

Office of Green Industries SA

Financial report
for the year ended
30 June 2020



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To the Presiding Member Green Industries SA

Opinion

I have audited the financial report of Green Industries SA for the financial year ended 30 June 2020.

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

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Acting Chief Executive and Manager, Finance.

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 Green Industries SA. 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 obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Acting Chief Executive and the Board for the financial report

The Acting Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the 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 is free from material misstatement, whether due to fraud or error.

The Members of the Board are responsible for overseeing the entity's financial reporting process.

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 Green Industries SA for the financial year ended 30 June 2020.

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

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

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

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with Chief Executive and the Board 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

28 September 2020

**Green Industries SA
(GISA)**

Financial Statements

For the year ended 30 June 2020

Green Industries SA
Certification of Financial Statements
for the year ended 30 June 2020

We certify that the attached general purpose financial statements for Green Industries SA:

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

We certify that the internal controls employed by Green Industries SA for the financial year over their financial reporting and preparation of the general purpose financial statements have been effective throughout the reporting period.



Ian Clifford Overton
Acting Chief Executive

25 September 2020



Catherine Yin
Manager, Finance

25 September 2020



Kevin Paul McGuinness
Presiding Member

Board of Green Industries SA

25 September 2020

Green Industries SA
Statement of Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Solid waste levies	2.1	37 036	35 289
Intra-government transfers	2.2	12 020	155
Interest	2.3	703	1 830
Resources received free of charge	2.4	29	21
Other income	2.5	1	4 667
Total income		49 789	41 962
Expenses			
Employee benefits expenses	3.3	2 906	2 834
Supplies and services	4.1	17 431	3 117
Depreciation	4.2	54	54
Grants and subsidies	4.3	50 153	22 494
Other expenses	4.4	22	17
Total expenses		70 566	28 516
Net result		(20 777)	13 446
Total comprehensive result		(20 777)	13 446

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

Green Industries SA
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current assets			
Cash and cash equivalents	6.1	114 122	131 803
Receivables	6.2	142	333
Total current assets		114 264	132 136
Non-current assets			
Property, plant and equipment	5.1	428	482
Loans	6.3	3 866	3 828
Total non-current assets		4 294	4 310
Total assets		118 558	136 446
Current liabilities			
Payables	7.1	5 382	2 602
Employee benefits	3.4	330	254
Other liabilities	7.3	64	64
Provisions	7.2	3	3
Total current liabilities		5 779	2 923
Non-current liabilities			
Payables	7.1	88	82
Employee benefits	3.4	942	884
Other liabilities	7.3	411	445
Provisions	7.2	7	4
Total non-current liabilities		1 448	1 415
Total liabilities		7 227	4 338
Net assets		111 331	132 108
Equity			
Retained earnings		111 331	132 108
Total equity		111 331	132 108

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

Green Industries SA
Statement of Changes in Equity
for the year ended 30 June 2020

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2018	118 662	118 662
Net result for 2018-19	13 446	13 446
Total comprehensive results for 2018-19	13 446	13 446
Balance at 30 June 2019	132 108	132 108
Adjustments on initial adoption of AASB 16		-
Net result for 2019-20	(20 777)	(20 777)
Total comprehensive results for 2019-20	(20 777)	(20 777)
Balance at 30 June 2020	111 331	111 331

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

Green Industries SA
Statement of Cash flows
for the year ended 30 June 2020

		2020	2019
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Waste levies received		37 123	35 145
Intra-government transfers		12 020	149
Interest received		780	1 750
Other receipts		1	4 667
Cash generated from operating activities		<u>49 924</u>	<u>41 711</u>
Cash outflows			
Employee benefits payments		(2 746)	(2 718)
Payments for supplies and services		(15 409)	(2 868)
Payments of grants and subsidies		(49 428)	(21 655)
Other payments		(22)	(17)
Cash used in operating activities		<u>(67 605)</u>	<u>(27 258)</u>
Net cash provided by / (used in) operating activities	8.1	<u>(17 681)</u>	<u>14 453</u>
Cash flows from investing activities			
Cash outflows			
Loans advanced		-	(3 000)
Cash used in investing activities		<u>-</u>	<u>(3 000)</u>
Net cash provided by / (used in) investing activities		<u>-</u>	<u>(3 000)</u>
Net increase / (decrease) in cash and cash equivalents		<u>(17 681)</u>	<u>11 453</u>
Cash and cash equivalents at the beginning of the reporting period		131 803	120 350
Cash and cash equivalents at the end of the reporting period	6.1	<u>114 122</u>	<u>131 803</u>

The accompanying notes form part of these financial statements. .

Green Industries SA

Notes to and forming part of the financial statements

for the year ended 30 June 2020

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Green Industries SA

Notes to and forming part of the financial statements

for the year ended 30 June 2020

1. About Green Industries SA

The reporting entity is referred to throughout these statements as Green Industries SA (GISA), and comprises the following:

- GISA – a statutory corporation with an appointed governing board established by the *Green Industries Act 2004*
- an administrative unit named the Office of Green Industries SA established under the *Public Sector Act 2009*
- the Green Industry Fund established under the *Green Industries SA Act 2004*.

The Chief Executive of the statutory corporation is subject to the control and direction of the Board in giving effect to its policies and decisions. The *Green Industries SA Act 2004* permits the statutory corporation to make use of the services of the administrative unit's employees and facilities.

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*
- relevant Australian Accounting Standards.

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

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable

The Department for Environment and Water (DEW) prepares a Business Activity Statement on behalf of GISA under the grouping provisions of the GST legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore, GISA's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to GISA are recorded in DEW's Statement of Cash Flows.

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

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.2. Objectives and programs

Objectives

GISA promotes waste management practices that, as far as possible, eliminate waste or its consignment to landfill; and promotes innovation and business activity in the waste management, resource recovery and green industry sectors, recognising these areas present a valuable opportunity to contribute to the state's economic growth.

To achieve its objectives, GISA undertakes programs and projects according to *South Australia's Waste Strategy 2015-20* and its strategic plan and annual business plan which include:

- developing and implementing government policy objectives in waste management, resource recovery, green industry development and the circular economy
- encouraging innovation and economic growth through the circular economy and achieving environmental gains
- helping businesses to reduce their costs through more efficient use of materials, water and energy
- administering grants to local government and industry to drive innovation and best practice
- developing, administering and monitoring the State's Waste Strategy and first food waste strategy
- reporting against waste to landfill targets
- developing behaviour change programs for schools and householders to improve recycling and waste avoidance practices
- operating as functional lead in implementing the Government of South Australia's Disaster Waste Management Capability Plan.

Programs

To achieve its objectives, GISA undertakes its services through a single program, 'Waste reduction, resource recovery, circular economy and green industry development'.

1.3. Impact of COVID-19 pandemic on GISA

The COVID-19 pandemic has not had a material impact on the operations of GISA in the 2019-20 financial year.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.4. Budget performance

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

Statement of Comprehensive Income	Note	Original budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Income				
Solid waste levies	a	43 884	37 036	(6 848)
Intra-government transfers	b	-	12 020	12 020
Interest		2 338	703	(1 635)
Resources received free of charge		-	29	29
Other income		-	1	1
Total income		46 222	49 789	3 567
Expenses				
Employee benefits expenses		2 693	2 906	213
Supplies and services	b, c	2 846	17 431	14 585
Depreciation		54	54	-
Grants and subsidies	d	61 235	50 153	(11 082)
Other expenses		12	22	10
Total expenses		66 840	70 566	3 726
Net result		(20 618)	(20 777)	(159)

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

- a The solid waste levy revenue collected by the Environment Protection Authority (EPA) was lower than the original budget predominately due to reduced metropolitan solid waste volume compared to the budget (\$2.379 million), timing of the cash transfer where the solid waste levies are budgeted on an accrual basis but the actual transfer of funds from the EPA to GISA is on a cash basis (\$3.356 million). The original budget was reduced by \$1.113 million during 2019-20.
- b Funding of \$12 million from the Department of Treasury and Finance (DTF) was not included in the original budget for clean-up, management and resource recovery from waste and debris, resulting from the 2019-20 bushfires in the Adelaide Hills, Kangaroo Island, Yorketown and Keilira.
- c Supplies and services is \$13.971 million greater than the original budget primarily due to approved spending from DTF (\$13.4 million in 2019-20) for bushfire clean-up, including clean-up-undertaken ahead of schedule and budgeted to be funded in 2020-21 (\$2 million) already completed.
- d Grants and subsidies is \$11.082 million lower than the original budget primarily due to Climate Change Initiative administered by the Department for Energy and Mining (DEM) where the funding timeline was increased from four years to nine years (budget was reduced by \$11.65 million in 2019-20). Also refer to note 4.3.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

1.5. Significant transactions with government related entities

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

- GISA had significant transactions with the EPA during the 2019-20 financial year. The receipts from the EPA are associated with the transfer of waste levy revenue collected in accordance with the Environment Protection Act 1993 and transferred to GISA in accordance with the Green Industries SA Act 2004.
- GISA also made significant intra government transfer payments to DEW (\$9.358 million) and, DEM (\$30.846 million) for climate change initiatives. In addition, GISA also made payments of \$113,000 to Department of Planning, Transport and Infrastructure (DPTI) for rent.

2. Income

2.1. Solid waste levies

	2020	2019
	\$'000	\$'000
Solid waste levies received from EPA *	37 036	35 289
Total solid waste levies	37 036	35 289

* As per section 17 of the *Green Industries SA Act 2004*, GISA receives 50% of solid waste levies collected by the EPA.

2.2. Intra-government transfers

	2020	2019
	\$'000	\$'000
Intra-government transfers	12 020	53
Recovery from Department of Treasury and Finance for TVSP	-	102
Total Intra-government transfers	12 020	155

Intra-government transfers are recognised as income on receipt.

Funding of \$12 million received from DTF in 2019-20 relates to clean-up, management and resource recovery from waste and debris, resulting from the 2019-20 bushfires in the Adelaide Hills, Kangaroo Island, Yorketown and Keilira.

2.3. Interest

	2020	2019
	\$'000	\$'000
Interest from entities within the SA Government*	600	1 772
Other	103	58
Total interest revenues	703	1 830

* Interest rate is determined by the DTF.

2.4. Resources received free of charge

	2020	2019
	\$'000	\$'000
Services received free of charge - Shared Services SA	29	21
Total resources received free of charge	29	21

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

2.5. Other income

	2020	2019
	\$'000	\$'000
Reimbursement of expenses incurred	1	50
Return of unspent funds*	-	4 617
Total other income	1	4 667

* Return of unspent funds to the Green Industry Fund related to two climate change initiatives that did not proceed in 2018-19 (\$4.617 million).

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of GISA include the Minister for Environment and Water, Board Members, the Chief Executive, Deputy Chief Executive and two Directors, comprising key responsibility for the strategic direction and management of the Agency.

Total compensation for key management personnel was \$839 000 in 2019-20 and \$709 000 in 2018-19.

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

	2020	2019
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	767	648
Post-employment benefits	72	61
Total compensation	839	709

Transactions with key management personnel and other related parties

Compensation of Key Management Personnel is disclosed above. GISA is wholly owned and controlled by the Crown.

Related parties of GISA include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the government.

No transactions with key management personnel or related parties have occurred throughout the 2019-20 financial year, other than those disclosed in note 1.5.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.2. Board and committee members

Members during the 2019-20 financial year were:

Green Industries SA Board

K P McGuinness (Presiding Member)	P P Sandercock
J H Brown (retired February 2020)	R A Sharp (retired February 2020)
J L Conduit (appointed February 2020)	T Dodd
L I Henderson	V Tremaine (appointed February 2020)
V J Levitzke* (Ex Officio)	

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

Board and committee remuneration

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

	2020	2019
	No	No
\$0 - \$19 999	8	8
\$20 000 - \$39 999	1	1
Total number of members	9	9

The total remuneration received or receivable by members was \$88 000 (2019: \$87 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3. Employee benefits expenses

	2020	2019
	\$'000	\$'000
Salaries and wages	2 089	1 856
Employment on-costs - superannuation	341	305
Annual leave	211	199
Employment on-costs - other	98	111
Board and committees fees	84	77
Long service leave	63	167
Skills and experience retention leave	16	13
Targeted voluntary separation packages	-	102
Other employment related expenses	4	4
Total employee benefits expenses	2 906	2 834

Employment on-costs – superannuation

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.3. Employee benefits expenses (continued)

Executive remuneration

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

	2020	2019
	No	No
\$174 001 – \$194 000	2	2
\$254 001 – \$274 000	-	1
\$274 001 – 294 000	1	-
Total	3	3

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. The Deputy Chief Executive commenced in January 2020 and did not receive remuneration within the above thresholds in 2019-20. 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.

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was nil (2019: 1).

	2020	2019
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	-	102
Leave paid to separated employees	-	11
Recovery from the Department of Treasury and Finance	-	(102)
Net cost to GISA	-	11

3.4. Employee benefits liability

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	68	39
Annual leave	219	151
Long service leave	28	52
Skills and experience retention leave	15	12
Total current employee benefits	330	254
<u>Non-current</u>		
Long service leave	942	884
Total non-current employee benefits	942	884
Total employee benefits	1 272	1 138

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.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

3.4. Employee benefits liability (continued)

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 of sick leave.

Long service leave

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

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2020	2019
	\$'000	\$'000
Fee for service - bushfire clean-up	13 960	-
Fee for service - community education programs	696	648
Fee for service -household chemical and paint collection facilities	688	367
Fee for service - recycling and waste activities	445	531
Fee for service - other	317	180
Other	290	147
Waste disposal	284	244
Advertising	251	426
Accommodation	164	141
General administration	120	145
Fee for service - DEW	85	86
Information technology and communication charges	75	76
Minor works, maintenance and equipment	33	113
Staff development	23	11
Consultants	-	2
Total supplies and services	17 431	3 117

Accommodation

GISA's accommodation is provided by DPTI under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA do not meet the definition of lease set out in AASB 16.

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.1 Supplies and services (continued)

Consultants

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

	2020 Number	2020 \$'000	2019 Number	2019 \$'000
Below \$10 000	-	-	2	2
Total	-	-	2	2

4.2. Depreciation

	2020 \$'000	2019 \$'000
Depreciation		
Leasehold improvements	54	54
Total depreciation	54	54

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

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

Review of accounting estimates

Assets' residual values and useful lives 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 is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Leasehold improvements	12

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2020

4.3. Grants and subsidies

	2020	2019
	\$'000	\$'000
Climate change initiatives *	40 204	16 467
Recycling Infrastructure Grants Program - Industry and Local Government	4 900	3 277
Local Government Program	2 305	734
Council Transition and Regional Transport Subsidies Program	1 233	205
Trade Waste Initiative	761	919
Circular Economy Business Sustainability Program	244	193
Circular Economy Market Development Grant Program	240	36
Commercialisation of Innovation Grant Program	150	600
Other contributions	116	63
Total grants and subsidies	50 153	22 494

* Intra government transfers for climate change projects as approved by the Minister under the *Green Industries SA Act 2004*, independent of the Board of Green Industries SA.

4.4. Other expenses

	2020	2019
	\$'000	\$'000
Other	22	17
Total other expenses	22	17

Audit fees paid/payable to the Auditor General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$22 000 (2019: \$17 000). No other services were provided by the Auditor-General's Department.

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5. Non-financial assets

5.1. Property, plant and equipment by asset class

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

	2020	2019
	\$'000	\$'000
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	652	652
Accumulated depreciation	(224)	(170)
Total leasehold improvements	<u>428</u>	<u>482</u>
Total property, plant and equipment	<u><u>428</u></u>	<u><u>482</u></u>

5.2. Property, plant and equipment owned by GISA

Property, plant and equipment owned by GISA with a value of \$10 000 or greater are capitalised, otherwise it is expensed.

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

Reconciliation 2019-20

	Leasehold improvements	Total
	\$'000	\$'000
Carrying amount at 1 July 2019	482	482
Depreciation	(54)	(54)
Carrying amount at 30 June 2020	<u><u>428</u></u>	<u><u>428</u></u>

Reconciliation 2018-19

	Leasehold improvements	Total
	\$'000	\$'000
Carrying amount at 1 July 2018	536	536
Depreciation	(54)	(54)
Carrying amount at 30 June 2019	<u><u>482</u></u>	<u><u>482</u></u>

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6. Financial assets

6.1. Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Deposits with the Treasurer	114 122	131 803
Total cash and cash equivalents	114 122	131 803

Cash is measured at nominal amounts. In accordance with section 17(5) of the *Green Industries SA Act 2004*, the Green Industry Fund may be applied by GISA or by the Minister for Environment and Water. In 2019-20, the Fund was used in accordance with the GISA 2019-20 business plan approved by the Board of GISA and Minister; and the Fund was also applied by the Minister towards the costs of climate change initiatives.

6.2. Receivables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
From government entities	57	144
From non-government entities	65	11
Total trade receivables	122	155
Accrued revenues	9	178
Prepayments	11	-
Total current receivables	142	333
Total receivables	142	333

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

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 11.3 for further information on risk management.

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6.3. Loans

	2020	2019
	\$'000	\$'000
Recycling Infrastructure loan*	3 000	3 000
Commercialisation of Innovation loan [^]	866	828
Total loans	3 866	3 828

* This loan scheme is to support projects with large capital requirements, which can have an immediate effect to increase local remanufacturing/reprocessing of targeted waste streams and job creation opportunities through construction and ongoing operation. The loan is managed by South Australian Government Financing Authority (SAFA).

[^] This is an investment loan initiated by GISA in 2016-17, to commercialise innovative waste and recycling technologies and ideas. A partnership between GISA and Innovyz Pty Ltd (a South Australian based company) was established to facilitate the loan scheme with the aim of commercialising research in waste management, recycling and related areas. The loan operates under a maximum of a 5 year period and a commercial annual interest rate (4.5% p.a.) is applied daily on the loan which is due for repayment in September 2021.

GISA has recognised the inherent risks associated with funding a commercialisation of innovation policy initiative due to the uncertainty and timing to achieve positive commercial outcomes. Controls to mitigate against these risks are set out in the Secured Loan Facility Agreement (loan agreement) and comprise:

- Milestone payments to Innovyz (the borrower) were subject to certain conditions and obligations;
- GISA will have first call and precedence on repayment of the loan over equity investors in the distribution of moneys;
- GISA is a member of the Innovyz program selection committee; and
- Innovyz' Management Agreement in the loan documentation is regarded as a "Material Document".

Green Industries SA
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7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Trade payables*	4 682	2 522
Accrued expenses	630	27
Employment on-costs	70	53
Total current payables	5 382	2 602
<u>Non-current</u>		
Employment on-costs	88	82
Total non-current payables	88	82
Total payables	5 470	2 684

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

* The increase in trade payables primarily relates to payments towards the Bushfire Clean-up Program and Local Government Food Waste Program

Employment on-costs

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

GISA 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 South Australian Superannuation Board and externally managed superannuation schemes.

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave has changed from the 2019 rate (41%) to 42%. The average factor for the calculation of employer superannuation cost on-costs has remained unchanged from the 2019 rate (9.8%). These rates are used in the employment on-cost calculation.

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7.2. Provisions

	2020 \$'000	2019 \$'000
<u>Current</u>		
Provision for workers compensation	3	3
Total current provisions	3	3
<u>Non-current</u>		
Provision for workers compensation	7	4
Total non-current provisions	7	4
Total provisions	10	7
<i>Movement in provisions</i>		
Carrying amount at the beginning of the period	7	7
Additional provisions recognised	3	-
Carrying amount at the end of the period	10	7

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

GISA is responsible for the payment of workers compensation claims.

7.3. Other liabilities

	2020 \$'000	2019 \$'000
<u>Current</u>		
Accommodation incentive	64	64
Total current other liabilities	64	64
<u>Non-current</u>		
Accommodation incentive	411	445
Total non-current other liabilities	411	445
Total financial liabilities	475	509

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8. Other disclosures

8.1. Cash flow

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

	2020	2019
	\$'000	\$'000
Cash flow reconciliation		
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	114 122	131 803
Balance as per the Statement of Cash Flows	114 122	131 803
Reconciliation of net cash provided by / (used in) operating activities to net benefit from providing services		
Net cash provided by/(used in) operating activities	(17 681)	14 453
Add / (less) non-cash items		
Depreciation	(54)	(54)
Loan interest capitalised	38	37
Movement in assets and liabilities		
Increase in receivables	(191)	183
(Increase) in payables	(2 786)	(1 104)
(Increase)/decrease in employee benefits	(134)	(104)
Decrease in other liabilities	34	35
(Increase)/decrease in provisions	(3)	-
Net result	(20 777)	13 446

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9. Changes in accounting policy

9.1. AASB 16 Leases

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

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

These MoAA do not meet the definition of lease set out in AASB 16

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

Ongoing accounting policies

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

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

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes and are referenced at note 1.

9.2. Presentation of Financial statements

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

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

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10. Outlook

10.1. Unrecognised contractual commitments

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

Expenditure commitments

Expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2020	2019
	\$'000	\$'000
Within one year	165	-
Later than one year but not longer than five years	825	-
Later than five years	658	-
Total expenditure commitments	1 648	-

GISA's expenditure commitments are for agreements for:

- memoranda of administrative arrangements with the DPTI for accommodation.

Operating lease commitments

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

	2020	2019
	\$'000	\$'000
Within one year	-	143
Later than one year but not later than five years	-	731
Later than five years	-	828
Total operating lease commitments	-	1 702
Representing:		
Non-cancellable operating leases	-	1 702
Total operating lease commitments	-	1 702

Operating lease commitments is provided for the comparative year only as *AASB 16 Leases* does not distinguish between operating and finance leases for the lessee. The comparative amount does not include commitments for memoranda of administrative arrangements with the DPTI for accommodation. This has been reclassified and included under expenditure commitments. For more detail about the reclassification see 9.1.

10.2. Contingent assets and liabilities

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

GISA is not aware of the existence of any contingent assets or contingent liabilities.

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10.3. Impact of standards and statements not yet effective

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

AASB 1059 Service Concession Arrangements: Grantors

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

10.4. COVID-19 pandemic outlook for GISA

The COVID-19 pandemic is not expected to have a material impact on the operations of GISA.

10.5. Events after the reporting period

GISA is not aware of any event occurring after balance date that would materially affect the financial statements.

11. Measurement and risk

11.1. Long service leave liability - measurement

AASB 119 Employee Benefits specifies 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 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

The actuarial assessment performed by DTF decreased the salary inflation rate from 2019 (4.0%) to 2020 (2.5%) for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability decreased from 2019 (2.2%) to 2020 (2.0%). This change had an immaterial net financial effect in the current financial year.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$60 000. The impact on future periods is impracticable to estimate as the long service liability is calculated using a number of demographic and financial assumptions – including the long-term discount rate.

The unconditional portion of the long service leave provision is classified as current as GISA does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of the long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

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11.2. Fair value

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

Initial recognition

Non-current 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 their fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value (that is, the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation

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

The revaluation process is reviewed by the Chief Finance Officer and audit committee each year.

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

As GISA does not hold assets that meet this criteria.

Fair value hierarchy

GISA 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 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.

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

During 2020 and 2019, GISA 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.

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11.2 Fair value (continued)

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. GISA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

<i>Fair value classification - non-financial assets at 30 June 2020</i>	Level 3
<u>Recurring fair value measurements</u>	\$'000
Leasehold improvements	428
Total recurring fair value measurements	428
Total fair value measurements	428
<i>Fair value classification - non-financial assets at 30 June 2019</i>	Level 3
<u>Recurring fair value measurements</u>	\$'000
Leasehold improvements	482
Total recurring fair value measurements	482
Total fair value measurements	482

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11.3. Financial instruments

Financial risk management

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

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

Liquidity risk

GISA is funded principally from waste levies received under the *Green Industries SA Act 2004* (refer to note 4.2). GISA's expenditure authority is approved by the Treasurer each year, based on budgeted revenues and expenditures outlined in an annual Business Plan.

Refer to note 7.1 for further information.

Credit risk

GISA 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 GISA.

Impairment of financial assets

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

Market risk

GISA does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. GISA 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*.

GISA has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

There have been no significant 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

GISA measures all financial instruments at amortised cost.

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11.3. Financial instruments (continued)

Category of financial asset and financial liability	Note	2020 Carrying amount / fair value \$'000	2020 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents		114 122	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables	(1), (2)	74	n/a	n/a	n/a
Loans		3 866	n/a	n/a	n/a
Total financial assets		118 062	-	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	(1)	5 295	5 295	-	-
Total financial liabilities		5 295	5 295	-	-

Category of financial asset and financial liability	Note	2019 Carrying amount / fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents		131 803	n/a	n/a	n/a
Loans and receivables					
Receivables	(1), (2)	189	n/a	n/a	n/a
Loans		3 828	n/a	n/a	n/a
Total financial assets		135 820	-	-	-
Financial liabilities					
Financial liabilities at cost					
Payables	(1)	2 532	2 532	-	-
Total financial liabilities		2 532	2 532	-	-

Receivables and payables

- (1) The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.
- (2) Receivables amount disclosed here excludes prepayments, as they are not financial assets. Prepayments are presented in note 6.2.