



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

To the Chief Executive Department for Trade and Investment

Opinion

I have audited the financial report of the Department for Trade and Investment for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Trade and Investment as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with the 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 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Chief Operating Officer.

Basis for opinion

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

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 for Trade and Investment for the financial year ended 30 June 2022.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department for Trade and Investment'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

29 September 2022

**Department for Trade and Investment
(DTI)**

**Financial Statements
for the year ended
30 June 2022**

Department for Trade and Investment
for the year ended 30 June 2022

Certification of the Financial Statements

We certify that the:

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



David Reynolds
Chief Executive
29 September 2022



Julie-Anne Burgess
Chief Operating Officer
29 September 2022

Department for Trade and Investment
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<u>Income</u>			
Appropriations	2.1	42 212	40 638
Commonwealth-sourced grants and funding	2.2	452	314
Resources received free of charge	2.3	914	473
SA Government grants, subsidies and transfers	2.4	3 902	8 967
Other income	2.5	267	208
Total income		47 747	50 600
<u>Expenses</u>			
Employee benefits expenses	3.3	19 480	18 048
Supplies and services	4.1	12 635	17 825
Depreciation and amortisation	5.1	1 613	904
Grants and subsidies	4.2	11 186	10 294
Borrowing costs		36	35
Cash returned to the Department of Treasury and Finance		7 530	12 439
Other expenses	4.3	623	2
Net loss from disposal of non-current assets	4.4	1	10
Total expenses		53 104	59 557
Net result		(5 357)	(8 957)
Total comprehensive result		(5 357)	(8 957)

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

Department for Trade and Investment
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<u>Current assets</u>			
Cash and cash equivalents	6.1	20 297	27 682
Receivables	6.2	759	729
Total current assets		21 056	28 411
<u>Non-current assets</u>			
Property, plant and equipment	5.1	1 571	1 509
Right-of-use assets	5.1	3 303	4 482
Total non-current assets		4 874	5 991
Total assets		25 930	34 402
<u>Current liabilities</u>			
Payables	7.1	3 768	5 740
Financial liabilities	7.2	1 388	1 337
Employee benefits	3.4	1 701	2 066
Provisions	7.3	35	25
Other current liabilities	7.4	81	33
Total current liabilities		6 973	9 201
<u>Non-current liabilities</u>			
Payables	7.1	283	282
Financial liabilities	7.2	1 985	3 184
Employee benefits	3.4	2 937	3 004
Provisions	7.3	97	60
Other non-current liabilities	7.4	341	-
Total non-current liabilities		5 643	6 530
Total liabilities		12 616	15 731
Net assets		13 314	18 671
<u>Equity</u>			
Retained earnings		13 314	18 671
Total equity		13 314	18 671

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

Department for Trade and Investment
Statement of Changes in Equity
for the year ended 30 June 2022

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2020	27 628	27 628
<u>Net result for 2020-21</u>	<u>(8 957)</u>	<u>(8 957)</u>
Balance at 30 June 2021	18 671	18 671
<u>Net result for 2021-22</u>	<u>(5 357)</u>	<u>(5 357)</u>
Balance at 30 June 2022	13 314	13 314

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

Department for Trade and Investment
Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriations		42 212	40 638
Receipts from Commonwealth-sourced grants		662	403
SA Government grants, subsidies and transfers		3 902	8 967
Net GST recovered from ATO		1 679	1 222
Other receipts		345	203
Cash generated from operations		48 800	51 433
<i>Cash outflows</i>			
Employee benefits payments		(20 004)	(18 697)
Payments for supplies and services		(14 537)	(15 080)
Cash returned to the Department of Treasury and Finance		(7 530)	(12 439)
Payments of grants and subsidies		(12 712)	(9 815)
Borrowing costs		(36)	(35)
Cash used in operations		(54 819)	(56 066)
Net cash used in operating activities		(6 019)	(4 633)
<u>Cash flows from investing activities</u>			
<i>Cash inflows</i>			
Proceeds from sale of property, plant and equipment and other assets		-	8
Cash generated from investing activities		-	8
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(9)	(973)
Cash used in investing activities		(9)	(973)
Net cash used in investing activities		(9)	(965)
<i>Cash outflows</i>			
Repayment of principal portion of lease liabilities		(1 357)	(747)
Cash used in financing activities		(1 357)	(747)
Net cash used in financing activities		(1 357)	(747)
Net decrease in cash and cash equivalents		(7 385)	(6 345)
Cash and cash equivalents at the beginning of the period		27 682	34 027
Cash and cash equivalents at the end of the period	6.1	20 297	27 682

The accompanying notes form part of these financial statements.

Department for Trade and Investment

Notes to and forming part of the financial statements

for the year ended 30 June 2022

1. About the Department for Trade and Investment

The Department for Trade and Investment (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 in Note 11. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for 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 have been prepared on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs. 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.

Significant accounting policies are set out throughout the notes.

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 (ATO), 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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

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.

New and amended standards adopted by the department

The department has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the department's financial statements.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and programs

Objectives

The objective of the department is to build the economic future of South Australia by partnering with industry to drive economic growth through trade and investment.

The program of the department is Trade and Investment which enables economic growth in South Australia, by promoting the state to key markets, attracting investment, increasing value and diversity of exports, building global reputation and removing barriers to business success. The department works with industry to help create employment opportunities, economic sustainability and an internationally competitive economy.

1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the operations of the department and the impacts are included under the relevant disclosure notes. The key impacts in 2021-22 were:

- Departmental activities were postponed or cancelled directly attributable to COVID-19, largely related to overseas business missions, international and domestic travel, events and conferences.
- The department refocussed some programs and activities to be delivered through digital platforms.
- The department implemented working from home arrangements for staff.

Refer to note 9.4 for COVID-19 impacts for 2022-23.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2021-22 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts and deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

			Original DTI Budget 2022 \$'000	Actual 2022 \$'000	Variance 2022 \$'000
Statement of Comprehensive Income					
<u>Income</u>					
Appropriations	2.1		43 949	42 212	(1 737)
Commonwealth-sourced grants and funding	2.2		362	452	90
Resources received free of charge	2.3		-	914	914
SA Government grants, subsidies and transfers	2.4		4 987	3 902	(1 085)
Other income	2.5		189	267	78
Total income			49 487	47 747	(1 740)
<u>Expenses</u>					
Employee benefits expenses	3.3		20 076	19 480	(596)
Supplies and services	4.1		15 272	12 635	(2 637)
Depreciation and amortisation	5.1		1 642	1 613	(29)
Grants and subsidies	4.2	a)	18 596	11 186	(7 410)
Borrowing costs			64	36	(28)
Cash returned to the Department of Treasury and Finance		b)	-	7 530	7 530
Other expenses	4.3		88	623	535
Net loss from disposal of non-current assets	4.4		-	1	1
Total expenses			55 738	53 104	(2 634)
Net result			(6 251)	(5 357)	894

Explanations are required to be provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

Statement of Comprehensive Income

- a) Grants and Subsidies is \$7.4 million favourable compared to original budget primarily due to revised timeframes for Economic Investment Fund and Health Industries Fund (\$5.6 million), Thomas Foods Infrastructure Project (\$1.2 million) and SA Landing Pad (\$0.6 million).
- b) Cash returned to the Department of Treasury and Finance is \$7.5 million unfavourable compared to original budget primarily due to payment of surplus cash to the Department of Treasury and Finance as part of the Cash Alignment Policy.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.4. Budget performance (continued)

	Original Budget 2022 \$'000	Actual 2022 \$'000	Variance 2022 \$'000
Investing expenditure summary			
Total existing projects	-	9	9
Total investing expenditure	-	9	9

Investing expenditure

c) Total existing investing projects is \$9 000 unfavourable compared to original budget primarily due to additional post-occupancy fitout works for the relocation of the department to SA Water House on Victoria Square.

1.5. Significant transactions with government related entities

Significant transactions with the SA government are identifiable throughout this financial report. Noteworthy are:

- approximately 63% of grant payments were paid to SA government entities, primarily for investment and international education programs
- accrued expenses liability includes \$379 000 relating to reimbursements to other government departments
- costs of \$468 000 related to accommodation and utility costs supplied by the Department for Infrastructure and Transport (DIT) and SA Water.

2. Income

2.1. Appropriations

Appropriations are recognised on receipt.

Appropriation pursuant to the *Appropriation Act* consists of \$42.2 million (2021: \$40.6 million) for operational funding. This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act.

2.2. Commonwealth-sourced grants and funding

The department was selected by the Australian Trade and Investment Commission (Austrade) as the successful tenderer to deliver TradeStart services in South Australia for 2019-23.

Such funding is recognised over time as there is an enforceable contract and the department's performance obligations are satisfied over time. \$452 000 was received in 2022 (2021: \$314 000).

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2.3. Resources received free of charge

	2022	2021
	\$'000	\$'000
Contributed assets - leasehold improvements	441	-
Services received free of charge - DPC ICT	342	334
Services received free of charge - Shared Services SA	131	139
Total resources received free of charge	914	473

Contributions 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 fitout of office accommodation for the Minister for Trade and Investment at 1 King William Street, Adelaide, valued at \$441 000, was transferred from the Department for Innovation and Skills (now known as the Department for Industry, Innovation and Science) to the department on 20 March 2022.

The department receives financial accounting, taxation, payroll, accounts payable and accounts receivable services from Shared Services SA free of charge valued at \$131 000 (2021: \$139 000) and ICT services valued at \$342 000 (2021: \$334 000) from the Department of the Premier and Cabinet (DPC) following approval to cease intra-government charging.

2.4. SA Government grants, subsidies and transfers

	2022	2021
	\$'000	\$'000
Project funding	3 877	8 873
Other recoveries	25	94
Total SA Government grants, subsidies and transfers	3 902	8 967

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

Project funding relates to contributions from other South Australian Government entities for specific time-limited projects led by the department.

Recoveries include funding from other government agencies for reimbursement of accommodation and salaries and contribution to department led projects including scholarships and grant programs.

2.5. Other income

	2022	2021
	\$'000	\$'000
Recoveries	144	37
Other income	123	171
Total other income	267	208

Recoveries and other income are recognised as income on receipt.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3. Committees and employees

3.1. Key management personnel

Key management personnel of the department include the Minister for Trade and Investment (the Minister), the Chief Executive and the five members of the Executive Team.

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 under section 6 the *Parliamentary Remuneration Act 1990*. See administered items for disclosures of the Minister's remuneration paid and recovered from the Consolidated Account.

	2022	2021
	\$'000	\$'000
<u>Compensation</u>		
Salaries and other short term employee benefits	1 361	1 168
Post-employment benefits	139	159
Other long-term employment benefits	23	-
Termination benefits	170	-
Total	1 693	1 327

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

Risk and Performance Committee

C Dunsford (Chair)

S Adlaf*

J Cirson*

D Contala (appointed August 2021)

R Hindmarsh* (appointed September 2021)

G Giannopoulos* (appointed March 2022, resigned May 2022)

P Chau* (appointed June 2022)

N Morris* (resigned March 2022)

J Hill (resigned June 2022)

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

In addition, members of Parliament who are members of boards or committees did not receive any remuneration.

The Risk and Performance Committee is shared with the Department for Energy and Mining and the Department for Innovation and Skills (now known as the Department for Industry, Innovation and Science). The committee is remunerated by the Department for Innovation and Skills and costs are recovered from the department through a service level agreement (refer note 4.1).

Unless otherwise disclosed, transactions with members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.3. Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	15 144	14 458
Employment on-costs - superannuation	1 666	1 512
Annual leave	1 370	1 163
Employment on-costs - other	968	806
Skills and experience retention leave	97	65
Long service leave	186	(160)
Workers compensation	49	80
Targeted voluntary separation packages	-	124
Total employee benefits expenses	19 480	18 048

Employment on-costs - superannuation

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

Employee remuneration

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

	2022	2021
	Number	Number
\$157 001 to \$177 000 ^Δ	5	3
\$177 001 to \$197 000	2	4
\$197 001 to \$217 000	2	1
\$217 001 to \$237 000	1	1
\$237 001 to \$257 000	1	1
\$257 001 to \$277 000	1	-
\$317 001 to \$337 000	-	1
\$337 001 to \$357 000	1	-
\$377 001 to \$397 000	-	1
\$557 001 to \$577 000 ^Δ	1	-
Total	14	12

^Δ This band includes employees that have received payments for contract termination or leave payouts in 2022.

The total remuneration received by those employees for the year was \$3.3 million (2021: \$2.6 million).

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

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.3. Employee benefits expenses (continued)

Targeted voluntary separation packages

No employees received a TVSP during the reporting period (2021:1).

	2022	2021
	\$'000	\$'000
Amount paid to separated employees:		
Targeted voluntary separation packages	-	124
Leave paid to separated employees	-	27
Net cost to the department	-	151

3.4. Employee benefits liability

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	63	560
Annual leave	1 404	1 292
Long service leave	117	118
Skills and experience retention leave	117	96
Total current employee benefits	1 701	2 066
<u>Non-current</u>		
Long service leave	2 937	3 004
Total non-current employee benefits	2 937	3 004
Total employee benefits	4 638	5 070

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 their nominal amounts. Accrued salaries and wages varies depending on the timing of the last payroll for the year.

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

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

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.4. Employee benefits liability (continued)

Long service leave liability – measurement

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

The actuarial assessment performed by the Department of Treasury and Finance (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 long service leave liability. The yield on long-term Commonwealth Government bonds has increased to 3.5% (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 of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$0.5 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate unchanged at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4. Expenses

4.1 Supplies and services

	2022	2021
	\$'000	\$'000
Overseas trade representation	4 078	3 028
Contractors	2 646	4 163
Information technology and communication charges	1 523	1 041
Office administration expenses	1 033	622
Marketing	674	788
Service level agreements ^{(1) (2)}	595	632
Staff related expenses	571	543
Travel and related expenses	398	274
Consultants	348	234
Accommodation	337	390
Short term leases	292	1 197
Accounting and audit fees	159	77
Transfer of industry assistance assets to other agencies	-	4 836
Accommodation incentive amortisation	(19)	-
Total supplies and services	12 635	17 825

(1) Represents payments to the Department for Innovation and Skills (now known as the Department for Industry, Innovation and Science) and Shared Services SA for the provision of corporate, ICT, financial and payroll support.

(2) Resources provided free of charge by the Department of the Premier and Cabinet ICT and Digital Government division and Shared Services SA were expensed at fair value (refer to note 2.3).

Accommodation

The department's accommodation for the Minister's Office is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement issued in accordance with Government wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly are expensed.

Accounting and audit fees

Audit fees paid / payable to the Auditor-General's Department relate to work performed under the *Public Finance and Audit Act 1987* were \$98 000 (2021: \$77 000). No other services were provided by the Auditor-General's Department.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.2. Grants and subsidies

	2022	2021
	\$'000	\$'000
Class of assistance:		
Investment	5 081	3 448
Trade	3 530	4 154
International Education	2 500	2 644
Other	75	48
Total grants and subsidies	11 186	10 294

The timing of payments for Investment grants vary between financial years, predominantly as per Economic Investment Fund commitments.

4.3. Other expenses

	2022	2021
	\$'000	\$'000
Assumption of liabilities	434	-
Donated assets	163	-
Bad and doubtful debts	26	2
Total other expenses	623	2

The assumption of liabilities relates to the lease incentive associated with the fitout of office accommodation transferred to the department from the Department for Innovation and Skills (now known as the Department for Industry, Innovation and Science). Refer to note 2.3 for further information.

The fitout of office accommodation for the Minister for Trade and Investment at Level 13 State Administration Centre, valued at \$153 000, was donated to the Department for Environment and Water on 20 March 2022.

4.4. Net loss from disposal of non-current assets

	2022	2021
	\$'000	\$'000
<u>Heritage (Artwork)</u>		
Proceeds from disposal	-	8
Less net book value of assets disposed	(1)	(18)
Net loss from disposal of Heritage (Artwork)	(1)	(10)
<u>Total assets</u>		
Proceeds from disposal	-	8
Less net book value of assets disposed	(1)	(18)
Total loss from disposal of non-current and other assets	(1)	(10)

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.5. Overseas representative offices

The following table provides a summary of the financial transactions for the reporting period for overseas offices, where the department funds their operations. The transactions relating to operating expenses and operating revenues have been included in the financial statements.

The costs relating to overseas representation provided through Austrade are not included in the table below. These costs are shown in note 4.1 (refer Overseas trade representation).

	Jinan	London	2022
	\$'000	\$'000	\$'000
Operating expenses	210	1 740	1 950
Operating revenues	11	287	298
Funds advanced to overseas offices towards operating expenses	242	1 412	1 654
	Jinan	London	2021
	\$'000	\$'000	\$'000
Operating expenses	233	1 512	1 745
Operating revenues	-	351	351
Funds advanced to overseas offices towards operating expenses	100	1 298	1 398

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment comprises tangible assets owned and right-of-use assets.

Property, plant and equipment owned by the department with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed with the exception of works of art. Works of art are capitalised irrespective of their value. Property, plant and equipment owned by the department is recorded at fair value. Detail about the department's approach to fair value is set out in note 10.1.

Impairment

The department does not own any property, plant and equipment, with the exception of minor artworks, which would require regular revaluation.

Depreciation

All non-current assets not held for sale with a limited useful life are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

Review of accounting estimates

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

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

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)
Plant and equipment	5
Leasehold improvements	Lease term
Right-of-use buildings	Lease term
Right-of-use vehicles	Lease term

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5.1. Property, plant and equipment (continued)

Reconciliation 2021-22

	Plant and equipment	Buildings and leasehold improvements	Works of art	Capital works in progress	ROU Buildings	ROU Vehicles	Total
	\$'000	\$'000	\$'000	\$'000			\$'000
Carrying amount at 1 July 2021	2	1 232	35	240	4 431	51	5 991
Additions	-	-	-	9	170	40	219
Transfers between asset class	-	249	-	(249)	-	-	-
Disposals	-	-	(1)	-	-	-	(1)
Donated assets	-	(153)	(10)	-	-	-	(163)
Other movements	-	441	-	-	-	-	441
Depreciation and amortisation	(2)	(222)	-	-	(1 356)	(33)	(1 613)
Carrying amount at 30 June 2022	-	1 547	24	-	3 245	58	4 874
Gross carrying amount							
Gross carrying amount	86	2 866	24	-	3 515	109	6 600
Accumulated depreciation	(86)	(1 319)	-	-	(270)	(51)	(1 726)
Carrying amount at 30 June 2022	-	1 547	24	-	3 245	58	4 874

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5.1. Property, plant and equipment (continued)

Reconciliation 2020-21

	Plant and equipment	Buildings and leasehold improvements	Works of art	Capital works in progress	ROU Buildings	ROU Vehicles	Total
	\$'000	\$'000	\$'000	\$'000			\$'000
Carrying amount at 1 July 2020	19	523	53	120	1 802	58	2 575
Additions	-	-	-	947	3 350	49	4 346
Disposals	-	-	(18)	-	-	(8)	(26)
Transfers between asset class	-	827	-	(827)	-	-	-
Depreciation and amortisation	(17)	(118)	-	-	(721)	(48)	(904)
Carrying amount at 30 June 2021	2	1 232	35	240	4 431	51	5 991
Gross carrying amount							
Gross carrying amount	86	1 915	35	240	4 706	112	7 094
Accumulated depreciation	(84)	(683)	-	-	(275)	(61)	(1 103)
Carrying amount at 30 June 2021	2	1 232	35	240	4 431	51	5 991

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5.2. Leased property, plant and equipment

Right-of-use assets for property, plant and equipment leased by the department as lessee are measured at cost and there was no indication of impairment.

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:

- Right-of-use buildings leases relate to overseas representative offices disclosed in note 4.5 and an agreement with SA Water for the Victoria Square office which commenced in February 2021.
- The department has 6 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The department's maturity, analysis of its lease liabilities is disclosed in note 7.2. Expenses related to leases, including interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.1.

6. Financial assets

6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer – Operating Account	17 727	25 068
Deposits with the Treasurer – Accrual Appropriation Excess Funds Account	2 219	2 238
Deposits at call - overseas offices	351	376
Total cash and cash equivalents	20 297	27 682

Deposits with the Treasurer

The department has two deposit accounts with the Treasurer – a general operating account and an Accrual Appropriation Excess Funds Account.

Although the department controls the money 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.

The office has two overseas deposit accounts in China and the United Kingdom. The carrying amount of cash and cash equivalents represents nominal value in Australian dollars.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6.2. Receivables

	2022	2021
	\$'000	\$'000
Current		
<u>Trade receivables</u>		
From non-government entities	84	60
From government entities	77	91
Less allowance for doubtful debts	(28)	(2)
Total trade receivables	<u>133</u>	<u>149</u>
Prepayments	394	280
GST input tax recoverable	167	247
Accrued revenue	42	47
Other receivables	23	6
Total other receivables	<u>626</u>	<u>580</u>
Total receivables	<u>759</u>	<u>729</u>

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

Other than as recognised in the allowance for 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 10.2 for further information on risk management.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes.

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

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

Allowance for impairment loss on receivables

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	2	7
Amounts written off	-	(7)
Movement in allowance	26	2
Carrying amount at the end of the period	<u>28</u>	<u>2</u>

Impairment losses relate to contracts with customers external to SA Government. No impairment loss was recognised in relation to statutory receivables.

Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7. Liabilities

7.1. Payables

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Trade payables	137	115
Accrued expenses	3 149	5 237
Employment on-costs	482	388
Total current payables	3 768	5 740
<u>Non-current</u>		
Employment on-costs	283	282
Total non-current payables	283	282
Total payables	4 051	6 022

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.

Statutory payables do not arise from contracts.

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 are 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 South Australian Superannuation Board and external schemes.

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has remained unchanged from 2021 at 42% and the average factor for the calculation of employer superannuation on-costs has changed to 10.6% (2021:10.1%). These rates are used in the employment on-cost calculation. The impact on 2022 is immaterial and cannot be reliably estimated for future years.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.2. Financial liabilities

All financial liabilities relate to leases.

A maturity analysis of financial liabilities based on undiscounted gross cash flows is reported in the table below:

	2022	2021
	\$'000	\$'000
Financial liabilities		
Within one year	1 415	1 372
Later than one year but no longer than five years	1 806	3 188
Later than five years	231	463
Total financial liabilities (undiscounted)	3 452	5 023

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. There were no defaults or breaches on any of the financial liabilities throughout the year.

Interest expense on lease liabilities was \$36 000 (2021: \$35 000).

7.3. Provisions

All provisions relate to workers compensation.

Reconciliation of provisions (statutory and non-statutory)	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	85	500
Increase in provisions recognised	50	80
Reductions arising from payments / other sacrifice of future economic benefits *	(3)	(495)
Carrying amount at the end of the period	132	85

* In 2020-21 payment of \$441 000 related to accommodation make good provision for the previous office building.

The department is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the department is responsible for the management of workers rehabilitation and compensation, and is directly responsible for meeting the cost of workers' compensation claims and the implementation and funding of preventive programs.

Accordingly, 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 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.4. Other liabilities

	2022	2021
	\$'000	\$'000
<u>Current</u>		
Accommodation incentive	74	-
Unearned revenue	7	33
Total current other liabilities	81	33
<u>Non-current</u>		
Accommodation incentive	341	-
Total non-current other liabilities	341	-
Total other liabilities	422	33

Accommodation incentive liabilities relate to arrangement with the Department for Infrastructure and Transport (DIT) for office accommodation. This arrangement does not comprise leases and the accommodation incentive does not comprise financial liabilities. DIT has provided fit-out free of charge. The benefit of this incentive is spread over the accommodation term so that each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

8. Other disclosures

8.1. Cash flow

Cash flow reconciliation

	2022	2021
	\$'000	\$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	20 297	27 682
Balance as per the Statement of Cash Flows	20 297	27 682
<u>Reconciliation of net cash used in operating activities to net result</u>		
Net cash used in operating activities	(6 019)	(4 633)
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(1 613)	(904)
Amortisation of lease incentive	19	-
Assumption of liabilities	(434)	-
Bad and doubtful debts expense	(26)	(2)
Resources received free of charge	914	473
Assets transferred to other agencies	(163)	(4 836)
Resources provided free of charge	(473)	(473)
Loss from disposal and write down of non-current and other assets	(1)	(10)
<u>Movement in assets and liabilities</u>		
Increase in receivables	31	296
Decrease in payables	1 634	293
Decrease / (increase) in other liabilities	389	(20)
(Increase) / decrease in provisions	(47)	415
Decrease in employee benefits	432	444
Net result	(5 357)	(8 957)

Total cash outflows for leases was \$1 357 000 (2021: \$747 000).

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

9. Outlook

9.1. Unrecognised commitments

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

Expenditure commitments

	2022	2021
	\$'000	\$'000
Within one year	22 046	27 068
Later than one year but not longer than five years	6 568	4 567
Total expenditure commitments	28 614	31 635

Amounts disclosed include commitments arising from agreements with contractors, service contracts, consultants, ICT contracts and grant recipients.

9.2. Contingent assets and liabilities

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

The department is not aware of any contingent liabilities.

Contingent assets

Where specific conditions relating to a financial assistance grant are not met, the department may request the amount granted be repaid by the grantee.

There are no known contingent assets arising from these present obligations as at 30 June 2022.

9.3. Impact of standards and statements not yet effective

The department continues to assess the impact of the new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. The department continues to assess liabilities (e.g. LSL) and whether or not the department has a substantive right to defer settlement. Where applicable, these liabilities will be classified as current.

9.4. COVID-19 pandemic outlook for the department

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

Refer to note 1.3 for COVID-19 impacts for 2021-22.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

9.5. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2022 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2022.

Note disclosure is made about events between 30 June 2022 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2022 and which may have a material impact on the results of subsequent years as set out below.

As a result of administrative arrangements outlined in The South Australian Government Gazette (the Government Gazette) on 30 June 2022, the department will relinquish responsibility for Industry Capability Network SA (ICNSA) and International Education (including StudyAdelaide) to the Department for Industry, Innovation and Science effective 1 July 2022.

The department will take over the function of Planning and Land Use Services (excluding the Office of Local Government), Office of the Valuer-General and Office of the Registrar-General from the Attorney-General's Department effective 1 July 2022.

The financial effect of these machinery of government changes has not been reflected in the financial statements.

10. Measurement and risk

10.1. 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 (that is 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 depreciation.

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

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 for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.1. 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), and
- 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 2022 and 2021, the department had no valuations categorised into level 1 and level 2; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

All assets are classified at level 3 and movement schedules are in note 5.1.

10.2. Financial instruments

Financial risk management

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

Liquidity risk

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

Refer to note 7.1 for further information.

Credit risk

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

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

Impairment of financial assets

The department has adopted the simplified impairment approach under AASB 9 and measured lifetime expected credit losses (ECL) on all trade receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

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.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. Financial instruments (continued)

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 expected credit losses for non-government debtors.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	9	3.43%	-
1 - 30 days past due	42	11.76%	5
31 - 60 days past due	7	22.60%	2
61 - 90 days past due	16	84.07%	13
More than 90 days past due	9	88.92%	8
Loss allowance	83		28

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the department's view of the forecast economic conditions over the expected life of the receivables.

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

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the department and a failure to make contractual payments for a period of greater than 90 days past due.

There were no receivables written off during the year.

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.

Market risk

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

The department has minor exposure to foreign currency gain / loss due to overseas transactions including the department's overseas representation offices. The net loss in 2022 was \$13 000 (2021: net gain \$92 000).

Categorisation of financial instruments

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

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. Financial instruments (continued)

Classification of financial instruments

The department measures all financial instruments at amortised cost.

Receivables and Payables at amortised cost are \$0.198 million (2021: \$0.202 million) and \$3.188 million (2021: \$5.275 million) respectively.

The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges; Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore, in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

11. Disclosure of Administered Items

11.1. Disclosure of administered items as at 30 June 2022

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

	2022 \$'000	2021 \$'000
<u>Administered Income</u>		
Appropriations	354	612
SA Government grants, subsidies and transfers	186	181
Total administered income	540	793
<u>Administered Expenses</u>		
Employee benefits expenses	553	548
Total administered expenses	553	548
Net result	(13)	245
<u>Administered Current Assets</u>		
Cash and cash equivalents	214	228
Receivables	17	15
Total current assets	231	243
<u>Administered Equity</u>		
Accumulated surplus	231	243
Total equity	231	243

Budget performance

	Note	Original DTI Administered		
		Budget ⁽¹⁾	Actual	Variance
		2022 \$'000	2022 \$'000	2022 \$'000
Statement of Administered Comprehensive Income				
<u>Administered Income</u>				
Appropriations		373	354	(19)
SA Government grants, subsidies and transfers	a)	394	186	(208)
Total administered income		767	540	(227)
<u>Administered Expenses</u>				
Employee benefits expenses	b)	767	553	(214)
Total administered expenses		767	553	(214)
Net result		-	(13)	(13)

Department for Trade and Investment
Notes to and forming part of the financial statements
for the year ended 30 June 2022

11.1. Disclosure of administered items as at 30 June 2022 (continued)

Explanations are required to be provided for variances where the variance exceeds the greater of 10 per cent of the original budgeted amount and 5 per cent of original budgeted total expenses.

⁽¹⁾ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2021-22 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures / machinery of government changes.

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

- a) SA Government grants, subsidies and transfers income is \$208 000 unfavourable compared to original budget due to lower than budgeted revenue arising from the Agent-General working part time but budgeted as full time.
- b) Employee benefit expenses is \$214 000 favourable compared to original budget primarily due to lower than budgeted expenditure arising from the Agent-General working part time but budgeted as full time (\$208 000).