

Department of the Premier and Cabinet

Financial report
for the year ended
30 June 2021

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

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To the Chief Executive Department of the Premier and Cabinet

Opinion

I have audited the financial report of the Department of the Premier and Cabinet 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 the Premier and Cabinet 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 Changes in Equity for the year ended 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
- a Schedule of Assets and Liabilities attributable to administered activities as at 30 June 2021
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Executive Director, Communities and Corporate.

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 the Premier and Cabinet. 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 the Premier and Cabinet 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 the Premier and Cabinet'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

23 September 2021

Department of the Premier and Cabinet

Financial Statements

For the year ended 30 June 2021

Department of the Premier and Cabinet
Certification of the Financial Statements
for the year ended 30 June 2021

We certify that the:

- financial statements of the Department of the Premier and Cabinet:
 - 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 the Premier and Cabinet for the financial year over its financial reporting and its preparation of financial statements have been effective.



Nick Reade
Chief Executive

14 September 2021



Steven Woolhouse
Executive Director, Communities and Corporate

14 September 2021

Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Appropriation	2.1	261 124	201 209
Sales of goods and services	2.2	26 790	46 402
Commonwealth-sourced grants and funding	2.3	7 146	3 299
SA Government grants, subsidies and transfers	2.4	19 548	10 038
Local government grants		334	326
Resources received free of charge	2.5	716	828
Other income	2.6	9 661	10 281
Total income		325 319	272 383
Expenses			
Employee benefits expenses	3.3	55 070	51 339
Supplies and services	4.1	78 986	58 577
Depreciation and amortisation	4.2	15 631	14 949
Borrowing costs	4.3	8	3
Grants and subsidies	4.4	156 712	142 735
Net loss from the disposal of non-current assets	4.5	328	411
Cash alignment transfers to the Consolidated Account		-	29 878
Other expenses	4.6	1 362	1 456
Resources provided free of charge	4.7	2 771	1 937
Total expenses		310 868	301 285
Net result		14 451	(28 902)
Other comprehensive income			
Changes in property, plant and equipment asset revaluation surplus		-	40 794
Total other comprehensive income		-	40 794
Total comprehensive result		14 451	11 892

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 the Premier and Cabinet
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash	6.1	63 166	45 450
Receivables	6.2	13 236	10 727
Inventories		96	184
Non-current assets classified as held for sale	5.5	635	635
Total current assets		77 133	56 996
Non-current assets			
Receivables	6.2	411	90
Property, plant and equipment	5.1	227 922	230 241
Intangible assets	5.4	15 022	9 945
Total non-current assets		243 355	240 276
Total assets		320 488	297 272
Current liabilities			
Payables	7.1	23 014	13 271
Employee benefits	3.4	7 606	6 574
Financial liabilities	7.2	118	133
Contract liabilities	7.3	1 444	1 171
Provisions	7.4	205	585
Total current liabilities		32 387	21 734
Non-current liabilities			
Payables	7.1	1 024	1 021
Employee benefits	3.4	10 909	11 018
Financial liabilities	7.2	238	348
Provisions	7.4	504	1 285
Total non-current liabilities		12 675	13 672
Total liabilities		45 062	35 406
Net assets		275 426	261 866
Equity			
Contributed capital		56 766	56 766
Asset revaluation surplus		40 794	40 794
Retained earnings		177 866	164 306
Total equity		275 426	261 866

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

Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2021

	Contributed capital	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	56 766	-	195 193	251 959
Prior period adjustments	-	-	(1 146)	(1 146)
Changes in account policy on adoption of AASB15	-	-	(968)	(968)
Restated balance at 1 July 2019	56 766	-	193 079	249 845
Net result for 2019-20	-	-	(28 902)	(28 902)
Gain on revaluation of property, plant and equipment	-	40 794	-	40 794
Total comprehensive result for 2019-20	-	40 794	(28 902)	11 892
Transactions with SA Government as owner:				
Net assets transferred as a result of an administrative restructure	-	-	129	129
Balance at 30 June 2020	56 766	40 794	164 306	261 866
Net result for 2020-21	-	-	14 451	14 451
Total comprehensive result for 2020-21	-	-	14 451	14 451
Transactions with SA Government as owner:				
Net assets received from an administrative restructure	-	-	(891)	(891)
Balance at 30 June 2021	56 766	40 794	177 866	275 426

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

Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2021

		2021	2020
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		261 124	201 209
Sales of goods and services		28 886	57 427
Receipts from Commonwealth-sourced grants		7 338	3 500
SA Government grants, subsidies and transfers		19 630	9 480
Other grants		334	326
Other receipts		9 740	5 297
Cash generated from operations		327 052	277 239
Cash outflows			
Employee benefits payments		(55 700)	(50 786)
Payments for supplies and services		(80 950)	(62 405)
Payments of grants and subsidies		(155 342)	(141 290)
GST paid to the ATO		(1 501)	(1 493)
Cash alignment transfers to the Consolidated Account		-	(29 878)
Other payments		(572)	(954)
Cash used in operations		(294 065)	(286 806)
Net cash provided by/ (used in) operating activities	8.2	32 987	(9 567)
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(6 691)	(7 081)
Purchase of intangible assets		(8 441)	(2 456)
Cash used in investing activities		(15 132)	(9 537)
Net cash used in investing activities		(15 132)	(9 537)
Cash flows from financing activities			
Cash outflows			
Repayment of leases		(139)	(94)
Cash transferred as a result of restructuring activities		-	(1 146)
Cash used in financing activities		(139)	(1 240)
Net cash used in financing activities		(139)	(1 240)
Net increase/ (decrease) in cash		17 716	(20 344)
Cash at the beginning of the period		45 450	65 794
Cash at the end of the period	6.1	63 166	45 450
Non cash transactions	8.2		

The accompanying notes form part of these financial statements

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

1 About the Department of the Premier and Cabinet

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

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

Administered financial statements relating to administered resources are presented separately as part of this report. Except as otherwise disclosed, administered items are accounted for on the same accounting policies as the department's transactions.

1.1. Basis of preparation

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

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

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

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 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 the Premier and Cabinet
Notes to and forming part of the financial statements
For the year ended 30 June 2021

1.2. Objectives and programs

Objectives

The department delivers specialist policy advice to the Premier and ministers and supports the Cabinet process. It also has overarching responsibility for Commonwealth-State relations.

The department leads the implementation of South Australia's strategic priorities and policy commitments in the areas of economic and social development, international relationships and strengthening digital engagement between government and the community.

The department provides leadership in across government policy development on Aboriginal community support, multicultural affairs and the arts.

The department provides the following programs:

Premier and Cabinet Policy and Support

Coordination and leadership of the strategic economic and policy priorities of the state. Monitoring and supporting the delivery of the government's priorities and commitments. Support to the Premier and Cabinet through rigorous Cabinet process across Government (including thorough analysis of the risks, costs and benefits of proposals), communications, and cross government policy.

Deliver protocol and international engagement programs, by promoting the state and its competitive advantages and offerings, showcasing South Australia's strategic industries, businesses, knowledge institutions, community and regions.

Support Services and Community Programs

Ministerial and support services.

Information and Communication Technology Services

Provision of specialised information and communication technology, digital and cyber security services and support and information to government, citizens and industry.

Aboriginal Affairs and Reconciliation

Empower Aboriginal people to have a stronger voice in decision making across government and within communities, and provide leadership in the promotion of effective governance arrangements.

Provide whole of government policy advice and leadership, support engagement with Aboriginal stakeholders through the provision of culturally appropriate advice to government, facilitate the protection and preservation of Aboriginal heritage and culture, and support the state's Aboriginal land holding authorities.

Multicultural Affairs

Supports South Australia's ethnic communities and promotes community capacity and harmony. It includes grant programs to community organisations that provide services to help families and individuals improve their quality of life and strengthen the wellbeing of culturally and linguistically diverse communities, as well as support for multicultural events and initiatives.

Arts and Cultural Policy and Support

Ensure the State recognises and capitalises on artistic, cultural and economic opportunities arising from the diverse arts and cultural organisations, practitioners, events and physical assets in the state by developing programs that build on cultural heritage and creativity, and providing financial support to the arts and cultural sector.

General / Not attributable

General/not attributable reflects internal transactions undertaken within the department.

The schedules on the following pages present expenses, income, assets and liabilities attributable to each of the programs for the years ended 30 June 2021 and 30 June 2020.

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

Expenses and income by program

	Premier and Cabinet Policy and Support		Support Services and Community Programs		Information and Communication Technology Services	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Income						
Appropriation	-	-	261 124	201 209	-	-
Sales of goods and services	2 762	3 120	452	928	18 905	38 034
Commonwealth-sourced grants and funding	1 646	299	-	-	-	-
SA Government grants, subsidies and transfers	3 870	1 372	3 445	5 742	424	456
Local government grants	334	326	-	-	-	-
Resources received free of charge	236	236	93	97	215	318
Other income	543	261	51	14	3	84
Total income	9 391	5 614	265 165	207 990	19 547	38 892
Expenses						
Employee benefits expenses	20 097	16 153	7 062	7 815	14 297	13 809
Supplies and services	15 664	14 096	3 374	3 880	49 530	33 045
Depreciation and amortisation	1 105	799	276	199	6 065	6 064
Borrowing costs	2	1	1	-	3	1
Grants and subsidies	18 437	8 960	71	25	295	203
Net loss from the disposal of non-current assets	17	4	7	2	292	403
Cash alignment transfers to the Consolidated Account	-	-	-	29 878	-	-
Other expenses	444	391	49	44	697	892
Resources provided free of charge	12	-	5	-	12	-
Total expenses	55 778	40 404	10 845	41 843	71 191	54 417
Net result	(46 387)	(34 790)	254 320	166 147	(51 644)	(15 525)

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

	Aboriginal Affairs and		Arts and Cultural			
	Reconciliation		Multicultural Affairs		Policy and Support	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Appropriation	-	-	-	-	-	-
Sales of goods and services	356	691	198	231	5 054	6 781
Commonwealth-sourced grants and funding	-	-	-	-	5 500	3 000
SA Government grants, subsidies and transfers	739	803	8	12	11 062	1 653
Local government grants	-	-	-	-	-	-
Resources received free of charge	57	60	29	26	86	91
Other income	1	108	231	39	8 832	9 775
Total income	1 153	1 662	466	308	30 534	21 300
Expenses						
Employee benefits expenses	4 657	4 946	1 845	1 935	7 112	6 681
Supplies and services	2 241	2 894	657	759	8 457	7 286
Depreciation and amortisation	253	257	81	50	7 851	7 580
Borrowing costs	1	1	-	-	1	-
Grants and subsidies	4 478	5 242	2 789	2 925	130 642	125 380
Net loss from the disposal of non-current assets	4	1	2	-	6	1
Cash alignment transfers to the Consolidated Account	-	-	-	-	-	-
Other expenses	30	26	15	11	127	92
Resources provided free of charge	3	-	2	-	2 737	1 937
Total expenses	11 667	13 367	5 391	5 680	156 933	148 957
Net result	(10 514)	(11 705)	(4 925)	(5 372)	(126 399)	(127 657)

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

	General / Not		Total	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Income				
Appropriation	-	-	261 124	201 209
Sales of goods and services	(937)	(3 383)	26 790	46 402
Commonwealth-sourced grants and funding	-	-	7 146	3 299
SA Government grants, subsidies and transfers	-	-	19 548	10 038
Local government grants	-	-	334	326
Resources received free of charge	-	-	716	828
Other income	-	-	9 661	10 281
Total income	(937)	(3 383)	325 319	272 383
Expenses				
Employee benefits expenses	-	-	55 070	51 339
Supplies and services	(937)	(3 383)	78 986	58 577
Depreciation and amortisation	-	-	15 631	14 949
Borrowing costs	-	-	8	3
Grants and subsidies	-	-	156 712	142 735
Net loss from the disposal of non-current assets	-	-	328	411
Cash alignment transfers to the Consolidated Account	-	-	-	29 878
Other expenses	-	-	1 362	1 456
Resources provided free of charge	-	-	2 771	1 937
Total expenses	(937)	(3 383)	310 868	301 285
Net result	-	-	14 451	(28 902)

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

Assets and liabilities by program

	Premier and Cabinet		Support Services and		Information and	
	Policy and Support		Community Programs		Communication	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	-	63 166	45 450	-	-
Receivables	166	62	10 373	9 463	2 580	1 035
Inventories	-	13	-	-	96	171
Non-current assets classified as held for sale	-	-	-	-	-	-
Property, plant and equipment	357	7	9 675	10 871	16 713	17 289
Intangible assets	1 090	1 607	321	389	13 234	7 334
Total assets	1 613	1 689	83 535	66 173	32 623	25 829
Liabilities						
Payables	46	-	21 877	12 161	340	271
Employee benefits	436	-	11 571	11 779	3 250	2 657
Financial liabilities	-	-	325	58	-	366
Contract liabilities	1 419	1 169	-	-	27	-
Provisions	-	-	422	1 642	-	-
Total liabilities	1 901	1 169	34 195	25 640	3 617	3 294

	Aboriginal Affairs		Multicultural Affairs		Arts and Cultural	
	and Reconciliation				Policy and Support	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	-	-	-	-	-
Receivables	-	67	-	-	539	277
Inventories	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	635	635
Property, plant and equipment	540	587	-	-	200 637	201 487
Intangible assets	44	88	-	-	333	527
Total assets	584	742	-	-	202 144	202 926
Liabilities						
Payables	121	106	65	58	1 589	1 783
Employee benefits	1 101	990	587	532	1 570	1 634
Financial liabilities	31	57	-	-	-	-
Contract liabilities	-	-	-	-	9	2
Provisions	-	-	-	-	287	228
Total liabilities	1 253	1 153	652	590	3 455	3 647

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

	General / Not attributable		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Assets				
Cash	-	-	63 166	45 450
Receivables	(11)	(87)	13 647	10 817
Inventories	-	-	96	184
Non-current assets classified as held for sale	-	-	635	635
Property, plant and equipment	-	-	227 922	230 241
Intangible assets	-	-	15 022	9 945
Total assets	(11)	(87)	320 488	297 272
Liabilities				
Payables	-	(87)	24 038	14 292
Employee benefits	-	-	18 515	17 592
Financial liabilities	-	-	356	481
Contract liabilities	(11)	-	1 444	1 171
Provisions	-	-	709	1 870
Total liabilities	(11)	(87)	45 062	35 406

All assets and liabilities for other activities that are not disclosed separately are included in Support Services and Community Programs.

Department of the Premier and Cabinet
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 had no material impact on the operations of the department during 2020-21.

1.4. Changes to the department

Transfers In

As a result of an administrative arrangements outlined in a Chief Executive Agreement (15 September 2020), employees for the State Recovery Office were transferred from the Department of Human Services to the department effective 1 July 2020.

As a result of administrative arrangements outlined in a Chief Executive Agreement (2 July 2020), the Office of the Commissioner for Public Sector Employment relinquished responsibility for the Public Sector Innovation Lab. Assets and liabilities of this unit were transferred to the department effective 1 July 2020.

The following assets and liabilities transferred at carrying amounts during the year:

Effective Date	State	Public Sector	Total
	Recovery Office	Innovation Lab	
	1 July 2020	1 July 2020	
	\$'000	\$'000	\$'000
Receivables	23	-	23
Total assets	23	-	23
Payables	386	27	413
Employee benefits	304	151	455
Provisions	46	-	46
Total liabilities	736	178	914
Total net assets transferred	(713)	(178)	(891)

Department of the Premier and Cabinet
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 issued to special 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.

Statement of Comprehensive Income	Note	Original	Actual	Variance
		budget	2021	
		2021	2021	
		\$'000	\$'000	\$'000
Income				
Appropriation		260 579	261 124	545
Sales of goods and services		17 845	26 790	8 945
Commonwealth-sourced grants and funding		6 000	7 146	1 146
SA Government grants, subsidies and transfers		18 703	19 548	845
Local government grants		-	334	334
Resources received free of charge		-	716	716
Other income		3 364	9 661	6 297
Total income		306 491	325 319	18 828
Expenses				
Employee benefits expenses		59 824	55 070	(4 754)
Supplies and services	a	61 568	78 986	17 418
Depreciation and amortisation		16 273	15 631	(642)
Borrowing costs		17	8	(9)
Grants and subsidies		153 590	156 712	3 122
Net loss from the disposal of non-current assets		-	328	328
Cash alignment transfers to the Consolidated Account		11 637	-	(11 637)
Other expenses		811	1 362	551
Resources provided free of charge		-	2 771	2 771
Total expenses		303 720	310 868	7 148
Net result		2 771	14 451	11 680

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

- a) The unfavourable variance is primarily due to additional expenditure relating to the across government cyber resilience project (\$6.9 million), across government Microsoft security licences (\$4.4 million) and labour hire offset by employee vacancies (\$2.5 million).

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

1.5 Budget performance (continued)

	Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Investing expenditure summary				
Total new projects	b	14 164	7 678	(6 486)
Total existing projects	c	10 921	4 457	(6 464)
Total annual program	d	10 288	7 263	(3 025)
Total leases		23	31	8
Total investing expenditure		35 396	19 429	(15 967)

- b) The favourable variance is primarily due to timing of project expenditure for which carryover of budget to 2021-22 will be sought with the Department of Treasury and Finance.
- c) The favourable variance is primarily due to timing of project expenditure for which carryover of budget to 2021-22 will be sought with the Department of Treasury and Finance.
- d) The favourable variance is primarily relates to a reclassification of budget to the Adelaide Festival Centre Redevelopment project (\$1.14 million), and transfer of budget to Arts institutions as operating grants (\$1.56 million).

1.6. Significant transactions with government related entities

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

- accommodation supplied by Department for Infrastructure and Transport are included in supplies and services – refer to note 4.1.
- grants payments to Major Arts entities – refer to grants and subsidies note 4.4.
- accommodation lease supplied by Urban Renewal Authority and leased motor vehicles supplied by Fleet SA – refer to note 5.3.

Department of the Premier and Cabinet
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2. Income

2.1. Appropriation

	2021	2020
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	260 579	201 209
Appropriation from the Governor's Appropriation Fund	545	-
Total appropriation	261 124	201 209

Appropriation is recognised on receipt.

Appropriation pursuant to the *Appropriation Act* ("the Act") consists of \$225.7 million (2020: \$187.0 million) for operational funding and \$35.4 million (2020: \$14.2 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). Money appropriated for purposes other than the department's purposes and issued to special deposit accounts or deposit accounts of other public authorities is not reflected here.

2.2. Sales of goods and services

	2021	2020
	\$'000	\$'000
Service provision	18 259	41 360
Other	8 531	5 042
Total sales of goods and services	26 790	46 402

Service provision is provision of specialised information and communication technology, digital and cyber security services, support and information to government and industry. From 1 July 2020, the department received appropriation for the provision of information and communication technology services following Cabinet's approval to cease intra-government charging.

Other are sundry recoveries including salary on-charges.

2.3. Commonwealth-sourced grants and funding

	2021	2020
	\$'000	\$'000
Grants - special purpose	646	299
Specific Purpose Funding - Adelaide City Deal	6 500	3 000
Total Commonwealth-sourced grants and funding	7 146	3 299

The Commonwealth has provided funding to the State which has been recognised in accordance with AASB 1058 as income on receipt for the following purposes:

- Australian Institute of Health and Welfare – funding for the Office for Data Analytics to assist developing National Disability Data Set pilot phase.
- Adelaide City Deal Agreement – funding to support growth in South Australia's innovation and tourism including Lot Fourteen, the Heysen Gallery at Hahndorf and Carrick Hill visitors centre.

The Commonwealth has provided funding to the State which has been recognised in accordance with AASB 15 for the following purposes:

- The Circle - First Nations Entrepreneur Hub at Lot Fourteen.

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2.4. SA Government grants, subsidies and transfers

	2021	2020
	\$'000	\$'000
Grants, subsidies and transfers provided by SA Government entities	13 622	1 921
Contingency funding provided by the Department of Treasury and Finance	3 419	6 908
Recovery from Administered Items	2 107	809
Community Development Fund	400	400
Total SA Government grants, subsidies and transfers	19 548	10 038

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

Grants, subsidies and transfers includes funding for the Arts Recovery Fund grant program from the COVID-19 Support Fund administered by the Department of Treasury and Finance.

2.5. Resources received free of charge

	2021	2020
	\$'000	\$'000
Shared Services SA	685	730
Donated assets	31	98
Total resources received free of charge	716	828

Contribution of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. The department receives Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA, following Cabinet's approval to cease intra-government charging.

Donated assets received in 2020-21 are ICT and telecommunication devices. Donated assets received in 2019-20 were ICT Infrastructure assets transferred from the Department for Infrastructure and Transport.

2.6. Other income

	2021	2020
	\$'000	\$'000
Rental income	5 529	5 412
Sponsorship	3 300	4 320
Refunds	826	518
Other	6	31
Total other income	9 661	10 281

Rental income relates to rent charged to various arts entities including the Adelaide Festival Centre Trust, where arts and cultural buildings are provided by the department.

Sponsorship revenue relates to the Art Gallery of South Australia's Tarnanthi – Contemporary Aboriginal and Torres Strait Islander Art Festival and is recognised upon receipt.

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3. Employees and committees

3.1. Key management personnel

Key management personnel of the department include the Premier, the Chief Executive and the Executive Leadership Team who have responsibility for the strategic direction and management of the department.

Total compensation for key management personnel was \$3.149 million in 2020-21 and \$2.677 million in 2019-20.

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

See the department's Administered Financial Statements for disclosures of the Premier's remuneration paid and recovered from the Consolidated Account.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	2 880	2 445
Post-employment benefits	269	232
Total compensation	3 149	2 677

Transactions with key management personnel and other related parties

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

3.2. Committee members

Members during the 2020-2021 financial year were:

Risk and Performance Committee

Virginia Hickey (Chair)

Colin Dunsford

Debra Contala (appointed June 2021)

Eva Balan-Vnuk*

Alison Lloyd-Wright*

Steven Woolhouse*

Ruth Ambler* (retired June 2021)

South Australian Multicultural and Ethnic Affairs Commission

Norman Schueler (Chair) (term expired June 2021)

Antonietta Cocchiaro (Deputy Chair) (term expired June 2021)

Laura Adzanku (term expired June 2021)

George Chin

Adriana Christopoulos

Maria Maglieri

Neni Nannapaneni (term expired June 2021)

Thuy Phan (term expired June 2021)

Valdis Tomanis (term expired June 2021)

Muhama Yotham (term expired June 2021)

Ning Zhang (term expired June 2021)

Ahmed Zreika (term expired June 2021)

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3.2 Committee members (continued)

South Australian Aboriginal Advisory Council

Sharron Williams (Chair)
 Joel Bayliss*
 Rick Callaghan
 Glenise Coulthard
 Arrin Hazelbane*
 Tracy Rigney*
 Aileen Shannon
 Dean Walker*

State Aboriginal Heritage Committee

Mark Koolmatrie (appointed Chair November 2020)
 Syd Sparrow (Chair) (retired September 2020)
 Yvonne Agius
 Robyn Campbell
 Suzanne Haseldine
 Ian Johnson (retired June 2021)
 Cheryl Saunders
 Fiona Singer (appointed Vice Chair November 2020)
 Glen Wingfield
 Lorelee Wright

**Aboriginal Art and Cultures Centre Aboriginal Reference Group
 Committee**

David Rathman (Chair) (appointed July 2020)
 Jack Buckskin (appointed July 2020, retired June 2021)
 Jessica Davies-Huynh (appointed December 2020)
 Diane Dixon* (appointed July 2020)
 Cara Kirkwood (appointed July 2020)
 Sandra Miller (appointed July 2020, retired May 2021)
 Kirstie Parker* (appointed July 2020)
 Karl Telfer (appointed July 2020)
 Keith Thomas (appointed May 2021)
 Craig Ritchie* (appointed December 2020)

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

Committee remuneration

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

	2021	2020
\$0 - \$19 999	45	38
\$20 000 - \$39 999	2	1
Total number of members	47	39

The total remuneration received or receivable by members was \$169 000 (2020: \$142 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	42 359	38 081
Employment on-costs - superannuation	5 608	4 730
Annual leave	4 151	3 546
Employment on-costs - other	2 669	2 368
Long service leave	203	384
Skills and experience retention leave	278	231
Workers compensation	(1 019)	694
Targeted voluntary separation packages	262	559
Committee fees	154	120
Other employee related expenses	405	626
Total employee benefits	55 070	51 339

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. The Department of Treasury and Finance (DTF) centrally recognises the superannuation liability in the whole of government financial statements.

Employee remuneration

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

	2021	2020
	Number	Number
\$154 001 - \$174 000	4	9
\$174 001 - \$194 000	5	4
\$194 001 - \$214 000	7	8
\$214 001 - \$234 000	6	3
\$234 001 - \$254 000	1	4
\$254 001 - \$274 000*	4	1
\$274 001 - \$294 000	2	3
\$294 001 - \$314 000	3	2
\$314 001 - \$334 000#	1	-
\$334 001 - \$354 000	4	2
\$354 001 - \$374 000**	-	1
\$414 001 - \$434 000^	-	1
\$434 001 - \$454 000	1	-
\$594 001 - \$614 000	-	1
Total	38	39

* The table above includes a targeted voluntary separation payment for an employee who left the department during the current financial year.

** The table above includes a targeted voluntary separation payment for an employee who left the department during the previous financial year.

The table above includes an eligible termination payment for an employee who left the department during the current financial year.

^ The table above includes an eligible termination payment for an employee who left the department during the previous financial year.

Department of the Premier and Cabinet
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3.3 Employee benefits expenses (continued)

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

The total remuneration received by employees for the year, listed above, was \$9.2 million (2020: \$9.3 million).

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 3 (2020: 6).

	2021	2020
	\$'000	\$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	262	559
Leave paid to separated employees	117	377
Recovery from the Department of Treasury and Finance	-	(336)
Net cost to the department	379	600

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Annual leave	4 533	3 891
Long service leave	1 077	1 172
Accrued salaries and wages	1 594	1 169
Skills and experience retention leave	402	342
Total current employee benefits	7 606	6 574
Non-current		
Long service leave	10 909	11 018
Total non-current employee benefits	10 909	11 018
Total provision for employee benefits	18 515	17 592

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

Salaries and wages, annual leave, skills and experience retention leave (SERL) and sick leave

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

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

Long service leave

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

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4. Expenses

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Information technology and communication charges	26 336	21 338
Microsoft licence and support	8 825	1 326
Accommodation	7 960	8 119
Managed network services	5 153	4 716
Contractors	6 652	3 085
Promotion and marketing	3 832	3 515
Temporary staff	3 288	2 641
Repairs, maintenance and minor equipment purchases	2 543	2 778
General administration and consumables	2 991	2 759
Consultants	2 692	1 281
Intra government transfers	2 047	1 702
Shared Services SA	685	730
Staff development and recruitment	917	695
Sponsorships and external contributions	740	478
Other supplies and services	4 325	3 414
Total supplies and services	78 986	58 577

Accommodation

Most of the department's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangements (MoAAs) issued in accordance with Government-wide accommodation policies. MoAAs do not meet the definition of a lease and accordingly are expensed.

Consultants

The number of consultancies and the dollar amount paid/payable to consultants that fell within the following bands:

	No	2021	No	2020
		\$'000		\$'000
Below \$10 000	10	54	7	23
\$10 000 or above	33	2 638	23	1 258
Total	43	2 692	30	1 281

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4.2. Depreciation and amortisation

	2021	2020
	\$'000	\$'000
Buildings and improvements	8 362	7 429
Plant and equipment	4 099	4 872
Intangibles assets	3 025	2 551
Right-of-use vehicles	70	76
Right-of-use buildings	75	21
Total depreciation and amortisation	15 631	14 949

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

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

Review of accounting estimates

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

Useful life

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

Class of asset	Useful life (years)
Buildings and Improvements	1-100
Plant and equipment	1-40
Computer software	3-6
Other intangibles	3-25
Right-of-use buildings	4
Right-of-use motor vehicles	1-3

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

Works of art controlled by the department are anticipated to have very long and indeterminate useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. Consequently, no amount for depreciation has been recognised for this class of asset.

4.3. Borrowing costs

	2021	2020
	\$'000	\$'000
Interest expense on lease liabilities	8	3
Total borrowing costs	8	3

The department does not capitalise borrowing costs.

Department of the Premier and Cabinet
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4.4. Grants and subsidies

	2021	2020
	\$'000	\$'000
Libraries Board of South Australia operating and capital funding	35 771	36 120
Adelaide Festival Centre Trust operating and capital funding	21 180	19 283
Art Gallery Board operating and capital funding	12 489	13 335
Museum Board operating and capital funding	12 156	14 812
Arts Recovery Fund	10 200	-
Adelaide Festival Corporation operating funding	8 867	9 077
Local Economic Recovery	8 320	-
Country Arts SA operating and capital funding	6 983	4 831
Minor Arts Organisations operating funding	4 619	5 852
Aboriginal Affairs and Reconciliation grants	4 434	5 227
Other grants and subsidies	3 041	1 510
Multicultural grants	2 767	2 919
Convention Bid Fund	2 741	-
Arts grants for Individuals Groups & Organisations	2 681	-
Adelaide Symphony Orchestra operating funding	2 586	2 589
Ageing Well Initiative	2 582	2 722
Carrick Hill Trust operating and capital funding	2 546	2 419
State Theatre Company of South Australia operating funding	2 472	2 485
Adelaide Fringe operating funding	2 276	2 326
Other arts and cultural grants	2 189	2 244
State Opera of South Australia operating funding	1 537	1 553
Billion Dollar Benefit	1 250	-
Australian Dance Theatre operating funding	1 200	1 227
Adelaide City Deal - Smart City	1 000	-
Tandanya operating funding	825	843
Local Government grants	-	5 000
Independent Makers and Presenters	-	3 361
Adelaide City Deal - Heysen Gallery	-	3 000
Total grants and subsidies	156 712	142 735

The Arts Recovery Fund was provided this year to create jobs and fast-track recovery in South Australia's arts and culture sector.

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4.5. Net loss from the disposal of property, plant and equipment

	2021 \$'000	2020 \$'000
Buildings and improvements		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	-	(64)
Net loss from disposal of buildings and improvements	<u>-</u>	<u>(64)</u>
Plant and equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(224)	(344)
Net loss from disposal of plant and equipment	<u>(224)</u>	<u>(344)</u>
ICT infrastructure		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(71)	-
Net loss from disposal of ICT infrastructure	<u>(71)</u>	<u>-</u>
Intangible assets		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(33)	(3)
Net loss from disposal of intangible assets	<u>(33)</u>	<u>(3)</u>
Total property, plant and equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(328)	(411)
Total net loss from disposal of non-current assets	<u>(328)</u>	<u>(411)</u>

4.6. Other expenses

	2021 \$'000	2020 \$'000
Derecognition of assets	688	797
Impairment loss on receivables (note 6.2)	21	(8)
Other	653	667
Total other expenses	<u>1 362</u>	<u>1 456</u>

Derecognition of assets include ICT infrastructure, licences and equipment assets which no longer satisfy the definition of an asset.

Other

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$407 000 (2020: \$330 000).

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4.7. Resources provided free of charge

	2021	2020
	\$'000	\$'000
Artlab conservation services	2 290	1 821
Donated assets	442	116
Other donated services	39	-
Total resources provided free of charge	2 771	1 937

Artlab provides expert conservation services for the State's Cultural Collections.

Donated assets consist of a boiler and science centre lift donated to Museum Board.

5. Non-Financial assets

5.1. Property, plant and equipment by asset class

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

	2021	2020
	\$'000	\$'000
Land, buildings and improvements		
Land at fair value	93 625	93 625
Buildings & improvements at fair value	327 830	328 349
Accumulated depreciation at the end of the period	(237 039)	(229 460)
Total land, buildings and improvements	184 416	192 514
Plant and equipment		
Plant and equipment at cost (deemed fair value)	63 335	66 228
Accumulated depreciation at the end of the period	(43 615)	(48 188)
Total plant and equipment	19 720	18 040
Work in progress		
Work in progress at cost	19 294	15 063
Total work in progress	19 294	15 063
Works of art		
Works of art at fair value	4 145	4 145
Total works of art	4 145	4 145
Right-of-use buildings		
Right-of-use buildings (deemed fair value)	376	385
Accumulated depreciation at the end of the period	(97)	(21)
Total right-of-use buildings	279	364
Right-of-use vehicles		
Right-of-use vehicles (deemed fair value)	140	168
Accumulated depreciation at the end of the period	(72)	(53)
Total right-of-use vehicles	68	115
Total property, plant and equipment	227 922	230 241

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5.2. Property, plant and equipment owned by the department

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

Property, plant and equipment is recorded at fair value. Detail about the department's approach to fair value is set out in note 10.2.

Details of property, plant and equipment leased by the department are shown in note 5.3.

Lessor arrangements

The department is a lessor of various buildings, including Adelaide Festival Theatre, Lion Arts Centre, Adelaide Studios and Queen's Theatre. The leases have been classified as operating leases as they do not transfer substantially all the risks and rewards incidental to the ownership of the buildings. The lease terms range from 3 years to 20 years.

Rental income is disclosed in note 2.6. A maturity analysis of rental payments is disclosed in note 9.3.

Impairment

Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Reconciliation 2020-21

	Land, buildings and improvements	Plant and equipment	Work in progress	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	192 514	18 040	15 063	4 145	229 762
Acquisitions	-	54	11 406	-	11 460
Transfers between asset classes	704	6 018	(6 722)	-	-
Disposals	(442)	(295)	-	-	(737)
Depreciation	(8 362)	(4 099)	-	-	(12 461)
Other movements	2	2	(453)	-	(449)
Carrying amount at the end of the period	184 416	19 720	19 294	4 145	227 575

Reconciliation 2019-20

	Land, buildings and improvements	Plant and equipment	Work in progress	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	154 339	14 003	21 650	4 053	194 045
Acquisitions	90	276	7 934	-	8 300
Transfers between asset classes	5 400	9 121	(14 521)	-	-
Disposals	(180)	(344)	-	-	(524)
Revaluation increment	40 559	-	-	92	40 651
Depreciation	(7 429)	(4 872)	-	-	(12 301)
(Disposal) through administrative restructuring	-	(106)	-	-	(106)
Other movements	(265)	(38)	-	-	(303)
Carrying amount at the end of the period	192 514	18 040	15 063	4 145	229 762

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5.3. Property, plant and equipment leased by the department

Right-of-use assets 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 \$29 000 (2019-20: \$498 000).

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

The department has a limited number of leases:

- 7 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.
- Accommodation lease with Urban Renewal Authority (Renewal SA). Accommodation lease is non-cancellable, with rental payments monthly in advance. No contingent rental provisions exist within the lease agreement and no options exist to renew the lease at the end of its term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Expenses related to leases, including depreciation and interest, are disclosed in note 4.2. Cash outflows related to leases are disclosed in note 8.2.

5.4. Intangible assets

	2021	2020
	\$'000	\$'000
Computer software		
Computer software	4 266	5 015
Accumulated amortisation	(2 478)	(2 440)
Total computer software	<u>1 788</u>	<u>2 575</u>
Other		
Other intangibles	16 537	10 754
Accumulated amortisation	(7 452)	(6 003)
Total other	<u>9 085</u>	<u>4 751</u>
Work in progress		
Work in progress at cost	4 149	2 619
Total work in progress	<u>4 149</u>	<u>2 619</u>
Total intangibles	<u><u>15 022</u></u>	<u><u>9 945</u></u>

Department of the Premier and Cabinet
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5.4 Intangible assets (continued)

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 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 2020-21

	Computer software \$'000	Other intangibles \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2020	2 575	4 751	2 619	9 945
Acquisitions	-	-	8 364	8 364
Transfers between asset classes	101	6 504	(6 605)	-
Disposals	-	(33)	-	(33)
Amortisation	(888)	(2 137)	-	(3 025)
Other movements	-	-	(229)	(229)
Carrying amount at 30 June 2021	1 788	9 085	4 149	15 022

Reconciliation 2019-20

	Computer software \$'000	Other intangibles \$'000	Work in progress \$'000	Total \$'000
Carrying amount at 1 July 2019	1 506	7 108	1 669	10 283
Acquisitions	124	-	2 266	2 390
Transfers between asset classes	1 810	(684)	(1 126)	-
Disposals	-	(3)	-	(3)
Amortisation	(868)	(1 683)	-	(2 551)
Other movements	3	13	(190)	(174)
Carrying amount at 30 June 2020	2 575	4 751	2 619	9 945

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5.5. Non-current assets classified as held for sale

	2021	2020
	\$'000	\$'000
Land	635	635
Total non-current assets classified as held for sale	635	635

The parcel of land identified as held for sale is anticipated to be sold during 2021-22. An independent valuation was undertaken by a Certified Practising Valuer in January 2020 during the finalisation of the contract of sale. The valuation was based on a direct cost comparison of similar properties with adjustments made for points of difference as required and reflects a value on a highest and best use basis.

6. Financial assets

6.1. Cash

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)		
Department of the Premier and Cabinet Operating Account	56 667	38 951
Accrual Appropriation Excess Funds	6 499	6 499
Total cash and cash equivalents	63 166	45 450

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Some of the department's appropriation is deposited into the Accrual Appropriation Excess Funds account. Although the department controls the money reported above in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2021	2020
	\$'000	\$'000
Current:		
Trade receivables	3 106	4 992
Less impairment loss on receivables	(9)	(5)
Prepayments	3 240	1 797
GST input tax recoverable	6 899	3 938
Accrued revenues	-	5
Total current receivables	13 236	10 727
Non-current:		
Prepayments	405	55
Trade receivables	6	35
Total non-current receivables	411	90
Total receivables	13 647	10 817

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

6.2 Receivables (continued)

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

The net amount of GST payable to the ATO is included as part of receivables.

Other than as recognised in the allowance for impairment loss on receivables, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk. Refer to note 10.3 for further information on risk management

Allowance for impairment loss on receivables

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	5	18
Increase / (decrease) in the allowance	4	(13)
Total current receivables	9	5

All the above impairment losses are from receivables arising from contracts with customers.

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

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

7. Liabilities

7.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Trade payables	21 528	11 969
Employment on-costs	1 148	953
Accrued expenses	331	325
Paid Parental Leave Scheme payable	7	24
Total current payables	23 014	13 271
Non-current		
Employment on-costs	1 024	1 021
Total non-current payables	1 024	1 021
Total payables	24 038	14 292

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.

Employment on-costs

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

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

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has remained at 42% for 2021 and the average factor for the calculation of employer superannuation on-cost has increased to 10.1% (2020: 9.8%). 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 \$128 000 and employee benefits expense of \$128 000.

Paid parental leave scheme

Paid parental leave scheme payable represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll processes. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of Services Australia.

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

7.2. Financial liabilities

	2021	2020
	\$'000	\$'000
Current		
Lease liability	118	133
Total current provisions	118	133
Non-current		
Lease liability	238	348
Total non-current provisions	238	348
Total financial liabilities	356	481

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or Treasury's incremental borrowing rate. Financing costs associated with leasing activities was \$8 000 (2020: \$3 000). There were no defaults or breaches on any of the above liabilities throughout the year. All material cash outflows are reflected in the lease liabilities disclosed above.

7.3. Contract liabilities

	2021	2020
	\$'000	\$'000
The Circle - First Nations Entrepreneur Hub	1 361	1 169
Emergency management data strategy	58	-
Information, communication and technology services	16	-
Artlab restoration services	9	2
Total contract liabilities	1 444	1 171

Contract liabilities primarily relate to the advance consideration received from Commonwealth for The Circle – First Nations Entrepreneur Hub at Lot Fourteen, for which revenue is recognised as performance obligations are met. The department is contracted to design a service model, establish and deliver a First Nations Entrepreneur Hub as part of the broader innovation, incubation, start-up and growth hub being established through the Lot Fourteen Development under the Adelaide City Deal.

Revenue totalling \$310 000 was recognised in 2020-21 that was included in contract liabilities at 1 July 2020.

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

7.4. Provisions

	2021	2020
	\$'000	\$'000
Current		
Provision for workers compensation	205	585
Total current provisions	<u>205</u>	<u>585</u>
Non-current		
Provision for workers compensation	504	1 285
Total non-current provisions	<u>504</u>	<u>1 285</u>
Total provisions	<u><u>709</u></u>	<u><u>1 870</u></u>

Movement in provisions

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the period	1 870	1 482
Additional provisions recognised	347	388
Transfer of Placement Services liabilities to DTF	(1 554)	-
Net transfer from administrative restructures	46	-
Carrying amount at the end of the period	<u><u>709</u></u>	<u><u>1 870</u></u>

Provision for workers compensation

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The liability was calculated in accordance with AASB 137 as the present value of the expenditures expected to be required to settle obligations incurred as at 30 June. No risk margin is included in this estimate.

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

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

8. Other disclosures

8.1. Equity

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

8.2. Cash flow reconciliation

	2021	2020
	\$'000	\$'000
Reconciliation of cash at the end of the reporting period		
Cash disclosed in the Statement of Financial Position	63 166	45 450
Balance as per the Statement of Cash Flows	63 166	45 450
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by operating activities	32 987	(9 567)
Add / (less) non-cash items		
Depreciation and amortisation	(15 631)	(14 949)
Resources received free of charge	-	98
Donated assets	(442)	-
Bad and doubtful debts expense	(4)	-
Loss on disposal of non-current assets	(328)	(411)
Adoption of AASB 15 at 1 July 2019	-	968
Derecognition of assets	(688)	-
Other expenses	-	(125)
Movement in assets and liabilities		
Increase / (decrease) in receivables	1 021	(3 684)
(Decrease) / increase in inventories	(88)	143
(Increase) / decrease in payables	(2 922)	790
Decrease / (increase) in financial liabilities	80	(575)
Increase in employee benefits	(468)	(166)
Increase in contract balances	(273)	(1 171)
Decrease / (increase) in provisions	1 207	(388)
Decrease in other liabilities	-	135
Net result	14 451	(28 902)

Total cash outflows for leases were \$139 000 (2020: \$94 000).

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

9. Outlook

9.1. Unrecognised commitments

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

Capital commitments

	2021 \$'000	2020 \$'000
Within one year	23 895	17 086
Total capital commitments	23 895	17 086

2020-21 capital commitments include the Adelaide Festival Centre precinct redevelopment (\$20.7 million), the cultural institutions storage facility (\$1.5 million), the mySAGov Digital platform (\$0.8 million) and the Data Analytics Platform (\$0.6 million).

The 2019-20 capital commitments predominantly related to the Adelaide Festival Centre precinct redevelopment (\$15.6 million).

Expenditure Commitments

	2021 \$'000	2020 \$'000
Within one year	40 773	39 716
Later than one year but not longer than five years	22 098	21 961
Later than five years	2 174	-
Total expenditure commitments	65 045	61 677

Commitments as at 30 June 2021 include contracted services for Information and Communication Technology services (\$22.1 million), North Terrace arts cultural institutions security and cleaning (\$10.2 million), construction of the Heysen Gallery (\$6.0 million), arts cultural institutions operational funding (\$5.3 million), Local Economic Recovery grants (\$5.2 million), Arts and Cultural Policy grants (\$3.7 million), Multicultural Affairs grants (\$3.7 million), grants from the Convention Bid Fund (\$3.2 million), and a grant to the Adelaide Convention Bureau from the Billion Dollar Bid Fund Project (\$1.3 million).

Commitments as at 30 June 2020 included contracted services for Information and Communication Technology Services (\$17.9 million), arts cultural institutions operational funding (\$13.6 million), North Terrace security (\$10.2 million), Arts and Cultural Policy grants (\$6.2 million), the construction of the Heysen Gallery (\$6.0 million) and Ageing Well funding (\$2.6 million).

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

9.2. Expected realisation of contract liabilities as revenue

	2021-22	2022-23	Total
	\$'000	\$'000	\$'000
The Circle - First Nations Entrepreneur Hub at Lot Fourteen	1 000	361	1 361
Emergency management data strategy	58	-	58
Information, communication and technology services	16	-	16
Artlab restoration services	9	-	9
Revenue expected to be realised	1 083	361	1 444

9.3. Expected rental income

Operating lease maturity analysis

The below table sets out a maturity analysis of operating lease payments receivable, showing the undiscounted lease payments to be received after the reporting date. The amounts are not recognised as assets.

See note 2.6 for information about buildings the department leases out under operating lease.

	2021	2020
	\$'000	\$'000
Within one year	5 581	5 437
Later than one year but not longer than two years	5 659	5 581
Later than two years but not longer than three years	5 801	5 659
Later than three years but not longer than four years	5 946	5 801
Later than four years but not longer than five years	6 094	5 946
Later than five years	12 645	18 739
Total operating lease income	41 726	47 163

9.4. Contingent assets and liabilities

The department is not aware of any contingent assets or contingent liabilities.

9.5. 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 implemented and changes to the Accounting Policy Statements issued by the Treasurer. The department considers there will be no impact on the financial statements.

9.6. COVID-19 pandemic outlook for the department

The department does not expect any material impacts as a result of the COVID-19 pandemic in 2021-22.

9.7. Events after the reporting period

The department is not aware of any after balance date events.

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

10. Measurement and risk

10.1. Long service leave liability - measurement

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

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

AASB 119 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 2020 (0.75%) to 2021 (1.25%).

This increase 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 resulting from changes in the bond yield was a decrease in the liability of \$1.4 million.

The actuarial assessment performed by DTF applied a salary inflation rate of 2.5% (2020: 2.5%) for long service leave liability.

10.2. Fair value

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

Initial recognition

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

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

Revaluation

Property, plant and equipment, other than right of use assets, is subsequently measured at fair value after allowing for accumulated depreciation.

An independent valuation of artwork, land and buildings was conducted as at 30 June 2020 by Liquid Pacific Pty Ltd. The valuation at 30 June 2020 was prepared on a fair value basis in accordance with AASB 116 Property, Plant and Equipment and AASB 13 Fair Value Measurement.

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 as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

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

10.2 Fair value (continued)

Fair Value Hierarchy

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

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

The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2021 and 2020, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique. The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1.5 million or had an estimated useful life that was less than three years is deemed to approximate fair value.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels as at 30 June 2021.

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land, buildings and improvements	5.2	93 625	90 791	184 416
Plant and equipment	5.2	-	19 720	19 720
Works of art	5.2	4 145	-	4 145
Total recurring fair value measurements		97 770	110 511	208 281
Non-recurring fair value measurements				
Land held for sale	5.5	635	-	635
Total non-recurring fair value measurements		635	-	635
Total		98 405	110 511	208 916

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land, buildings and improvements	5.2	93 625	98 889	192 514
Plant and equipment	5.2	-	18 040	18 040
Works of art	5.2	4 145	-	4 145
Total recurring fair value measurements		97 770	116 929	214 699
Non-recurring fair value measurements				
Land held for sale	5.5	635	-	635
Total non-recurring fair value measurements		635	-	635
Total		98 405	116 929	215 334

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

10.2 Fair value (continued)

Land and buildings

Every six years, the department revalues its land, buildings and leasehold improvements via an independent Certified Practising Valuer.

Assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

Plant and equipment

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

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

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

	Land, buildings and improvements	Plant and equipment
	\$'000	\$'000
Opening balance at the beginning of the period	98 889	18 040
Acquisitions	-	54
Transfers between asset classes	704	6 018
Disposals	(442)	(295)
Other movements	2	2
(Losses) for the period recognised in net result:		
Depreciation	(8 362)	(4 099)
Total loss recognised in net result	(8 362)	(4 099)
Carrying amount at the end of the period	90 791	19 720

Department of the Premier and Cabinet
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 at 30 June 2020

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

	Land, buildings and improvements	Plant and equipment
	\$'000	\$'000
Opening balance at the beginning of the period	140 622	14 003
Acquisitions	90	238
Transfers between asset classes	5 135	9 121
Disposals	(180)	(344)
Transfer out of level 3*	(11 238)	-
Disposals through administrative restructures	-	(106)
(Losses) for the period recognised in net result:		
Depreciation	(7 429)	(4 872)
Total loss recognised in net result	(7 429)	(4 872)
(Losses) for the period recognised in other comprehensive income (OCI):		
Revaluation decrement	(28 111)	-
Total (losses) recognised in OCI	(28 111)	-
Carrying amount at the end of the period	98 889	18 040

* The department's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the reporting period. In 2020, land was transferred from level 3 (existing use basis) to level 2 (market value basis) as a result of the revaluation of land and buildings undertaken during the year.

10.3. Financial instruments

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the *SA Government 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 a market risk) is low due to the nature of the financial instruments held.

Liquidity risk

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

Credit risk

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

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

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

10.3 Financial instruments (continued)

Impairment of financial assets

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

To measure the expected credit losses, receivables are grouped based on shared 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 following table provides information about the exposure to credit risk and ECL for non-government debtors.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	-	1.07%	-
1 - 30 days past due	771	1.08%	8
31 – 60 days past due	6	1.16%	-
61 – 90 days past due	12	1.34%	-
More than 90 days past due	14	1.37%	1
Loss allowance	803		9

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

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

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter a payment plan with the department.

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 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.

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

10.3 Financial instruments (continued)

Market risk

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

Exposure to interest rate risk and any movement in interest rates are monitored daily. There is minimal exposure to foreign currency or other price risks.

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

Categorisation of financial instruments

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

Classification of financial instruments

The department measures all financial instruments at amortised cost.

Department of the Premier and Cabinet

Administered Financial Statements

For the year ended 30 June 2021

Department of the Premier and Cabinet
Certification of the Administered Financial Statements
for the year ended 30 June 2021

We certify that the:

- administered financial statements of the Department of the Premier and Cabinet :
 - 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 the Premier and Cabinet for the financial year over its financial reporting and its preparation of financial statements have been effective.



Nick Reade
Chief Executive
14 September 2021



Steven Woolhouse
Executive Director, Communities and Corporate
14 September 2021

Department of the Premier and Cabinet
Statement of Administered Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Administered income			
Appropriation	A2.1	9 905	9 658
Commonwealth-sourced grants and funding	A2.2	863	1 770
Interest		13	200
Revenue from fees and charges		72	83
Total administered income		10 853	11 711
Administered expenses			
Employee benefits expenses	A3.1	419	421
Grants and subsidies	A4.1	1 926	2 017
Supplies and services	A4.2	7 032	9 464
Cash alignment transfers to Consolidated Account		-	1 991
Other expenses	A4.3	46	35
Total administered expenses		9 423	13 928
Net result		1 430	(2 217)
Total comprehensive result		1 430	(2 217)

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 the Premier and Cabinet
Statement of Administered Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Administered current assets			
Cash	A5.1	40 324	40 318
Receivables	A5.2	1	8
Total current assets		<u>40 325</u>	<u>40 326</u>
Total assets		<u>40 325</u>	<u>40 326</u>
Administered current liabilities			
Payables	A6.1	900	1 524
Contract liabilities	A6.2	55	863
Employee benefits	A3.2	12	11
Total current liabilities		<u>967</u>	<u>2 398</u>
Total liabilities		<u>967</u>	<u>2 398</u>
Net assets		<u>39 358</u>	<u>37 928</u>
Administered equity			
Retained earnings		<u>39 358</u>	<u>37 928</u>
Total equity		<u>39 358</u>	<u>37 928</u>

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

Department of the Premier and Cabinet
Statement of Administered Cash Flows
as at 30 June 2021

		2021	2020
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		9 905	9 658
Receipts from Commonwealth-sourced grants		55	-
Interest		16	242
Fees and charges		76	79
Cash generated from operations		<u>10 052</u>	<u>9 979</u>
Cash outflows			
Employee benefits payments		(418)	(418)
Payments of grants and subsidies		(1 797)	(2 017)
Payments for supplies and services		(7 785)	(9 668)
Cash alignment transfers to Consolidated Account		-	(1 991)
Other payments		(46)	(35)
Cash used in operations		<u>(10 046)</u>	<u>(14 129)</u>
Net cash provided by / (used in) operating activities	A7.1	<u>6</u>	<u>(4 150)</u>
Cash flows from financing activities			
Cash inflows			
Cash transferred as a result of restructuring activities		-	1 085
Net cash provided by financing activities		<u>-</u>	<u>1 085</u>
Net increase / (decrease) in cash		<u>6</u>	<u>(3 065)</u>
Cash at the beginning of the period		40 318	43 383
Cash at the end of the reporting period	A5.1	<u>40 324</u>	<u>40 318</u>

The accompanying notes form part of these financial statements.

Department of the Premier and Cabinet
Schedule of Income and Expenses Attributable to Administered Activities
for the year ended 30 June 2021

	Special Act Salaries and Allowances		Aboriginal Heritage Fund		Bank of Tokyo Cultural and Social Exchange	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered income						
Appropriation	617	597	-	-	-	-
Commonwealth-sourced grants and funding	-	-	-	-	-	-
Interest	-	-	-	6	-	-
Fees and charges	-	-	72	53	-	-
Total administered income	617	597	72	59	-	-
Administered expenses						
Employee benefits expenses	419	421	-	-	-	-
Grants and subsidies	-	-	-	-	-	-
Supplies and services	181	190	-	-	-	-
Cash alignment transfers to Consolidated Account	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Total administered expenses	600	611	-	-	-	-
Net result	17	(14)	72	59	-	-
	SA Okayama		Promotion of the State		Aboriginal Affairs and Reconciliation	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered income						
Appropriation	-	-	2 130	2 077	7 158	6 984
Commonwealth-sourced grants and funding	-	-	-	-	863	1 770
Interest	-	-	-	-	13	194
Fees and charges	-	-	-	-	-	-
Total administered income	-	-	2 130	2 077	8 034	8 948
Administered expenses						
Employee benefits expenses	-	-	-	-	-	-
Grants and subsidies	-	-	463	590	1 463	1 412
Supplies and services	-	-	1 665	1 474	5 186	7 800
Cash alignment transfers to Consolidated Account	-	-	-	1 991	-	-
Other expenses	-	-	-	-	-	-
Total administered expenses	-	-	2 128	4 055	6 649	9 212
Net result	-	-	2	(1 978)	1 385	(264)

Department of the Premier and Cabinet
Schedule of Income and Expenses Attributable to Administered Activities
for the year ended 30 June 2021

	Stolen Generations		Total	
	2021	2020	2021	2020
	Reparations Scheme			
	\$'000	\$'000	\$'000	\$'000
Administered income				
Appropriation	-	-	9 905	9 658
Commonwealth-sourced grants and funding	-	-	863	1 770
Interest	-	-	13	200
Fees and charges	-	30	72	83
Total administered income	-	30	10 853	11 711
Administered expenses				
Employee benefits expenses	-	-	419	421
Grants and subsidies	-	15	1 926	2 017
Supplies and services	-	-	7 032	9 464
Cash alignment transfers to Consolidated Account	-	-	-	1 991
Other expenses	46	35	46	35
Total administered expenses	46	50	9 423	13 928
Net result	(46)	(20)	1 430	(2 217)

Department of the Premier and Cabinet
Schedule of Assets and Liabilities Attributable to Administered Activities
for the year ended 30 June 2021

	Special Act Salaries and Allowances		Aboriginal Heritage Fund		Bank of Tokyo Cultural and Social Exchange	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered current assets						
Cash	(62)	(64)	1 277	1 200	95	95
Receivables	-	-	1	5	-	-
Total current assets	(62)	(64)	1 278	1 205	95	95
Administered current liabilities						
Payables	-	16	-	-	-	-
Contract liabilities	-	-	-	-	-	-
Employee benefits	12	11	-	-	-	-
Total liabilities	12	27	-	-	-	-
Net assets	(74)	(91)	1 278	1 205	95	95

	SA Okayama		Promotion of the State		Aboriginal Affairs and Reconciliation	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered current assets						
Cash	48	48	890	1 117	37 998	37 782
Receivables	-	-	-	-	-	3
Total current assets	48	48	890	1 117	37 998	37 785
Administered current liabilities						
Payables	-	-	20	250	880	1 243
Contract liabilities	-	-	-	-	55	863
Employee benefits	-	-	-	-	-	-
Total liabilities	-	-	20	250	935	2 106
Net assets	48	48	870	867	37 063	35 679

	Stolen Generations Reparations Scheme		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Administered current assets				
Cash	78	140	40 324	40 318
Receivables	-	-	1	8
Total current assets	78	140	40 325	40 326
Administered current liabilities				
Payables	-	15	900	1 524
Contract liabilities	-	-	55	863
Employee benefits	-	-	12	11
Total liabilities	-	15	967	2 398
Net assets	78	125	39 358	37 928

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A1. Basis of preparation and accounting policies

A1.1. Basis of preparation

The basis of preparation for the Administered financial statements 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.

A1.2. Objectives/activities of the department's Administered Items

The following funds were administered by the DPC as at 30 June 2021. They do not represent controlled transactions of the DPC. As such, they are not recognised in the financial statements of the DPC.

Special Act Salaries and Allowances

The department disburses the parliamentary salaries and allowances pursuant to the *Agent-General Act 1901* and the *Parliamentary Remuneration Act 1990* on behalf of the State Government.

Bank of Tokyo Cultural and Social Exchange

The department holds funds for the purpose of supporting cultural and social exchange between South Australia and Japan.

SA Okayama

The department holds trust funds for the purpose of furthering South Australia's relationship with Okayama. The trust was established from the trading surplus from South Australia's presence at the Seto Ohashi Expo 88 at Kojima Okayama.

Promotion of the State

The department provides funding for activities that advance the interests of South Australia by promoting the economic, social and cultural aspects of the State on behalf of the State Government.

Aboriginal Affairs and Reconciliation

The Anangu Pitjantjatjara Yankunytjatjara (APY) Lands Taskforce is funded through appropriation from the Department of Treasury and Finance for the coordination and delivery of diversionary programs across the APY Lands communities. The department also administers Commonwealth Government funding for projects on the APY Lands and other Aboriginal communities.

Stolen Generations Reparations Scheme

The South Australian Government has established the Stolen Generations Reparations Scheme to recognise the grief, pain and loss experienced by Aboriginal communities, families and individuals; and to also support a range of proposals that can assist in the healing process. The scheme includes \$6.5m appropriation associated with anticipated compensation payments to individual members of the Stolen Generation and \$5 million for individual projects for the affected communities.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A1.3. Budget performance

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

Statement of Administered Comprehensive Income	Note	Original budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Administered Income				
Appropriation		10 095	9 905	(190)
Commonwealth-sourced grants and funding	a	-	863	863
Interest		2	13	11
Fees and charges		144	72	(72)
Total administered income		10 241	10 853	612
Administered Expenses				
Employee benefits expenses		418	419	1
Grants and subsidies	b	2 710	1 926	(784)
Supplies and services	c	6 281	7 032	751
Cash alignment transfers to Consolidated Account		-	-	-
Other expenses	d	954	46	(908)
Total administered expenses		10 363	9 423	(940)
Net result		(122)	1 430	1 552
Total comprehensive result		(122)	1 430	1 552

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

- a The favourable variance is due to the recognition of revenue for the Wardang Island Revitalisation Project which was not budgeted.
- b The favourable variance is primarily due to lower than budgeted intra-government transfers as a result of agencies' underspends for expenditure which is usually recharged to the department's administered items.
- c The unfavourable variance is primarily due to a reclassification issue, where budgeted expenditure is classified as other expenses, but actual expenditure incurred is reported as supplies and services.
- d The favourable variance is primarily due to a reclassification issue, where budgeted expenditure is classified as other expenses, but actual expenditure incurred is reported as supplies and services.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A2. Income

A2.1. Appropriation

	2021	2020
	\$'000	\$'000
Revenues from appropriation		
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	9 288	9 061
Special Acts	617	597
Total revenues from appropriation	9 905	9 658

Appropriations are recognised on receipt.

Appropriation pursuant to the *Appropriation Act* ("the Act") 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.

There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

A2.2. Commonwealth-sourced grants and funding

	2021	2020
	\$'000	\$'000
Commonwealth revenue	863	1 770
Total Commonwealth-sourced grants and funding	863	1 770

The Commonwealth has provided funding to the State which has been recognised in accordance with AASB 15 for the following purposes:

- Wardang Island Revitalisation Project

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A3. Employees

A3.1. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	419	421
Total employee benefits expenses	419	421

Employee remuneration

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

	2021	2020
	Number	Number
\$514 001 to \$534 000	-	1
\$534 001 to \$554 000	1	-
Total	1	1

The employee on-costs of the Premier are included in the department's controlled financial statements.

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

A3.2. Employee benefits liability

	2021	2020
	\$'000	\$'000
Current		
Accrued salaries and wages	12	11
Total current employee benefits	12	11

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.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A4. Expenses

A4.1. Grants and subsidies

	2021	2020
	\$'000	\$'000
Grants and subsidies	1 926	2 017
Total grants and subsidies	1 926	2 017

Grants and subsidies include contributions to projects on the APY lands and for the Aboriginal communities, and funding for activities that promote the economic, social and cultural aspects of the State.

A4.2. Supplies and services

	2021	2020
	\$'000	\$'000
Intra-government transfers	7 000	9 371
Other	32	93
Total supplies and services	7 032	9 464

A4.3. Other expenses

	2021	2020
	\$'000	\$'000
Ex gratia payments	46	35
Total other expenses	46	35

Ex gratia payments were made in association with the Stolen Generations Reparations Scheme.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A5. Financial assets

A5.1. Cash

	2021	2020
	\$'000	\$'000
Deposits with the Treasurer	40 324	40 318
Total cash	40 324	40 318

A5.2. Receivables

	2021	2020
	\$'000	\$'000
Current		
Trade receivables	1	5
Accrued revenues	-	3
Total receivables	1	8

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables 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 net amount of GST payable to the ATO is included as part of receivables.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A6. Liabilities

A6.1. Payables

	2021	2020
	\$'000	\$'000
Current		
Trade payables	200	-
Accrued expenses	700	1 524
Total payables	<u>900</u>	<u>1 524</u>

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.

A6.2. Contract liabilities

	2021	2020
	\$'000	\$'000
Wardang Island Revitalisation Project	-	863
Wardang Island Tourism Master Plan	55	-
Total contract liabilities	<u>55</u>	<u>863</u>

Contract liabilities relate to the advance consideration received from the Commonwealth for the Wardang Island Tourism Master Plan, for which revenue is recognised when performance obligations are met.

Revenue totalling \$863 000 was recognised in 2020-21 that was included in contract liabilities at 1 July 2020 relating to the Wardang Island Revitalisation Project.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A7. Other Disclosures

A7.1. Cash flow

	2021 \$'000	2020 \$'000
Reconciliation of cash at the end of the reporting period		
Cash disclosed in the Statement of Financial Position	40 324	40 318
Balance as per the Statement of Cash Flows	40 324	40 318
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by operating activities	6	(4 150)
Add non-cash Items		
Adoption of AASB 15 as at 1 July 2020	-	2 633
Movement in assets and liabilities		
Decrease in receivables	(7)	(38)
Decrease in payables	624	204
Decrease / (increase) in contract liabilities	808	(863)
Increase in employee benefits	(1)	(3)
Net result	1 430	(2 217)

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.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2021

A8. Outlook

A8.1. Unrecognised contractual commitments

Expenditure commitments	2021	2020
	\$'000	\$'000
Within one year	141	374
Later than one year but not longer than five years	73	60
Total other commitments	214	434

Expenditure commitments mainly relate to Promotion of the State funding agreements.

A8.2. Contingent assets and liabilities

Contingent assets

The department is not aware of any contingent assets.

Contingent liabilities

Stolen Generations Reparations Scheme

The Stolen Generations Reparations Scheme was established by the former government to acknowledge the trauma experienced by many Aboriginal people due to government policies that enabled the widespread removal of Aboriginal children from their families. A number of ex gratia payments are yet to be finalised as the department is experiencing difficulties in identifying the whereabouts of some of the eligible applicants as well as complexities associated with deceased estates.