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To the Chief Executive Department of Primary Industries and Regions

Opinion

I have audited the financial report of the Department of Primary Industries and Regions 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 of Primary Industries and Regions as at 30 June 2022, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 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 Statement of Administered Comprehensive Income for the year ended 30 June 2022
- a Statement of Administered Financial Position as at 30 June 2022
- a Statement of Administered Cash Flows for the year ended 30 June 2022
- a Schedule of Income and Expenses by administered programs for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

Basis for opinion

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

of my report. I am independent of the Department of Primary Industries and Regions. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Primary Industries and Regions 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 of Primary Industries and Regions's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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

21 September 2022

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

Controlled Financial Statements

For the year ended 30 June 2022

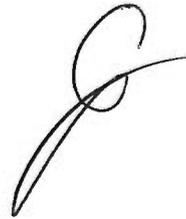
Department of Primary Industries and Regions
Certification of Financial Statements
for the year ended 30 June 2022

We certify that the:

- financial statements for the Department of Primary Industries and Regions:
 - 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 operation and cash flows for the financial year.
- internal controls employed by the Department of Primary Industries and Regions for the financial year over its financial reporting and its preparation of financial statements have been effective.



Prof Mehdi Doroudi PSM
Chief Executive
16 September 2022



Will Kent
Chief Financial Officer
16 September 2022

Department of Primary Industries and Regions
Statement of Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Appropriation	2.1	157 031	200 545
Fees and charges	2.2	3 288	3 170
Grants, subsidies and transfers	2.3	65 093	62 353
Commonwealth grants (National Partnership Payments)	2.4	28 384	18 050
Interest	2.5	593	541
Sale of goods and services	2.6	17 198	17 665
Resources received free of charge	2.7	2 868	2 823
Net gain from the disposal of property, plant and equipment	2.8	214	-
Other income	2.9	12 990	11 149
Total income		287 659	316 296
Expenses			
Employee benefits expenses	3.3	94 963	87 396
Supplies and services	4.1	89 199	89 580
Depreciation and amortisation	4.2	8 648	8 845
Grants and subsidies	4.3	86 976	56 409
Borrowing costs	4.4	566	503
Transfers to Consolidated Account	4.5	545	7 278
Other expenses	4.6	1 811	1 636
Net loss from the disposal of property, plant and equipment	2.8	-	725
Total expenses		282 708	252 372
Net result		4 951	63 924
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in fair value of investments classified as fair value through other comprehensive income	6.4	5 066	4 810
Total other comprehensive income		5 066	4 810
Total comprehensive result		10 017	68 734

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

Department of Primary Industries and Regions
Statement of Financial Position
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current assets			
Cash and cash equivalents	6.1	215 069	206 268
Receivables	6.2	25 439	23 623
Contract assets	6.3	7 420	3 034
Inventories	5.4	5 274	3 328
Non-current assets classified as held for sale	5.5	600	-
Total current assets		253 802	236 253
Non-current assets			
Receivables	6.2	28 150	30 006
Other financial assets	6.4	30 304	25 238
Property, plant and equipment	5.1	116 761	117 124
Right-of-use plant and equipment	5.2	1 639	1 878
Intangible assets	5.3	4 665	4 515
Total non-current assets		181 519	178 761
Total assets		435 321	415 014
Current liabilities			
Payables	7.1	33 029	21 749
Financial liabilities	7.2	10 429	9 474
Contract liabilities	6.3	16 018	11 226
Employee benefits	3.4	10 563	11 220
Provisions	7.3	476	357
Current other liabilities	7.4	73	73
Total current liabilities		70 588	54 099
Non-current liabilities			
Payables	7.1	1 513	1 900
Financial liabilities	7.2	28 960	30 869
Employee benefits	3.4	15 719	20 208
Provisions	7.3	1 538	877
Non-current other liabilities	7.4	330	405
Total non-current liabilities		48 060	54 259
Total liabilities		118 648	108 358
Net assets		316 673	306 656
Equity			
Retained earnings		255 198	249 575
Asset revaluation surplus	8.1	48 860	49 532
Investment reserve	8.1	12 615	7 549
Total equity		316 673	306 656

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

Department of Primary Industries and Regions
Statement of Changes in Equity
for the year ended 30 June 2022

	Note	Asset revaluation surplus \$'000	Investment reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2020		50 034	2 739	185 260	238 033
Prior period adjustment	5.1	-	-	(111)	(111)
Restated balance at 1 July 2020		50 034	2 739	185 149	237 922
Net result for 2020-21		-	-	63 924	63 924
Fair value movement of investments classified as fair value through other comprehensive income	6.4	-	4 810	-	4 810
Total comprehensive result for 2020-21		-	4 810	63 924	68 734
Transfer between equity components		(502)	-	502	-
Balance at 30 June 2021		49 532	7 549	249 575	306 656
Net result for 2021-22		-	-	4 951	4 951
Fair value movement of investments classified as fair value through other comprehensive income	6.4	-	5 066	-	5 066
Total comprehensive result for 2021-22		-	5 066	4 951	10 017
Transfer between equity components		(672)	-	672	-
Balance at 30 June 2022		48 860	12 615	255 198	316 673

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

Department of Primary Industries and Regions
Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		157 031	200 545
Fees and charges		3 349	3 253
Grants, subsidies and transfers		69 994	67 284
Commonwealth grants (National Partnership Payments)		28 391	18 043
Interest		567	870
Sale of goods and services		17 352	14 669
Dividends received		878	235
GST recovered from the ATO		9 848	7 031
Other receipts		11 691	9 101
Cash generated from operations		299 101	321 031
Cash (outflows)			
Employee benefit payments		(99 588)	(90 835)
Supplies and services		(96 164)	(89 910)
Grants and subsidies		(83 143)	(62 026)
Interest paid		(517)	(440)
Transfers to Consolidated Account		(545)	(7 278)
Other payments		(837)	(1 665)
Cash used in operations		(280 794)	(252 154)
Net cash (used in) / provided by operating activities	8.2	18 307	68 877
Cash flows from investing activities			
Cash inflows			
Loans repaid by the rural sector and industry		6 614	3 622
Proceeds from the sale of property, plant and equipment		1 658	863
Sale of inventories		2 517	2 592
Cash generated from investing activities		10 789	7 077
Cash (outflows)			
Purchase of property plant and equipment		(7 383)	(5 836)
Loans advanced to rural sector and industry		(5 900)	(13 651)
Purchase of inventories		(3 830)	(1 380)
Purchase of intangibles		(1 372)	-
Cash used in investing activities		(18 485)	(20 867)
Net cash (used in) / provided by investing activities		(7 696)	(13 790)
Cash flows from financing activities			
Cash inflows			
Proceeds of borrowings	7.2	5 900	13 651
Cash generated by financing activities		5 900	13 651
Cash (outflows)			
Repayment of borrowings	7.2	(6 614)	(1 908)
Repayment of principal portion of lease liabilities		(1 096)	(1 234)
Cash used in financing activities		(7 710)	(3 142)
Net cash provided / (used in) by financing activities		(1 810)	10 509
Net increase / (decrease) in cash and cash equivalents		8 801	65 596
Cash and cash equivalents at the beginning of the reporting period		206 268	140 672
Cash and cash equivalents at the end of the reporting period	6.1	215 069	206 268

Department of Primary Industries and Regions

Notes to and forming part of the financial statements

for the year ended 30 June 2022

1 About the Department of Primary Industries and Regions

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

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

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

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

1.1. Basis of preparation

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

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

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

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

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

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

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

Significant accounting policies are set out throughout the notes.

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 departments' financial statements.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and programs

Objectives

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

In achieving its objectives, the department provides a range of services to:

- Support growth of South Australian Primary industries and their communities by facilitating connections, sharing information, leveraging opportunities and mitigating threats
- Play a leading role in driving positive change in primary industries and regional communities
- Ensure sustainable utilisation of agricultural and aquatic resources
- Lead or influence evidence-based policy and regulatory frameworks that balance the interests of all parties and demonstrate best practice
- Deliver and facilitate adoption of applied science that leverages South Australia's competitive advantages in primary production
- Prepare for, prevent where possible and respond to emergency events and the long-term risks that threaten South Australia's primary industries and regional communities

Programs

The department provides the following programs:

Primary Industries

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

Regional Development

Focus on making South Australia's regions secure and productive by supporting new infrastructure developments, growing jobs and strengthening communities.

Work with regional stakeholders and across government to strengthen South Australia's regional economic opportunities to grow industries, communities and sectors. PIRSA provides connection to government and regional communities and sectors including through leveraging funding sources and improving digital connectivity.

The following tables present income, expenses, assets and liabilities attributable to each program for 2021-22 and 2020-21.

Department of Primary Industries and Regions
Income and expenses by program
for the year ended 30 June 2022

	Primary Industries		Regional Development		General/Not Attributable		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Income								
Appropriation	-	-	-	-	157 031	200 545	157 031	200 545
Fees and charges	3 288	3 170	-	-	-	-	3 288	3 170
Grants, subsidies and transfers	65 093	62 353	-	-	-	-	65 093	62 353
Commonwealth grants (National Partnership Payments)	18 384	18 050	10 000	-	-	-	28 384	18 050
Interest	593	541	-	-	-	-	593	541
Sale of goods and services	17 198	17 665	-	-	-	-	17 198	17 665
Resources received free of charge	-	-	-	-	2 868	2 823	2 868	2 823
Net gain from the disposal of property, plant and equipment	214	-	-	-	-	-	214	-
Other income	12 990	11 149	-	-	-	-	12 990	11 149
Total income	117 760	112 928	10 000	-	159 899	203 368	287 659	316 296
Expenses								
Employee benefits expenses	92 856	85 579	2 107	1 817	-	-	94 963	87 396
Supplies and services	88 353	88 297	846	1 283	-	-	89 199	89 580
Depreciation and amortisation	8 648	8 845	-	-	-	-	8 648	8 845
Grants and subsidies	50 256	45 809	36 720	10 600	-	-	86 976	56 409
Borrowing costs	566	503	-	-	-	-	566	503
Transfers to Consolidated Account	-	-	-	-	545	7 278	545	7 278
Other expenses	1 811	1 636	-	-	-	-	1 811	1 636
Net loss from the disposal of property, plant and equipment	-	725	-	-	-	-	-	725
Total expenses	242 490	231 394	39 673	13 700	545	7 278	282 708	252 372
Net result	(124 730)	(118 466)	(29 673)	(13 700)	159 354	196 090	4 951	63 924

Department of Primary Industries and Regions
Assets and liabilities by program
for the year ended 30 June 2022

	Primary Industries		Regional Development		General/Not Attributable		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Assets								
Cash and cash equivalents	-	-	-	-	215 069	206 268	215 069	206 268
Receivables	50 429	48 550	-	-	3 160	5 079	53 589	53 629
Contract assets	7 420	3 034	-	-	-	-	7 420	3 034
Inventories	5 274	3 328	-	-	-	-	5 274	3 328
Non-current assets classified as held for sale	600	-	-	-	-	-	600	-
Other financial assets	30 304	25 238	-	-	-	-	30 304	25 238
Property, plant and equipment	101 188	101 487	-	-	15 573	15 637	116 761	117 124
Right-of-use plant and equipment	1 639	1 878	-	-	-	-	1 639	1 878
Intangible assets	2 296	2 220	-	-	2 369	2 295	4 665	4 515
Total assets	199 150	185 735	-	-	236 171	229 279	435 321	415 014
Liabilities								
Payables	14 538	14 109	1 662	397	18 342	9 143	34 542	23 649
Financial liabilities	37 734	38 447	-	-	1 655	1 896	39 389	40 343
Contract liabilities	16 018	11 214	-	-	-	12	16 018	11 226
Employee benefits	25 873	25 480	409	442	-	5 506	26 282	31 428
Provisions	-	-	-	-	2 014	1 234	2 014	1 234
Other liabilities	-	-	-	-	403	478	403	478
Total liabilities	94 163	89 250	2 071	839	22 414	18 269	118 648	108 358
Net assets	104 987	96 485	(2 071)	(839)	213 757	211 010	316 673	306 656

Note:

Assets and liabilities are only attributed to programs where this can be done reliably.

Certain amounts like cash and taxation amounts receivable and due from operating transactions are not allocated.

Property, plant and equipment assets are only allocated where there is exclusive custody, control and regulation of the use of the asset, by that program. Where this criterion is not met the asset value is 'general/not attributable'.

In the construction of this report a negative 'net assets' position may result for a program from the allocation method used and/or non attribution of assets and liabilities to programs. However, total 'net assets' reconciles to the Statement of Financial Position.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the regions and the primary industry sectors and the way in which the department has had to operate and deliver services in 2021-22, where applicable the impacts are included under the relevant disclosure notes.

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 controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

		Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Statement of Comprehensive Income				
Income				
Appropriation	(a)	123 636	157 031	33 395
Fees and charges		3 482	3 288	(194)
Grants, subsidies and transfers		62 414	65 093	2 679
Commonwealth grants (National Partnership Payments)	(b)	-	28 384	28 384
Interest		621	593	(28)
Sale of goods and services		22 811	17 198	(5 613)
Net gain from the disposal of property, plant and equipment		-	214	214
Resources received free of charge		-	2 868	2 868
Other income		4 553	12 990	8 437
Total income		217 517	287 659	70 142
Expenses				
Employee benefits expenses		100 223	94 963	(5 260)
Supplies and services	(c)	63 679	89 199	25 520
Depreciation and amortisation		8 926	8 648	(278)
Grants and subsidies		98 748	86 976	(11 772)
Borrowing costs		588	566	(22)
Transfers to Consolidated Account		-	545	545
Other expenses		1 909	1 811	(98)
Total expenses		274 073	282 708	8 635
Net result		(56 556)	4 951	61 507
Other comprehensive income				
Changes in fair value of investments classified as fair value through other comprehensive income		-	5 066	5 066
Total other comprehensive income		-	5 066	5 066
Total comprehensive result		(56 556)	10 017	66 573

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.4. Budget performance (continued)

- (a) Increased appropriation revenue mainly relates to emergency eradication response activities following the significant number of fruit fly outbreaks in metropolitan Adelaide and the Riverland, and funding for the response to the state-wide storm of 28 October 2021 which caused significant damage to properties and crops.
- (b) Increased Commonwealth grants (National Partnership Payments) revenue relates to the initiatives agreed with Commonwealth during 2021-22 and are disclosed in note 2.4.
- (c) Increased supplies and services expenditure mainly relates to emergency eradication response activities following the significant number of fruit fly outbreaks in metropolitan Adelaide and the Riverland.

	Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Investing expenditure summary			
Total existing projects	14 673	3 326	(11 347)
Total annual programs	7 734	6 043	(1 691)
Total investing expenditure	22 407	9 369	(13 038)

- (d) Mainly reflects the slippage in capital projects due to the impacts of COVID-19 which has caused delays in the purchasing and construction process.

1.5. Significant transactions with government related entities

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

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

Additionally GST exclusive payments made to the Department for Infrastructure and Transport (DIT) of \$8.069 million (2021: 10.967 million) for accommodation, including payments, rates, taxes, outgoings and facility management fees; and building works, preventative and breakdown maintenance charges in relation to PIRSA controlled facilities.

2. Income

2.1. Appropriation

	2022 \$'000	2021 \$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	123 636	200 545
Appropriation from Governor's Appropriation Fund	33 395	-
Total appropriation	157 031	200 545

Appropriations are recognised on receipt.

The original amount appropriated to the department under the annual *Appropriation Act* was not varied.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2.2. Fees and charges

	2022	2021
	\$'000	\$'000
Accreditation and licence fees	2 283	2 151
Inspection and Audit fees	945	966
Other fees	60	53
Total fees and charges	3 288	3 170

Fees and charges are categorised to reflect the nature of the income received. Income is recognised when fees are received.

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

2.3. Grants, subsidies and transfers

	2022	2021
	\$'000	\$'000
Grants		
Industry	33 097	33 641
Administered industry funds ⁽¹⁾	13 384	13 171
SA Government agencies	1 207	1 617
Commonwealth Government agencies	2 179	1 525
Other	95	16
Total grants	49 962	49 970
Subsidies and transfers		
Industry	2 043	969
SA Government agencies	13 088	11 414
Subsidies and transfers	15 131	12 383
Total grants, subsidies and transfers	65 093	62 353

Grants were received from contracts with customers for collaborative research, delivery of projects for industry development which are under enforceable agreements with sufficient and specific performance obligations in the form of the promise to carry out research and project activities in accordance with specific plans to deliver agreed outcomes. The performance obligations are satisfied over time over the life of the agreements. The department recognises revenue over time in accordance with AASB 15 and uses direct costs incurred on projects as the best estimate of performance of the research and project activities to determine revenue to be recognised in each reporting period.

Subsidies and transfers mainly originate from funds administered by the Department of Treasury and Finance (DTF). There are broad guidelines for the use of the funds received and the department recognised the revenue on receipt under AASB 1058.

- (1) Contributions from industry groups are received into the administered funds of the department (refer note A2.2 & A4.2) and may be transferred in part to PIRSA controlled to undertake specific research or to deliver projects proposed by the industry groups in their approved management plans. Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund for the administration of licences and registration are used to deliver projects in compliance, research and fishing industry development. In 2021-22 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund was \$12.608 million (2021: \$11.356 million).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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2.4. Commonwealth grants (National Partnership Payments)

	2022	2021
	\$'000	\$'000
Regional Recovery Partnership	10 000	-
National Water Grid Fund	8 450	-
On Farm Emergency Water Infrastructure Rebate Scheme	4 300	3 450
Future Drought Fund	3 372	-
Enhancing National Pest Animal and Weed Management	1 501	-
Farm Private Native and Indigenous Forestry	500	-
Construction Softwood Transport Assistance	134	-
National Plant Health Surveillance Program	127	-
Horticultural Netting Infrastructure Program	-	14 600
Total Commonwealth grants (National Partnership Payments)	28 384	18 050

National Partnership Payments are recognised as income on receipt.

Obligations under National Partnership Payments are required to be met by the State of South Australia. For accounting purposes, the obligations under the funding arrangements do not sit with the department.

2.5. Interest

	2022	2021
	\$'000	\$'000
Loans to the rural sector	593	521
Interest on special deposit accounts	-	20
Total interest	593	541

2.6. Sale of goods and services

	2022	2021
	\$'000	\$'000
Sale of goods		
Livestock	2 517	2 592
Agricultural produce	1 118	934
Other sale of goods	152	379
Total sale of goods	3 787	3 905
Sale of services		
Industry and Regional Development, consultancies and services	5 748	6 006
South Australian Research and Development Institute, consultancies and services	4 354	4 631
Biosecurity and Fisheries, consultancies and services	3 068	2 825
Other sale of services	241	298
Total sale of services	13 411	13 760
Total sale of goods and services	17 198	17 665

Revenue from sale of goods is recognised on a time and material basis and at a point in time when the goods are delivered to the customer. Most of the revenue from sale of services is recognised over time. This is because the department's obligations are satisfied over time and the customer receives and uses the benefits simultaneously.

The department uses direct costs incurred on each specific service to measure the completion of performance obligations and recognises revenue over time accordingly in each reporting period.

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2.7. Resources received free of charge

	2022	2021
	\$'000	\$'000
Shared Services SA	1 843	1 823
Department of the Premier and Cabinet	1 025	1 000
Total resources received free of charge	2 868	2 823

Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated.

PIRSA receives financial services from Shared Services SA and ICT services from Department of the Premier and Cabinet free of charge following Cabinet's approval to cease intra-government charging. The corresponding expenses are recognised and disclosed in note 4.1.

2.8. Net gain (loss) from the disposal of property, plant and equipment

	2022	2021
	\$'000	\$'000
Land and buildings		
Net proceeds from disposal	1 485	812
Less carrying amount of assets disposed	(1 310)	(1 290)
Net gain/(loss) from disposal of land and buildings	175	(478)
Plant and equipment		
Net proceeds from disposal	173	51
Less carrying amount of assets disposed	(134)	(298)
Net gain/(loss) from disposal of plant and equipment	39	(247)
Total property, plant and equipment		
Net proceeds from disposal	1 658	863
Less total carrying amount of assets disposed	(1 444)	(1 588)
Total net gain/(loss) from disposal of property, plant and equipment	214	(725)

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

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2.9. Other income

	2022	2021
	\$'000	\$'000
Reimbursements/recoveries ⁽¹⁾	7 983	7 700
Seed and other royalties	2 297	1 817
Pastoral lease ⁽²⁾	1 694	710
Gain/(loss) from changes in fair value of biological assets ⁽³⁾	-	515
Dividends ⁽⁴⁾	878	235
Diesel fuel rebates	105	104
Other	33	40
Sponsorship contributions	-	28
Total other income	12 990	11 149

⁽¹⁾ Includes recovery of \$6.496 million (2021: \$4.184 million) from the Dog Fence Board for the Dog Fence Rebuild project.

⁽²⁾ Rent is due in arrears on annual basis and is recognised as revenue under *AASB 16 Leases*.

⁽³⁾ The changes in fair values of livestock is reconciled along with the movement in inventory in note 5.4.

⁽⁴⁾ Dividend income is recognised when the unconditional right to receive the dividend is established.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the department include the Minister for Primary Industries and Regional Development (the Minister) and the Executive Leadership Team who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Minister received. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the DTF) under section 6 of 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
Compensation		
Salaries and other short term employee benefits	2 367	2 290
Post-employment benefits	252	220
Termination payments	287	-
Total compensation	2 906	2 510

Transactions with key management personnel and other related parties

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

Department of Primary Industries and Regions
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3.2. Board and committee members

Members during the 2021-22 financial year were:

**Minister's Recreational Fishing Advisory Council
(MRFAC)**

(The Council dissolved 23 June 2022)

S Starick (chair)

A Bolitho

T Doyle (appointed 17 November 2021)

Cr P Dunning (appointed 17 November 2021)

G Gallasch (appointed 17 November 2021)

A Harris

L Michalaney (appointed 17 November 2021)

D J Schofield

A Smith

B Stokes

P A Teakle

L Van Soest

M Wilson (retired 22 December 2021)

R Wilson

PIRSA Animal Ethics Committee

P Appleford * (chair)

G Aust (appointed 11 February 2022)

S L Baird

A Boyd *

Dr R Barekatin *

Dr M Carr

J G Cooper

Dr M Deveney *

Dr R F Eyers

G Grigson *

Dr D W Jones

K McGrath

S Rudiger *

Dr A Weaver *

H Zemitis

Pastoral Board

D Larkin (presiding member)

M Anderson (deputy member)

M A Fennell

J Greg-Smith * (deputy member)

CB Greenfield

J McBride (deputy member)

B G Nutt

A S Oldfield (deputy member)

T L Partridge

K L Sheehan (deputy member)

K L Slade (deputy member)

J M Treloar

Risk and Performance Committee

R DiMonte (chair)

P Appleford * (appointed December 2021)

A De Duonni * (appointed January 2022)

Prof M Doroudi * (Membership concluded December 2021)

S Furey (appointed 20 April 2022)

J C Grant (reappointed 24 February 2022)

M Griffiths *

N Rhodes * (appointed January 2022)

E Anear * (resigned December 2021)

Genetically Modified Crops Advisory Committee

Hon R Kerin (Presiding member) (appointed
26 August 2021)

Hon J A W Levy (Presiding member) (term ended
25 August 2021)

Dr R A Ankeny (reappointed 26 August 2021)

Dr G Annison (reappointed 26 August 2021)

H L Baldock (reappointed 26 August 2021)

P Gibbs (reappointed 26 August 2021)

A M Hannon (reappointed 26 August 2021)

Dr P A McMichael (reappointed 26 August 2021)

Dr K M Ophel-Keller * (reappointed 26 August 2021)

N C Pontifex (reappointed 26 August 2021)

Aquaculture Tenure Allocation Board

K N Shierlaw (presiding member) (appointed 1 April 2021)

R Dennis (deputy member) (appointed 1 April 2021)

Z Doubleday (appointed 1 April 2021)

J Elferink (deputy member) (appointed 1 April 2021)

P Lauer (appointed 1 April 2021)

K Reznikov (appointed 1 April 2021)

C J Sayer (appointed 5 August 2021)

A C Tham (appointed 5 August 2021)

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3.2 Board and committee members (continued)

Seafood Advisory Forum

C Cooper (chair)
M Angelakis
K Birch
S Bowley
D Cappo
J Crawford
T Di Vittorio
P Fare
D Holder
S Holland
B Houston *
J Lear *
B McGrath-Steer *
M Nobes
J Phillips
M Steer *
M Stehr
C Webber
M Wilson
J Woolford

Marine Scalefish Fishery Management Advisory Committee

Hon A Vanstone AO (chair) (appointed 2 November 2021)
S Cornelius (appointed 2 November 2021)
Cr P Dunncliff (appointed 14 January 2022)
C Fletcher (appointed 2 November 2021)
Dr J Morison (appointed 2 November 2021)
M Nobes (appointed 2 November 2021)
Dr P Rogers (appointed 2 November 2021)
E Rowe (appointed 2 November 2021)
K Rowling * (appointed 2 November 2021) (retired 4 February 2022)
Dr J Smart * (appointed 2 November 2021)
Dr D Smith (appointed 2 November 2021)

Snapper Management Advisory Committee

(The Committee dissolved 28 July 2021)
Hon A Vanstone AO (chair)
C Calogeras
G C Keegan
G Lloyd
Dr J Morison
F Romeo
K Rowling *
Dr D Smith
M Steer *

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

Board and committee remuneration

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

	2022	2021
\$0 - \$19 999	110	86
Total number of members	110	86

The total remuneration received or receivable by members was \$0.088 million (2021: \$0.027 million). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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.

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3.3. Employee benefits expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	70 873	69 922
Employment on-costs - superannuation*	7 725	7 399
Annual leave	6 592	6 095
Employment on-costs - other	4 261	4 125
Targeted voluntary separation packages	4 527	464
Long service leave ⁽¹⁾	(1 249)	(511)
Skills and experience retention leave	473	450
Workers' compensation	1 021	(708)
Other employee related expenses	656	134
Board and committee fees	84	26
Total employee benefit expenses	94 963	87 396

⁽¹⁾ Due to changes in estimates applied to the long service leave liability, this has resulted in decreases to the liabilities and associated expenses. Refer to notes 10.1 for more information.

***Employment on-costs - superannuation**

The superannuation employment on-costs charge represents the department's contributions to superannuation plans in respect of current services of current employees. DTF centrally recognises the superannuation liability in the whole-of-government financial statements.

Employee remuneration

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

	2022	2021
	No.	No.
\$ 154 001 to \$ 157 000*	n/a	3
\$ 157 001 to \$ 177 000	16	16
\$ 177 001 to \$ 197 000	6	5
\$ 197 001 to \$ 217 000	1	2
\$ 217 001 to \$ 237 000	5	4
\$ 237 001 to \$ 257 000	6	2
\$ 257 001 to \$ 277 000	-	1
\$ 277 001 to \$ 297 000	-	2
\$ 297 001 to \$ 317 000	4	1
\$ 317 001 to \$ 337 000	1	-
\$ 337 001 to \$ 357 000	1	-
\$ 357 001 to \$ 377 000	1	1
\$ 397 001 to \$ 417 000	1	1
\$ 517 001 to \$ 537 000	1	-
Total	43	38

*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2020-21.

The total remuneration received by these employees for the year was \$9.809 million (2021: \$7.800 million).

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

Department of Primary Industries and Regions
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3.3 Employee benefits expenses (continued)

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 60 (2021: 5).

	2022	2021
	\$'000	\$'000
Amount paid and accrued during the reporting period to separated employees:		
TVSPs	4 527	464
Leave paid to those employees	1 358	174
Total amount paid	5 885	638
Net cost to the department	5 885	638

2022 TVSP's include separations resulting from the Public Sector Workforce Rejuvenation scheme.

3.4. Employee benefits liability

	2022	2021
	\$'000	\$'000
Current		
Annual leave	6 340	6 378
Accrued salaries and wages	1 215	2 143
Long service leave	2 384	2 040
Skills and experience retention leave	624	659
Total current employee benefits	10 563	11 220
Non-current		
Long service leave	15 719	20 208
Total non-current employee benefits	15 719	20 208
Total employee benefits	26 282	31 428

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

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

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

The annual leave liability and the salaries and wages, annual leave, skills and experience retention leave liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

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4. Expenses

4.1. Supplies and services

	2022	2021
	\$'000	\$'000
Contractors and temporary staff	37 100	39 356
Administrative and operating costs	17 484	16 874
Utility and property costs	8 653	8 508
Information technology and communication charges	6 652	5 834
Other vehicle and equipment operating and management costs	5 408	4 813
Professional and technical services ⁽¹⁾	5 351	5 838
Accommodation	2 889	2 880
Shared Services costs	1 897	1 854
Staff development and safety	1 547	1 488
Travel	1 312	1 390
Property and risk insurance	553	495
Short term leases	209	120
Low-value leases	144	130
Total supplies and services	89 199	89 580

⁽¹⁾ Includes consultancies costs which are further broken down below and audit fees paid/payable to the Auditor-General's Department of \$0.318 million (2021: \$0.284 million) relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Accommodation

Most of the department's accommodation is provided by DIT under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA arrangements do not meet the definition of a lease and accordingly are expensed (disclosed in Accommodation).

Consultants

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

	2022	2022	2021	2021
	Number	\$'000	Number	\$'000
Below \$10 000	-	-	1	9
\$10 000 or above	2	47	4	390
Total paid/payable to consultants engaged	2	47	5	399

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4.2. Depreciation and amortisation

	2022	2021
	\$'000	\$'000
Buildings and infrastructure	3 216	3 187
Plant and equipment	2 835	2 820
Right-of-use plant and equipment	1 100	1 240
Intangible assets	1 222	1 209
Accommodation improvements	151	265
Large vessels	124	124
Total depreciation and amortisation	8 648	8 845

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.

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

Land is not depreciated.

Review of accounting estimates

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

Useful life

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

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

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4.3. Grants and subsidies

	2022	2021
	\$'000	\$'000
Other grants	52 381	50 884
Intra government transfers	34 595	5 525
Total grants and subsidies	86 976	56 409
Major grant programs		
Regional Growth Fund	29 174	4 048
Regional Development Australia	3 305	3 267
Mobile Black Spot Program	2 236	1 259
Regional Development Fund	930	1 876
South Australian River Murray Sustainability Program	920	509
South East Forestry Partnership Program	580	-
Economic Sustainability Program	-	145
Adverse events recovery programs		
State-wide Storm Recovery	7 636	-
Local Economic Recovery	5 722	219
On-farm Emergency Water Infrastructure Rebate Scheme	1 788	3 407
Future Drought Fund	2 347	-
Bushfire Recovery and Response	1 795	7 725
Drought Support Package	2 468	6 121
Kangaroo Island Workforce Accommodation	1 000	-
Cooperative Research projects ⁽¹⁾	4 866	3 273
National Biosecurity Contributions		
Red imported fire ants	1 508	1 472
Industry development and restructuring initiatives greater than \$ 1 million:		
Horticultural Netting Program	4 018	1 869
Dog Fence Rebuild Contribution ⁽²⁾	2 035	1 167
Development of a No and Low Alcohol Wine Sector	1 980	-
Agtech Adoption Rebate Program	1 437	509
Northern Adelaide Food Park	1 450	-
Support for Regional Workforce Coordinators	1 080	-
Marine Scalefish Fishery Reform	600	13 580
Aggregate of all other individually low value payments less than \$1 million	8 101	5 963
Total grants and subsidies	86 976	56 409

The grants given are usually subject to terms and conditions set out in the contract, correspondence or by legislation.

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

⁽²⁾ Total State contribution to the Dog Fence Rebuild project was \$2.035m (2021: \$2.895m), which included nil (2021: \$1.728m) from Regional Growth Fund.

Department of Primary Industries and Regions
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4.4. Borrowing costs

	2022	2021
	\$'000	\$'000
Interest paid/payable on borrowings measured at amortised cost	537	405
Guarantee fees	-	55
Interest expense on lease liabilities	21	34
Interest paid to creditors on late payment of invoices	8	9
Total borrowing costs	566	503

The department does not capitalise borrowing costs.

4.5. Transfers to Consolidated Account

	2022	2021
	\$'000	\$'000
Return of surplus cash pursuant to cash alignment policy	-	6 985
Other payment to Consolidated Account ⁽¹⁾	545	293
Total transfers to Consolidated Account	545	7 278

(1) Other payment relates to proceeds from land sale to the Department of Environment and Water in 2021-22 and in 2020-21.

4.6. Other expenses

	2022	2021
	\$'000	\$'000
Royalty payments	690	420
Deemed cost of produce consumed ⁽¹⁾	597	562
Loss from changes in fair value of biological assets ⁽²⁾	248	-
Intangibles derecognised	-	425
Other	159	123
Publications, seed and miscellaneous stocks - cost of sales	83	78
Impairment loss on receivables	32	26
Bad debts	2	2
Total other expenses	1 811	1 636

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

(2) The changes in fair values of livestock is reconciled along with the movement in inventory in note 5.4.

5. Non-financial assets

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

Department of Primary Industries and Regions
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5.1. Property, plant and equipment owned by the department

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. 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 10.2.

Impairment

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

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. 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.

The following table shows the movement of property, plant and equipment during 2021-22:

Reconciliation 2021-22

	Land \$'000	Buildings and infrastructure (specialised) \$'000	Buildings and infrastructure (non specialised) \$'000	Accommodation improvements \$'000	Plant and equipment \$'000
Carrying amount at 1 July 2021	27 347	62 937	7 484	644	15 866
Acquisitions	-	-	-	-	2 748
Disposals	(1 310)	-	-	-	(134)
Depreciation	-	(2 882)	(334)	(151)	(2 835)
Assets reclassified to held for sale	(600)	-	-	-	-
Transfer between asset classes	-	(501)	-	145	803
Other movements	-	-	-	-	1
Carrying amount at 30 June 2022	25 437	59 554	7 150	638	16 449

Carrying amount

Gross carrying amount	25 437	70 920	8 488	2 393	46 928
Accumulated depreciation	-	(11 366)	(1 338)	(1 755)	(30 479)
Total	25 437	59 554	7 150	638	16 449

	Bearer plants \$'000	Large vessels \$'000	Works in progress - Plant and equipment \$'000	Works in progress - Buildings \$'000	Total \$'000
Carrying amount at 1 July 2021	105	1 143	622	976	117 124
Acquisitions	-	-	1 885	3 364	7 997
Disposals	-	-	-	-	(1 444)
Depreciation	-	(124)	-	-	(6 326)
Assets reclassified as held for sale	-	-	-	-	(600)
Transfer between asset classes	-	-	(447)	-	-
Biologicals - movements	9	-	-	-	9
Other movements	-	-	-	-	1
Carrying amount at 30 June 2022	114	1 019	2 060	4 340	116 761

Carrying amount

Gross carrying amount	114	1 143	2 060	4 340	161 823
Accumulated depreciation	-	(124)	-	-	(45 062)
Total	114	1 019	2 060	4 340	116 761

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

Reconciliation 2020-21

	Land \$'000	Buildings and infrastructure (specialised) \$'000	Buildings and infrastructure (non specialised) \$'000	Accommodation improvements \$'000	Plant and equipment \$'000
Carrying amount at 1 July 2020	28 545	62 276	7 962	867	16 311
Acquisitions	-	44	-	42	1 255
Disposals	(1 198)	(51)	(41)	-	(298)
Depreciation	-	(2 750)	(437)	(265)	(2 820)
Transfer between asset classes	-	3 418	-	-	746
Other movements	-	-	-	-	672
Carrying amount at 30 June 2021	27 347	62 937	7 484	644	15 866

Carrying amount

Gross carrying amount	27 347	71 421	8 488	4 220	44 592
Accumulated depreciation	-	(8 484)	(1 004)	(3 576)	(28 726)
Total	27 347	62 937	7 484	644	15 866

	Bearer plants \$'000	Large vessels \$'000	Works in progress - Plant and equipment \$'000	Works in progress - Buildings \$'000	Total \$'000
Carrying amount at 1 July 2020	105	1 267	491	938	118 762
Acquisitions	-	-	1 219	3 114	5 674
Disposals	-	-	-	-	(1 588)
Depreciation	-	(124)	-	-	(6 396)
Transfer between asset classes	-	-	(1 088)	(3 076)	-
Other movements	-	-	-	-	672
Carrying amount at 30 June 2021	105	1 143	622	976	117 124

Carrying amount

Gross carrying amount	105	1 267	622	976	159 038
Accumulated depreciation	-	(124)	-	-	(41 914)
Total	105	1 143	622	976	117 124

A review of capital expenditure by the department in 2021-22 identified the amount of \$0.111 million should not have been capitalised in previous years. A prior period adjustment to retained earnings has been made in 2021-22 and the comparatives have been restated.

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5.2. Property, plant and equipment leased by the department

	2022	2021
	\$'000	\$'000
Right-of-use plant and equipment		
Right-of-use plant and equipment at cost	4 622	4 275
Accumulated depreciation	(2 983)	(2 397)
Total right-of-use plant and equipment	<u>1 639</u>	<u>1 878</u>

Right-of-use assets for property, plant and equipment leased by the department as lessee are measured at cost. Additions to leased property, plant and equipment during 2021-22 were \$0.860 million (\$0.890 million).

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:

- 171 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.
- 2 tractor leases and 1 storage facility lease with private sector providers.

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 10.4. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

Department of Primary Industries and Regions
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5.3. Intangible assets

Reconciliation 2021-22

	Computer software \$'000	Computer software development \$'000	Water rights \$'000	Total \$'000
Carrying amount at 1 July 2021	4 156	171	188	4 515
Additions	221	1 151	-	1 372
Transfer between asset classes	268	(268)	-	-
Amortisation expense	(1 222)	-	-	(1 222)
Carrying amount at 30 June 2022	3 423	1 054	188	4 665
Carrying amount				
Gross carrying amount	18 407	1 072	188	19 667
Accumulated amortisation	(15 002)	-	-	(15 002)
Total	3 405	1 072	188	4 665

Reconciliation 2020-21

	Computer software \$'000	Computer software development \$'000	Water rights	Total \$'000
Carrying amount at 1 July 2020	5 789	844	188	6 821
Transfer between asset classes	248	(248)	-	-
Amortisation expense	(1 209)	-	-	(1 209)
Other movements	(672)	-	-	(672)
Derecognition	-	(425)	-	(425)
Carrying amount at 30 June 2021	4 156	171	188	4 515
Carrying amount				
Gross carrying amount	17 936	171	188	18 295
Accumulated amortisation	(13 780)	-	-	(13 780)
Total	4 156	171	188	4 515

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

Intangible assets are initially measured at cost and are tested for indicators of impairment at each reporting date.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

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

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

Department of Primary Industries and Regions
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5.3 Intangible assets (continued)

An agreement secures access to water resources for the research farm operated by the South Australian Research and Development Institute at Nuriootpa. This provides a perpetual right to an annual water allocation. Water allowances are now at 100% (2021: 100%), with no rationing.

5.4. Inventories

	2022	2021
	\$'000	\$'000
Biological assets		
Livestock	3 300	2 950
Agricultural produce	273	127
Total biological assets	3 573	3 077
Other inventories		
Chemicals and other	1 662	225
Fuel and related items	38	26
Publications (at the lower of cost and net realisable value)	1	-
Total other inventories	1 701	251
Total inventories	5 274	3 328

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

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

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

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

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

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

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

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5.4 Inventories (continued)

	Agricultural produce \$'000	Livestock \$'000
Balance at the beginning of the period	127	2 950
Acquisitions	143	1 521
Sales	(742)	(1 897)
Used as feed stock	(551)	-
Harvests transferred to inventories	1 296	-
Increase due to natural accretion	-	992
Inventory changes (biological growth)	-	(18)
Change in fair value less estimated costs to sell	-	(248)
Balance at the end of the period	273	3 300

Agricultural activities are carried out to assist with research and are conducted on a commercial basis. At 30 June 2022 inventory included 8 432 sheep, 1 091 cattle and 1 138 tonnes of crops and grain.

Production for the year included 243 tonnes of grapes and fruit, 6 010 lambs, 152 calves and 3 900 tonnes of other grain crops.

5.5. Non-current assets classified as held for sale

	2022 \$'000	2021 \$'000
Land	600	-
Total non-current assets classified as held for sale	600	-

The department identified the asset surplus to requirements and is in the process of disposing of the asset. The asset held for sale is measured at carrying amount.

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6. Financial assets

6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer	214 661	206 267
Deposits with SAFA (foreign currency)	407	-
Imprest account and cash on hand	1	1
Total cash and cash equivalents	215 069	206 268

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

Funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use (i.e. the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval)

27 085	24 339
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Funds held pursuant to the *Rural Industry Adjustment and Development Act 1985* and other State and Commonwealth Schemes for rural financial assistance

54 491	55 526
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External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder

13 453	14 501
--------	--------

Commonwealth funds held for the SARMS Program

999	2 335
-----	-------

Commonwealth funds held pursuant to the various Concessional Loans Schemes

62	1 336
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Deposits with the Treasurer held as working capital, but subject to Department of Treasury and Finance budget and cash alignment policies

118 571	108 230
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Total deposits with the Treasurer

214 661	206 267
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Cash is measured at nominal values.

Deposits with the Treasurer

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

Department of Primary Industries and Regions
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6.2. Receivables

	2022	2021
	\$'000	\$'000
Current		
Trade receivables		
From government entities	1 202	1 484
From non-government entities	7 421	8 573
Less: impairment loss on receivables	(70)	(132)
Total trade receivables	8 553	9 925
Current loans receivables		
Loans to cooperatives	9 158	4 213
Loans - Commonwealth concessional loan schemes	428	2 941
Total current loans receivables	9 586	7 154
Other receivables		
Workers compensation recoveries	5	3
GST input tax recoverable	2 819	2 551
Other accrued revenue	3 515	3 420
Accrued interest on loans and deposits	186	160
Prepayments	775	410
Total other receivables	7 300	6 544
Total current receivables	25 439	23 623
Non-Current		
Non-current loans receivables		
Loans to cooperatives	19 038	19 800
Loans - Commonwealth concessional loan schemes	9 082	10 195
Workers compensation recoveries	30	11
Total non-current receivables	28 150	30 006
Total receivables	53 589	53 629

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

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

Other than as recognised in the 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.

Loans receivables consist of:

Loans to cooperatives

Cooperative loans are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 7.2). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA.

Department of Primary Industries and Regions
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6.2 Receivables (continued)

The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the negotiated interest period. Interest periods can range between 30 days to 10 years subject to agreement through SAFA. The interest rate on-charged to loan applicants is at a market rate and a lending margin is added to the interest rate incurred by Cooperatives to cover related costs.

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

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

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

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

In the provision of these loans the department operates as only a pass-through delivery agent and administrator for the Commonwealth Funds. Further, it bears no financial or credit risk, nor foregoes any resources from the concessional interest rate under the Commonwealth agreement.

Refer to note 10.4 for further information on risk management and impairment of financial assets.

Allowance for impairment loss on receivables

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	132	106
Amounts written off	(93)	(3)
Increase/(Decrease) in allowance recognised in profit or loss	31	29
Carrying amount at the end of the period	70	132

Impairment losses relate to contracts with customers external to SA Government.

Refer to note 10.4 for details regarding credit risk and the methodology for determining impairment.

Department of Primary Industries and Regions
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6.3. Contract assets/liabilities

	2022	2021
	\$'000	\$'000
Contract assets		
Current		
Grants	6 862	3 008
Sale of services	558	26
Total current contract assets	<u>7 420</u>	<u>3 034</u>
Total contract assets	<u>7 420</u>	<u>3 034</u>
Contract liabilities		
Current		
Grants	13 788	9 979
Sale of services	2 230	1 247
Total current contract liabilities	<u>16 018</u>	<u>11 226</u>
Total contract liabilities	<u>16 018</u>	<u>11 226</u>

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

Contract assets have increased as the department provided more services ahead of contractual payment schedules. Based on assessment of historical invoice billing and collection data, the department did not recognise a loss allowance for contract assets in accordance with AASB 9.

Revenue totalling \$11.226 million was recognised in 2021-22 that was included in contract liabilities at 1 July 2021. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

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

6.4. Other financial assets

	2022	2021
	\$'000	\$'000
Investments in shares - unlisted public companies	30 304	25 238
Total other financial assets	<u>30 304</u>	<u>25 238</u>

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

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

Investments are primarily held to secure long-term benefits from research partnerships and access to resources (water entitlements). The shares are not held for trading purposes.

Department of Primary Industries and Regions
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6.4 Other financial assets (continued)

The department's investments include:

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

The fair value of the AGT investment was \$30.274 million. An independent valuation was conducted in July 2022 for the year ended 30 June 2022 by Ernst & Young for the respective interests of shareholders. The valuation methodology consisted primarily of a discounted free cash flow applied to long range business and earnings forecasts provided by AGT.

The discounts applied in the valuation take into consideration both the size of AGT relative to reference markets and other comparative companies considered in the valuation approach, and specific risk premiums for uncertainties associated with market expansion. In assessing the value of the department's shareholding, further discounts were applied for minority shareholding and marketability of shareholder interests

Measurement uncertainty, valuation sensitivity and valuation risk mitigation -

The valuation approach considered long range forecast business and earnings data provided by AGT. The independent valuer, in their measurement approach, undertook a number of valuation cross checks including earnings and trading multiples and considered companies that operate in the same industry and geography or exposed to similar risks. The independent valuer noted that the investments value is most sensitive to changes in volume assumptions and discount rate. The discount rate range used by the valuer this year was between 13.2% and 14.8%, compared to last year's range between 13.5% and 15.4%.

Trading multiples were also considered to vary significantly with potential comparable companies being larger in size and/or more diversified than AGT. To mitigate these risks, the independent valuer provided a range of possible outcomes to allow for valuation sensitivities and used long term historical averages and harvest forecasts in its valuation methodology. The department considered the information presented and took a conservative approach in using the midpoint (\$30.274 million) of the low-high range of possible outcomes (between \$27.005 million and \$33.544 million) as the basis of measurement for the investment. Selecting a measurement point different to the midpoint will increase or reduce the fair value movement recognised through other comprehensive income.

Liquidation value of the investment -

As an unlisted public company there is no true active market for the disposal of these shares. The constitution of AGT outlines the process for the disposal or the transfer of shares, but this operates in a restrictive manner and may strongly influence share value. A liquidation value for the investment cannot be reliably forecast and may be considerably different to the fair value determined under AASB 9.

Assessment summary

The independent valuation provides assessment of the valuation of the investment, which can be periodically remeasured. The analysis and report were prepared in accordance with the requirements of AASB 9 and AASB 13, and in the judgement of the department the valuation represents a fair estimate of the value of the investment at 30 June 2022

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

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6.4 Other financial assets (continued)

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

	2022 \$'000	2021 \$'000
Movement in financial assets		
Carrying amount at the beginning of the period	25 238	20 428
Fair value movement	5 066	4 810
Carrying amount at the end of the period	30 304	25 238

For further information on risk management refer to note 10.4.

7. Liabilities

7.1. Payables

	2022 \$'000	2021 \$'000
Current		
Trade and other payables	6	25
Accrued expenses	30 441	19 566
Accrued interest on borrowings	218	169
Employment on-costs	2 364	1 989
Total current payables	33 029	21 749
Non-current		
Employment on-costs	1 513	1 900
Total non-current payables	1 513	1 900
Total payables	34 542	23 649

Payables are measured at nominal amounts.

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

Employment on costs

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

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

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7.1 Payables (continued)

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave has remained unchanged at 42% and the average factor for the calculation of employer superannuation costs on-costs has increased from 2021 rate (10.1%) to 10.6%. These rates are used in the employment on-cost calculation.

The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$96 000 and employee benefits expense of \$96 000.

7.2. Financial liabilities

	2022	2021
	\$'000	\$'000
Current		
Indebtedness to the Treasurer		
Borrowings for Commonwealth concessional loan schemes	428	4 241
Borrowings for loans to cooperatives	9 158	4 212
Lease liabilities	843	1 021
Total current financial liabilities	10 429	9 474
Non-current		
Indebtedness to the Treasurer		
Borrowings for Commonwealth concessional loan schemes	9 111	10 195
Borrowings for loans to cooperatives	19 037	19 800
Lease liabilities	812	874
Total non-current financial liabilities	28 960	30 869
Total financial liabilities	39 389	40 343

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

Note 10.3 describes possible cash outflows for leases the department is exposed to that are not included in lease liabilities.

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

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

	2022	2021
	\$'000	\$'000
Movement in indebtedness to the Treasurer		
Carrying amount at the beginning of the period	38 448	26 705
Additional borrowing during the year	5 900	13 651
Repayment of borrowings	(6 614)	(1 908)
Carrying amount at the end of the period	37 734	38 448

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 rates. For details of right-of-use assets, refer to note 5.2.

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7.3. Provisions

	2022	2021
	\$'000	\$'000
Current		
Provision for workers compensation	476	357
Total current provisions	476	357
Non-current		
Provision for workers compensation	1 538	877
Total non-current provisions	1 538	877
Total provisions	2 014	1 234
Carrying amount at the beginning of the period	1 234	2 398
Reductions arising from payments	(139)	(478)
Revaluation of liability ⁽¹⁾	421	(1 037)
Additional provisions recognised	498	351
Carrying amount at the end of the period	2 014	1 234

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

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 worker's compensation claims and the implementation and funding of preventative programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

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 of Public Sector Employment.

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

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.

In addition to these uncertainties, the additional compensation scheme \$0.087 million (2021: \$0.051 million) is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

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7.4. Other liabilities

	2022	2021
	\$'000	\$'000
Current		
Accommodation incentive	73	73
Total current other liabilities	<u>73</u>	<u>73</u>
Non-current		
Accommodation incentive	330	404
Other liabilities	-	1
Total non-current other liabilities	<u>330</u>	<u>405</u>
Total other liabilities	<u><u>403</u></u>	<u><u>478</u></u>

Accommodation incentive liabilities relate to arrangements with the Department for Infrastructure and Transport (DIT) for office accommodation. These arrangements do not comprise leases and the accommodation incentives do 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.

8. Other disclosures

8.1. Equity

Asset Revaluation

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

Investment reserve

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

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8.2. Cash flow

Total cash outflows for leases was \$1.470 million (2021: \$1.518 million).

Reconciliation of net result to cash flows from operating activities

	2022	2021
	\$'000	\$'000
Reconciliation of cash at 30 June 2022		
Cash disclosed in the Statement of Financial Position	215 069	206 268
Balance as per the Statement of Cash Flows	215 069	206 268
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by / (used in) operating activities	18 307	68 877
Add / (less) non-cash items		
Depreciation and amortisation	(8 648)	(8 845)
Gain/(loss) on disposal of property, plant and equipment	214	(725)
Gain/(loss) on inventories	(248)	545
Derecognition of intangible assets	-	(425)
Accommodation incentive	73	73
Impairment loss on receivables movement	(32)	(26)
Asset write down	(2)	(23)
Net losses on foreign exchange	(16)	(21)
Movement in assets and liabilities		
(Decrease)/increase in receivables	(597)	3 866
(Decrease)/increase in inventories	1 946	(605)
(Decrease)/increase in contract assets	4 386	(3 136)
(Increase)/decrease in payables	(10 007)	(2 403)
(Increase)/decrease in provisions	(780)	1 164
(Increase)/decrease in contract liabilities	(4 792)	2 331
(Increase)/decrease in employee benefits	5 146	3 276
(Increase)/decrease in other liabilities	1	1
Net result	4 951	63 924

8.3. Trust funds

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

Pleura Pneumonia Fund

This fund consists of monies belonging to all State Governments and the Federal Government. The fund is controlled by the Standing Committee of Agriculture and all expenditure is subject to the approval of the Chairman. Funds are to be used principally for publication of the history of the Pleura Pneumonia Eradication Campaign and are held in a Section 21 Deposit Account. The fund balance did not change during 2021-22 and remains at \$0.016 million as at 30 June 2022.

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9. Outlook

9.1. Unrecognised commitments

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

Capital commitments

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

	2022	2021
	\$'000	\$'000
Within one year	12 123	502
Later than one year but not longer than five years	509	-
Total capital commitments	12 632	502

Capital commitments relate to current contractual agreements for the Upgrade of the South Australian Aquatic Sciences Centre and supply of plant and equipment.

Expenditure commitments

	2022	2021
	\$'000	\$'000
Within one year	78 325	60 866
Later than one year but not longer than five years	13 046	21 302
Later than five years	3 408	3 438
Total expenditure commitments	94 779	85 606

The department's expenditure commitments include:

- MoAA with DIT for accommodation commitments of \$6.535 million (2021: \$9.104 million).
- amounts owing under fixed price contracts outstanding at the end of the reporting period and future amounts payable under approved grant and funding agreements where payment by the department is conditional on the grant applicant meeting any conditions precedent in the agreement. Non-performance by the applicant would result in a withdrawal of the grant offer.

Leases entered which have not yet commenced

- The department did not enter leases which have not yet commenced.

9.2. Expected realisation of contract liabilities as revenue

All contract liabilities as at 30 June 2022 are expected to be recognised as revenue in 2022-23.

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for the year ended 30 June 2022

9.3. Contingent assets and liabilities

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

Contingent liabilities

The department has some current and potential legal disputes relating to fishing license quotas. The financial impact cannot be reliably measured at this time.

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

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

9.4. Impact of standards and statements not yet effective

The department continues to assess the impact of new and amended Australian Accounting Standards and Interpretations not yet implemented.

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 eg long service leave and whether or not the department has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

9.5. COVID-19 pandemic outlook for the department

The COVID-19 pandemic will continue to impact on the way in which the department operates and delivers services in 2022-23 to the primary industry sectors and regions of the state.

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

9.6. Events after the reporting period

As published in the SA Government Gazette on 30 June 2022, the employees of the Department's business unit known as Pastoral Unit will transfer to the Department of Environment and Water (DEW) from 1 July 2022 as a result of the *Public Sector (Reorganisation of Public Sector Operations) Notice 2022*. Accordingly, the assets, liabilities and obligations of the business unit will also transfer to and be under the control and direction of DEW from 1 July 2022.

10. Measurement and risk

10.1. Long service leave liability – measurement

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2021 (1.25%) to 2022 (3.5%).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.1 Long service leave liability - measurement (continued)

The actuarial assessment performed by DTF for the salary inflation rate has remained at 2020 rate of 2.5% for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$2.756 million and employee benefit expense of \$2.756 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 actuary determined that 85.27% (84.88%) of the total liability was unconditionally payable to employees as they had greater than 10 years of service. Leave analysis indicates that a significant amount of long service leave is accumulated and will not be taken in the next financial year. The current portion of the long service leave provision therefore reflects the unconditional amount expected to be paid within the next reporting period, calculated from a long-term average of recurrent long service leave payments.

10.2. Fair value

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

Initial recognition

Property, plant and equipment owned by the department assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

Revaluation

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

The revaluation process is reviewed by the department each year.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years.

Revaluation is undertaken on a 5-year cycle. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2 Fair value (continued)

Fair value hierarchy

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

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

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; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

	Note	2022 \$'000	Level 2 \$'000	Level 3 \$'000
Fair value classification - at 30 June 2022				
Recurring fair value measurements				
Land	5.1	25 437	25 437	-
Buildings and infrastructure specialised	5.1	59 554	-	59 554
Buildings and infrastructure non specialised	5.1	7 150	7 150	-
Accommodation improvements	5.1	638	-	638
Bearer plants	5.1	114	-	114
Plant and equipment	5.1	16 449	-	16 449
Large vessels	5.1	1 019	-	1 019
Other financial assets	6.4	30 304	-	30 304
Total recurring fair value measurements		140 665	32 587	108 078

	Note	2021 \$'000	Level 2 \$'000	Level 3 \$'000
Fair value classification - at 30 June 2021				
Recurring fair value measurements				
Land	5.1	27 347	27 347	-
Buildings and infrastructure specialised	5.1	62 937	-	62 937
Buildings and infrastructure non specialised	5.1	7 484	7 484	-
Accommodation improvements	5.1	644	-	644
Bearer plants	5.1	105	-	105
Plant and equipment	5.1	15 866	-	15 866
Large vessels	5.1	1 143	-	1 143
Other financial assets	6.4	25 238	-	25 238
Total recurring fair value measurements		140 764	34 831	105 933

Land, buildings and infrastructure

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2 Fair value (continued)

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

Large vessels

The department's purpose-built high-speed patrol vessel 'Southern Ranger' used for South Australia's Fisheries and Aquaculture operations was reviewed by an independent valuer and revalued to fair market value as at 31 March 2020.

The market value appraisal was arrived at from market research and recent market evidence through the independent valuer. This asset is classified at level 3.

Other financial assets – investments in shares

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

Plant and equipment

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

Reconciliation of level 3 recurring fair value measurements

There was no asset transfer between level 2 and level 3 in 2020-21 and 2021-22. Movements in Level 3 are the same as reflected in Note 5.1 and 6.4.

10.3 Possible lease cash outflows not reflected in lease liabilities

Variable lease payments are required where the department uses the tractors above specified levels. These are not reflected in the lease liability. The department did not incur such charges in 2021-22 and is not expected to incur such charges in 2022-23.

10.4 Financial instruments

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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

Liquidity risk

The department is funded principally from appropriation by the SA Government (refer note 2.1). The department works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 6.2 and 7.2 for information in relation to loans and borrowings.

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.4 Financial instruments (continued)

Credit risk

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

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

Impairment of financial assets

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

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the department considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the department's historical experience and informed credit assessment, including where practicable forward-looking information.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the department is exposed to credit risk.

The expected credit loss of government debtors is considered to be nil based on the external credit ratings and nature of the counterparties.

Loss rates are calculated based on the probability of a receivable progressing through stages to write off based on the common risk characteristics of the transaction and debtor.

Loans Receivables

There is no impairment allowance provided for the loans receivables. The department operates as only a pass-through delivery agent for loans under Commonwealth concessional loan schemes and bears no financial risks.

Under the arrangement with the Commonwealth, should a bad debt loss occur, the loss would be passed back to the Commonwealth. Loans to cooperatives are secured by bank guarantee for the total balance.

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

	Debtor gross carrying amount	Loss %	Lifetime expected losses
	\$'000		\$'000
Current	6 287	0.18%	11
1-30 days past due	779	0.24%	2
31 - 60 days past due	54	0.37%	-
61-90 days past due	100	0.62%	1
More than 90 days past due	201	28%	56
Loss allowance			70

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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.4 Financial instruments (continued)

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

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

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

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

Market risk

The department does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The department does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the government's risk management strategy articulated in T1 23 *Management of Foreign Currency Exposures*.

Exposure to interest rate risk may arise through its interest-bearing liabilities, including borrowings. PIRSA's interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a daily basis. Except as noted at 6.1, there is no exposure to foreign currency or other price risks.

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

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.

Maturity analysis of financial instruments

Category of financial asset and financial liability	2022 Carrying amount / fair value \$'000	2022 Contractual maturities*		
		Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets at amortised cost				
Cash	6.1	215 069	215 069	-
Receivables	6.2	12 289	12 289	-
Loans receivable	6.2	37 706	9 587	19 037
Financial assets at fair value through other comprehensive income				
Other financial assets	6.4	30 304	30 304	-
Total financial assets		295 368	267 249	19 037
Financial liabilities at amortised cost				
Payables	7.1	30 398	30 398	-
Borrowings	7.2	37 734	9 586	19 037
Lease liabilities*	7.2	1 687	853	801
Total financial liabilities		69 819	40 837	19 838

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.4 Financial instruments (continued)

Category of financial asset and financial liability		2021 Carrying amount / fair value \$'000	2021 Contractual maturities*		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets at amortised cost					
Cash	6.1	206 268	206 268	-	-
Receivables	6.2	13 505	13 505	-	-
Loans receivable	6.2	37 149	7 154	19 800	10 195
Financial assets at fair value through other comprehensive income					
Other financial assets	6.4	25 238	25 238	-	-
Total financial assets		282 160	252 165	19 800	10 195
Financial liabilities at amortised cost					
Payables	7.1	19 086	19 086	-	-
Borrowings	7.2	38 448	8 453	19 800	10 195
Lease liabilities*	7.2	1 922	1 033	889	-
Total financial liabilities		59 456	28 572	20 689	10 195

* Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

Receivables and payables

The receivables and payables 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 of Primary Industries and Regions
(PIRSA)**

Administered Financial Statements

For the year ended 30 June 2022

Department of Primary Industries and Regions
Statement of Administered Comprehensive Income
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Administered income			
Appropriation	A2.1	4 665	5 049
Fees and charges	A2.2	30 677	31 328
SA Government subsidy	A2.3	-	180
Interest	A2.4	-	6
Levies collections	A2.5	235	206
Other income	A2.6	5	130
Total administered income		35 582	36 899
Administered expenses			
Employee benefits expenses	A3.2	373	377
Supplies and services	A4.1	2 567	2 452
Grants and subsidies	A4.2	32 634	30 764
Levies payments	A4.3	259	268
Total administered expenses		35 833	33 861
Net result		(251)	3 038
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property asset revaluation surplus		15 062	-
Total other comprehensive income		15 062	-
Total comprehensive result		14 811	3 038

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

Department of Primary Industries and Regions
Statement of Administered Financial Position
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Administered current assets			
Cash and cash equivalents	A6.1	21 989	22 108
Receivables	A6.2	3 630	3 778
Total current assets		25 619	25 886
Administered non-current assets			
Property	A5.1	69 178	54 116
Total non-current assets		69 178	54 116
Total assets		94 797	80 002
Administered current liabilities			
Payables	A7.1	338	844
Other liabilities	A7.2	2 261	1 771
Total current liabilities		2 599	2 615
Total liabilities		2 599	2 615
Net assets		92 198	77 387
Administered equity			
Revaluation Reserve		15 062	-
Retained earnings		77 136	77 387
Total equity		92 198	77 387

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

Department of Primary Industries and Regions
Statement of Administered Cash Flows
for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Cash inflows			
Appropriations		4 665	5 049
Fees and charges		31 319	30 628
SA Government subsidy		-	180
Interest		-	6
Levies collections		235	206
Other income		1	5
Cash generated from operations		36 220	36 074
Cash outflows			
Employee benefit expenses		(373)	(377)
Supplies and services		(3 435)	(2 325)
Grants and subsidies		(32 400)	(30 248)
Levies payments		(131)	(268)
Cash used in operations		(36 339)	(33 218)
Net cash provided by / (used in) operations	A8.1	(119)	2 856
Cash and cash equivalents at the beginning of the period		22 108	19 252
Cash and cash equivalents at the end of the period	A6.1	21 989	22 108

The accompanying notes form part of these financial statements.

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2022

Administered programs - refer note A1.1	Adelaide Hills Wine Industry Fund		Aquaculture Resource Management Fund		Barossa Wine Industry Fund	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Fees and charges	316	470	1 718	2 106	1 077	1 285
Interest	-	-	-	1	-	-
Other income	-	-	-	23	-	-
Total administered income	316	470	1 718	2 130	1 077	1 285
Administered expenses						
Supplies and services	20	23	-	-	55	33
Grants and subsidies	285	201	1 741	2 050	1 168	642
Total administered expenses	305	224	1 741	2 050	1 223	675
Net result	11	246	(23)	80	(146)	610

	Citrus Growers Fund		Clare Valley Wine Industry Fund		Eyre Peninsula Grain Growers Rail Fund	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Fees and charges	203	169	348	300	-	-
Other income	-	-	-	-	-	3
Total administered income	203	169	348	300	-	3
Administered expenses						
Supplies and services	13	13	28	28	-	3
Grants and subsidies	150	150	200	76	-	-
Total administered expenses	163	163	228	104	-	3
Net result	40	6	120	196	-	-

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2022

	Fisheries Research and Development Fund		ForestrySA Community Service Obligations		Grain Industry Fund	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	-	-	4 274	4 658	-	-
Fees and charges	13 928	14 416	-	-	2 207	1 490
SA Government subsidy	-	180	-	-	-	-
Interest	-	-	-	-	-	1
Other income	5	104	-	-	-	-
Total administered income	13 933	14 700	4 274	4 658	2 207	1 491
Administered expenses						
Supplies and services	1 756	1 653	-	-	26	23
Grants and subsidies	11 679	12 002	4 274	4 658	2 237	1 380
Total administered expenses	13 435	13 655	4 274	4 658	2 263	1 403
Net result	498	1 045	-	-	(56)	88

	Grain Industry Research and Development Fund		Langhorne Creek Wine Industry Fund		McLaren Vale Wine Industry Fund	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Fees and charges	2 170	2 232	311	413	735	845
Total administered income	2 170	2 232	311	413	735	845
Administered expenses						
Supplies and services	26	21	33	24	58	89
Grants and subsidies	2 207	2 153	441	155	660	492
Total administered expenses	2 233	2 174	474	179	718	581
Net result	(63)	58	(163)	234	17	264

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2022

	Riverland Wine Industry Fund		South Australian Apiary Industry Fund		South Australian Cattle Industry Fund	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Fees and charges	1 091	1 449	61	67	807	764
Total administered income	1 091	1 449	61	67	807	764
Administered expenses						
Supplies and services	317	306	8	6	20	47
Grants and subsidies	1 102	882	45	10	747	797
Total administered expenses	1 419	1 188	53	16	767	844
Net result	(328)	261	8	51	40	(80)

	South Australian Grape Growers Industry Fund		South Australian Pig Industry Fund		South Australian Sheep Industry Fund	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Fees and charges	811	724	176	173	4 718	4 425
Interest	-	-	-	2	-	2
Total administered income	811	724	176	175	4 718	4 427
Administered expenses						
Supplies and services	159	126	19	23	24	33
Grants and subsidies	450	322	1 006	292	4 242	4 502
Total administered expenses	609	448	1 025	315	4 266	4 535
Net result	202	276	(849)	(140)	452	(108)

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2022

	Other Funds		Pastoral Land Management Fund		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	377	377	14	14	4 665	5 049
Fees and charges	-	-	-	-	30 677	31 328
SA Government subsidy	-	-	-	-	-	180
Interest	-	-	-	-	-	6
Levies collections	235	206	-	-	235	206
Other income	-	-	-	-	5	130
Total administered income	612	583	14	14	35 582	36 899
Administered expenses						
Employee benefits expenses	373	377	-	-	373	377
Supplies and services	5	1	-	-	2 567	2 452
Grants and subsidies	-	-	-	-	32 634	30 764
Levies payments	259	268	-	-	259	268
Total administered expenses	637	646	-	-	35 833	33 861
Net result	(25)	(63)	14	14	(251)	3 038

Department of Primary Industries and Regions
Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2022

A1. Basis of preparation

The basis of preparation for administered financial statements is the same as the basis outlined in note 1.1.

The Department of Primary Industries and Regions (PIRSA/the department) applies the same accounting policies to the administered financial statements as set out in the notes to PIRSA's Controlled financial statements.

A1.1. Administered funds of the department

The program schedule presents income and expenses by fund attributable to each program. A schedule of asset and liabilities by program has not been provided as they cannot be attributed to the programs reliably. Information about the PIRSA administered funds is set out below:

Adelaide Hills Wine Industry Fund

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

Aquaculture Resource Management Fund

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

Barossa Wine Industry Fund

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

Citrus Growers Fund

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

Clare Valley Wine Industry Fund

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

Eyre Peninsula Grain Growers Rail Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 7 September 2006. The primary purpose of the fund is to collect \$2 million towards the cost of improving the Eyre Peninsula grain railway line and associated equipment or infrastructure. The *Primary Industry Funding Schemes (Eyre Peninsula Grain Growers Rail Fund) Revocation Regulations 2021* gazetted on 25 March 2021 formally revoked the Fund as at 31 March 2021.

Fisheries Research and Development Fund

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

Department of Primary Industries and Regions
Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2022

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

Forestry SA Community Service Obligations

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

Grain Industry Fund

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

Grain Industry Research and Development Fund

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

Langhorne Creek Wine Industry Fund

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

McLaren Vale Wine Industry Fund

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

Pastoral Land Management Fund

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

Riverland Wine Industry Fund

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

South Australian Apiary Industry Fund

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

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

South Australian Cattle Industry Fund

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

South Australian Grape Growers Industry Fund

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

South Australian Pig Industry Fund

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

South Australian Sheep Industry Fund

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

Other Funds

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

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A1.2. Budget performance

The budget performance table compares the departments outcomes against budget information presented to Parliament (2021-22 budget paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

		Original budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000
Statement of Administered Comprehensive Income	Note			
Administered Income				
Appropriation		5 172	4 665	(507)
Fees and charges		32 651	30 677	(1 974)
Levies collections		166	235	69
Other income		-	5	5
Total administered income		37 989	35 582	(2 407)
Administered Expenses				
Employee benefits expenses		487	373	(114)
Supplies and services		2 880	2 567	(313)
Grants and subsidies		35 009	32 634	(2 375)
Levies payments		166	259	93
Other expenses		24	-	(24)
Total administered expenses		38 566	35 833	(2 733)
Net result		(577)	(251)	326
Other comprehensive income				
Changes in property asset revaluation surplus	(a)	-	15 062	15 062
Total other comprehensive income		-	15 062	15 062
Total comprehensive result		(577)	14 811	15 388

(a) Changes in property asset revaluation surplus are not budgeted.

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

A1.3. Significant transactions with government related entities

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

A2. Income

A2.1. Appropriations

	2022 \$'000	2021 \$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	4 288	4 672
Reimbursements received for Parliamentary salaries and expense allowances	377	377
Total appropriations	4 665	5 049

Appropriations are recognised upon receipt.

Department of Primary Industries and Regions
Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2022

A2.2. Fees and charges

	2022	2021
	\$'000	\$'000
Aquaculture and fishing licences	13 197	13 818
Industry contributions	15 031	14 806
Penalties and fines	18	-
Other fees and levies	2 431	2 704
Total fees and charges	30 677	31 328

Aquaculture and Fishing Licences

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

Industry contributions

Under the Primary Industry Funding Schemes Act 1998 certain administered industry funds may impose a levy on industry participants to raise funds for the conduct of approved projects to advance research or development in the industry sector. For each industry fund, regulations under the Act specify the amount and nature of levies payable. Contributions are recognised as an asset and income when the Fund obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (that is, the amount can be reliably measured and the flow of resources is probable).

A.2.3. SA Government subsidy

The subsidy of \$0.180 million was received in 2020-21 from COVID-19 Support Fund administered by DTF because the Treasurer approved a 6 month waiver on Charter Boat Operator annual licence fees for 2020-21 to support licence holders experiencing financial hardship and other impacts caused by restrictions enforced to limit the spread of COVID-19.

A2.4. Interest

	2022	2021
	\$'000	\$'000
Interest on special deposit accounts	-	6
Total interest	-	6

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A2.5. Levies collections

	2022	2021
	\$'000	\$'000
Seed levies	235	206
Total levies collection	235	206

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

Payments are recognised under note A4.3.

A2.6. Other income

	2022	2021
	\$'000	\$'000
Reduction in impairment on receivables	4	121
Reimbursements/recoveries	-	3
Other	1	6
Total other income	5	130

A3. Board, committees and employees

A3.1. Key management personnel

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

The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via DTF) under section 6 the *Parliamentary Remuneration Act 1990*. Refer to note A3.3 for the Minister's remuneration.

A3.2. Employee benefit expenses

	2022	2021
	\$'000	\$'000
Salaries and wages	362	376
Workers' compensation	11	1
Total employee benefit expenses	373	377

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A4. Expenses

A4.1. Supplies and services

	2022	2021
	\$'000	\$'000
Professional and technical services ⁽¹⁾	1 976	1 808
Administrative and operating costs	587	643
Other	4	1
Total supplies and services	2 567	2 452

⁽¹⁾ Includes audit fees paid/payable to the Auditor-General's Department of \$0.107 million (2021: \$0.107 million) relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

A4.2. Grants and subsidies

	2022	2021
	\$'000	\$'000
Recurrent grants to industry	13 869	11 927
Transfer to PIRSA for industry research and project delivery	13 383	13 172
Intra government transfers	5 382	5 665
Total grants and subsidies	32 634	30 764

A4.3. Levies payments

	2022	2021
	\$'000	\$'000
Seed levies	259	268
Total levies payments	259	268

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

Income is recognised under note A2.5.

Department of Primary Industries and Regions
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A5. Non-financial assets

A5.1. Property

	2022	2021
	\$'000	\$'000
Land		
Land at fair value	69 178	54 116
Total land	<u>69 178</u>	<u>54 116</u>
Total property	<u><u>69 178</u></u>	<u><u>54 116</u></u>

Reconciliation 2021-22

	2022	2021
	\$'000	\$'000
Carrying amount at 1 July 2021	54 116	54 116
Revaluation increments	15 062	-
Carrying amount at 30 June 2022	<u><u>69 178</u></u>	<u><u>54 116</u></u>

Land relates to crown tenure over pastoral lands in South Australia covering the more arid lands north of, and immediately below, the dog fence. The unimproved value of the land is a value determined on 9 December 2021 by the Valuer-General. The Valuer-General conducts the valuation and the determination of pastoral lease rents in accordance with the *Pastoral Land Management and Conservation Act 1989 (Section 23 (1) and (2))*. The unimproved land value is determined using Level 2 inputs (refer PIRSA Controlled note 10.2).

A6. Financial assets

A6.1. Cash and cash equivalents

	2022	2021
	\$'000	\$'000
Deposits with the Treasurer	21 989	22 108
Total cash and cash equivalents	<u><u>21 989</u></u>	<u><u>22 108</u></u>

Deposits with the Treasurer

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

Department of Primary Industries and Regions
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A6.2. Receivables

	2022	2021
	\$'000	\$'000
Current		
Trade receivables		
From non-government entities	939	882
Less impairment loss on receivables	(141)	(145)
Total trade receivables	<u>798</u>	<u>737</u>
Other accrued revenue	2 832	3 041
Total current receivables	<u>3 630</u>	<u>3 778</u>
Total receivables	<u><u>3 630</u></u>	<u><u>3 778</u></u>

Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables are non-interest bearing. Receivables are held with the objectives of collecting the contractual cash flows and they are measured at amortised cost.

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

Allowance for impairment loss on receivables

	2022	2021
	\$'000	\$'000
Carrying amount at the beginning of the period	145	267
Amounts written off	-	(1)
(Decrease) / increase in allowance recognised in profit and loss	(4)	(121)
Carrying amount at the end of the period	<u>141</u>	<u>145</u>

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note A10.1 for details regarding credit risk and the methodology for determining impairment.

A7. Liabilities

A7.1. Payables

	2022	2021
	\$'000	\$'000
Current		
Accrued expenses	338	844
Total current payables	<u>338</u>	<u>844</u>
Total payables	<u><u>338</u></u>	<u><u>844</u></u>

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A7.2. Other liabilities

	2022	2021
	\$'000	\$'000
Current		
Contract liabilities ⁽¹⁾	2 220	1 730
Other	41	41
Total current other liabilities	<u>2 261</u>	<u>1 771</u>
Total other liabilities	<u>2 261</u>	<u>1 771</u>

(1) License fees paid in advance of the license period start date.

A8. Other disclosures

A8.1. Cash flow

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

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

Reconciliation of net result to cash flows from operating activities

	2022	2021
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	21 989	22 108
Balance as per the Statement of Cash Flows	21 989	22 108
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by/(used in) operating activities	(119)	2 856
Add / (less) non-cash items		
Impairment of receivables	4	121
Movement in assets and liabilities		
Increase/(decrease) in receivables	(152)	1 612
(Increase)/decrease in other liabilities	(490)	(908)
(Increase)/decrease in payables	506	(643)
Net result	<u>(251)</u>	<u>3 038</u>

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A9. Outlook

A9.1. Contingent assets and liabilities

The department is not aware of any contingent assets affecting the administered entities comprising the consolidated financial report as at 30 June 2022.

Contingent liabilities - refunds of contributions

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

A9.2. Events after the reporting period

As result of *Administrative Arrangements (References to Ministers and Transfer of Assets) Proclamation 2022* which was published in SA Government Gazette on 30 June 2022, the assets, rights and liabilities of the Minister for Primary Industries and Regional Development relating to the administration of the *Pastoral Land Management and Conservation Act 1989* are transferred to the Minister for Climate, Environment and Water on 1 July 2022. The Pastoral Land balance in note A5.1 will subsequently transfer to the Department of Environment and Water on 1 July 2022.

A10. Measurement and risk

A10.1. Financial instruments

Impairment of financial assets

Refer to note 10.4 in PIRSA Controlled statements for the department's accounting policy and calculation method for expected credit losses.

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

	Debtor gross carrying amount	Loss %	Lifetime expected losses
	\$'000		\$'000
Current (not past due)	12	0.41%	-
1-30 days past due	2	5.74%	-
31-60 days past due	2	11.34%	-
61-90 days past due	59	13.44%	8
More than 90 days past due	864	15.39%	133
Loss allowance			141

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A10.1. Financial instruments (continued)

Maturity analysis of financial instruments

Financial assets and liabilities at amortised cost	Note	2022	2022 Contractual maturities	
		Carrying amount/ Fair value \$'000	Within 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and cash equivalents	A6.1	21 989	21 989	-
Total financial assets		21 989	21 989	-

Financial liabilities				
Payables	A7.1	230	230	-
Total financial liabilities		230	230	-

Financial assets and liabilities at amortised cost	Note	2021	2021 Contractual maturities	
		Carrying amount/ Fair value \$'000	Within 1 year \$'000	1-5 years \$'000
Financial assets				
Cash and cash equivalents	A6.1	22 108	22 108	-
Total financial assets		22 108	22 108	-

Financial liabilities				
Payables	A7.1	750	750	-
Total financial liabilities		750	750	-

The department measures financial liabilities (including borrowings/debt) at amortised cost. There were no defaults or breaches on any of the financial liabilities throughout the year.

Receivables and payables

The receivables and payables amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents etc., they would be excluded from the disclosure.