150 629	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	5	10	6	(138)
Grants and contributions	20 000	20 000	129 049	129 259	-	-
Fees and charges	-	-	250	185	-	-
Net gain from the disposal of property, plant and equipment	-	-	-	-	-	-
Other income	-	-	-	-	-	-
Total administered income	20 000	20 000	290 704	280 083	6	(138)
Administered expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	20 000	20 000	290 475	280 145	-	-
Depreciation and amortisation	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total administered expenses	20 000	20 000	290 475	280 145	-	-
Net result	-	-	229	(62)	6	(138)

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2021

	Land Services		Intergovernmental			
	Arrangement		Hospitals Fund		Agreement on Federal	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	-	-	-	-	-	-
Taxation	-	-	176 266	166 215	-	-
Commonwealth revenues	-	-	-	-	2 676 747	2 548 673
Dividends	-	-	-	-	-	-
Interest revenues	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-
Net gain from the disposal of property, plant and equipment	-	-	-	-	-	-
Other income	-	80 000	-	-	-	-
Total administered income	-	80 000	176 266	166 215	2 676 747	2 548 673
Administered expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	2 570 937	2 360 049
Depreciation and amortisation	-	-	-	-	-	-
Payments to SA Government	-	-	176 266	166 215	63 687	33 698
Other expenses	-	-	-	-	-	-
Total administered expenses	-	-	176 266	166 215	2 634 624	2 393 747
Net result	-	80 000	-	-	42 123	154 926

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2021

	Industry Financial Assistance Account (IFAA)		Local Government Disaster Fund		Local Government Taxation Equivalents Fund	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	-	-	-	-	-	-
Taxation	-	-	-	-	1 841	2 341
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	509	768	15	36	-	(7)
Grants and contributions	10 265	17 508	-	-	-	-
Fees and charges	-	-	-	-	-	-
Net gain from the disposal of property, plant and equipment	-	-	-	-	-	-
Other income	434	489	-	-	-	429
Total administered income	11 208	18 765	15	36	1 841	2 763
Administered expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	65	21	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	8 470	15 265	1 046	3 231	1 841	2 777
Depreciation and amortisation	-	-	-	-	-	-
Payments to SA Government	16 763	-	-	-	-	-
Other expenses	1 764	1 597	-	-	-	-
Total administered expenses	27 062	16 883	1 046	3 231	1 841	2 777
Net result	(15 854)	1 882	(1 031)	(3 195)	-	(14)

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2021

	Support Services to Parliamentarians		Treasury and Finance Administered Items Account		Treasurer's Interest in the National Wine Centre Account	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered income						
Appropriation	-	-	2 251 972	2 427 696	-	-
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	1 749	-	-
Interest revenues	-	-	-	-	-	-
Grants and contributions	24 777	24 734	7 800	88 930	5 956	5 956
Fees and charges	-	-	-	5 048	-	-
Net gain from the disposal of property, plant and equipment	-	-	-	(483)	-	-
Other income	18	66	-	(589)	25	25
Total administered income	24 795	24 800	2 259 772	2 522 351	5 981	5 981
Administered expenses						
Employee benefits expenses	19 123	18 506	499 600	451 207	-	-
Supplies and services	6 988	7 491	43 779	45 145	-	48
Borrowing costs	-	-	263 303	264 778	-	-
Grants, subsidies and transfers	1	1	1 044 242	1 487 014	-	-
Depreciation and amortisation	391	360	-	11	121	114
Payments to SA Government	-	-	404 543	-	-	-
Other expenses	-	-	65 635	21 566	-	-
Total administered expenses	26 503	26 358	2 321 102	2 269 721	121	162
Net result	(1 708)	(1 558)	(61 330)	252 630	5 860	5 819

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2021

	Treasury Working Account		Treasury Asset Management Account		Commonwealth Funding for National Partnerships	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered income						
Appropriation	-	-	-	-	-	-
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	1	(21)	535	4 137
Grants and contributions	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-
Net gain from the disposal of property, plant and equipment	-	-	-	-	-	-
Other income	1 760	1 215	-	-	-	-
Total administered income	1 760	1 215	1	(21)	535	4 137
Administered expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	6	6	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Other expenses	1 760	1 215	-	-	-	-
Total administered expenses	1 760	1 215	6	6	-	-
Net result	-	-	(5)	(27)	535	4 137

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2021

	Affordable Housing		State Owned		Total	
	Fund		Generators Leasing Co			
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	-	-	-	-	2 419 136	2 477 965
Taxation	-	-	-	-	4 311 503	3 891 725
Commonwealth revenues	-	-	-	-	8 959 931	9 342 438
Dividends	-	-	-	-	143 581	276 410
Interest revenues	-	-	-	-	10 161	60 053
Grants and contributions	-	-	-	-	228 841	286 387
Fees and charges	-	-	-	-	126 374	146 326
Net gain from the disposal of property, plant and equipment	-	-	-	52	-	126
Other income	1 500	2 000	-	217 148	827 037	607 984
Total administered income	1 500	2 000	-	217 200	17 026 564	17 089 414
Administered expenses						
Employee benefits expenses	-	-	-	-	522 127	473 423
Supplies and services	-	-	-	-	50 838	52 711
Borrowing costs	-	-	-	-	263 303	264 778
Grants, subsidies and transfers	-	-	-	-	4 101 387	4 215 869
Depreciation and amortisation	-	-	-	-	512	485
Payments to SA Government	-	-	-	-	12 020 865	11 318 355
Other expenses	844	-	13 300	-	110 768	50 229
Total administered expenses	844	-	13 300	-	17 069 800	16 375 850
Net result	656	2 000	(13 300)	217 200	(43 236)	713 564

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

11. About the department's Administered Items

The basis of preparation of the administered financial statement is the same as the basis outlined in note 1.1. The department applies the same accounting policies to the administered financial statements as set out in the notes to the department's financial statements.

11.1. Overview of Administered financial statements

The administered financial statements include the revenues, expenses, assets and liabilities which the department administers on behalf of the Government of South Australia but does not control. All administered activities and the transactions for the special deposit accounts established under section 8 of the *Public Finance Audit Act 1987* and deposit accounts established under section 21 of the PFAA that are administered by the department are listed below:

Administered Items on behalf of the Consolidated Account

The purpose of the account is to record a number of revenue and expense transactions on behalf of the Government of South Australia for the Consolidated Account. Such transactions include the collection of revenues from taxation, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services; grants and subsidies to public sector agencies; the private sector and the community; and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole-of-government general purpose financial report.

Affordable Housing Fund

The purpose of the fund is to record all financial transactions of the Fund, including the receipt of revenue, granting and payment of loans to HomeStart Finance as well as the specific accounting disclosures required for concessional loan agreements.

Commonwealth Funding for National Partnerships

The purpose of the fund is to receive, hold and disburse certain monies for major infrastructure projects provided from National Partnerships grants received from the Commonwealth.

Commonwealth Mirror Taxes on Commonwealth Places Revenue Account

The purpose of the account is to receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth and *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State.

Community Development Fund

The purpose of the fund is to administer annual payments under the *Gaming Machines Act 1992*. Payments are made in accordance with the directions of the Governor towards financial assistance for non-government welfare agencies, financial assistance for community development and the provision of government health, welfare or education services, as well as towards programs of benefit to the live music industry.

Community Emergency Services Fund

The purpose of the fund is to record all fixed property revenue from the Emergency Services Levy collected by RevenueSA and transferred to the Community Emergency Services Fund administered by the South Australian Fire and Emergency Services Commission.

Country Equalisation Scheme Account

The purpose of the account is to record injections of funds provided from the Consolidated Account, and to make 'refund payments' to electricity retailers in accordance with the Country Equalisation Scheme.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

11.1. Overview of Administered financial statements (continued)

ETSA Sales / Lease Proceeds Account

The purpose of the account is to receive proceeds of a sale/lease agreement, sale or lease under the *Electricity Corporations (Restructuring and Disposal) Act 1999* and other funds as approved by the Treasurer.

Hospitals Fund

The purpose of the fund is to record and transfer monies received from SA Lotteries Commission operations and stamp duty on insurance policies relating to motor vehicles to the Consolidated Account to be used for the provision, maintenance, development and improvement of public hospitals.

Intergovernmental Agreement on Federal Financial Relations

The purpose of the account is to receive and disburse money paid to the State Treasury in accordance with the Intergovernmental Agreement on Federal Financial Relations, where that money is not received directly to the Consolidated Account.

Industrial Tribunal Payments into Court

This is to record payments and receipts relating to South Australian Employment Tribunal judgements.

Industry Financial Assistance Account (IFAA)

The account was established to assist with the accounting for the industry assistance contracts written in the name of the Treasurer. The South Australian Government Financing Authority (SAFA) is responsible for administering the IFAA on behalf of the Treasurer.

Local Government Disaster Fund

The purpose of the fund is to record the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. Assistance may be of an investigative, preventative, remedial, insurance, compensatory or other nature and may include funding of insurance or other commercial schemes.

Local Government Taxation Equivalents Fund

The account was established to record receipts of tax equivalents from the Local Government Finance Authority (LGFA) and payments to the Local Government Association of South Australia as stipulated under the *Local Government Finance Authority Act 1983*.

Market Projects Unit*

The purpose of the account is to receive deposits from the sale of government assets.

Support Services to Parliamentarians

The purpose of the account is to record the financial transactions related to the administration of Support Services to Parliamentarians.

SuperSA Select*

The purpose of the account is to administer receipts and payments for the Commonwealth Low Income Superannuation Contribution.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

11.1. Overview of Administered financial statements (continued)

State Owned Generators Leasing Co. Pty. Ltd. (SOGLC)

The purpose of the fund is to manage the transfer of the state's emergency electricity generator assets from the Department for Energy and Mining.

Treasury and Finance Administered Items Account

The purpose of the account is to receive administered items appropriation for the department pursuant to the annual Appropriation Act and to disburse the associated payments.

Treasurer's Interest in the National Wine Centre Account

The purpose of account is to record all of the financial transactions associated with the management of the *National Wine Centre (Restructuring and Leasing Arrangements) Act 2002* including injections of funds from the Consolidated Account.

Treasury Working Account

The purpose of the account is to record receipts and payments for small lotteries, receipts and payments arising from various superannuation arrangements, interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment. This account is also used to process certain transactions of a whole of government nature or relating to the activities of the Treasurer.

Treasury Asset Management Account

The purpose of the account is to record all financial transactions associated with the former South Australian Asset Management Corporation (SAAMC) and the dissolution up of the SAAMC Board.

*Deposit account and special deposit accounts with no transactions in the Statement of Comprehensive Income are not included in the disaggregated disclosure schedule.

11.2. Impact of COVID-19 pandemic

The key impacts of the COVID-19 pandemic in 2020-21 relate to a range of measures the Government introduced in 2019-20 to help the South Australian community manage the economic effects of the pandemic comprising:

- A series of taxation deferral measures
- A broad range of initiatives through the COVID-19 Support Fund financial packages.

Furthermore, the department administered the payment aspect of the private hospital viability initiative pursuant to the National Partnership on COVID-19 Response agreement (NPA) with the Commonwealth.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

11.3. Changes to the Department of Treasury and Finance's administered items

Transferred in

The *State Procurement Repeal Act 2020* (proclaimed 17 June 2021) dissolved the State Procurement Board (the Board) effective 1 July 2021. Immediately before the Board's dissolution, all its assets, rights, and liabilities were vested in the Treasurer to be administered by the Department of Treasury and Finance.

On vesting in the Treasurer the department's administered items recognised the following assets and liabilities:

	\$'000
Current assets	
Cash and cash equivalents	1 539
Total current assets	<u>1 539</u>
Total assets	<u>1 539</u>
Current liabilities	
Payables	187
Total current liabilities	<u>187</u>
Total liabilities	<u>187</u>
Total net assets transferred	<u>1 352</u>

Net assets transferred to DTF administered as a result of dissolution of the Board were recognised at their carrying amount. Net assets transferred were treated as a contribution by the government as owner.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

11.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2020-21 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 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Statement of Administered Comprehensive Income	Note			
Administered Income				
Appropriation		2 547 924	2 419 136	(128 788)
Taxation		3 737 321	4 311 503	574 182
Commonwealth revenues	1	5 823 245	8 959 931	3 136 686
Dividends		114 953	143 581	28 628
Interest revenues		14 496	10 161	(4 335)
Grants and contributions		248 971	228 841	(20 130)
Fees and charges		130 761	126 374	(4 387)
Other income		828 227	827 037	(1 190)
Total administered income		13 445 898	17 026 564	3 580 666
Administered Expenses				
Employee benefits expenses		504 481	522 127	17 646
Supplies and services		53 160	50 838	(2 322)
Borrowing costs		288 815	263 303	(25 512)
Grants, subsidies and transfers	2	6 730 065	4 101 387	(2 628 678)
Depreciation and amortisation		-	512	512
Payments to SA Government	3	11 042 659	12 020 865	978 206
Other expenses		163 033	110 768	(52 265)
Total administered expenses		18 782 213	17 069 800	(1 712 413)
Net result		(5 336 315)	(43 236)	5 293 079
Total comprehensive result		(5 336 315)	(43 236)	5 293 079

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.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

11.4 Budget performance (continued)

The following are brief explanations of variances between original budget and actual amounts:

1 Commonwealth revenues

The \$3.137 billion variation against the original budget is primarily due to the actual funding from the Commonwealth for Intergovernmental Agreement on Federal Financial Relations (\$2.677 billion) being recorded in the Statement of Administered Comprehensive Income while the associated budget is disclosed as part of the Statement of Cash Flows for Other Accounts which does not form part of the Statement of Administered Comprehensive Income original budget amount.

South Australia's share of the GST pool increased resulting in additional GST revenue grants (\$0.430 billion).

2 Grants, subsidies and transfers

The \$2.629 billion variation against original budget is primarily due to original budget amount for payments to fund Consolidated Account included in the Statement of Administered Comprehensive Income while the actual transactions are treated as Statement of Financial Position (\$5.995 billion).

This variation is offset by payments to agencies (\$2.571 billion) in relation to the Intergovernmental Agreement on Federal Financial Relations being recorded in the Statement of Administered Comprehensive Income while the associated budgets are disclosed as part of the Statement of Cashflows for Other Accounts. A further offset arises from inclusion in the original grants, subsidies and transfers budget an amount for the repayment of advances (\$0.574 billion) while the actual transactions are treated as income in the Statement of Administered Comprehensive Income.

3 Payments to SA Government

The \$0.978 billion variation against the original budget is due to increased payments for the transfer of revenue received on behalf of the Consolidated Account resulting from additional income primarily for taxation and Commonwealth revenues.

11.5. Significant transactions with government related entities

Significant transactions with the government related entities are identifiable throughout this financial report, all lease payments relate to cars supplied by Fleet SA.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

12. Income

12.1. Appropriation

	2021	2020
	\$'000	\$'000
Appropriation from the Consolidated Account pursuant to the <i>Appropriation Act</i>	2 251 972	2 427 696
Appropriation under other Acts	167 164	50 269
Total appropriation	2 419 136	2 477 965

Appropriations are recognised on receipt.

This table does not show appropriations in the form of a loan or an equity contribution.

This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act.

12.2. Taxation

	2021	2020
	\$'000	\$'000
Stamp Duties - conveyances on sale of property	1 014 119	797 034
Stamp Duties - general insurance	202 990	191 932
Stamp Duties - motor vehicles registrations	209 813	171 648
Stamp Duties - other	336 414	335 049
Commonwealth Places Mirror - Stamp Duties	263	263
Payroll Tax	1 503 720	1 442 627
Commonwealth Places Mirror - Payroll Tax	26 293	25 232
Land Tax	599 054	511 317
Commonwealth Places Mirror - Land Tax	908	1 689
Emergency Services Levy	161 400	150 629
Local Government rate equivalents	3 930	4 064
Income tax equivalents	89 098	120 667
Contributions from Lotteries Commission of South Australia	101 261	93 194
Betting Operations Tax	47 337	34 400
Casino Duty	14 903	11 980
Total taxation	4 311 503	3 891 725

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

12.2 Taxation (continued)

Taxation revenue includes payroll tax, stamp duty, betting operations tax, property taxes (land tax and emergency services levy), income tax equivalents and contributions from the Lotteries Commission of South Australia. All taxes and levies are collected on behalf of the state government and recognised on receipt. All taxation and levy revenues are reported net of any refunds issued.

Payroll tax is payable pursuant to the *Payroll Tax Act 2009*.

Stamp duty is a charge on certain instruments. Stamp duty is charged at either a flat rate or an *ad valorem* rate (based on the value of the transaction) depending on the particular document or transaction. Stamp duty applies to a range of instruments including conveyances, motor vehicles transfers and insurance transactions. Stamp Duty is levied under the authority of the *Stamp Duties Act 1923*, which is supported by the *Stamp Duties Regulations 2002*.

Land tax is charged on land ownership and calculated according to the site value of the land and land use. The land owner is exempt from land tax where the land constitutes the owner's principal place of residence (other exemptions also apply).

As a result of changes to the *Casino Act 1997* and Casino Agreements the Commissioner of State Taxation commenced administration and collection of the Casino Duty from 1 January 2014. This includes all duty from gaming tables and gaming machines within the Adelaide Casino.

Betting operations tax is effective from 1 July 2017. It is a consumption tax of 15% on the Net Wagering Revenue (NWR) of betting companies offering services to South Australia.

The department also collects the fixed property component of emergency services levy payable under the *Emergency Services Funding Act 1998*.

Tax equivalents are collected from applicable public authorities or business units in accordance with *Treasurer's Instruction 22 'Tax Equivalent Payments'*. Tax equivalent payments calculated and collected include Accounting Profits Method at the companies' income tax rate under the *Commonwealth's Income Tax Assessment Act 1997*, *Land Tax and Local Government Rates*.

Contributions from the Lotteries Commission of South Australia include distributions to the Hospitals Fund received in accordance with the *State Lotteries Act 1966*.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

12.3. Commonwealth revenues

	2021	2020
	\$'000	\$'000
Commonwealth general purpose grants		
GST revenue grants	6 036 181	6 545 864
Commonwealth Places Mirror taxes	27 465	25 495
Total Commonwealth general purpose grants	<u>6 063 646</u>	<u>6 571 359</u>
Commonwealth specific purpose grants		
Council of Australian Governments Funding arrangements	219 538	222 406
Intergovernmental Agreement on Federal Financial Relations - Recurrent	1 847 664	2 129 190
Intergovernmental Agreement on Federal Financial Relations - Capital	829 083	419 483
Total Commonwealth specific purpose grants	<u>2 896 285</u>	<u>2 771 079</u>
Total Commonwealth revenues	<u><u>8 959 931</u></u>	<u><u>9 342 438</u></u>

Commonwealth revenue includes GST grants, Specific Purpose Payments and National Partnership Payments received from the Commonwealth pursuant to the Intergovernmental Agreement on Federal Financial Relations.

Specific Purpose Payments can either be ongoing tied grants or time-limited National Partnership payments (NPPs) and Project Agreements (PAs).

National Partnership Payments are time limited agreements associated with the federal financial agreement, to fund specific projects and to facilitate or reward the states that deliver national significant reforms. Funding can be for both recurrent and capital purposes.

Commonwealth grants

Income from Commonwealth grants is recognised when the department obtains control over the granted assets (eg cash), unless the grant is a capital grant to acquire/construct recognisable non-financial assets. All Commonwealth grants are accounted for under AASB 1058 as the arrangements with the Commonwealth do not constitute contracts with customers.

GST revenue is general revenue assistance provided by the Commonwealth in accordance with the principles of horizontal fiscal equalisation under the Intergovernmental Agreement on Federal Financial Relations that may be spent for any purpose. The GST revenue is received on a monthly basis.

Specific Purpose payments and the National Partnership Payments are typically received when the state completes each milestone stipulated in the contract agreement and or/ its schedule and submits the performance report for the completed milestones by the due dates to the Commonwealth.

Commonwealth capital grants to acquire/construct recognisable non-financial assets

Income from Commonwealth capital grants to acquire or construct a recognisable non-financial asset to be controlled by the state is recognised as the non-financial assets are being constructed. The recognition of revenue is in proportion with the expenditure on the asset, as this best represents the satisfaction of the state's obligation to acquire/construct the assets under the agreements. Grants to acquire or construct recognisable non-financial assets primarily relate to Commonwealth funding received for construction or upgrade of transport and road infrastructure assets.

Department of Treasury and Finance
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For the year ended 30 June 2021

12.4. Dividends

	2021	2020
	\$'000	\$'000
Adelaide Venue Management	1 600	1 600
Homestart Finance	26 205	22 344
Renewal SA	1 193	1 749
Public Trustee	6 926	-
SA Water	82 093	228 087
Motor Accident Commission	9 294	18 530
South Australian Government Financing Authority	16 270	4 100
Total dividends	143 581	276 410

Dividends represent distributions from applicable for-profit government agencies and include returns of accumulated capital. Dividend amounts are approved by the Treasurer before reporting date and recognised on receipt. Dividends are passed on to the Consolidated Account.

12.5. Interest revenues

	2021	2020
	\$'000	\$'000
Interest	10 161	60 053
Total interest revenues	10 161	60 053

Interest revenues principally relate to the income received/receivable on the Treasurer's deposit with the South Australian Government Financing Authority (SAFA). This interest is received/receivable on a monthly basis at prevailing market rates.

12.6. Grants and contributions

	2021	2020
	\$'000	\$'000
Grants and contributions	228 841	286 387
Total grants and contributions	228 841	286 387

Grants and contributions mainly represent Emergency Services Levy general remissions as well as intra-government transfers received for administered funds.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

12.7. Fees and charges

	2021	2020
	\$'000	\$'000
Guarantee fees	126 115	141 093
Other recoveries	259	5 233
Total fees and charges	126 374	146 326

Guarantee fees represent a price for the funding cost advantage the government guarantee gives to an agency and reflects other advantages afforded by the government's financing frameworks and mechanisms.

Guarantee fees are collected pursuant to Section 20 of the *Public Finance and Audit Act 1987*.

12.8. Net gain from the disposal of property, plant and equipment

	2021	2020
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	-	557
Carrying amount of assets disposed	-	(483)
Net gain / (loss) from disposal of land and buildings	-	74
Plant and equipment		
Proceeds from disposal	-	52
Net gain / (loss) from disposal of plant and equipment	-	52
Total net gain from the disposal of property, plant and equipment	-	126

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
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12.9. Other income

	2021	2020
	\$'000	\$'000
Cash alignment transfers to the Consolidated Account	723 928	260 726
Donated assets*	-	217 148
Land Services SA**	-	80 000
Recoveries DIT- Indentured Ports	17 719	16 501
Essential Services Commission of SA	12 578	14 030
Repayment of advances	1 552	4 101
Support Services to Parliamentarians	9	14
Recovery from SAFA Insurance Fund	6 166	-
Return of hospital viability payments	47 790	-
Other income	17 295	15 464
Total other income	827 037	607 984

*On 30 June 2020 the state's emergency electricity generator assets were transferred by proclamation for no consideration from the Department for Energy and Mining to the Treasurer at their carrying value of \$217.1 million.

**Reflects the write off of a payable associated with the Land Services SA commercialisation agreement.

As part of the overall proceeds received from the commercialisation of the land services group, the state received \$80 million for the exclusive right to negotiate (ERN) for any other registry managed by the state. The \$80 million was reflected in 2018-19 as a payable as the State was liable to repay this amount if further decisions around other state registries were not taken or the state did not exercise an option to extend the term of the Land Services SA commercialisation agreement. On 16 December 2019 the Government decided not to proceed with proposed further commercialisation of state registries and opted to extend the term of the land services commercialisation agreement by seven (7) years. Consequently, the \$80 million ERN fee was no longer payable and was written off and recorded as other income in 2019-20.

Other revenues mainly represent the receipt of cash from agencies which is passed on to the Consolidated Account in accordance with the government's relevant policy directive. Revenue received in this manner and subsequently transferred to the Consolidated Account includes repayment of capital and advances, return of cash pursuant to the government's cash alignment policy and return of deposit account balances.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
For the year ended 30 June 2021

13. Board, committees and employees

13.1. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Superannuation contributions to various schemes*	499 600	451 207
Salaries and wages	17 747	17 389
Long service leave	(85)	(9)
Annual leave	1 181	1 200
Skills and experience retention leave	19	17
Employment on-costs - superannuation	2 054	2 068
Employment on-costs - other	1 032	1 015
Minister's salary, electorate and expense allowance	420	420
Other employee related expenses	159	116
Total employee benefits expenses	522 127	473 423

*These payments were made to support funding of the defined benefit superannuation liability for the Police Superannuation Scheme and the South Australia Superannuation Fund as part of the government's commitment to have all superannuation liabilities fully funded by 2034.

Employment on-costs - superannuation

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

Employee and judicial officers remuneration

	2021	2020
	Number	Number
The number of officers, including judicial officers, whose remuneration received or receivable falls within the following bands:		
\$154 001 to \$174 000	1	2
\$174 001 to \$194 000	1	1
\$274 001 to \$294 000	1	-
\$294 001 to \$314 000	1	-
\$314 001 to \$334 000	1	-
\$354 001 to \$374 000	-	1
\$454 001 to \$474 000	1	2
\$474 001 to \$494 000	1	-
\$554 001 to \$574 000	2	3
\$594 001 to \$614 000	-	1
\$614 001 to \$634 000	1	-
Total number of employees and judicial officers	10	10

The total remuneration received by those employees and officers for the year was \$3.9 million (2020: \$4.1 million).

The table includes all employees and officers 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 termination payments, salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and related fringe benefits tax.

Department of Treasury and Finance
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13.2. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	640	543
Annual leave	1 458	1 280
Long service leave	419	646
Skills and experience retention leave	27	30
Total current employee benefits	2 544	2 499
Non-current		
Long service leave	2 269	2 687
Total non-current employee benefits	2 269	2 687
Total employee benefits	4 813	5 186

14. Expenses

14.1. Supplies and services

	2021	2020
	\$'000	\$'000
State's share of GST administration	42 797	44 400
Accommodation	3 537	3 736
General administration and consumables	2 430	2 677
Minor works, maintenance and equipment	540	675
Unclaimed monies	621	743
Information technology and communication expenses	280	273
Consultants	115	35
Legal costs	368	-
Other	150	172
Total supplies and services	50 838	52 711

Department of Treasury and Finance
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Accommodation

Most of the department's administered accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement issued in accordance with government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly associated rental costs are expensed within accommodation.

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:

	2021 Number	2021 \$'000	2020 Number	2020 \$'000
Below \$10 000	5	22	4	6
\$10 000 or above	2	93	1	29
Total paid / payable to the consultants engaged	7	115	5	35

14.2. Borrowing costs

	2021 \$'000	2020 \$'000
Interest on borrowings	262 100	256 412
Interest paid on deposit accounts and other monies	1 203	8 366
Total borrowing costs	263 303	264 778

The department administers payment of interest on borrowings on behalf of the Treasurer but the debt is not recorded in the Statement of Administered Financial Position. It is disclosed in Statement J of the Treasurer's Statements and the government's annual consolidated financial report.

Borrowing costs include annual interest charges on the Treasurer's borrowings from South Australian Government Financing Authority and interest paid by the Treasurer on agency deposit and special deposit accounts.

Interest is paid from the Treasury and Finance Administered Items special deposit account using funds appropriated for that purpose. While the department administers these payments on behalf of the Treasurer, the underlying loan arrangements are administered by SAFA and are therefore not included in the Statement of Administered Financial Position.

Further information on borrowings undertaken by the Treasurer for the Government of South Australia and other government financial assets and liabilities can be found in the SAFA annual report and the Consolidated Financial Report for the Government of South Australia prepared under AASB 1049 *Whole of Government and Government Sector Financial Reporting*.

Department of Treasury and Finance
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14.3. Grants, subsidies and transfers

	2021	2020
	\$'000	\$'000
Recurrent grants, subsidies and transfers	2 886 022	3 251 105
Capital grants, subsidies and transfers	810 676	275 593
Equity capital contribution	199 105	377 093
Water relief grants	142	49
Hospital viability payments	55 538	88 860
COVID-19 support fund	146 694	223 169
Hotel quarantine interstate crosscharge	3 210	-
Total grants, subsidies and transfers	4 101 387	4 215 869

Grants, subsidies and transfers mainly represent the transfer of Commonwealth funding received pursuant to the Intergovernmental Agreement on Federal Financial Relations (IGAFFR) to relevant government agencies. It also includes the payment of grants and other contributions approved by the Treasurer using appropriation funding provided to the Treasury and Finance administered items account. Grants, subsidies and transfers are recognised when paid.

Hospital viability payments includes payments to private hospitals of \$7.2 million (2020: \$69 million) and payments to the Department of Health and Wellbeing of \$48.3 million (2020: \$19.9 million) for funding not required by private hospitals to be returned to the Commonwealth.

The COVID-19 Support Fund was previously presented in the 2019-20 financial statements under the titles of "Business and jobs support" and "Community and job support".

The following table lists recipient departments including their administered items which received more than \$100 million pursuant to the IGAFFR:

	2021	2020
	\$'000	\$'000
Department for Education	1 525 567	1 862 203
Department for Infrastructure and Transport	785 858	285 087
Department of Human Services	194 166	184 436
Department for Innovation and Skills	142 745	128 335
Total	2 648 336	2 460 061

14.4. Payments to SA Government

	2021	2020
	\$'000	\$'000
Transfer of revenue received on behalf of the Consolidated Account	11 423 293	11 152 140
Other payments to the Consolidated Account	193 029	166 215
Cash Alignment transfer to Consolidated Account	404 543	-
Total payments to SA Government	12 020 865	11 318 355

Department of Treasury and Finance
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14.5. Other expenses

	2021	2020
	\$'000	\$'000
Payments to Commonwealth Government	27 465	25 495
Refunds and remissions*	64 700	20 311
Revision to carrying value of SOGLC	13 300	-
Doubtful debts	1 681	859
Other	3 622	3 564
Total other expenses	110 768	50 229

*In 2020-21 includes \$21.3 million in taxation relief approved as part of the government's COVID-19 support fund.

15. Non-financial assets

15.1. Property, plant and equipment by asset class

Property, plant and equipment comprises owned assets that do not meet the definition of investment property.

	2021	2020
	\$'000	\$'000
Buildings		
Buildings at fair value	3 148	2 739
Accumulated depreciation	(235)	(114)
Total buildings	2 913	2 625
Building fitouts		
Building fitouts at cost (deemed fair value)	3 228	3 019
Accumulated amortisation	(2 536)	(2 194)
Total building fitouts	692	825
Land		
Land at fair value	581	581
Total land	581	581
Work in progress		
Work in progress at cost	192	20
Total work in progress	192	20
Plant and equipment		
Plant and equipment (deemed fair value)	-	10
Accumulated depreciation	-	(10)
Total plant equipment	-	-
Total property, plant and equipment	4 378	4 051

Department of Treasury and Finance
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15.2. Property, plant and equipment owned by the department

Valuation of non-current assets

A valuation of the land and buildings for the National Wine Centre was performed by an independent Certified Practising Valuer as at 30 June 2019. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the 40 year lease arrangement with University of Adelaide. A revaluation surplus of \$2.750 million is held for the revalued land and building. The next revaluation is scheduled for 30 June 2025.

On 30 June 2020 the state's emergency electricity generator assets were transferred by proclamation from the Department for Energy and Mining to the Treasurer at their carrying value of \$217.1 million. Also by proclamation effective 30 June 2020, the Treasurer transferred the generator assets to the State Owned Generators Leasing Co Pty Ltd for \$217.2 million in exchange for 108 600 000 fully paid ordinary shares.

Reconciliation

2020-21	Land	Buildings	Building fitouts	Work in progress	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	581	2 625	825	20	-	4 051
Additions	-	409	-	430	-	839
Depreciation and amortisation	-	(121)	(391)	-	-	(512)
Capital transfers from WIP	-	-	258	(258)	-	-
Carrying amount at the end of the period	581	2 913	692	192	-	4 378

2019-20	Land	Buildings	Building fitouts	Work in progress	Plant & equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	726	3 088	353	197	-	4 364
Additions	-	-	-	655	-	655
Transfer in	-	-	-	-	217 148	217 148
Depreciation and amortisation	-	(125)	(360)	-	-	(485)
Capital transfers from WIP	-	-	832	(832)	-	-
Disposal	(145)	(338)	-	-	(217 148)	(217 631)
Carrying amount at the end of the period	581	2 625	825	20	-	4 051

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15.3. Intangible assets

	2021	2020
	\$'000	\$'000
Water licences		
At cost	325	325
Total water licences	<u>325</u>	<u>325</u>
Total intangible assets	<u><u>325</u></u>	<u><u>325</u></u>

Water licences transferred to the Treasurer as part of the 2012 forward sale of the State's Green Triangle Forest Plantations. These water licences were retained by the Treasurer after finalising the lease arrangements with OneFortyOne Plantations Pty Ltd.

Reconciliation of intangible assets

There has been no movement in intangibles.

16. Financial assets

16.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	2 408 419	1 908 920
Promissory notes	8 012	7 998
Total cash and cash equivalents	<u><u>2 416 431</u></u>	<u><u>1 916 918</u></u>

Promissory notes

The Treasurer holds promissory notes on behalf of the Local Government Disaster Fund where the cash balance of the fund is not immediately required to fund Local Government costs relating to disasters. It is invested with the Local Government Finance Authority of South Australia for periods of three months. Promissory notes earn interest at their respective promissory note rates.

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16.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables		
From government entities	14	7
From non-government entities	104 996	85 243
Total trade receivables	<u>105 010</u>	<u>85 250</u>
Accrued revenues	8 748	8 890
GST input tax recoverable	1 206	472
Total current receivables	<u>114 964</u>	<u>94 612</u>
Non-current		
Receivables	<u>2</u>	<u>3</u>
Total non-current receivables	<u>2</u>	<u>3</u>
Total receivables	<u><u>114 966</u></u>	<u><u>94 615</u></u>

Other than as recognised in the allowance for doubtful debts, it is not anticipated 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. There is no provision recognised at 30 June 2021.

Current trade receivables from non-government entities mainly comprises Commonwealth funding receivable relating to capital projects by the Department for Infrastructure and Transport for which work has been completed and recovery is based on achievement of further milestones.

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16.3. Other financial assets

	2021	2020
	\$'000	\$'000
Current		
Loans for financial assistance	12 366	5 920
Less Provision for doubtful debts	(9 572)	(3 499)
Total current other financial assets	<u>2 794</u>	<u>2 421</u>
Non-current		
Loans for financial assistance	24 394	33 246
Less Provision for doubtful debts	(17 784)	(22 176)
Contributed capital in subsidiary company SOGLC	212 900	217 200
Contributed capital in subsidiary company Scope Global	6 943	6 943
Total non-current other financial assets	<u>226 453</u>	<u>235 213</u>
Total other financial assets	<u><u>229 247</u></u>	<u><u>237 634</u></u>

State Owned Generators Leasing Co Pty Ltd

On 30 June 2020 the Treasurer transferred by proclamation the State's emergency electricity generator assets to the State Owned Generators Leasing Co Pty Ltd (SOGLC) in exchange for 108 600 000 fully paid ordinary shares in the company valued at \$217.2 million.

During 2020-21, the Treasurer acquired 4 500 000 fully paid ordinary shares in the company for \$9.0 million.

A downward revision of \$13.3 million to the carrying value of the investment in SOGLC was recorded in 2020-21. This reflects SOGLC's net assets (unaudited) of \$212.9 million at 30 June 2021.

Scope Global Pty Ltd

In 2018-19 Cabinet approved the transfer of responsibility for Scope Global Pty Ltd from the Minister for Trade, Tourism and Investment to the Treasurer in accordance with the recommendations of the Honourable Steven Joyce review.

The company's principal activity is to secure international contracts for work in vocational education and training.

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17. Liabilities

17.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Creditors - revenue received on behalf of the Consolidated Account	1 460 156	623 316
Creditors - other	1 846	479
Accrued expenses	35 502	70 798
Employment on-costs	938	778
Paid parental leave scheme payable	3	-
Total current payables	1 498 445	695 371
Non-current		
Creditors - electricity entities lease proceeds	28 274	28 274
Employment on-costs	271	353
Creditors - other	2 501	2 501
Super SA Select Loan	500	500
Total non-current payables	31 546	31 628
Total payables	1 529 991	726 999

Employment on-costs

As a result of an actuarial assessment performed by the department, the proportion of long service leave taken as leave has remain unchanged from the 2020 rate (42%) and the average factor for the calculation of employer superannuation cost on-costs has change from the 2020 rate (9.8%) to 10.1%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$2 300 and employee benefits expense of \$2 300.

17.2. Provisions

Reconciliation of workers compensation provisions	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	153	121
Additional provisions recognised	125	94
Reductions arising from payments/other sacrifices of future economic benefits	(78)	(62)
Carrying amount at the end of the period	200	153

A provision created in 2018-19 for a financial guarantee of \$1.9 million provided to the Bendigo Bank in respect of finance facilities provided to Australian Fashion Labels under the Unlocking Capital for Jobs Program was settled in 2020-21.

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17.3. Other liabilities

	2021 \$'000	2020 \$'000
Current		
Unearned revenue	25	25
Total current other liabilities	<u>25</u>	<u>25</u>
Non-current		
Unearned revenue	58 115	65 208
Unearned revenue - capital projects	397 917	637 903
Total non-current other liabilities	<u>456 032</u>	<u>703 111</u>
Total other liabilities	<u><u>456 057</u></u>	<u><u>703 136</u></u>

Reconciliation of unearned revenue - capital projects

	2021 \$'000	2020 \$'000
Balance at the beginning of the year	637 903	865 185
Grant revenue for capital projects received during the year	266 636	19 300
Grant revenue for capital projects recognised consistent with the works undertaken during the year	(506 622)	(246 582)
Balance at the end of the year	<u>397 917</u>	<u>637 903</u>

Unearned revenue

In 2003 the Treasurer agreed to lease to the University of Adelaide over a 40 year period the land and buildings previously owned by the National Wine Centre. The agreement's upfront consideration of \$1 million has been recorded as unearned revenue and is being amortised over the life of the lease.

Unearned revenue includes interest received in advance of \$57.585 million (2020: \$64.653 million) on the novation of Urban Renewal Authority loans to the Treasurer as part of the TAFE buy-back transaction.

Unearned revenue – capital projects

Commonwealth grant funding received in the current and prior years to support various infrastructure and capital projects is recorded as unearned revenue. Income is recognised progressively in proportion with the expenditure on the associated asset as this best represents the state's obligation to acquire/construct the assets under the agreements with the Commonwealth.

The balance of this unearned revenue at 30 June 2021 primarily relates to various road and infrastructure projects to be constructed over the next three by the Department for Infrastructure and Transport.

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18. Other disclosures

18.1. Equity

Refer to note 8.1.

18.2. Cash flow reconciliation

Reconciliation of cash and cash equivalents at the end of the reporting period

Cash and cash equivalents disclosed in the Statement of Financial Position	2 416 431	1 916 918
Balance as per the Statement of Cash Flows	2 416 431	1 916 918

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

Net cash provided by/(used in) operating activities	504 972	225 093
Add / (less) non-cash items		
Depreciation and amortisation	(512)	(485)
Doubtful debts expenses	(1 681)	(859)
Discounted cash flow valuations for financial assistance loans - other income	434	489
Donated assets	-	217 148
Land Services SA payable write-off	-	80 000
Revision of carrying of SOGLC	(13 300)	-
Net loss from disposal of non-current assets	-	126

Movement in assets and liabilities

Increase/(decrease) in receivables	20 351	83 979
(Increase)/decrease in payables	(802 805)	(54 734)
(Increase)/decrease in employee benefits	373	(185)
(Increase)/decrease in provisions	1 853	(32)
(Increase)/decrease in other liabilities	247 079	163 024
Net result	(43 236)	713 564

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19. Changes in accounting policy

Refer to note 9.

20. Outlook

20.1. Unrecognised commitments

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

Expenditure commitments

	2021	2020
	\$'000	\$'000
Within one year	1 886	1 734
Later than one year but not longer than five years	1 809	2 688
Later than five years	19	64
Total expenditure commitments	3 714	4 486

The department's expenditure commitments are for arrangements for Memorandum of Administrative Arrangements with the Department for Infrastructure and Transport for accommodation.

Other commitments

The department's other commitments primarily relate to distribution of Commonwealth funds to agencies in accordance with Schedule G of the Intergovernmental Agreement on Federal Financial Relations and Industry Assistance grants.

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

	2021	2020
	\$'000	\$'000
Within one year	123 110	119 133
Later than one year but not longer than five years	14 155	5 990
Total other commitments	137 265	125 123

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20.2. Contingent assets and liabilities

The following contingent assets and liabilities exist for the Administered Items:

Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.

On 26 November 2012, the State appointed Tatts Lotteries SA Pty Ltd (Tatts) as its exclusive Master Agent to operate SA Lotteries' brands and products for a term of 40 years, starting 11 December 2012. Under this arrangement the Lotteries Commission of South Australia is required to pay the Master Agent a master agency fee (payment obligation). The Treasurer has unconditionally and irrevocably guaranteed the performance by Lotteries Commission of South Australia of the payment obligation. The Treasurer has also indemnified the Master Agent against any cost, expense, loss or damage that the Master Agent may incur as a direct result of non-compliance by Lotteries Commission of South Australia with the payment obligation. The Treasurer's maximum aggregate liability to the Master Agent under this agreement is limited to an amount equal to the total quantum of Lotteries Commission of South Australia's liability to the Master Agent for the payment obligation.

The Treasurer guarantees the annual lease obligations and a proportion of outgoings of the Ice Factor Foundation for the Thebarton Ice Arena up to \$4 million.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2021 was \$760.3 million (2020: \$861.3 million).

The Treasurer unconditionally and irrevocably guarantees to each beneficiary the due and punctual payment and performance by the Adelaide Venue Management Corporation of the Corporation's obligations to that beneficiary.

The Treasurer has indemnified the fund of the Local Government Association (LGA) Mutual Liability Scheme for any admitted claim in the nature of a general liability that the LGA in respect of the Mutual Liability Scheme becomes legally liable to pay. For liability risks not covered under the State Government's liability reinsurance program, the indemnity is capped at \$50 million for any one such admitted claim. Any losses that exceed the State Government's liability reinsurance program limits and the \$50 million limit for liability risks not covered by the reinsurance program will be subject to separate negotiations between the LGA and the State Government.

The Treasurer has indemnified South Australian Government Financing Authority (SAFA) against any profit or loss as a result of activities in the Insurance Fund 2 and Fund 3 portfolios. Given the nature of the activities in these funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or a receivable from the Treasurer. This policy resulted in a receivable from the Treasurer of \$2.75 million for the year 2020-21 (2020: \$4.8 million payable from the Treasurer).

The Government of South Australia established the Future Jobs Fund. The Fund provided grants and loans to non-government entities intended to create ongoing jobs in a range of sectors. The Fund is now closed to new applicants. Provision of loans and grants from the Fund has been contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans and grants from the Fund as at 30 June 2021 was \$13 million (2020: \$17.98 million).

The Government of South Australia established an Economic Investment Fund. The fund provided grants and loans to non-government entities intended to support new investment in South Australia to deliver significant strategic and economic benefits for the State through the attraction of projects in key target industries. The Fund is now closed to new applicants. Provision of grants and loans from the Fund is contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans from the Fund at 30 June 2021 was \$9.7 million (2020: \$28.57 million).

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20.2. Contingent assets and liabilities (continued)

The Government of South Australia established the Economic and Business Growth Fund that has been renamed to the Jobs and Economic Growth Fund. The Fund promotes economic growth in South Australia by encouraging growth of existing industries, developing new industries, building international connections, and attracting foreign and national direct investment that create long-term sustainable jobs. Provision of grants from the Fund is contingent upon applicants meeting their obligations and performance milestones. For commitments entered into up to 30 June 2020, the amount of undrawn grants from the Fund as at 30 June 2021 was \$14 million (2020: \$1.9 million).

Under Section 15 of the Government Financing Authority Act 1982, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the state of South Australia.

20.3. 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 and consider there will be no impact.

20.4. COVID-19 pandemic outlook

The COVID-19 pandemic will continue to impact the operations of the department in 2021-22. The Government introduced a series of taxation deferral and financial support measures in 2019-20 to help the South Australian community manage the economic effects of the COVID-19 pandemic. The pandemic continues to create uncertainty. Consequently, the future financial impact of these measures cannot yet be reliably estimated.

20.5. Events after the end of the reporting period

From the 1 July 2021, the Fines Enforcement and Recovery Unit (FERU) transferred from the Attorney-General's Department to the department. The financial effect of this machinery of government change has not been reflected in the financial statements.

The *State Procurement Repeal (SPB) (Dissolution and Revocation) Act 2020* (dated 17 June 2021) proclaimed that effective from 1 July 2021, SPB is dissolved and immediately before its dissolution all assets and liabilities are transferred to the DTF administered on 30 June 2021.

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21. Measurement and risk

21.1. Long service leave liability measurement

Refer to note 10.1.

The net financial effect of the changes in the financial year is a decrease in the long service leave liability of \$318 000 (2020: \$190 000) and employee benefits expense of \$318 000 (2020: \$190 000). The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

21.2. Fair value measurement

Refer to note 10.2.

The department's administered items had no valuations categorised into level 1 and 2 for both 2020 and 2021.

21.3. Financial instruments

Refer to note 10.3.