

Department of Primary Industries and Regions

Financial report
for the year ended
30 June 2018



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Department of Primary Industries and Regions

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 2018.

Opinion

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 2018, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2018
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2018
- a Statement of Administered Financial Position as at 30 June 2018
- a Statement of Administered Changes in Equity for the year ended 30 June 2018
- a Statement of Administered Cash Flows for the year ended 30 June 2018
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2018
- notes, comprising significant 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 have been met.

I believe that the audit evidence 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 the 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.

Auditor's responsibilities for the audit of the financial report

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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

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

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

I communicate with 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

19 September 2018

Department of Primary Industries and Regions
Certification of Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for the Department of Primary Industries and Regions:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and any relevant Australian Accounting Standards
- are in accordance with the accounts and records of the Department of Primary Industries and Regions
- present a true and fair view of the financial position of the Department of Primary Industries and Regions as at 30 June 2018 and the results of its operations and cash flows for the financial year.

We certify that the internal controls employed by the Department of Primary Industries and Regions for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Scott Ashby
Chief Executive
13 September 2018



Jane Burton
Chief Financial Officer
13th September 2018

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

Financial Statements

Controlled

For the year ended 30 June 2018

Department of Primary Industries and Regions
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits	4	95 124	92 120
Supplies and services	6	50 813	49 603
Depreciation and amortisation	7	6 469	6 069
Grants and subsidies	8	82 569	89 367
Borrowing costs	9	544	355
Net loss from the disposal of non-current assets	10	25	203
Other	11	9 875	1 096
Total expenses		245 419	238 813
Income			
Fees and charges	12	14 156	14 658
Advances and grants	13	56 725	54 573
Commonwealth revenues (National Partnership payments)	14	26 404	57 187
Interest revenues	15	1 725	1 798
Sale of goods	16	2 859	3 048
Other income	17	5 300	4 021
Resources received free of charge	18	2 617	2
Total income		109 786	135 287
Net cost of providing services		(135 633)	(103 526)
Revenues from/payments to SA Government			
Revenues from SA Government	19	107 040	126 885
Payments to SA Government	19	(20 303)	(5 722)
Net revenues from SA Government		86 737	121 163
Net result		(48 896)	17 637
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus		14 203	(407)
Total other comprehensive income		14 203	(407)
Total comprehensive result		(34 693)	17 230

The net result and total comprehensive result are attributable to the SA Government as owner.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	20	123 683	165 634
Receivables	21	15 768	15 862
Inventories	22	2 065	2 216
Total current assets		141 516	183 712
Non-current assets			
Receivables	21	19 635	14 328
Other financial assets	23	4 518	4 518
Property, plant and equipment	26	121 862	113 929
Intangible assets	27	5 922	5 084
Total non-current assets		151 937	137 859
Total assets		293 453	321 571
Current liabilities			
Payables	29	13 645	14 565
Borrowings/financial liabilities	30	11 497	11 224
Employee benefits	31	9 828	10 129
Provisions	32	608	425
Other liabilities	33	15 223	15 624
Total current liabilities		50 801	51 967
Non-current liabilities			
Payables	29	2 298	2 284
Borrowings/financial liabilities	30	19 527	14 488
Employee benefits	31	24 547	24 230
Provisions	32	3 163	722
Other liabilities	33	570	640
Total non-current liabilities		50 105	42 364
Total liabilities		100 906	94 331
Net assets		192 547	227 240
Equity			
Retained earnings		143 276	191 152
Asset revaluation surplus		49 271	36 088
Total equity		192 547	227 240

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	34
Contingent assets and liabilities	35

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Asset revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2016		38 527	172 102	210 629
Prior period adjustment		-	1	1
Restated balance at 30 June 2016		38 527	172 103	210 630
Net result for 2016-17		-	17 758	17 758
Prior period adjustment to net result	3		(121)	(121)
Loss on revaluation of surplus land, buildings and infrastructure	26	(407)	-	(407)
Total comprehensive result for 2016-17		(407)	17 637	17 230
Transfer from reserve		(1 479)	1 479	-
Balance at 30 June 2017		36 641	191 219	227 860
Prior period adjustment	3	(553)	(67)	(620)
Restated balance at 30 June 2017		36 088	191 152	227 240
Net result for 2017-18		-	(48 896)	(48 896)
Gain on revaluation of land	26	6 924	-	6 924
Gain on revaluation of buildings and infrastructure	26	7 279	-	7 279
Total comprehensive result for 2017-18		14 203	(48 896)	(34 693)
Transfer from reserve		(1 020)	1 020	-
Balance at 30 June 2018		49 271	143 276	192 547

All changes in equity are attributable to the SA Government as owner.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Statement of Cash Flows
for the year ended 30 June 2018

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefit payments		(94 840)	(91 281)
Supplies and services		(50 657)	(47 690)
Grants and subsidies		(81 911)	(87 453)
Interest paid		(522)	(314)
GST paid to suppliers		(14 501)	(15 413)
Payments for paid parental leave scheme		(157)	(228)
Other payments		(795)	(604)
Cash used in operations		(243 383)	(242 983)
Cash inflows			
Fees and charges		13 826	14 678
Sale of goods		1 755	1 089
Commonwealth revenues (National Partnership payments)		26 240	57 187
Advances and grants		56 260	52 066
Interest received		1 175	1 446
GST receipts from customers		5 920	5 387
GST recovered from the ATO		8 695	9 875
Receipts for paid parental leave scheme		155	219
Other receipts		4 509	4 363
Dividends received		740	-
Cash generated from operations		119 275	146 310
Cash flows from SA Government			
Receipts from SA Government		107 040	126 885
Payments to SA Government		(20 303)	(5 722)
Cash generated from SA Government		86 737	121 163
Net cash (used in) / provided by operating activities	38	(37 371)	24 490
Cash flows from investing activities			
Cash outflows			
Purchase of property plant and equipment		(4 792)	(10 703)
Loans advanced to rural sector and industry		(5 356)	(11 381)
Purchase of inventories		(735)	(559)
Purchase of intangibles		(1 578)	(2 216)
Cash used in investing activities		(12 461)	(24 859)
Cash inflows			
Loans repaid by the rural sector and industry		557	3 576
Proceeds from the sale of property, plant and equipment		314	5 563
Sale of inventories		1 696	1 591
Lease incentives received		2	2
Cash generated from investing activities		2 569	10 732
Net cash (used in) / provided by investing activities		(9 892)	(14 127)
Cash flows from financing activities			
Cash outflows			
Repayment of borrowings	30	(4 810)	(16 207)
Cash used in financing activities		(4 810)	(16 207)
Cash inflows			
Proceeds of borrowings	30	10 122	15 624
Cash generated by financing activities		10 122	15 624
Net cash provided by / (used in) financing activities		5 312	(583)
Net (decrease) / increase in cash and cash equivalents		(41 951)	9 780
Cash and cash equivalents at the beginning of the reporting period		165 634	155 854
Cash and cash equivalents at the end of the reporting period	20	123 683	165 634

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The Department of Primary Industries and Regions (PIRSA/the department) is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown.

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

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

1.2 Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards, and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The department has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the department is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the period ending 30 June 2018.

1.3 Basis of preparation

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying the department's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes
- the selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

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

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

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

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

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

Significant accounting policies are set out in the notes.

1.4 Taxation

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

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

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

2 Objectives and activities

2.1 Objectives

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

2.2 Activities

The activities have been amended due to Ministerial portfolio changes with the former Agriculture, Food and Fisheries activity and the Forestry Policy activity now included under the Primary Industries activity.

In achieving its objectives, the department provides a range of services classified into the following activities.

Primary Industries

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

Regional Development

Work with South Australia's regional communities, sectors and the three levels of government to identify, promote and support strategic economic development initiatives throughout regional South Australia.

Support regional South Australia to create new jobs and unlock new economic activity in the regions. Leverage economic activity that will grow regions' economic prosperity, security and opportunity through its grant programs and other initiatives.

The disaggregated disclosure schedule presents expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2017 and 30 June 2018. Comparative values have been updated to reflect the new activities.

Certain items of the department's Statement of Financial Position are not allocated to activities and are reported as general/not attributable.

Department of Primary Industries and Regions
Expenses and Income by Activity
for the year ended 30 June 2018

Activities - refer note 2.2	Primary Industries		Regional Development		Total	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits	90 679	87 574	4 445	4 546	95 124	92 120
Supplies and services	49 482	47 725	1 331	1 878	50 813	49 603
Depreciation and amortisation	6 469	6 069	-	-	6 469	6 069
Grants and subsidies	60 721	62 223	21 848	27 144	82 569	89 367
Borrowing costs	544	355	-	-	544	355
Net loss from the disposal of non-current assets	25	203	-	-	25	203
Other	9 875	1 095	-	1	9 875	1 096
Total expenses	217 795	205 244	27 624	33 569	245 419	238 813
Income						
Fees and charges	14 156	14 658	-	-	14 156	14 658
Advances and grants	56 220	53 547	505	1 026	56 725	54 573
Commonwealth revenues (National Partnership payments)	26 054	57 187	350	-	26 404	57 187
Interest revenues	1 725	1 798	-	-	1 725	1 798
Sale of goods	2 859	3 048	-	-	2 859	3 048
Other income	5 300	4 019	-	2	5 300	4 021
Resources received free of charge	2 617	2	-	-	2 617	2
Total income	108 931	134 259	855	1 028	109 786	135 287
Net cost of providing services	(108 864)	(70 985)	(26 769)	(32 541)	(135 633)	(103 526)
Revenues from/payments to SA Government						
Revenues from SA Government	80 271	94 344	26 769	32 541	107 040	126 885
Payments to SA Government	(20 303)	(5 722)	-	-	(20 303)	(5 722)
Net revenues from SA Government	59 968	88 622	26 769	32 541	86 737	121 163
Net result	(48 896)	17 637	-	-	(48 896)	17 637

The above statement should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Assets and Liabilities by Activity
for the year ended 30 June 2018

Activities - refer note 2.2	Primary Industries		Regional Development		General/Not Attributable		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current assets								
Cash and cash equivalents	94 826	115 101	-	-	28 857	50 533	123 683	165 634
Receivables	13 514	13 355	573	315	1 681	2 192	15 768	15 862
Inventories	2 065	2 216	-	-	-	-	2 065	2 216
Total current assets	110 405	130 672	573	315	30 538	52 725	141 516	183 712
Non-current assets								
Receivables	19 633	14 325	-	-	2	3	19 635	14 328
Other financial assets	4 518	4 518	-	-	-	-	4 518	4 518
Property, plant and equipment	99 769	93 515	-	-	22 093	20 414	121 862	113 929
Intangible assets	533	354	-	-	5 389	4 730	5 922	5 084
Total non-current assets	124 453	112 712	-	-	27 484	25 147	151 937	137 859
Total assets	234 858	243 384	573	315	58 022	77 872	293 453	321 571
Current liabilities								
Payables	10 185	8 670	999	3 187	2 461	2 708	13 645	14 565
Borrowings/financial liabilities	11 497	11 224	-	-	-	-	11 497	11 224
Employee benefits	6 208	6 330	192	293	3 428	3 506	9 828	10 129
Provisions	563	387	4	2	41	36	608	425
Other liabilities	15 093	15 456	-	-	130	168	15 223	15 624
Total current liabilities	43 546	42 067	1 195	3 482	6 060	6 418	50 801	51 967
Non-current liabilities								
Payables	1 696	1 656	37	64	565	564	2 298	2 284
Borrowings/financial liabilities	19 527	14 488	-	-	-	-	19 527	14 488
Employee benefits	18 116	17 567	393	678	6 038	5 985	24 547	24 230
Provisions	3 097	667	6	3	60	52	3 163	722
Other liabilities	-	-	-	-	570	640	570	640
Total non-current liabilities	42 436	34 378	436	745	7 233	7 241	50 105	42 364
Total liabilities	85 982	76 445	1 631	4 227	13 293	13 659	100 906	94 331
Net assets	148 876	166 939	(1 058)	(3 912)	44 729	64 213	192 547	227 240

Note:

Assets and liabilities are only attributed to activities 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 activity. Where this criteria 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.

The above statement should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Prior period adjustments

During the financial year adjustments were made to prior year balances. The impact of these adjustments is detailed in the table below:

	Note	2017 Original balance \$'000	2017 Restated balance \$'000	Change \$'000
Statement of Comprehensive Income				
Supplies and services	6	49 470	49 603	(133)
Depreciation and amortisation	7	6 060	6 069	(9)
Net loss from disposal of non-current assets	10	206	203	3
Advances and grants	13	(54 554)	(54 573)	19
Interest revenues	15	(1 799)	(1 798)	(1)
Prior period adjustments relating to net result				(121)
Statement of Financial Position				
Loans receivable	21	1 224	1 223	(1)
Other accrued revenue	21	7 880	7 969	89
Property, plant and equipment	26	113 064	113 929	865
Intangible assets	27	7 081	5 084	(1 997)
Unearned revenue	33	(15 422)	(15 492)	(70)
Lease incentives	33	(1 011)	(638)	373
Total prior period adjustments				(741)
Net prior period adjustments reflected in equity				
Retained earnings				(67)
Asset revaluation reserve				(553)
				(620)

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Employee benefit expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	71 899	70 338
Targeted voluntary separation packages	-	57
Annual leave	6 543	6 494
Long service leave	2 425	1 706
Skills and experience retention leave	492	490
Employment on-costs - superannuation*	8 092	7 828
Employment on-costs - other	4 427	4 323
Board and committee fees	46	24
Workers' compensation	415	391
Other employee related expenses	785	469
Total employee benefits expenses	95 124	92 120

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

Targeted voluntary separation packages (TVSPs)	2018	2017
	\$'000	\$'000
Amount paid during the reporting period to separated employees:		
TVSPs	-	57
Leave paid to those employees	-	18
Total amount paid	-	75
Net cost to the department	-	75

The number of employees who received a TVSP during the reporting period was - 1

Key management personnel

Key management personnel of the department include the Ministers, the Chief Executive and the fifteen members of the Executive Team who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Ministers of the department received. The Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*.

	2018	2017
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	3 276	3 038
Post-employment benefits	344	340
Other long-term employment benefits	56	-
Termination benefits	174	-
Total compensation	3 850	3 378

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Employee benefit expenses (continued)

Remuneration of employees

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

	2018	2017
\$147 000 - \$149 000 *	n/a	2
\$149 001 - \$159 000	7	6
\$159 001 - \$169 000	5	8
\$169 001 - \$179 000	4	7
\$179 001 - \$189 000	2	1
\$189 001 - \$199 000	2	3
\$199 001 - \$209 000	3	5
\$209 001 - \$219 000	3	2
\$219 001 - \$229 000	1	1
\$229 001 - \$239 000	1	-
\$239 001 - \$249 000	1	-
\$259 001 - \$269 000	2	2
\$309 001 - \$319 000	-	1
\$339 001 - \$349 000	2	-
\$349 001 - \$359 000	1	1
\$369 001 - \$379 000	1	-
Total	35	39

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2016-17.

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year.

Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. The total remuneration received by these employees for the year was \$7.7 million (2017: \$7.5 million).

Analysis of the above table of remuneration of employees categorised by the number of executive and non-executive employees is provided below:

	2018	2017
Executives	20	22
Non-executives	15	17
Total number of employees	35	39

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Remuneration of board and committee members

Members of boards/committees relating to the ongoing activities of PIRSA who were entitled to receive remuneration during the 2017-18 financial year are listed below in the following summary table:

The number of members whose remuneration received or receivable falls within the following bands:	2018	2017
\$Nil	61	79
\$1 - \$9 999	31	27
\$10 000 - \$19 999	1	-
Total number of members	93	106

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, Fringe Benefits Tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$42 000 (2017: \$25 000).

Unless otherwise disclosed, transactions between 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.

Members during 2017-18 financial year:

Aquaculture Tenure Allocation Board

G S Davis (Presiding member)
 J C Anderson (deputy member) (retired 27 October 2017)
 D Hall (appointed 19 December 2017)
 D C Ellis (term expired 17 December 2017)
 A J Harfield (deputy member)
 R C Healy
 C L Rigg
 W L Rudd (retired 05 February 2018)
 J Zadow (appointed 19 December 2017)

Eyre Peninsula Farming System Board

S Guerin (Chair)
 B Smith (Deputy Chair)
 J Able (appointed 05 September 2017)
 A Bates
 W Matthews
 S Mayfield
 Dr K M Ophel-Keller * (appointed 05 September 2017)
 G Scholz
 M Stanley
 Prof A Tilbrook * (retired 05 September 2017)
 D Trezona

Genetically Modified Crops Advisory Committee

Hon J A W Levy (Presiding member)
 R A Ankeny
 Dr G Annison
 H L Baldock
 M S Bowden
 P Gibbs
 A M Hannon
 Dr P A McMichael
 Dr K M Ophel-Keller *
 N C Pontifex

Meat Food Safety Advisory Committee

G L Martin (Chair)
 T M Ackland
 A Centofanti * (deputy member)
 S K DiCicco
 L A Fell
 L D Hindson (deputy member)
 F P Knoll
 K Koto
 Dr B R Lloyd (deputy member)
 W R Lowe (deputy member)
 Dr B Nirimalaraja (deputy member)
 G D Raven *
 M S Rock
 P L Sandercock
 C Scarvelis (deputy member)
 Dr M E Sexton * (deputy member)
 N B Shelbourn
 D Skara (deputy member)
 Dr A P Wigg

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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5 Remuneration of board and committee members (continued)

PIRSA Animal Ethics Committee

Dr R Hughes (Chair)
S L Baird
Dr R Barekatain *
S Barnes *
J G Cooper
Dr M Deveney *
Dr R F Eyers
Dr D W Jones
K McGrath
Dr J M Nicholls
S Rudiger *
Dr A Whittaker
S Tilbrook *
J Zemitis *
H Zemitis

PIRSA Audit and Risk Committee

Y Sneddon (Chair)
A E Harvey (Deputy Chair)
D Casement * (retired 30 September 2017)
C Ciui *
S Dubrich * (appointed 13 September 2017)
T Goodes *
M Griffiths * (appointed 15 January 2018)
A Lloyd-Wright *
Dr K M Ophel-Keller *
R Robinson *
J Ross * (retired 18 August 2017)
K Swaffer * (appointed 13 September 2017)

Rural Assistance Appeals Committee

D J Hollands (Chair) (re-appointed 14 November 2017)
J L Collins * (re-appointed 14 November 2017)
J A Long (re-appointed 14 November 2017)

SA River Murray Sustainability Program Expert Assessment Panel

D Mutton (Chair)
P J Cole
M Cutting *
D M Davidson
N J Jachmann

SA River Murray Sustainability Program Appeals Committee

P Dietman * (Chair)
A E Harvey
M O'Shea *

SA River Murray Sustainability Program Steering Committee

R G Kerin (Chair)
M D Akeroyd
D Casement *
D Jordan *
Mayor N T Martinson
J W Parish
J Podoliak
N Sincok *
S R Starick
T Stefanovic

* Pursuant to the Department of the Premier and Cabinet Circular No. 016, government employees do not receive any remuneration for board/committee duties during the financial year.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Supplies and services

	2018	2017
	\$'000	\$'000
Professional and technical services ⁽¹⁾	14 315	13 900
Administrative and operating costs	8 716	8 740
Utility and property costs	9 263	8 118
Computing and communication costs	5 809	5 987
Travel	2 386	2 543
Shared Services costs	1 889	2 189
Staff development and safety	1 132	1 118
Operating lease costs - accommodation	3 221	3 132
Operating lease costs - other	136	91
Vehicle lease and operating costs ⁽²⁾	2 537	2 437
Other vehicle and equipment operating costs	925	869
Property and risk insurance	484	479
Total supplies and services	50 813	49 603

⁽¹⁾ Includes consultancies costs which are further broken down below and audit fees paid/payable to the Auditor-General's Department of \$305 000 (2017: \$328 000) relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

⁽²⁾ Includes all payments to LeasePlan for leasing, operating and maintaining vehicles under short and long term hire agreements.

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO due to the department not holding a tax invoice or payments relating to third party arrangements.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term that is representative of the time pattern of benefits derived from the use of the leased assets.

Consultants

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

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
Below \$10 000	1	5	3	15
\$10 000 or above	1	41	2	77
Total paid/payable to consultants engaged	2	46	5	92

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

7 Depreciation and amortisation expense

	2018	2017
	\$'000	\$'000
Depreciation		
Plant and equipment	2 455	2 291
Buildings and infrastructure	2 856	2 750
Large vessels	98	98
Total depreciation	5 409	5 139
Amortisation		
Leasehold improvements	384	383
Intangible assets	676	547
Total amortisation	1 060	930
Total depreciation and amortisation expense	6 469	6 069

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

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and assets held for sale are not depreciated.

Useful life

Depreciation/amortisation is calculated on a straight line basis either over the estimated useful life of the asset, where this can be reasonably determined, or a class rate taken from the table below:

Class of asset	Useful life (years)
Buildings and infrastructure	1-80
Leasehold improvements	10 (or life of lease)
Plant and equipment	1-50
Intangibles	1-10
Large vessels	1-20

Revision of accounting estimates

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Grants and subsidies

	2018	2017
	\$'000	\$'000
Recurrent grants	79 877	77 640
Intra government transfers	2 692	11 727
Total grants and subsidies	82 569	89 367
Major grant program expenditure during the year includes:		
South Australian River Murray Sustainability Program	45 906	41 501
Regional Development Australia	3 000	3 600
Regional Development Fund	15 238	18 404
Jobs Accelerator Fund	373	800
Riverland Sustainable Futures Fund	-	1 479
Economic Sustainability Program	3 062	1 090
South East Forestry Partnership Program	-	2 930
Natural disaster recovery programs		
Pinery Bushfire Recovery Grants	-	762
Gawler Floodplain Recovery Grants	-	1 209
Riverland Storm Recovery Grants	347	502
Cooperative Research projects ⁽¹⁾	3 812	4 249
National Biosecurity Contributions		
Red imported fire ants	1 368	625
Industry development and restructuring initiatives greater than \$1 million made during the year were:		
Orana Foundation Research and Development Grant	-	1 250
Northern Adelaide Irrigation Scheme Feasibility Study	-	1 622
SA Wine Industry Development Scheme	2 568	783
Aggregate of all other payments less than \$1 million made during the year	6 895	8 561
Total grants and subsidies	82 569	89 367

⁽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.

9 Borrowing costs

	2018	2017
	\$'000	\$'000
Interest paid/payable on borrowings	535	339
Guarantee fees	9	16
Total borrowing costs	544	355

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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10 Net gain / (loss) from the disposal of non-current assets

	2018	2017
	\$'000	\$'000
Land and buildings held for sale		
Proceeds from disposal	-	5 448
Disposal cost	-	(81)
Less net book value of assets disposed	-	(5 621)
Net gain/(loss) from disposal of land and buildings held for sale	-	(254)
Land and buildings		
Net book value of assets disposed	(6)	-
Net gain/(loss) from disposal of land and buildings	(6)	-
Plant and equipment		
Proceeds from disposal	314	115
Less net book value of assets disposed	(261)	(64)
Net gain/(loss) from disposal of plant and equipment	53	51
Computer software		
Less net book value of assets disposed	(72)	-
Net gain/(loss) from disposal of computer software	(72)	-
Total assets		
Proceeds from disposal	314	5 563
Disposal cost	-	(81)
Less net book value of assets disposed	(339)	(5 685)
Net gain/(loss) from disposal of assets	(25)	(203)

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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11 Other expenses

	2018	2017
	\$'000	\$'000
Publications, seed and miscellaneous stocks - cost of sales	90	94
Deemed cost of produce consumed ⁽¹⁾	791	505
Write down of assets to realisable value ⁽²⁾	641	-
Revaluation of assets ⁽³⁾	4 848	-
Property plant and equipment derecognised	1	369
Bad debts and allowances for doubtful debts	78	7
Royalty payments	761	477
Workers compensation provision movement	171	(114)
Workers compensation liability revaluation ⁽⁴⁾	2 453	(366)
Asset impairment	-	21
Other ⁽⁵⁾	41	103
Total other expenses	9 875	1 096

⁽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⁾ Write down of property at Clare, tenancy ended 30 June 2018.

⁽³⁾ Revaluation of assets comprises downward movements in the value of land, building and infrastructure assets in excess of the amounts held in revaluation reserves. The more significant movements relate to the Lincoln Marine Science Centre (\$1.8m); a decrease of \$0.7m at the Aquatic Sciences Research Centre West Beach; and a lower valuation for the Clare Research Centre (\$2.1m).

⁽⁴⁾ Increase in liability following review of the department's liability by a new consulting actuary and changes in valuation methodology. Refer note 32.

⁽⁵⁾ 2016-17 includes shares in Australian Centre for Plant Functional Genomics Pty Ltd (ACPFPG) de-recognised at a value of \$2 000 on transfer at no cost to University of Adelaide (refer note 23), and settlement of an insurance claim \$57 000.

12 Revenues from fees and charges

	2018	2017
	\$'000	\$'000
Agriculture, Biosecurity and Fisheries, consultancies and services	3 768	3 669
Rural Solutions, consultancies and services	4 163	4 565
South Australian Research and Development Institute, consultancies and services	4 481	4 502
Other	1 744	1 922
Total revenues from fees and charges	14 156	14 658

User fees and charges are categorised to reflect the nature of the income received and the division delivering the services sought.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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13 Advances and grants

	2018	2017
	\$'000	\$'000
State grants - received from SA Government entities	2 086	3 574
State grants - received from administered industry funds ⁽¹⁾	17 451	17 094
Commonwealth grants - Concessional Loans Schemes ⁽²⁾	125	150
Commonwealth grants - other	2 451	4 008
Industry grants	34 358	29 295
Interstate government grants	254	452
Total advances and grants revenue	56 725	54 573

Advances and grants (including contributions payments), received from all sources comprise funding for collaborative research, delivery of projects for industry development and funding from the Commonwealth to administer arrangements for financial assistance.

Grants, contributions and National Partnership payments (refer note 14) are recognised as an asset and income when the department obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met.

Generally, the department has obtained control or the right to receive when:

- an agreement becomes enforceable (agreements with unconditional stipulations), that is, the earlier of when the receiving entity has formally been advised that the contribution (for example, grant application) has been approved; agreement/contract is executed; and/or the contribution is received; or
- the enforceable stipulations specified in the agreement occur or are satisfied (agreements with conditional stipulations); that is income would be recognised for contributions received or receivable under the agreement.

	2018	2017
	\$'000	\$'000
Advances and grants were applied to the following business sectors		
South Australian Research and Development Institute ⁽³⁾	40 012	36 247
Fisheries ⁽³⁾	8 079	7 975
Biosecurity	5 988	7 160
Aquaculture ⁽³⁾	1 476	1 327
Prudential and Rural Financial Services ⁽²⁾	125	150
Regions	505	1 026
Rural Solutions	-	164
Other	540	524
Total advances and grants revenue	56 725	54 573

⁽¹⁾ Contributions from industry groups are received into the administered funds of the department (refer note A6) 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.

⁽²⁾ Funding received from the Commonwealth for administering the various Concessional Loans Schemes.

⁽³⁾ Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund for the administration of licences and registration are applied to the delivery of projects in compliance, research and fishing industry development in the Division of Fisheries and Aquaculture, and South Australian Research and Development Institute. In 2017-18 the amount received from the Fisheries Research and Development Fund and the Aquaculture Resource Management Fund was \$14.2 million (2017: \$13.6 million).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

14 Commonwealth revenues (National Partnership payments)

	2018	2017
	\$'000	\$'000
South Australian River Murray Sustainability Program (SARMS) ⁽¹⁾	25 000	52 500
Pest Animal and Weed Management in Drought Affected Areas	-	500
Managing Established Pest Animals and Weeds	-	541
National Giant Pine Scale Eradication Program	-	446
Khapra Beetle Eradication Program	554	-
National Water Infrastructure Development Fund - Feasibility Component	500	3 200
Tourism Demand Driver Infrastructure (TDDI) - Monarto Zoo	350	-
Total commonwealth revenues	26 404	57 187

⁽¹⁾ The SARMS is a non-recourse grant that has been recognised upon receipt. The program will support the sustainability of South Australian River Murray communities through investment in irrigation efficiencies, water returns, irrigation industry assistance and regional economic development.

National Partnership payments and Commonwealth funding were received for specific projects and to facilitate and/or reward States that deliver on nationally significant reforms.

15 Interest revenues

	2018	2017
	\$'000	\$'000
Interest	1 159	1 408
Loans to the rural sector	566	390
Total interest revenues	1 725	1 798

16 Sale of goods

	2018	2017
	\$'000	\$'000
Publications, books, maps and compact discs	-	5
Livestock	1 696	1 592
Agricultural produce	863	1 174
Other	300	277
Total sale of goods	2 859	3 048

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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17 Other income

	2018	2017
	\$'000	\$'000
Reimbursements/recoveries	1 848	1 744
Seed and other royalties	2 485	1 927
Gain/(loss) from changes in fair value of biological assets ⁽¹⁾	10	217
Diesel fuel rebates	103	95
Sponsorship contributions	-	2
Dividends ⁽²⁾	740	-
Other	114	36
Total other income	5 300	4 021

⁽¹⁾ The changes in fair values of livestock is reconciled along with the movement in inventory in note 22.

⁽²⁾ Dividend declared on the department's investment in Australian Grain Technologies Pty Ltd. (refer note 23)

18 Resources received free of charge

	2018	2017
	\$'000	\$'000
Shares received ⁽¹⁾	-	2
Services received free of charge - Shared Services SA ⁽²⁾	1 880	-
First time recognition of asset ⁽³⁾	737	-
Total resources received free of charge	2 617	2

⁽¹⁾ Shares in Australian Centre for Plant Functional Genomics Pty Ltd (ACPFPG) transferred at no cost from the Minister for Science and Information Economy during 2016-17 (refer note 23).

⁽²⁾ On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2017-18, SSSA is directly appropriation funded for the services provided by SSSA to general government agencies.

Under AASB 1004, Contributions, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been provided by SSSA. A corresponding expense is recognised in the financial statements (see note 6).

⁽³⁾ First time recognised assets comprises infrastructure valued for the first time across a number of sites.

Resources received free of charge are recorded at their fair value.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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19 Revenues from / payments to SA Government

	2018 \$'000	2017 \$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	106 790	126 885
Appropriations received from the Treasurer's Contingency Fund	250	-
Total revenues from SA Government	107 040	126 885
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	(20 141)	-
Other payments to Consolidated Account	(162)	(5 722)
Total payments to SA Government	(20 303)	(5 722)
Net revenues from SA Government	86 737	121 163

Appropriations for program funding are recognised as revenues when the department obtains control over the funding. Control over appropriations is normally obtained upon their receipt.

Payments to the SA Government include the return of surplus cash pursuant to the cash alignment policy, interest earned on Commonwealth funding agreements and the return of proceeds from real property sales pursuant to Premier and Cabinet Circular 114.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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20 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	123 682	165 633
Imprest account and cash on hand	1	1
Total cash and cash equivalents	123 683	165 634

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)	16 820	13 299
Funds held pursuant to the <i>Rural Industry Adjustment and Development Act 1985</i> and other State and Commonwealth Schemes for rural financial assistance	57 457	57 813
External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder	18 487	12 733
Commonwealth funds held for the SARMS Program	8 662	34 307
Commonwealth funds held pursuant to the various Concessional Loans Schemes	10 220	10 248
Deposits with the Treasurer held as working capital, but subject to Department of Treasury and Finance budget and cash alignment policies	12 036	37 233
Total deposits with the Treasurer	123 682	165 633

Cash is measured at nominal amounts.

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
Notes to and forming part of the financial statements
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21 Receivables

	2018 \$'000	2017 \$'000
Current		
Receivables	8 037	4 567
Less: allowance for doubtful debts	(165)	(89)
	<u>7 872</u>	<u>4 478</u>
Loans receivable	1 346	1 223
Workers compensation recoveries	23	8
Accrued interest on loans and deposits	179	166
Other accrued revenue	4 426	7 969
GST receivable	1 568	1 960
Prepayments	354	58
Total current receivables	<u>15 768</u>	<u>15 862</u>
Expected to be recovered more than 12 months after reporting date		
Loans receivable	19 527	14 313
Workers compensation recoveries	108	15
Total expected to be recovered more than 12 months after reporting date	<u>19 635</u>	<u>14 328</u>
Total receivables	<u>35 403</u>	<u>30 190</u>

Interest rate and credit risk

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.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the department will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 40 for further information on risk management.

Loans receivable

Loans receivable consist of various schemes including the Farm Finance Concessional Loans Scheme, 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). Loans receivable also includes the Loans to Cooperatives Scheme.

Loans to Cooperatives 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 30). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA. 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. A lending margin is added to the interest rate incurred by Cooperatives to cover related costs.

Department of Primary Industries and Regions
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21 Receivables (continued)

Loans under the Farm Finance Concessional Loans Scheme, which commenced in December 2013, were made by PIRSA to eligible loan recipients for the refinance of eligible debt held with commercial lenders as specified in the Concessional Loan Agreement. For approved loan recipients, a variable concessional interest rate applies for the five year term for each concessional loan.

The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth five year bond rate. At the end of the loan term the loan must be repaid or refinanced by another financier. The Farm Finance Concessional Loans Scheme closed to new applicants on 30 June 2015.

Loans under the Drought Concessional Loans Scheme commenced in February 2015 and were made by PIRSA to eligible loan recipients where their farm business had experienced a severe financial impact due to drought, causing a financial need for the assistance, and the financial impact being experienced by their farm business was a result of the effects of drought (which is considered to be a rainfall deficiency equivalent to, or worse than, either a 1 in 10 year or a 1 in 20 year rainfall event), and if they met the other eligibility criteria as specified in the scheme guidelines. Drought Concessional Loans have a loan term of five years, with a concessional interest rate period of five years. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth five year bond rate. At the end of the loan term the loan must be repaid or refinanced by another financier. The scheme closed to new applicants on 31 October 2016.

Loans under the Drought Recovery Concessional Loans Scheme commenced in February 2016 and were made by PIRSA to eligible loan recipients where their farm business had experienced a severe financial impact due to drought, causing a financial need for the assistance, and the financial impact being experienced by their farm business was a result of the effects of drought (which is considered to be a rainfall deficiency equivalent to, or worse than, either a 1 in 50 year or a 1 in 100 year rainfall event), and if they met the other eligibility criteria as specified in the scheme guidelines. Drought Recovery Concessional Loans have a loan term of ten years, were available for new debt, for planting and restocking activities, and/or a refinance of an existing Drought Concessional loan where provided for the purpose of operating expenses and/or drought recovery and preparedness activities. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth ten year bond rate. At the end of the loan term the loan must be repaid or refinanced by another financier. The scheme closed to new applicants on 31 October 2016.

Loans under the Dairy Recovery Concessional Loans Scheme commenced in July 2016 and were made by PIRSA to assist dairy farm businesses affected through the short term crisis caused by the May 2016 decision of Murray Goulburn and Fonterra to reduce farm gate milk prices, and if they met all other eligibility criteria as specified in the scheme guidelines. Dairy Recovery Concessional Loans have a loan term of ten years, were available for debt restructuring, and/or new debt, for operating expenses and productivity enhancement measures. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth ten year bond rate. At the end of the loan term the loan must be repaid or refinanced by another financier. The scheme closed to new applicants on 31 October 2016.

Loans under the Farm Business Concessional Loans Scheme commenced in December 2016 and included two measures, Drought Assistance Concessional Loans and Dairy Recovery Concessional Loans.

Drought Assistance - where a farm business experienced a severe financial impact due to drought, causing a financial need for the assistance, and the financial impact being experienced by a farm business was a result of the effects of drought (which is considered to be a rainfall deficiency equivalent to, or worse than a 1 in 20 year rainfall event), and if they met the other eligibility criteria as specified in the scheme guidelines. Drought Assistance Concessional Loans have a loan term of ten years, were available for new debt, for planting and restocking activities, and/or a refinance of an existing Concessional loan where provided for the purpose of operating expenses and/or drought recovery and preparedness activities.

Department of Primary Industries and Regions
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21 Receivables (continued)

Dairy Recovery - to assist dairy farm businesses affected through the short term crisis caused by the May 2016 decision of Murray Goulburn and Fonterra to reduce farm gate milk prices, and if they met all other eligibility criteria as specified in the scheme guidelines. Dairy Recovery Concessional Loans have a loan term of ten years, were available for debt restructuring, and/or new debt, for operating expenses and productivity enhancement measures.

Loans under the Farm Business Concessional Loans Scheme included a new measure, Business Improvement Concessional Loans from July 2017.

Business Improvement Concessional Loans - to assist commercially viable farm businesses whose member(s) have, or will have exhausted, their full 1 095 day Farm Household Allowance (FHA) entitlement on or before 30 June 2018, and met all other eligibility criteria as specified in the scheme guidelines. Business Improvement Concessional Loans Scheme Loans have a loan term of ten years and were available for debt restructuring.

The Farm Business Concessional Loans Scheme incorporating Dairy Recovery, Drought Assistance Concessional and Business Improvement Concessional Loans have a loan term of ten years and closed to new applicants on 30 June 2018. The concessional interest rate set by the Commonwealth is reviewed on a six monthly basis in accordance with material changes to the Commonwealth ten year bond rate. At the end of the loan term the loan must be repaid or refinanced by another financier.

Where there is objective evidence that a loan is impaired, a provision equal to the difference between the carrying value and the present value of expected future payments is made.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in 'other expenses' ('other income') for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018	2017
	\$'000	\$'000
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	89	85
Increase/(decrease) in the allowance for doubtful debts	78	7
Amounts written off	(2)	(3)
Carrying amount at the end of the period	165	89

Department of Primary Industries and Regions
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22 Inventories

	2018 \$'000	2017 \$'000
Current inventories		
Biological assets		
Livestock (at fair value less estimated costs to sell)	1 813	1 783
Agricultural produce (at fair value less estimated costs to sell)	122	287
Total biological assets	1 935	2 070
Other inventories		
Chemicals and other (at the lower of cost and net realisable value)	98	92
Fuel and related items (at the lower of cost and net realisable value)	32	34
Publications (at the lower of cost and net realisable value)	-	20
Total other inventories	130	146
Total current inventories	2 065	2 216
Total inventories	2 065	2 216

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 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.

Department of Primary Industries and Regions
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22 Inventories (continued)

	Agricultural produce \$'000	Livestock \$'000
Balance at the beginning of the period	287	1 783
Acquisitions	222	735
Sales	(346)	(1 326)
Used as feed stock	(587)	-
Harvests transferred to inventories	546	-
Increase due to natural accretion	-	611
Change in fair value less estimated costs to sell	-	10
Balance at the end of the period	122	1 813

Agricultural activities are carried on to assist with research, but are conducted on a commercial basis. At 30 June 2018 inventory included 8 805 sheep, 1 095 cattle and 585 tonnes of crops and grain.

Production for the year included 152 tonnes of grapes and fruit, 6 509 lambs, 161 calves and 1 407 tonnes of other grain crops.

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23 Other financial assets

	2018 \$'000	2017 \$'000
Non-current		
Investments in shares	4 518	4 518
Total other financial assets	4 518	4 518

Investments are primarily held to secure long term benefits from research partnerships and access to resources (water entitlements). 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 purchase consideration for these shares consisted of a mixture of cash and leased facilities. The department is a shareholder along with the University of Adelaide, Grains Research and Development Corporation and Vilmorin & CIE SA. The department's 14.8% (14.8%) shareholding has been recognised at cost.
- 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. The investments have an associated water infrastructure levy payable under a fixed schedule calculated on the mega litres of water allocated under the scheme. The remaining commitment is reflected under note 34 'Expenditure commitments-other'.
- The department received on 1 September 2016 at no cost from the Minister for Science and Information Economy the Government's 17% shareholding in the Australian Centre for Plant Functional Genomics Pty Ltd (ACPGF). The minor shareholding in ACPFG was subsequently transferred at no cost to the University of Adelaide as per the ACPFG shareholder exit deed dated 19 January 2017.

The department measures financial assets at historical cost.

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.

	2018 \$'000	2017 \$'000
Movement in financial assets		
Carrying amount at the beginning of the period	4 518	4 518
Investments received	-	2
Investments transferred	-	(2)
Carrying amount at the end of the period	4 518	4 518

For further information on risk management refer to note 40.

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24 Non-current assets classified as held for sale

	2018 \$'000	2017 \$'000
Land, buildings and infrastructure	-	-
Total non-current assets classified as held for sale	-	-

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed one year from the date of classification.

The department reviews its asset base annually. Property, plant and equipment that is surplus to requirements or no longer meets current business needs are regularly disposed of by sale or auction.

Disposal of properties at Flaxley and Lenswood were completed during 2016-17.

Reconciliation of non-current assets classified as held for sale

The following table shows the movement of non-current assets held for sale during 2017-18 and 2016-17.

	2018 \$'000	2017 \$'000
Carrying amount at the beginning of the period	-	2 976
Assets reclassified from property, plant and equipment	-	2 666
Impairment	-	(21)
Disposals	-	(5 621)
Carrying amount at the end of the period	-	-

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25 Non-current assets

Revaluation

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

Every five years the department revalues its land, buildings, and infrastructure assets via a valuation appraisal by an independent Certified Practising Valuer.

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. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, when they are revalued to fair value.

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 assets.

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

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26 Property, plant and equipment

	2018 \$'000	2017 \$'000
Land and buildings		
Land at cost (deemed fair value)	-	40
Land at fair value	29 317	22 621
Buildings and infrastructure at cost (deemed fair value)	327	2 752
Buildings and infrastructure at fair value	73 932	78 501
Accumulated depreciation	(77)	(10 008)
Constructions and works in progress at cost	-	1 956
Total land and buildings	103 499	95 862
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	5 429	4 178
Accumulated amortisation	(3 884)	(2 249)
Total leasehold improvements	1 545	1 929
Plant and equipment		
Plant and equipment at cost (deemed fair value)	34 310	39 380
Accumulated depreciation	(19 713)	(24 693)
Construction and works in progress at cost	1 410	541
Total plant and equipment	16 007	15 228
Large vessels		
Large vessels at fair value	1 000	1 000
Accumulated depreciation	(294)	(196)
Total large vessels	706	804
Bearer plants		
Orchards and vineyards at cost (deemed fair value)	105	106
Total bearer plants	105	106
Total property, plant and equipment	121 862	113 929

Acquisition and recognition

Non-current assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Componentisation of complex assets is only performed when the asset's fair value at the time of acquisition is greater than \$5 million for infrastructure assets and \$1 million for other assets.

Department of Primary Industries and Regions
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26 Property, plant and equipment (continued)

Valuation of 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 taking into account zoning and restricted use.

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.

Valuation of large vessels

The department's purpose built high speed patrol vessel 'Southern Ranger' used for South Australia's Fisheries and Aquaculture operations was independently reviewed by Southern Marine Brokers Pty Ltd and revalued to fair market value as at 24 April 2015. The market value appraisal was arrived at from market research and recent market evidence through Southern Marine Brokers Pty Ltd. This asset is classified at level 3.

Carrying amount of 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 in accordance with Accounting Policy Framework III *Asset Accounting*. The carrying value of these items are deemed to approximate fair value. These assets are classified in level 3 as there has been no subsequent adjustments to their value, except for management assumptions about the assets condition and remaining useful life.

Constructions and works in progress

Works in progress relate to costs associated with systems development, purchases of plant and equipment and other developments.

Impairment

The department holds its property, plant and equipment for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible, accordingly the recoverable amount will be close to or greater than fair value.

The department also expects for all other non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than fair value.

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2018.

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26 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2017-18.

	Land \$'000	Buildings and infrastructure \$'000	Leasehold improvements \$'000	Bearer plants \$'000	Plant and equipment \$'000
Carrying amount at the beginning of the period	22 661	71 245	1 929	106	14 687
Acquisitions	-	15	-	-	2 088
Disposals	-	(6)	-	-	(261)
Depreciation/amortisation expense	-	(2 856)	(384)	-	(2 455)
Revaluation increment/(decrement)	6 924	7 279	-	-	-
Revaluation movements expensed ⁽¹⁾	-	(4 848)	-	-	-
Assets write down	(318)	(323)	-	-	-
Transfer between asset classes	-	2 990	-	-	538
First time recognised assets ⁽²⁾	50	687	-	-	-
Biologicals - movements	-	-	-	(1)	-
Other movements	-	(1)	-	-	-
Carrying amount at the end of the period	29 317	74 182	1 545	105	14 597

	Large vessels \$'000	Constructions and works in progress - Plant and equipment \$'000	Constructions and works in progress - Buildings \$'000	Total \$'000
Carrying amount at the beginning of the period	804	541	1 956	113 929
Acquisitions	-	1 434	1 017	4 554
Disposals	-	-	-	(267)
Depreciation/amortisation expense	(98)	-	-	(5 793)
Revaluation increment/(decrement)	-	-	-	14 203
Revaluation movements expensed ⁽¹⁾	-	-	-	(4 848)
Assets write down	-	-	-	(641)
Transfer between asset classes	-	(565)	(2 973)	(10)
First time recognised assets ⁽²⁾	-	-	-	737
Biologicals - movements	-	-	-	(1)
Other movements	-	-	-	(1)
Carrying amount at the end of the period	706	1 410	-	121 862

⁽¹⁾ Revaluation movements expensed relate to downward movements in the value of land, building and infrastructure assets in excess of the amounts held in revaluation reserves – see note 11.

⁽²⁾ First time recognised assets comprises infrastructure valued for the first time across a number of sites.

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26 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

The following table shows the movement of property, plant and equipment during 2016-17.

	Land \$'000	Buildings and infrastructure \$'000	Surplus land, buildings and infrastructure \$'000	Leasehold improvements \$'000	Bearer plants \$'000
Carrying amount at the beginning of the period	22 061	64 849	2 810	2 302	156
Acquisitions	600	-	-	10	-
Assets reclassified to held for sale	-	-	(2 666)	-	-
Disposals	-	-	-	-	-
Depreciation/amortisation expense	-	(2 750)	-	(383)	-
Revaluation increment/(decrement) ⁽¹⁾	-	-	(407)	-	-
Transfer between asset classes	-	9 146	263	-	-
Biologicals - movements	-	-	-	-	(50)
Carrying amount at the end of the period	22 661	71 245	-	1 929	106

	Plant and equipment \$'000	Large vessels \$'000	Constructions and works in progress - Plant and equipment \$'000	Constructions and works in progress - Buildings \$'000	Total \$'000
Carrying amount at the beginning of the period	13 425	902	502	5 856	112 863
Acquisitions	1 874	-	1 284	5 509	9 277
Assets reclassified to held for sale	-	-	-	-	(2 666)
Disposals	(64)	-	-	-	(64)
Depreciation/amortisation expense	(2 291)	(98)	-	-	(5 522)
Revaluation increment/(decrement) ⁽¹⁾	-	-	-	-	(407)
Transfer between asset classes	1 743	-	(1 245)	(9 409)	498
Biologicals - movements	-	-	-	-	(50)
Carrying amount at the end of the period	14 687	804	541	1 956	113 929

⁽¹⁾ Revaluation of surplus land, buildings and infrastructure immediately preceding reclassification to held for sale.

Department of Primary Industries and Regions
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27 Intangible assets

	2018 \$'000	2017 \$'000
Software		
Computer software	15 053	13 186
Accumulated amortisation	(10 712)	(10 202)
Total software	4 341	2 984
Computer software development (works in progress)	1 423	1 955
Water and convertible accommodation lease rights at cost ⁽¹⁾	158	145
Total intangible assets	5 922	5 084

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost and are tested for indicators of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

The acquisition or internal development of software is capitalised only when the expenditure meets the definition criteria (identifiability, control and the existence of future economic benefits) and recognition criteria (probability of future economic benefits and cost can be reliably measured) 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.

Reconciliation of intangibles

The following table shows the movement of intangibles during 2017-18.

	Computer software \$'000	Computer software development \$'000	Water and convertible accommodation lease rights \$'000	Total \$'000
Carrying amount at the beginning of the period	2 984	1 955	145	5 084
Additions	-	1 563	15	1 578
Disposals	(72)	-	-	(72)
Reduction of lease rights	-	-	(2)	(2)
Transfer between asset classes	2 105	(2 095)	-	10
Amortisation expense	(676)	-	-	(676)
Carrying amount at the end of the period	4 341	1 423	158	5 922

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27 Intangible assets (continued)

The following table shows the movement of intangibles during 2016-17

	Computer software \$'000	Computer software development \$'000	Water and convertible accommodation lease rights \$'000	Other \$'000	Total \$'000
Carrying amount at the beginning of the period	3 190	1 054	132	-	4 376
Additions	-	2 108	15	-	2 123
Capitalised	-	-	-	20	20
Disposals	-	-	-	(20)	(20)
Reduction of lease rights	-	-	(2)	-	(2)
Transfer between asset classes	540	(1 038)	-	-	(498)
Amortisation expense	(547)	-	-	-	(547)
Derecognition	(199)	(169)	-	-	(368)
Carrying amount at the end of the period	2 984	1 955	145	-	5 084

- (1) 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% (100%), with no rationing.

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

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28 Fair value measurement

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.

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 valuation processes and fair value changes are reviewed by the department at each reporting date. In determining fair value, the department has taken into account the characteristic of the asset (e.g. condition and location of the asset and any restrictions on the sale or use of the asset); and the asset's highest and best use (that is physically possible, legally permissible, financially feasible). The department's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As the department did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a 'fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years' are deemed to approximate fair value.

Fair value hierarchy

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

Fair value measurements at 30 June 2018		2018	Level 2	Level 3
Recurring fair value measurements	Note	\$'000	\$'000	\$'000
Land	26	29 317	29 317	-
Buildings and infrastructure specialised		65 522	-	65 522
Buildings non specialised		8 660	8 660	-
Leasehold improvements		1 545	-	1 545
Bearer plants		105	-	105
Plant and equipment		14 597	-	14 597
Large vessels		706	-	706
Total recurring fair value measurements		120 452	37 977	82 475
Total fair value measurements		120 452	37 977	82 475

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28 Fair value measurement

Fair value measurements at 30 June 2017		2017	Level 2	Level 3
Recurring fair value measurements	Note	\$'000	\$'000	\$'000
Land	26	22 661	22 661	-
Buildings and infrastructure specialised		69 315	-	69 315
Buildings non specialised		1 930	1 930	-
Leasehold improvements		1 929	-	1 929
Bearer plants		106	-	106
Plant and equipment		14 687	-	14 687
Large vessels		804	-	804
Total recurring fair value measurements		111 432	24 591	86 841
Total fair value measurements		111 432	24 591	86 841

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 2017-18 and 2016-17, 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.

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28 Fair value measurement (continued)

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

Reconciliation of level 3 recurring fair value measurements at 30 June 2018

	Buildings and infrastructure specialised \$'000	Plant and equipment \$'000	Large vessels \$'000	Leasehold improvements \$'000	Bearer plants \$'000
Carrying amount at the beginning of the period	69 315	14 687	804	1 929	106
Acquisitions	15	2 088	-	-	-
Transfer between asset classes	139	538	-	-	-
Disposals	(6)	(261)	-	-	-
Asset write down	(52)	-	-	-	-
First time asset recognition	585	-	-	-	-
Assets previously classified as level 3	(5 726)	-	-	-	-
Other movements	(1)	-	-	-	-
Biologicals - movements	-	-	-	-	(1)
	64 269	17 052	804	1 929	105
<u>Gains / (Losses) for the period recognised in net result</u>					
Depreciation/amortisation	(2 522)	(2 455)	(98)	(384)	-
Revaluation movements expensed	(2 652)	-	-	-	-
Total gains / (losses) recognised in net result	(5 174)	(2 455)	(98)	(384)	-
<u>Gains / (Losses) for the period recognised in other comprehensive income (OCI)</u>					
Revaluation increment	6 427	-	-	-	-
Total gains / (losses) for the period recognised in other comprehensive income (OCI)	6 427	-	-	-	-
Closing balance at the end of the period	65 522	14 597	706	1 545	105

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28 Fair value measurement (continued)

Reconciliation of level 3 recurring fair value measurements at 30 June 2017

	Buildings and infrastructure specialised \$'000	Surplus land, buildings and infrastructure \$'000	Plant and equipment \$'000	Large vessels \$'000	Leasehold improvements \$'000	Bearer plants \$'000
Carrying amount at the beginning of the period	62 737	1 290	13 425	902	2 302	156
Acquisitions	-	-	1 874	-	10	-
Assets reclassified to held for sale	-	(1 553)	-	-	-	-
Transfer between asset classes	9 146	263	1 743	-	-	-
Disposals	-	-	(64)	-	-	-
Biologicals - movements	-	-	-	-	-	(50)
	71 883	-	16 978	902	2 312	106
<u>Gains / (Losses) for the period recognised in net result</u>						
Depreciation/amortisation	(2 568)	-	(2 291)	(98)	(383)	-
Total gains / (losses) recognised in net result	(2 568)	-	(2 291)	(98)	(383)	-
Closing balance at the end of the period	69 315	-	14 687	804	1 929	106

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29 Payables

	2018 \$'000	2017 \$'000
Current		
Creditors	2	2
Accrued expenses	11 665	12 554
Accrued interest on borrowings	174	151
Paid parental leave scheme	5	8
Employment on-costs	1 799	1 850
Total current payables	13 645	14 565
Non-current		
Employment on-costs	2 298	2 284
Total non-current payables	2 298	2 284
Total payables	15 943	16 849

Employment on-costs include Payroll Tax, workers compensation levies and superannuation contributions. The department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting dates relates to any contributions due but not yet paid to the South Australian Superannuation Board.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave remains unchanged from the 2016-17 rate (40%). These rates are used in the employment on-cost calculation.

Paid Parental Leave Scheme – represents amounts which the department has received from the Commonwealth Government to forward onto eligible employees via the department's standard payroll process. That is, the department is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

For further information on risk management refer to note 40.

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30 Borrowings / financial liabilities

	2018	2017
	\$'000	\$'000
Current		
Indebtedness to the Treasurer	11 497	11 224
Total current borrowings	11 497	11 224
Non-current		
Indebtedness to the Treasurer	19 527	14 488
Total non-current borrowings	19 527	14 488
Total borrowings	31 024	25 712

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

Borrowings consist of funds received from the Treasurer for Loans to Cooperatives and from the Commonwealth Government with respect to the Farm Finance, Drought and Drought Recovery, Dairy Recovery, and Farm Business Concessional Loans schemes.

Borrowings for Loans to Cooperatives are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the loan principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 21). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA.

Borrowings incurred on behalf of Cooperatives are recognised at cost. 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 the South Australian Government Financing Authority (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.

Borrowings by PIRSA under the Farm Finance Concessional Loans Scheme were receivable from the Commonwealth where applicants for financial assistance met the eligibility criteria of the scheme. The Commonwealth paid the funds in advance in agreed tranches, which were held in a special deposit account pending drawdown (refer note 20). Concessional loan payments were made by PIRSA to eligible applicants and were available for debt restructuring. The Farm Finance Concessional Loans scheme closed to new applicants on 30 June 2015 and the uncommitted (borrowing) amount was returned to the Commonwealth in 2015-16.

Borrowings by PIRSA under the Drought Concessional Loans Scheme were receivable from the Commonwealth where applicants for financial assistance met the eligibility criteria of the scheme. The Commonwealth paid the funds in advance in agreed tranches, which were held in a special deposit account pending drawdown (refer note 20). Concessional loan payments were made by PIRSA to eligible applicants and were available for debt refinance, operating expenses, and drought recovery and preparedness activities. Applications for the 2014-15 Drought Concessional Loans Scheme closed on 30 June 2015 and the uncommitted (borrowing) amount was returned to the Commonwealth in 2015-16. Round two commenced for the 2015-16 year in October 2015.

Borrowings by PIRSA under the Drought Recovery Concessional Loans Scheme were receivable from the Commonwealth where applicants for financial assistance met the eligibility criteria of the scheme. The Commonwealth paid the funds in advance in agreed tranches, which were held in a special deposit account pending drawdown (refer note 20). Concessional loan payments were made by PIRSA to eligible applicants and were available for new debt for planting and restocking activities; and/or a refinance of an existing Drought Concessional loan where provided for the purpose of operating expenses and/or drought recovery and preparedness activities. The scheme commenced in February 2016 and closed on 30 June 2016.

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30 Borrowings / financial liabilities (continued)

In May 2016, the Commonwealth Government announced an extension of both the Drought and Drought Recovery Concessional Loans Schemes for a further four months to 31 October 2016 and included a new Dairy Recovery Concessional Loans Scheme, with additional loan funding allocated to the Drought Recovery / Dairy Recovery Concessional Loans Scheme.

Applications for the Drought, Drought Recovery and Dairy Recovery Concessional Loans Schemes opened on 1 July 2016 and closed on 31 October 2016. The uncommitted (borrowing) amount was returned to the Commonwealth in 2016-17.

Borrowings by PIRSA under the Drought, Drought Recovery and Dairy Recovery Concessional Loans Schemes were receivable from the Commonwealth where applicants for financial assistance met the eligibility criteria of the scheme. The Commonwealth paid the funds in advance in agreed tranches, which are held in a special deposit account pending drawdown (refer note 20).

In June 2016 the Commonwealth Government committed to establishing the Regional Investment Corporation (RIC), to be a single Commonwealth administrator of certain loan schemes, including a new Farm Business Concessional Loans scheme to replace existing delivery arrangements through individual states and territories. The Commonwealth proposed transitional delivery arrangements through state and territories pending establishment of the RIC.

Applications for the first round under the new Farm Business Concessional Loans Scheme, including Dairy Recovery and Drought Assistance Concessional Loans opened during December 2016 and closed on 30 June 2017. The uncommitted (borrowing) amount was returned to the Commonwealth in 2017-18.

State and Territories were requested to continue delivery arrangements until 30 June 2018. The second round of Farm Business Concessional Loans Scheme, included funding for a new loan measure, Business Improvement Concessional Loans, in addition to continuation of the Dairy Recovery and Drought Assistance Concessional Loans. Concessional loan payments were made by PIRSA to eligible applicants and were available for debt restructuring, and/or new debt, for operating expense, planting and restocking activities, drought preparedness and productivity enhancement activities. Applications closed on 30 June 2018. Concessional loan payments were made by PIRSA to eligible applicants during 2017-18 and will continue into 2018-19. Any uncommitted (borrowing) amount will be returned to the Commonwealth during 2018-19.

From 1 July 2018, applications for farm business concessional loans will be made to the Commonwealth Government single national administrator, the Regional Investment Corporation.

For further information on risk management refer to note 40.

	2018	2017
	\$'000	\$'000
Movement in financial liabilities/borrowings		
Carrying amount at the beginning of the period	25 712	26 295
Additional borrowing during the year	10 122	15 624
Repayment of borrowings	(4 810)	(16 207)
Carrying amount at the end of the period	31 024	25 712

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31 Employee benefits liability

	2018	2017
	\$'000	\$'000
Current		
Annual leave	5 840	6 140
Long service leave	1 777	1 864
Accrued salaries and wages	1 470	1 370
Skills and experience retention leave	741	755
Total current employee benefits	9 828	10 129
Non-current		
Long service leave	24 547	24 230
Total non-current employee benefits	24 547	24 230
Total employee benefits	34 375	34 359

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 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 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.

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

The actuarial assessment performed by the Department of Treasury and Finance 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 remained at 2.5%.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$199 000 and employee benefit expense of \$199 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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31 Employee benefits liability (continued)

The current portion of long service leave reflects the amount of long service leave expected to be taken in the next 12 months, based on previous experience.

32 Provisions

	2018 \$'000	2017 \$'000
Current		
Provision for workers' compensation	608	425
Total provisions current	<u>608</u>	<u>425</u>
Non-current		
Provision for workers' compensation	3 163	722
Total provisions non-current	<u>3 163</u>	<u>722</u>
Total provisions	<u><u>3 771</u></u>	<u><u>1 147</u></u>
Carrying amount at the beginning of the period	1 147	1 627
Reductions arising from payments	(427)	(484)
Revaluation of liability	2 453	(366)
Additional provisions recognised	598	370
Carrying amount at the end of the period	<u>3 771</u>	<u>1 147</u>

A liability has been reported to reflect unsettled workers' compensation claims. The workers' compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The liability includes allowances for known seriously injured workers claims, a share of the liability for unreported seriously injured workers claims as well as a share of the liability for non-seriously injured claims. The measures used for allocating the liability for non-seriously injured claims include the number of claims reported to date, the claim payments to date and the departments reported FTE level.

The department is responsible for the payment of workers compensation claims

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33 Other liabilities

	2018	2017
	\$'000	\$'000
Current		
Lease incentive	130	132
Unearned revenue	15 093	15 492
Total other current liabilities	15 223	15 624
Non-current		
Lease incentive	567	638
Other liabilities	3	2
Total other non-current liabilities	570	640
Total other liabilities	15 793	16 264

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

34 Unrecognised contractual commitments

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

Capital commitments

Capital expenditure contracted for at the reporting date but are recognised as liabilities in the financial report, are payable as follows:

	2018	2017
	\$'000	\$'000
Within one year	454	2 002
Total capital commitments	454	2 002

Capital commitments relate to current contractual agreements for the development and supply of plant and equipment.

Expenditure commitments – other

	2018	2017
	\$'000	\$'000
Within one year	67 253	77 310
Later than one year but not longer than five years	18 884	15 871
Later than five years	198	-
Total other commitments	86 335	93 181

The department's other commitments include 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.

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34 Unrecognised contractual commitments (continued)

Operating lease commitments

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

	2018	2017
	\$'000	\$'000
Within one year	5 314	4 962
Later than one year and not later than five years	14 873	11 314
Later than five years	4 080	9 713
Total operating lease commitments	24 267	25 989
Representing:		
Non-cancellable operating leases	24 267	25 989
Total operating lease commitments	24 267	25 989

The department's non-cancellable operating leases are for office accommodation and equipment. Office accommodation is leased from the Department of Planning, Transport and Infrastructure. Contingent rental provisions, within the lease agreements, allow for the review of lease payments every two years. Any changes in lease payments are based on market rates. Options exist to renew the leases at the end of their terms. Rent is payable monthly in advance.

Non-cancellable operating leases have also been entered into for plant and office equipment. The rental period may continue beyond the expiry date expressed in the initial agreement, in which case, the agreement extends until either party gives written notice of their intention to terminate the agreement. Rent for plant and office equipment is generally payable in advance.

The department's non-cancellable operating leases also include agreements with LeasePlan for long term hire of light vehicles.

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35 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 assets

The department owns intangible assets consisting of intellectual property from its core research activities. These assets are not recognised in the financial statements due to difficulties in determining reliable fair values.

The department may also accept bank guarantees or other forms of securities like mortgages over land as security for loans advanced. Bank guarantees held at 30 June 2018, have a potential realisable value of \$4.8 million (2017: \$4.0 million). The department may claim on these funds if the borrower defaults on the conditions of the loan agreement.

The department also holds contractor performance and aquaculture lease site rehabilitation guarantees that have a potential realisable value of \$0.8 million (2017: \$0.9 million).

Contingent liabilities

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.

The department has some potential outstanding litigation in a number of these areas.

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. Work is progressing to determine any liabilities that may be associated with this role. At this time, the financial impact cannot be reliably estimated.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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36 Trust funds

The department has received monies in a trustee capacity for trusts. 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.

	2018 \$'000	2017 \$'000
Operations		
Revenue	1	-
Net operating surplus	<u>1</u>	<u>-</u>
Net assets		
Cash at bank	16	15
Net assets	<u>16</u>	<u>15</u>
Funds		
Balance of funds at beginning of period	15	15
Net receipts/(net payments)	1	-
Fund balance at end of period	<u>16</u>	<u>15</u>

Daniel Livingston Scholarship

This fund consists of monies bequested to the State Government by a 1937-38 memorandum to provide an annual student award in the University of Adelaide School of Agriculture, Food and Wine. Disbursements from the fund require the approval of the Minister or the Minister's delegate. The fund is held as a Section 21 Deposit Account.

Administration of the fund transferred from the Department of Treasury and Finance during 2017.

	2018 \$'000	2017 \$'000
Operations		
Revenue	1	-
Expenses	1	-
Net operating surplus	<u>-</u>	<u>-</u>
Net assets		
Cash at bank	36	35
Payables	1	-
Net assets	<u>35</u>	<u>35</u>
Funds		
Balance of funds at beginning of period	35	-
Transfer of funds	-	35
Fund balance at end of period	<u>35</u>	<u>35</u>

Department of Primary Industries and Regions
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37 Related party transactions

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

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

Significant transactions with government related entities

The department had no significant transactions with government related entities except for the appropriation funding received from the Department of Treasury and Finance (DTF) (note 19) and payments made to DTF of \$30.0m and the Department of Planning, Transport and Infrastructure (DPTI) of \$12.0m during the 2017-18 year.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the department and other SA Government controlled entities are disclosed at note 43.

Transactions with key management personnel and other related parties

Compensation of key management personnel is disclosed at note 4.

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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38 Cash flow reconciliation

	2018	2017
	\$'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	123 683	165 634
Balance as per the Statement of Cash Flows	123 683	165 634
Reconciliation of net cash provided by operating activities to net cost of providing services		
Net cash (used in) / provided by operating activities	(37 371)	24 490
Revenues from SA Government	(107 040)	(126 885)
Payments to SA Government	20 303	5 722
Add / (less) non-cash items		
Depreciation and amortisation	(6 469)	(6 069)
Gain/(loss) on disposal of non - current assets	(25)	(203)
Gain/(loss) on inventories	370	467
Recognition and derecognition of assets	(1)	(371)
Lease incentives	73	74
Doubtful debts movement	(76)	(4)
Asset impairment	-	(21)
Asset write down	(641)	-
Revaluation of assets expense	(4 848)	-
Shares received free of charge	-	2
First time asset recognition	737	-
Changes in assets/liabilities		
Increase/(decrease) in receivables	1 486	2 173
Increase/(decrease) in inventories	(886)	(190)
(Increase)/decrease in payables and provisions	(2 038)	(3 487)
(Increase)/decrease in employee benefits	(16)	(542)
(Increase)/decrease in other liabilities	809	1 318
Net cost of providing services	(135 633)	(103 526)

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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39 Budgetary reporting and explanations of major variances between budget and actual amounts

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.

	Original budget ⁽¹⁾ 2018 \$'000	Actual 2018 \$'000	Variance \$'000
Statement of Comprehensive Income			
Expenses			
Employee benefits	97 519	95 124	(2 395)
Supplies and services	48 703	50 813	2 110
Depreciation and amortisation	6 609	6 469	(140)
Grants and subsidies	86 684	82 569	(4 115)
Borrowing costs	845	544	(301)
Net loss from the disposal of non-current assets	-	25	25
Other	1 086	9 875	8 789
Total expenses	241 446	245 419	3 973
Income			
Fees and charges	21 394	14 156	(7 238)
Advances and grants	54 842	56 725	1 883
Commonwealth revenues (National Partnership payments)	46 980	26 404	(20 576)
Interest revenues	2 161	1 725	(436)
Sale of goods	2 499	2 859	360
Net gain from the disposal of non-current assets	80	-	(80)
Other income	3 612	5 300	1 688
Resources received free of charge	-	2 617	2 617
Total income	131 568	109 786	(21 782)
Net cost of providing services	(109 878)	(135 633)	(25 755)
Revenues from / (payments to) SA Government			
Revenues from SA Government	107 461	107 040	(421)
Payments to SA Government	(293)	(20 303)	(20 010)
Net revenue from / (payments to) SA Government	107 168	86 737	(20 431)
Net result	(2 710)	(48 896)	(46 186)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus	-	14 203	14 203
Total other comprehensive income	-	14 203	14 203
Total comprehensive result	(2 710)	(34 693)	(31 983)

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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39 Budgetary reporting and explanations of major variances between budget and actual amounts
(continued)

		Original budget ⁽¹⁾ 2018 \$'000	Actual 2018 \$'000	Variance \$'000
	Note			
Investing expenditure summary				
Total existing projects	(d)	-	987	987
Total annual programs		5 045	5 147	102
Total investing expenditure		5 045	6 134	1 089

⁽¹⁾ Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

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

- (a) Commonwealth revenue was lower than the original budget primarily due to re-profiling of milestones for the SA River Murray Sustainability Program.
- (b) Surplus cash carried forward from 2016-17 was returned to the Consolidated Account pursuant to DTF's cash alignment policy.
- (c) Movement in asset revaluation reserves following site inspections and revaluations undertaken by an independent valuer.
- (d) Total existing project expenditure was higher than the original budget due to carry over funds from 2016-17 for the redevelopment of the Clare Regional Office and Loxton Research Centre.

Department of Primary Industries and Regions
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40 Financial instruments / financial risk management

Financial risk management

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

The department is exposed to financial risk - liquidity risk, credit risk and market risk. There have been no changes in risk exposure since the last reporting period.

Liquidity risk

Liquidity risk arises from the possibility that the department is unable to meet its financial obligations as they are due. The department is funded principally from appropriation by the SA Government. The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

PIRSA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

PIRSA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Credit risk and market risk

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

The department does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. The department manages its risk as per the Government's risk management strategy articulated in Treasurer's Instructions 23 *Management of Foreign Currency Exposures*.

The department does not engage in high risk hedging for its financial assets.

Allowances for impairment of financial assets are calculated on past experience and current and expected changes in client credit rating. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer note 21 for information on the allowance for impairment in relation to receivables.

Market risk for the department is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. PIRSA's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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.

The carrying amounts are detailed below for each of the following categories of financial assets and liabilities:

- Held-to-maturity investments
- Loan and receivables
- Financial liabilities measured at cost.

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40 Financial instruments / financial risk management (continued)

PIRSA does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes. All of the resulting fair value estimates are included in level 2 as all significant inputs required are observable.

- The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer notes 21 and 29).
- Borrowings are recognised at cost which approximates fair value (refer note 30).
- Held to maturity investments are initially recognised at cost which approximates fair value (refer 23).

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40 Financial instruments / financial risk management (continued)

Categorisation and maturity analysis of financial assets and liabilities

Category of financial asset and financial liability	Note	2018 Carrying amount/fair value \$'000	2018		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
- Cash and cash equivalents	20	123 683	123 683	-	-
Loans and receivables					
- Receivables ⁽¹⁾⁽²⁾	21	33 350	13 822	6 676	12 852
Investments at cost					
- Other financial assets	23	4 518	4 518	-	-
Total financial assets		161 551	142 023	6 676	12 852
Financial liabilities					
Financial liabilities at cost					
- Payables ⁽¹⁾	29	11 536	11 536	-	-
- Borrowings	30	31 024	11 497	6 676	12 851
Total financial liabilities		42 560	23 033	6 676	12 851

Category of financial asset and financial liability	Note	2017 Carrying amount/fair value \$'000	2017		
			Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and equivalents					
- Cash and cash equivalents	20	165 634	165 634	-	-
Loans and receivables					
- Receivables ⁽¹⁾⁽²⁾	21	28 149	13 836	6 696	7 617
Investments at cost					
- Other financial assets	23	4 518	4 518	-	-
Total financial assets		198 301	183 988	6 696	7 617
Financial liabilities					
Financial liabilities at cost					
- Payables ⁽¹⁾	29	12 379	12 379	-	-
- Borrowings	30	25 712	11 224	6 696	7 792
Total financial liabilities		38 091	23 603	6 696	7 792

⁽¹⁾ 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. All amounts recorded are carried at cost (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 21 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

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40 Financial instruments / financial risk management (continued)

Ageing analysis of financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired			Impaired financial assets \$'000
			Overdue for less than 30 days \$'000	Overdue for 30-60 days \$'000	Overdue for more than 60 days \$'000	
2018						
Cash and cash equivalents	123 683	123 683	-	-	-	-
Receivables ⁽¹⁾	33 350	32 130	815	76	164	165
Other financial assets	4 518	4 518	-	-	-	-
	161 551	160 331	815	76	164	165
2017						
Cash and cash equivalents	165 634	165 634	-	-	-	-
Receivables ⁽¹⁾	28 149	27 023	881	64	92	89
Other financial assets	4 518	4 518	-	-	-	-
	198 301	197 175	881	64	92	89

⁽¹⁾ Receivable amounts disclosed here exclude amounts relating to statutory receivables (amounts owing to Government). They are carried at cost.

Sensitivity disclosure analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the department as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

Department of Primary Industries and Regions
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41 Impact of standards and statements not yet implemented

AASB 9 *Financial Instruments*

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018, i.e. to financial statements as at 30 June 2019. AASB 9 *Financial Instruments* provides the principles for the classification, measurement, recognition, de-recognition and disclosure associated with financial assets and liabilities. The key changes include simplified requirements for classification and measurement of financial assets and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

The department is currently reviewing the impact of AASB 9 *Financial Instruments* on the classification and measurement of its financial assets. The following summarises the estimated impact to the categorisation and valuation of the amounts reported:

- Trade receivables and loan receivables will be classified and measured at amortised cost, similar to the current classification of loans and receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department will be adopting the simplified approach under AASB 9 *Financial Instruments* and will measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision.
- The department makes certain loans to third parties which are repayable contingent on certain events occurring. These loans fail the Solely Payment of Principal and Interest (SPPI) test under AASB 9 *Financial Instruments* as they do not constitute a basic lending arrangement. As such, these loans will no longer be categorised at amortised cost and will need to be measured at FV. A fair value methodology is currently being finalised.
- The value of impairment for trade receivables owing from other government agencies is insignificant and immaterial due to the low credit risk (high quality credit rating) for the State of South Australia. No additional impairment provision will be raised for these amounts on transition.
- The unlisted private company shares are currently recognised at cost refer note 23. On adoption of AASB 9 *Financial Instruments*, these instruments will be measured at fair value. These investments are held for strategic rather than financial purposes and the department intends to make an irrevocable election on adoption of AASB 9 *Financial Instruments*, that each individual investment will be categorised as Fair Value through Other Comprehensive Income (FVOCI). As such, while their fair value will be represented in the statement of Financial Position, changes in value will be recognised in Other Comprehensive Income rather than profit. The amount will not be recycled through profit when the investments are disposed of. The fair value as at 1 July 2018 is being determined.
- All financial liabilities listed in the financial instruments / financial risk management note will continue to be measured at amortised cost. The department does not expect a material change in the reported value of financial liabilities.

The department will not restate comparative figures for financial instruments on adopting AASB 9 *Financial Instruments* as from 2018-19. Aside from a number of one-off disclosures in the 2018-19 financial statements to explain the impact of adopting AASB 9 *Financial Instruments*, a number of new or changed ongoing disclosure requirements will apply from that time. Assuming no change in the types of financial instruments that the department enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in unquoted equity instruments measured at FVOCI and de-recognition of these items.

41 Impact of standards and statements not yet implemented (continued)

AASB 16 Leases

This standard will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as at 30 June 2020. The standard supersedes AASB 117 *Leases* and unlike AASB 117 *Leases*, AASB 16 *Leases* introduces a single lease accounting model for lessees, eliminating the distinction between operating and finance leases. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 *Leases* allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. The department will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

The department has not yet quantified the exact impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 *Leases* to its current operating leases, including the extent of additional disclosures required. The exact impact will not be known until the year of transition.

It is anticipated that there will be an impact each year on net result due to recognition of depreciation and interest on lease liabilities as expenses. There will be no impact on the total net result over the life of the lease.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

The department's current operating lease commitments note (see note 34) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as at 30 June 2020. The department has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

Special purpose grants received to construct non-financial assets controlled by the department will be recognised as a liability, and subsequently recognised progressively as revenue as the department satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

41 Impact of standards and statements not yet implemented (continued)

Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The department has commenced evaluating the existing grant arrangements as to whether revenue from those grants could be deferred under the new requirements – however no conclusion or the potential impact, if any, has been determined at the present time.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and will continue to be recognised as revenue as soon as they are controlled.

Depending on the respective contractual terms, the new requirements of AASB 15 *Revenue from Contracts with Customers* may potentially result in a change to the timing of revenue from sales of the department's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). The department is yet to complete the analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.

42 Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2018 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2018.

Note disclosure is made about events between 30 June 2018 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2018 and which may have a material impact on the results of subsequent years.

No events have occurred after balance date that would affect the financial statements of PIRSA as at 30 June 2018.

On 31 May 2018, an inter-agency agreement was reached to transfer the market export and development functions of the department to the new Department for Trade, Tourism and Investment (DTTI). The movement of the function was undertaken because it was considered that the function more closely aligned with the State's trade promotion and export market development initiatives to be delivered by the new DTTI. This machinery of government change is effective from 1 July 2018. This transfer comprises of 4.6 FTEs. The forecast impact to the financial statements of 2018-19 will be offsetting appropriation and expenditure reductions of \$0.477m.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

43 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits	4	4 477	4 405	90 647	87 715	95 124	92 120
Supplies and services	6						
Professional and technical services		1 220	1 405	13 095	12 495	14 315	13 900
Administrative and operating costs		-	10	8 716	8 730	8 716	8 740
Utility and property costs		6 010	5 259	3 253	2 859	9 263	8 118
Computing and communication costs		1 434	1 456	4 375	4 531	5 809	5 987
Travel		-	-	2 386	2 543	2 386	2 543
Shared Services costs		1 889	2 189	-	-	1 889	2 189
Staff development and safety		-	-	1 132	1 118	1 132	1 118
Operating lease costs - accommodation		3 221	3 132	-	-	3 221	3 132
Operating lease costs		-	-	136	91	136	91
Vehicle lease and operating costs		2 537	2 437	-	-	2 537	2 437
Other vehicle and equipment operating costs		91	107	834	762	925	869
Property and risk insurance		484	479	-	-	484	479
Depreciation and amortisation	7	-	-	6 469	6 069	6 469	6 069
Grants and subsidies	8						
Recurrent grants		640	2 664	79 237	74 976	79 877	77 640
Intra government transfers		2 692	11 727	-	-	2 692	11 727
Borrowing costs	9	105	185	439	170	544	355
Net loss from the disposal of non-current assets	10	-	-	25	203	25	203
Other	11						
Publications, seed and miscellaneous stocks - cost of sales		-	-	90	94	90	94
Deemed cost of produce consumed		-	-	791	505	791	505
Write down of assets to realisable value		-	-	641	-	641	-
Revaluation of assets		-	-	4 848	-	4 848	-
Property, plant and equipment derecognised		-	-	1	369	1	369
Bad debts and allowances for doubtful debts		-	-	78	7	78	7
Royalty payments		-	-	761	477	761	477
Workers compensation provision movement		-	-	171	(114)	171	(114)
Workers compensation liability revaluation		-	-	2 453	(366)	2 453	(366)
Asset impairment		-	-	-	21	-	21
Other		30	36	11	67	41	103
Payments to SA Government	19	20 303	5 722	-	-	20 303	5 722
Total expenses		45 133	41 213	220 589	203 322	265 722	244 535

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

43 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income							
Fees and charges	12						
Agriculture, Biosecurity and Fisheries, consultancies and services		8	7	3 760	3 662	3 768	3 669
Rural Solutions, consultancies and services		956	454	3 207	4 111	4 163	4 565
SARDI, consultancies and services		32	45	4 449	4 457	4 481	4 502
Other		1 741	1 922	3	-	1 744	1 922
Advances and grants	13						
State grants - received from SA Government entities		2 086	3 574	-	-	2 086	3 574
State grants - received from administered industry funds		17 451	17 094	-	-	17 451	17 094
Commonwealth grants - Concessional Loans Schemes		-	-	125	150	125	150
Commonwealth grants - other		-	-	2 451	4 008	2 451	4 008
Industry grants		-	-	34 358	29 295	34 358	29 295
Interstate government grants		-	-	254	452	254	452
Commonwealth revenues (National Partnership payments)	14	26 404	57 187	-	-	26 404	57 187
Interest revenues	15	1 159	1 408	566	390	1 725	1 798
Sale of goods	16	-	-	2 859	3 048	2 859	3 048
Other	17						
Reimbursements/recoveries		239	160	1 609	1 584	1 848	1 744
Seed and other royalties		-	-	2 485	1 927	2 485	1 927
Gain/(loss) from changes in fair value biological assets		-	-	10	217	10	217
Diesel fuel rebates		-	-	103	95	103	95
Sponsorship contributions		-	-	-	2	-	2
Dividends		-	-	740	-	740	-
Other		-	11	114	25	114	36
Resources received free of charge	18	2 617	-	-	2	2 617	2
Revenues from SA Government	19	107 040	126 885	-	-	107 040	126 885
Total income		159 733	208 747	57 093	53 425	216 826	262 172

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

43 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets							
Receivables							
	21						
Receivables		1 170	981	6 702	3 497	7 872	4 478
Loans receivable		-	-	20 873	15 536	20 873	15 536
Workers compensation recoveries		-	-	131	23	131	23
Accrued interest on loans and deposits		82	98	97	68	179	166
Other accrued revenue		241	167	4 185	7 802	4 426	7 969
GST receivable		-	-	1 568	1 960	1 568	1 960
Prepayments		-	-	354	58	354	58
Other financial assets	23	-	-	4 518	4 518	4 518	4 518
Total financial assets		1 493	1 246	38 428	33 462	39 921	34 708
Financial liabilities							
Payables							
	29						
Creditors		-	-	2	2	2	2
Accrued expenses		2 795	3 280	8 870	9 274	11 665	12 554
Accrued interest on borrowings		174	151	-	-	174	151
Paid parental leave scheme		-	-	5	8	5	8
Employment on-costs		2 129	2 150	1 968	1 984	4 097	4 134
Borrowings/financial liabilities	30	31 024	25 712	-	-	31 024	25 712
Other liabilities	33	1 205	902	14 588	15 362	15 793	16 264
Total financial liabilities		37 327	32 195	25 433	26 630	62 760	58 825

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

Administered Financial Statements

For the year ended 30 June 2018

Department of Primary Industries and Regions
Statement of Administered Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Administered expenses			
Employee benefits	A3	698	769
Supplies and services	A5	2 296	2 186
Grants and subsidies	A6	33 637	30 765
Levies payments	A7	248	189
Other expenses	A8	63	-
Total administered expenses		36 942	33 909
Administered income			
Fees and charges	A9	29 525	30 147
Interest revenues	A10	228	225
Levies collection	A11	218	199
Other income	A12	7	23
Total administered income		29 978	30 594
Net cost of providing services		6 964	3 315
Revenues from / (payments to) SA Government			
Revenues from SA Government	A13	5 466	4 688
Total net revenues from SA Government		5 466	4 688
Net result		(1 498)	1 373
Total comprehensive result		(1 498)	1 373

The net result and total comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Statement of Administered Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Administered current assets			
Cash and cash equivalents	A14	20 800	22 586
Receivables	A15	1 257	678
Total current assets		22 057	23 264
Total assets		22 057	23 264
Administered current liabilities			
Payables	A16	670	1 200
Other current liabilities	A17	4 265	3 444
Total current liabilities		4 935	4 644
Total liabilities		4 935	4 644
Net assets		17 122	18 620
Administered equity			
Retained earnings		17 122	18 620
Total equity		17 122	18 620

The total equity is attributable to the SA Government as owner.

Contingent assets and liabilities A18

The above statement should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Statement of Administered Changes in Equity
for the year ended 30 June 2018

	Retained earnings	Total equity
	\$'000	\$'000
Balance at 30 June 2016	17 272	17 272
Prior period adjustment	(25)	(25)
Restated net result for 2016-17	17 247	17 247
Net result for 2016-17	1 374	1 374
Prior period adjustment to net result	(1)	(1)
Total comprehensive result for 2016-17	1 373	1 373
Balance at 30 June 2017	18 620	18 620
Restated balance at 30 June 2017	18 620	18 620
Net result for 2017-18	(1 498)	(1 498)
Total comprehensive result for 2017-18	(1 498)	(1 498)
Balance at 30 June 2018	17 122	17 122

All changes in equity are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Statement of Administered Cash Flows
for the year ended 30 June 2018

		2018	2017
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(698)	(771)
Supplies and services		(2 364)	(2 178)
Grants and subsidies		(34 099)	(31 178)
Levy payments		(248)	(189)
Other payments		-	(12)
Cash used in operations		(37 409)	(34 328)
Cash inflows			
User fees and charges		29 700	30 489
Interest received		232	223
Levy collections		218	199
Other receipts		7	-
Cash generated from operations		30 157	30 911
Cash flows from SA Government			
Receipts from SA Government		5 466	4 688
Cash generated from SA Government		5 466	4 688
Net cash provided by / (used in) operating activities	A20	(1 786)	1 271
Net increase / (decrease) in cash and cash equivalents		(1 786)	1 271
Cash and cash equivalents at the beginning of the reporting period		22 586	21 315
Cash and cash equivalents at the end of the reporting period	A14	20 800	22 586

The above statement should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2018

Activities - refer note A2	Adelaide Hills Wine Industry Fund		Aquaculture Resource Management Fund		Barossa Wine Industry Fund	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	29	25	109	-	69	56
Grants and subsidies	534	400	1 744	1 701	1 255	750
Levies payments	-	-	-	-	-	-
Other	-	-	21	-	-	-
Total administered expenses	563	425	1 874	1 701	1 324	806
Administered income						
Fees and charges	414	532	1 987	1 769	1 013	1 147
Interest revenues	6	6	22	20	12	9
Levies collection	-	-	-	-	-	-
Other	-	-	-	15	-	-
Total administered income	420	538	2 009	1 804	1 025	1 156
Net cost of / (benefit from) providing services	143	(113)	(135)	(103)	299	(350)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(143)	113	135	103	(299)	350
Activities - refer note A2	Citrus Growers Fund		Clare Valley Wine Industry Fund		Eyre Peninsula Grain Growers Rail Fund	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	12	13	10	11	6	5
Grants and subsidies	150	165	98	50	-	-
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered expenses	162	178	108	61	6	5
Administered income						
Fees and charges	186	143	188	88	-	-
Interest revenues	2	2	1	1	-	-
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered income	188	145	189	89	-	-
Net cost of / (benefit from) providing services	(26)	33	(81)	(28)	6	5
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	26	(33)	81	28	(6)	(5)

Department of Primary Industries and Regions
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2018

Activities - refer note A2	Fisheries Research and Development Fund		ForestrySA Community Service Obligations		Grain Industry Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Administered expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	1 516	1 575	-	-	23	21
Grants and subsidies	13 351	12 572	4 834	3 958	1 800	1 600
Levies payments	-	-	-	-	-	-
Other	42	-	-	-	-	-
Total administered expenses	14 909	14 147	4 834	3 958	1 823	1 621
Administered income						
Fees and charges	14 625	13 985	-	-	1 508	1 919
Interest revenues	-	-	-	-	31	30
Levies collection	-	-	-	-	-	-
Other	7	8	-	-	-	-
Total administered income	14 632	13 993	-	-	1 539	1 949
Net cost of / (benefit from) providing services	277	154	4 834	3 958	284	(328)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	4 788	3 989	-	-
Total net revenues from SA Government	-	-	4 788	3 989	-	-
Net result	(277)	(154)	(46)	31	(284)	328

Activities - refer note A2	Grain Industry Research and Development Fund		Langhorne Creek Wine Industry Fund		McLaren Vale Wine Industry Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Administered expenses						
Employee benefits	-	-	-	-	-	-
Supplies and services	21	21	18	26	48	41
Grants and subsidies	2 614	2 500	374	400	961	720
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered expenses	2 635	2 521	392	426	1 009	761
Administered income						
Fees and charges	2 263	2 888	257	388	643	994
Interest revenues	6	7	4	4	10	9
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered income	2 269	2 895	261	392	653	1 003
Net cost of / (benefit from) providing services	366	(374)	131	34	356	(242)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(366)	374	(131)	(34)	(356)	242

Department of Primary Industries and Regions
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2018

Activities - refer note A2	Riverland Wine Industry Fund		South Australian Apiary Industry Fund		South Australian Cattle Industry Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Administered expenses						
Employee benefits	-	-	-	-	12	3
Supplies and services	185	144	6	5	22	53
Grants and subsidies	776	700	24	8	682	762
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered expenses	961	844	30	13	716	818
Administered income						
Fees and charges	987	1 311	57	56	664	587
Interest revenues	10	11	4	3	7	9
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered income	997	1 322	61	59	671	596
Net cost of / (benefit from) providing services	(36)	(478)	(31)	(46)	45	222
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	36	478	31	46	(45)	(222)
Activities - refer note A2						
	South Australian Grape Growers Industry Fund		South Australian Pig Industry Fund		South Australian Sheep Industry Fund	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Administered expenses						
Employee benefits	-	-	-	-	29	25
Supplies and services	120	112	43	27	48	49
Grants and subsidies	519	550	251	151	3 672	3 778
Levies payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered expenses	639	662	294	178	3 749	3 852
Administered income						
Fees and charges	541	815	210	202	3 981	3 323
Interest revenues	6	6	54	55	52	53
Levies collection	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total administered income	547	821	264	257	4 033	3 376
Net cost of / (benefit from) providing services	92	(159)	30	(79)	(284)	476
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(92)	159	(30)	79	284	(476)

Department of Primary Industries and Regions
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2018

Activities - refer note A2

	Other Funds		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Administered expenses				
Employee benefits	657	741	698	769
Supplies and services	11	2	2 296	2 186
Grants and subsidies	(2)	-	33 637	30 765
Levies payments	248	189	248	189
Other	-	-	63	-
Total administered expenses	914	932	36 942	33 909
Administered income				
Fees and charges	1	-	29 525	30 147
Interest revenues	1	-	228	225
Levies collection	218	199	218	199
Other	-	-	7	23
Total administered income	220	199	29 978	30 594
Net cost of / (benefit from) providing services	694	733	6 964	3 315
Revenues from / (payments to) SA Government				
Revenues from SA Government	678	699	5 466	4 688
Total net revenues from SA Government	678	699	5 466	4 688
Net result	(16)	(34)	(1 498)	1 373

The above statement should be read in conjunction with the accompanying notes.

Department of Primary Industries and Regions

Notes to and forming part of the financial statements

for the year ended 30 June 2018

A1 Basis of preparation and accounting policies

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

A2 Administered funds of the department

The activity schedule provides details of expenses and revenues applicable to the administered funds of PIRSA. 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 purposes 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 purpose of the fund has been met and the prescribed contribution rate has been reduced to zero.

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 or 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 financial statements
for the year ended 30 June 2018

A2 Administered funds of the department (continued)

ForestrySA Community Service Obligations

PIRSA receives appropriation to make payments to ForestrySA 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.

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.

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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2018

A2 Administered funds of the department (continued)

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 growers industry, undertake research and development and encourage communication and cooperation between participants in the SA grape growers 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 programs as recommended by the South Australian Sheep Advisory Group and provide contributions to the Dog Fence Board towards the maintenance or improvement 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*.

A3 Employee benefit expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	635	717
Employment on-costs - superannuation	1	1
Employment on-costs - other	1	1
Workers' compensation	43	41
Board fees	18	9
Total employee benefit expenses	698	769

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A4 Remuneration of board and committee members

Members that were entitled to receive remuneration for membership during the year are listed below in the following summary table:

The number of members whose remuneration received or receivable falls within the following bands:	2018	2017
\$Nil	13	20
\$1 - \$9 999	16	20
Total number of members	29	40

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$24 000 (2017: \$10 000).

Unless otherwise disclosed, transactions between 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.

The total number of members has reduced as part of the whole of government review of boards and committees, which has resulted in a number of advisory groups being abolished.

Members during 2017-18 financial year:

South Australian Cattle Advisory Group

T J Honner (Chair)
 K I Dennis (Deputy Chair - term expired 30 June 2018)
 Dr M R Carr
 L F Clegett
 L S Fitzgerald * (term expired 30 June 2018)
 S A Joppich
 H F E Keatley
 A G Litchfield (term expired 30 June 2018)
 Dr E K Matthews * (deputy member)
 B F W McHugh (deputy member)
 A S Pacitti (term expired 30 June 2018)
 P J Schulz (term expired 30 June 2018)
 M G Watters (deputy member - term expired 30 June 2018)

South Australian Sheep Advisory Group

L J Mills (Chair - term expired 30 June 2018)
 I H Rowett (Deputy Chair)
 B J Bateman
 K T Bolto (term expired 30 June 2018)
 J I Fischer (term expired 30 June 2018)
 L S Fitzgerald * (term expired 30 June 2018)
 R E Giles (term expired 30 June 2018)
 J Kellock (term expired 30 June 2018)
 A S Pearce
 M D Peters * (retired 23 November 2017)
 W L Stewart (term expired 30 June 2018)
 Dr M R Carr
 Dr E K Matthews * (deputy member)
 K I Dennis (deputy member)
 A J P MacLachlan (deputy member)
 P J Schulz (deputy member)
 M M Whittlesea (deputy member)

* Pursuant to the Department of Premier and Cabinet Circular PC016, government employees did not receive any remuneration for board/committee duties during the financial year.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A5 Supplies and services

	2018	2017
	\$'000	\$'000
Professional and technical services ⁽¹⁾	1 753	1 768
Administrative and operating costs	526	412
Travel	6	5
Other	11	1
Total supplies and services	2 296	2 186

⁽¹⁾ Includes audit fees paid/payable to the Auditor-General's Department of \$104 400 (2017: \$102 200) relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

A6 Grants and subsidies

	2018	2017
	\$'000	\$'000
Recurrent grants	10 983	9 355
Transfer payments to PIRSA for industry research and project delivery	17 451	17 094
Intra government transfers	5 203	4 316
Total grants and subsidies	33 637	30 765

The major grant programs and subsidies paid/payable during the year were:

Fisheries Research and Development Fund	13 350	12 572
ForestrySA - Community Service Obligations	4 834	3 958
South Australian Sheep Industry Fund	3 671	3 778
Grain Industry Research and Development Fund	2 614	2 500
Aquaculture Resource Management Fund	1 744	1 701
Grain Industry Fund	1 800	1 600
South Australian Cattle Industry Fund	682	762
Barossa Wine Industry Fund	1 255	750
McLaren Vale Wine Industry Fund	961	720
Riverland Wine Industry Fund	776	700
South Australian Grape Growers Industry Fund	519	550
Langhorne Creek Wine Industry Fund	374	400
Adelaide Hills Wine Industry Fund	533	400
Citrus Growers Fund	150	165
South Australian Pig Industry Fund	252	151
Clare Valley Wine Industry Fund	98	50
South Australian Apiary Industry Fund	24	8
Total grants and subsidies	33 637	30 765

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A7 Levies payments

	2018	2017
	\$'000	\$'000
Seed levies ⁽¹⁾	248	189
Total levies payments	248	189

⁽¹⁾ Seed levies collected pursuant to the Commonwealth *Pasture Seed Levy Collection Act 1989* are paid to the Commonwealth Department of Agriculture and Water Resources. Fees charged by Australian Seed Authority Ltd (ASA) are by an agreement with the department, collected and remitted to ASA.

Income is recognised under note A11.

A8 Other expenses

	2018	2017
	\$'000	\$'000
Doubtful debts	63	-
Total other expenses	63	-

A9 Revenue from fees and charges

	2018	2017
	\$'000	\$'000
Aquaculture and fishing licences	14 168	13 436
Industry contributions	12 913	14 393
Penalties and fines	53	84
Other fees and levies	2 391	2 234
Total revenue from fees and charges	29 525	30 147

A10 Interest revenues

	2018	2017
	\$'000	\$'000
Interest received	228	225
Total interest revenue	228	225

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A11 Levies collections

	2018	2017
	\$'000	\$'000
Seed levies ⁽¹⁾	218	199
Total levies collections	218	199

⁽¹⁾ 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 ASA under licence by the Commonwealth Department of Agriculture and Water Resources. ASA undertake 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 A7.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A12 Other income

	2018	2017
	\$'000	\$'000
Reduction in allowances for doubtful debts	-	15
Other	7	8
Total other income	7	23

A13 Revenues from / (payments to) SA Government

	2018	2017
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	4 788	3 989
Reimbursements received for Parliamentary salaries and expense allowances	678	699
Total revenues from SA Government	5 466	4 688

A14 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Section 21 Deposit Accounts	20 800	22 586
Total cash and cash equivalents	20 800	22 586

Cash is measured at nominal amounts.

Deposits at call and with the Treasurer earn a floating interest rate, based on daily banking deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

Department of Primary Industries and Regions
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A15 Receivables

	2018 \$'000	2017 \$'000
Current		
Receivables	1 636	995
Less allowance for doubtful debts	<u>(393)</u>	<u>(335)</u>
	1 243	660
Accrued interest on deposits	14	18
Total current receivables	<u>1 257</u>	<u>678</u>
Total receivables	<u><u>1 257</u></u>	<u><u>678</u></u>

Interest rate and credit risk

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the department will not be able to collect the debt. Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note A22 for further information on risk management.

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired. An allowance for impairment loss has been recognised in other expenses (other income) for specific debtors and debtors assessed on a collective basis for which such evidence exists.

	2018 \$'000	2017 \$'000
Movement in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	335	364
Increase/(decrease) in the allowance	63	(15)
Amounts written off	<u>(5)</u>	<u>(14)</u>
Carrying amount at the end of the period	<u>393</u>	<u>335</u>

A16 Payables

	2018 \$'000	2017 \$'000
Current		
Accrued expenses	670	1 200
Total current payables	<u>670</u>	<u>1 200</u>
Total payables	<u><u>670</u></u>	<u><u>1 200</u></u>

Department of Primary Industries and Regions
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A17 Other liabilities

	2018	2017
	\$'000	\$'000
Current		
Unearned revenue	4 223	3 402
Other	42	42
Total current other liabilities	<u>4 265</u>	<u>3 444</u>
Total other liabilities	<u><u>4 265</u></u>	<u><u>3 444</u></u>

A18 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 2018.

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.

Department of Primary Industries and Regions
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A19 Related party transactions

Significant transactions with government related entities

The department had no significant transactions with government related entities except for the appropriation funding received from the Department of Treasury and Finance (DTF) (note A13) and grant payments made to ForestrySA of \$4.8m (note A6).

Contributions from industry groups are received into the administered funds of the department (refer to note A9) and may be transferred in part to PIRSA controlled (refer to notes A6 and 13) to undertake specific research or to deliver projects proposed by the industry groups in their approved management plans.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between the administered funds and other SA Government controlled entities are disclosed at note A25.

Key management personnel

The Minister for Primary Industries and Regional Development has responsibility for all of the administered funds included under note A2 and discharges his 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*.

Transactions with key management personnel and other related parties

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

A20 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Administered Financial Position	20 800	22 586
Balance as per the Statement of Administered Cash Flows	20 800	22 586
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	(1 786)	1 271
Less revenues from SA Government	(5 466)	(4 688)
Add / (less) non-cash items		
Doubtful debts	(58)	29
Movement in assets and liabilities		
Increase/(decrease) in receivables	637	502
(Increase)/decrease in payables	530	405
(Increase)/decrease in employee benefits	-	2
(Increase)/decrease in other liabilities	(821)	(836)
Net cost of providing services	(6 964)	(3 315)

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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A21 Budgetary reporting and explanations of major variances between budget and actual amounts

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.

	Note	Original	Actual	Variance
		budget ⁽¹⁾	2018	
		2018	2018	
		\$'000	\$'000	\$'000
Statement of Administered Comprehensive Income				
Expenses				
Employee benefits		833	698	(135)
Supplies and services		1 550	2 296	746
Grants and subsidies		32 622	33 637	1,015
Levies payments		166	248	82
Other expenses		15	63	48
Total expenses		35 186	36 942	1,756
Income				
Fees and charges		28 825	29 525	700
Advances and grants		2	-	(2)
Interest revenues		309	228	(81)
Levies collection		166	218	52
Other income		(1)	7	8
Total income		29 301	29 978	677
Net cost of providing services		5 885	6 964	1 079
Revenues from SA Government				
Revenues from SA Government		5 507	5 466	(41)
Total revenues from SA Government		5 507	5 466	(41)
Net result		(378)	(1 498)	(1 120)
Total comprehensive result		(378)	(1 498)	(1 120)

⁽¹⁾ Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flow as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information. These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets, administrative restructures/machinery of government changes or changes in accounting policy. The budget process is not subject to audit.

Department of Primary Industries and Regions
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A22 Financial risk management / financial instruments

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 note A1.

Table 22.1 Categorisation of financial instruments

Category of financial asset and financial liability	Note	2018 Carrying amount/fair value \$'000	Within	1-5 years	More than
			1 year \$'000	\$'000	5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	A14	20 800	20 800	-	-
Loans and receivables					
Receivables ⁽¹⁾⁽²⁾	A15	1 257	1 257	-	-
Total financial assets		22 057	22 057	-	-
Financial liabilities					
Financial liabilities at cost					
Payables ⁽¹⁾	A16	566	566	-	-
Total financial liabilities		566	566	-	-

Category of financial asset and financial liability	Note	2017 Carrying amount/fair value \$'000	Within	1-5 years	More than
			1 year \$'000	\$'000	5 years \$'000
Financial assets					
Cash and equivalents					
Cash and cash equivalents	A14	22 586	22 586	-	-
Loans and receivables					
Receivables ⁽¹⁾⁽²⁾	A15	678	678	-	-
Total financial assets		23 264	23 264	-	-
Financial liabilities					
Financial liabilities at cost					
Payables ⁽¹⁾	A16	1 099	1 099	-	-
Total financial liabilities		1 099	1 099	-	-

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

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note A15 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Department of Primary Industries and Regions
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A23 Impact of standards and statements not yet implemented

Application of standards and statements not yet implemented by PIRSA are contained in note 41 Impact of standards and statements not yet implemented. The changes outlined in note 41 apply to both PIRSA's controlled and administered financial statements.

A24 Events after the reporting period

No events have occurred after balance date that would affect the consolidated administered financial statements of PIRSA as at 30 June 2018.

Department of Primary Industries and Regions
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A25 Transactions with SA Government

The following table discloses revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits	A3	4	6	694	763	698	769
Supplies and services	A5						
Professional and technical services		202	202	1 551	1 566	1 753	1 768
Administrative and operating costs		-	-	526	412	526	412
Travel		-	-	6	5	6	5
Other		-	-	11	1	11	1
Grants and subsidies	A6						
Recurrent grants		-	-	10 983	9 355	10 983	9 355
Transfer payments to PIRSA for industry research and project delivery		17 451	17 094	-	-	17 451	17 094
Intra government transfers		5 203	4 316	-	-	5 203	4 316
Levies payments	A7	-	-	248	189	248	189
Other expenses	A8	-	-	63	-	63	-
Total expenses		22 860	21 618	14 082	12 291	36 942	33 909
Income							
Fees and charges	A9						
Aquaculture and fishing licences		-	-	14 168	13 436	14 168	13 436
Industry contributions		-	-	12 913	14 393	12 913	14 393
Penalties and fines		-	-	53	84	53	84
Other fees and levies		1	-	2 390	2 234	2 391	2 234
Interest revenues	A10	228	225	-	-	228	225
Levies collection	A11	-	-	218	199	218	199
Other income	A12						
Other		-	-	7	23	7	23
Revenues from SA Government	A13	5 466	4 688	-	-	5 466	4 688
Total income		5 695	4 913	29 749	30 369	35 444	35 282
Financial assets							
Receivables	A15						
Receivables		-	-	1 243	660	1 243	660
Accrued interest on deposits		14	18	-	-	14	18
Total financial assets		14	18	1 243	660	1 257	678
Financial liabilities							
Payables	A16						
Accrued expenses		568	1 035	102	165	670	1 200
Other liabilities	A17	-	-	4 265	3 444	4 265	3 444
Total financial liabilities		568	1 035	4 367	3 609	4 935	4 644