

Department of State Development

Financial report
for the year ended
30 June 2018



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To the Chief Executive Department for Industry and Skills

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 State Development 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 State Development 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 Acting Director, Finance.

Basis for opinion

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

20 September 2018

**DEPARTMENT OF STATE DEVELOPMENT
CERTIFICATION OF THE FINANCIAL STATEMENTS**

We certify that the attached general purpose financial statements for the Department of State Development:

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

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



Mark Duffy
Chief Executive
DSD

14 September 2018



Martin Smith
A/Director, Finance
DSD

14 September 2018

**Department of State Development
(DSD)**

Financial Statements

For the year ended 30 June 2018

Department of State Development
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<u>Expenses</u>			
Employee benefits expenses	5	75 648	102 982
Supplies and services	7	102 379	87 473
Depreciation and amortisation expenses	8	10 708	25 052
Grants and subsidies	9	557 342	524 336
Net loss from disposal of non-current and other assets	16	113	116 093
Other expenses	10	4 497	8 713
Total expenses		750 687	864 649
<u>Income</u>			
Fees and charges	12	66 301	71 174
Commonwealth revenues	13	495	38 511
Interest and investment revenues	14	15	215
Resources received free of charge	15	907	214
Other income	17	12 769	13 959
Total income		80 487	124 073
Net cost of providing services		(670 200)	(740 576)
<u>Revenues from / (payments to) SA Government</u>			
Revenues from SA Government	18	675 316	587 749
Payments to SA Government	18	(236)	(611 450)
Total net revenues from SA Government		675 080	(23 701)
Net result		4 880	(764 277)
<u>Other comprehensive income</u>			
Items that will not be reclassified to net result:			
Changes in property, plant and equipment asset revaluation surplus	23	(158)	(2)
Items that will be reclassified subsequently to net result when specific conditions are met:			
Changes in financial assets available for sale revaluation reserve	25	415	(464)
Total comprehensive result		5 137	(764 743)

The net result and 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.

The movement in Net result relates primarily to the sale of TAFE SA sites to the Urban Renewal Authority in 2016-17 (refer note 4).

Department of State Development
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<u>Current assets</u>			
Cash and cash equivalents	19	99 457	114 782
Receivables	20	12 139	13 849
Non-current assets classified as held for sale	21	1 042	9 470
Total current assets		112 638	138 101
<u>Non-current assets</u>			
Property, plant and equipment	23	209 081	166 888
Intangible assets	24	13 469	13 177
Investments	25	6 901	6 486
Total non-current assets		229 451	186 551
Total assets		342 089	324 652
<u>Current liabilities</u>			
Payables	27	27 677	38 279
Employee benefits	28	7 234	7 849
Provisions	29	245	367
Other current liabilities	30	394	493
Total current liabilities		35 550	46 988
<u>Non-current liabilities</u>			
Payables	27	1 464	1 473
Employee benefits	28	15 777	15 883
Provisions	29	368	682
Other non-current liabilities	30	724	1 036
Total non-current liabilities		18 333	19 074
Total liabilities		53 883	66 062
Net assets		288 206	258 590
<u>Equity</u>			
Retained earnings		213 764	208 590
Financial assets available for sale revaluation reserve		4 297	3 882
Asset revaluation surplus		271	429
Contributed capital		69 874	45 689
Total equity		288 206	258 590

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	32
Contingent assets and liabilities	33

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

Department of State Development
Statement of Changes in Equity
for the year ended 30 June 2018

	Note	Retained earnings \$'000	Financial assets available for sale revaluation reserve \$'000	Asset revaluation surplus \$'000	Contributed capital \$'000	Total equity \$'000
Balance at 30 June 2016		1 003 992	4 346	2 668	11 738	1 022 744
<u>Net result for 2016-17</u>		(763 727)	-	-	-	(763 727)
Loss on revaluation of property, plant and equipment	23	-	-	(2)	-	(2)
Loss in financial assets available for sale revaluation reserve	25	-	(464)	-	-	(464)
Total comprehensive result 2016-17		(763 727)	(464)	(2)	-	(764 193)
Contributed capital increases		-	-	-	33 951	33 951
Transfers between equity components		2 237	-	(2 237)	-	-
Net assets transferred as a result of an administrative restructure		(33 362)	-	-	-	(33 362)
Balance at 30 June 2017		209 140	3 882	429	45 689	259 140
Prior period adjustments		(550)	-	-	-	(550)
Restated balance at 30 June 2017		208 590	3 882	429	45 689	258 590
<u>Net result for 2017-18</u>		4 880	-	-	-	4 880
Loss on revaluation of property, plant and equipment	23	-	-	(158)	-	(158)
Gain in financial assets available for sale revaluation reserve	25	-	415	-	-	415
Total comprehensive result 2017-18		4 880	415	(158)	-	5 137
Contributed capital increases		-	-	-	24 185	24 185
Net assets transferred as a result of an administrative restructure	3	294	-	-	-	294
Balance at 30 June 2018		213 764	4 297	271	69 874	288 206

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 State Development
Statement of Cash Flows
for the year ended 30 June 2018

		2018	2017
	Note	\$'000	\$'000
<u>Cash flows from operating activities</u>			
Cash outflows			
Employee benefit payments		(77 724)	(106 989)
Payments for supplies and services		(167 969)	(113 583)
Payments of security deposits		-	(1 201)
Payments of grants and subsidies		(553 386)	(528 142)
Net GST paid to ATO		-	(35 299)
Payments for paid parental leave scheme		(145)	(214)
Other payments		(2,977)	-
Cash used in operations		(802 201)	(785 428)
Cash inflows			
Fees and charges		79 137	71 128
Receipts from Commonwealth		464	38 481
Interest and dividends received		20	209
Net GST recovered from ATO		34 918	-
Receipts of security deposits		-	1 466
Net receipts from paid parental leave scheme		130	199
Other receipts		13 145	16 400
Cash generated from operations		127 814	127 883
Cash flows from SA Government			
Receipts from SA Government		675 316	587 749
Payments to SA Government		(236)	(611 450)
Cash generated from / (used in) SA Government		675 080	(23 701)
Net cash provided by / (used in) operating activities	35	693	(681 246)
<u>Cash flows from investing activities</u>			
Cash outflows			
Purchase of property, plant and equipment		(49 512)	(14 406)
Cash used in investing activities		(49 512)	(14 406)
Cash inflows			
Proceeds from sale of property, plant and equipment and other assets		9 309	676 001
Cash generated from investing activities		9 309	676 001
Net cash (used in) / provided by investing activities		(40 203)	661 595
<u>Cash flows from financing activities</u>			
Cash outflows			
Payments from restructure activities		-	(6 633)
Cash used in financing activities		-	(6 633)
Cash inflows			
Capital contributions from SA Government		24 185	33 951
Cash generated from financing activities		24 185	33 951
Net cash provided by financing activities		24 185	27 318
Net (decrease) / increase in cash		(15 325)	7 667
Cash at the beginning of the period		114 782	107 115
Cash at the end of the period	19	99 457	114 782

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

Department of State Development

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 State Development (the department) is a government department of the State of South Australia, established by 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 controlled activities of the department. Administered items are disclosed in the administered financial statements at the end 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.

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.

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
- accounting policies are selected and applied 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.

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

Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date, have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

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

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.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

1 Basis of financial statements (continued)

1.4 Principles of consolidation

Scope Global Pty Ltd, which has a reporting date of 30 June 2018 is controlled by the Minister for Trade, Tourism and Investment (previously the Minister for Investment and Trade). Its principal activity is to secure international contracts for work in vocational education and training.

Although the Minister has control over Scope Global Pty Ltd it is not considered part of the department's operations. The department cannot influence the decisions of Scope Global Pty Ltd, nor can the department dominate the financial and operational policies of Scope Global Pty Ltd. Consequently, Scope Global Pty Ltd was not consolidated in the accounts, nor disclosed as an Associate. The value of Scope Global Pty Ltd is shown in the Statement of Financial Position under Investments (refer note 25).

The Minister for Industry and Skills (previously the Minister for Science and Information Economy) has a 25% interest in SABRENet. SABRENet was registered on 28 September 2005 as a non-profit company limited by guarantee and has been recognised by the Australian Taxation Office (ATO) as a tax exempt entity. The founding members are the three South Australian Universities and the South Australian Government. The objectives for which the company was established are to be a non-profit institution to further the use of advanced data networking for conducting research and education in South Australia, for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally. While the Minister has significant influence over SABRENet, the Minister's interest in SABRENet is limited to the Minister's use of SABRENet's asset (the network). That is, the Minister receives no return for their interest in SABRENet.

1.5 Taxation

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

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

- when the GST incurred on a purchase of goods or services is not recoverable from the 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.

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

Department of State Development

Notes to and forming part of the financial statements

for the year ended 30 June 2018

2 Objectives and activities of the Department of State Development

2.1 Objectives

The objectives of the department reflect the structure that was in existence for 2017-18 prior to machinery of government changes (refer note 40).

The department is responsible for driving economic growth and creating jobs.

The department supports South Australia's economic transformation under the priorities of:

- a globally recognised leader in health research and ageing;
- the Knowledge State – attracting a diverse student body and commercialising our research;
- growth through innovation;
- promoting our international connections and engagement; and
- ensuring our small businesses have access to capital and global markets.

The department brings together responsibility for programs to support the transformation to high-value manufacturing and responsibility for training, employment and skills initiatives and science. The department works in close partnership with business, the education sector, community and key stakeholders to harness South Australia's expertise in innovation, skills development and industry transformation.

The department also provides leadership for cross-government policy development on Aboriginal affairs and reconciliation, and Aboriginal economic development. This includes skills development, job creation, business development and sustainable employment for Aboriginal people, including support for Aboriginal young people and those living in regional and remote South Australia.

The department is also responsible for maximising the social and economic contribution made by the arts and driving opportunities to grow creative industries through innovation, as well as high-value technology sectors, including medical research and biotechnology.

Increasing the focus on innovation will be crucial to assisting all sectors move up the value chain through more advanced techniques and services.

The department also has responsibility for implementing the automotive transformation strategy for South Australia, together with the Commonwealth Government's Growth Fund.

The department drives South Australia's continuing high-growth and high-value sectors including information and communications technology and advanced manufacturing. It also coordinates the state government's engagement with small to medium businesses, ensuring local firms have access to growing supply chain opportunities in sectors such as defence and aerospace.

The department further develops trade opportunities and the internationalisation of our economy. By working with the business and the higher education sectors it is building a smart future for South Australia.

The department was responsible for unlocking the full potential of the state's resources, energy and renewable assets up to the end of March 2017. The department transferred the Mineral Resources Division, the Energy Resources Division, the Energy Markets and Programs Division, the Resources Infrastructure and Investment Task Force (with the exception of the Case Management Function), the Strategy and Governance Unit and the Office of the Economic Development Board to the Department of the Premier and Cabinet (DPC) effective from 1 April 2017.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and activities of the Department of State Development (continued)

2.2 Activities

The department has identified 11 broad activities that reflect the nature of the services delivered to the South Australian community. The Office of the Economic Development Board, Mineral Resources and Energy and Water Industry Technical and Safety Regulation activities were transferred to DPC effective from 1 April 2017. The activities of the department and their objectives are:

Industry and Innovation

The purpose of this activity is to deliver initiatives to support business and industry transition, growth and investment. This is done by working with priority industry sectors, providing business with innovation opportunities and building their capacity to develop and adopt new practices and technologies to increase competitiveness, supporting business to access risk capital and supporting structural adjustment and economic development of regions.

Aboriginal Affairs and Reconciliation

The purpose of this activity is to empower Aboriginal people to have a stronger voice in decision making across government and within communities, and provide leadership in the promotion of effective governance arrangements. The department provides whole of government policy advice and leadership, supports engagement with Aboriginal stakeholders through the provision of culturally appropriate advice to government, facilitates the protection and preservation of Aboriginal heritage and culture, and supports the state's Aboriginal land holding authorities.

Science, Technology and Information Economy

The purpose of this activity is to provide the government with a strategic and coordinated focus in science, technology and information economy policy development and program delivery to support state productivity, and maximise economic benefit to the state.

Arts South Australia

The purpose of this activity is to ensure the state recognises and capitalises on artistic, cultural and economic opportunities arising from the diverse arts and cultural organisations, practitioners, events and physical assets in the state by developing programs that build on cultural heritage and creativity, and providing financial support to the creative industries.

Health Industries

The purpose of this activity is to increase investment and employment in South Australia's health and biomedical sector to achieve the government's vision for the state to become a globally recognised leader in health research, ageing and related services and products.

Growing Small Business

The purpose of this activity is to support small businesses to establish, grow and be sustainable through the operations of the Small Business Unit and the Office of the Industry Advocate.

International Engagement, Trade, Migration and International Education

The purpose of this activity is to develop and implement strategies and programs that facilitate international exports, the growth of the international education sector and maximise the benefits of skilled and business migration.

Employment and Skills Formation

The purpose of this activity is to strengthen the economic prosperity and social wellbeing of South Australians through; strategic employment, skills formation, workforce development and implementing the WorkReady and Jobs and Skills policies.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and activities of the Department of State Development (continued)

2.2 Activities (continued)

Office of the Economic Development Board

The purpose of this activity is to support the Economic Development Board by providing a secretariat function as well as oversight and management of its assigned budget, including procurement and contracting management functions. This activity was transferred to DPC effective from 1 April 2017.

Mineral Resources and Energy

The purpose of this activity is to unlock the full potential of South Australia's resources, energy and renewable assets and maintain the state's reputation as a leading resource investment destination. This activity was transferred to DPC effective from 1 April 2017.

Water Industry Technical and Safety Regulation

The purpose of this activity is to support the enforcement, compliance and promotion of technical and safety regulation of plumbing and equipment, and water industry entities. This activity was transferred to DPC effective from 1 April 2017.

The disaggregated disclosure schedules present expenses, income, assets and liabilities information attributable to each of these activities for the years ended 30 June 2018 and 30 June 2017.

Department of State Development
Expenses and income by activity
for the year ended 30 June 2018

	Industry and Innovation		Aboriginal Affairs and Reconciliation		Science, Technology and Information Economy	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses						
Employee benefits expenses	8 131	6 672	6 063	5 776	1 726	2 640
Supplies and services	7 016	5 011	2 279	2 221	1 380	2 762
Depreciation and amortisation expenses	90	140	93	238	25	124
Grants and subsidies	24 020	17 716	6 497	4 358	10 005	19 288
Net loss from disposal of non-current and other assets	-	-	-	-	-	-
Other expenses	50	148	19	58	17	116
Total expenses	39 307	29 687	14 951	12 651	13 153	24 930
Income						
Fees and charges	631	143	38	3	3	5
Commonwealth revenues	-	-	-	-	-	-
Interest and investment revenues	-	2	15	16	-	2
Resources received free of charge	17	-	11	-	1	-
Other income	1 191	1 076	1 095	703	118	1 232
Total income	1 839	1 221	1 159	722	122	1 239
Net cost of providing services	(37 468)	(28 466)	(13 792)	(11 929)	(13 031)	(23 691)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(37 468)	(28 466)	(13 792)	(11 929)	(13 031)	(23 691)

Department of State Development
Expenses and income by activity
for the year ended 30 June 2018

	Arts South Australia		Health Industries		Growing Small Business	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses						
Employee benefits expenses	11 255	10 184	1 523	1 471	2 511	2 977
Supplies and services	11 021	8 737	417	798	1 085	1 247
Depreciation and amortisation expenses	6 244	6 453	1	100	2	126
Grants and subsidies	145 159	132 120	16	1 007	6 050	5 729
Net loss from disposal of non-current and other assets	13	1 038	-	-	-	-
Other expenses	647	3 709	2	16	12	46
Total expenses	174 339	162 241	1 959	3 392	9 660	10 125
Income						
Fees and charges	8 657	8 811	-	-	6	1
Commonwealth revenues	-	-	-	-	-	-
Interest and investment revenues	-	19	-	-	-	-
Resources received free of charge	287	-	-	-	2	-
Other income	5 861	3 037	-	-	257	168
Total income	14 805	11 867	-	-	265	169
Net cost of providing services	(159 534)	(150 374)	(1 959)	(3 392)	(9 395)	(9 956)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(159 534)	(150 374)	(1 959)	(3 392)	(9 395)	(9 956)

Department of State Development
Expenses and income by activity
for the year ended 30 June 2018

	International Engagement, Trade, Migration and International Education		Employment and Skills Formation		Office of the Economic Development Board	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses						
Employee benefits expenses	9 304	8 696	35 135	34 949	-	1 167
Supplies and services	5 862	7 055	73 319	38 596	-	484
Depreciation and amortisation expenses	986	1 080	3 267	14 800	-	100
Grants and subsidies	7 151	4 144	332 454	311 538	-	16
Net loss from disposal of non-current and other assets	-	-	100	115 030	-	-
Other expenses	18	101	3 732	3 260	-	8
Total expenses	23 321	21 076	448 007	518 173	-	1 775
Income						
Fees and charges	1 204	1 166	55 762	33 036	-	2
Commonwealth revenues	357	292	138	38 191	-	-
Interest and investment revenues	-	3	-	122	-	1
Resources received free of charge	26	-	563	214	-	-
Other income	1 273	649	2 974	3 655	-	508
Total income	2 860	2 110	59 437	75 218	-	511
Net cost of providing services	(20 461)	(18 966)	(388 570)	(442 955)	-	(1 264)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(20 461)	(18 966)	(388 570)	(442 955)	-	(1 264)

Department of State Development
Expenses and income by activity
for the year ended 30 June 2018

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		General / Not attributable	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Expenses						
Employee benefits expenses	-	27 214	-	1 236	-	-
Supplies and services	-	20 128	-	434	-	-
Depreciation and amortisation expenses	-	1 791	-	100	-	-
Grants and subsidies	-	5 951	-	1	25 990	22 468
Net loss from disposal of non-current and other assets	-	25	-	-	-	-
Other expenses	-	1 243	-	8	-	-
Total expenses	-	56 352	-	1 779	25 990	22 468
Income						
Fees and charges	-	26 061	-	1 946	-	-
Commonwealth revenues	-	28	-	-	-	-
Interest and investment revenues	-	47	-	3	-	-
Resources received free of charge	-	-	-	-	-	-
Other income	-	2 894	-	37	-	-
Total income	-	29 030	-	1 986	-	-
Net cost of providing services	-	(27 322)	-	207	(25 990)	(22 468)
Revenues from / (payments to) SA Government						
Revenues from SA Government	-	-	-	-	675 316	587 749
Payments to SA Government	-	-	-	-	(236)	(611 450)
Total net revenues from SA Government	-	-	-	-	675 080	(23 701)
Net result	-	(27 322)	-	207	649 090	(46 169)

Department of State Development
Expenses and income by activity
for the year ended 30 June 2018

	<u>Activity Total</u>	
	<u>2018</u>	<u>2017</u>
<u>Expenses</u>	<u>\$'000</u>	<u>\$'000</u>
Employee benefits expenses	75 648	102 982
Supplies and services	102 379	87 473
Depreciation and amortisation expenses	10 708	25 052
Grants and subsidies	557 342	524 336
Net loss from disposal of non-current and other assets	113	116 093
Other expenses	4 497	8 713
Total expenses	750 687	864 649
<u>Income</u>		
Fees and charges	66 301	71 174
Commonwealth revenues	495	38 511
Interest and investment revenues	15	215
Resources received free of charge	907	214
Other income	12 769	13 959
Total income	80 487	124 073
Net cost of providing services	(670 200)	(740 576)
<u>Revenues from / (payments to) SA Government</u>		
Revenues from SA Government	675 316	587 749
Payments to SA Government	(236)	(611 450)
Total net revenues from SA Government	675 080	(23 701)
Net result	4 880	(764 277)

Department of State Development
Assets and liabilities by activity
for the year ended 30 June 2018

	Industry and Innovation		Aboriginal Affairs and Reconciliation		Science, Technology and Information Economy	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	-	-	-	-	-	-
Liabilities						
Payables	1 498	1 818	1 277	768	501	1 526
Employee benefits	1 154	1 265	1 984	531	386	1 062
Provisions	30	58	12	24	10	49
Other liabilities	73	84	28	35	25	70
Total liabilities	2 755	3 225	3 301	1 358	922	2 707
Net assets	(2 755)	(3 225)	(3 301)	(1 358)	(922)	(2 707)

Department of State Development
Assets and liabilities by activity
for the year ended 30 June 2018

	Arts South Australia		Health Industries		Growing Small Business	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Assets						
Cash and cash equivalents	30 268	28 341	-	-	-	-
Receivables	4 219	3 372	-	-	-	-
Non-current assets classified as held for sale	492	8 714	-	-	-	-
Property, plant and equipment	186 073	149 218	-	-	-	-
Intangible assets	760	278	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	221 812	189 923	-	-	-	-
Liabilities						
Payables	6 339	8 812	91	209	365	599
Employee benefits	2 409	2 303	57	146	275	417
Provisions	183	67	1	7	7	19
Other liabilities	10	16	4	10	17	28
Total liabilities	8 941	11 198	153	372	664	1 063
Net assets	212 871	178 725	(153)	(372)	(664)	(1 063)

Department of State Development
Assets and liabilities by activity
for the year ended 30 June 2018

	International Engagement, Trade, Migration and International Education		Employment and Skills Formation		Office of the Economic Development Board	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents	-	-	-	-	-	-
Receivables	-	-	7,920	10,477	-	-
Non-current assets classified as held for sale	-	-	550	756	-	-
Property, plant and equipment	-	-	23,008	17,670	-	-
Intangible assets	-	-	12,709	12,899	-	-
Investments	-	-	6,901	6,486	-	-
Total assets	-	-	51 088	48 288	-	-
Liabilities						
Payables	1,721	1,325	17,349	24,695	-	-
Employee benefits	3,379	833	13,367	17,175	-	-
Provisions	17	38	353	787	-	-
Other liabilities	111	152	850	1,134	-	-
Total liabilities	5 228	2 348	31 919	43 791	-	-
Net assets	(5 228)	(2 348)	19 169	4 497	-	-

Department of State Development
Assets and liabilities by activity
for the year ended 30 June 2018

	Mineral Resources and		Water Industry		General / Not	
	Energy		Technical and Safety		attributable	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents	-	-	-	-	69 189	86 441
Receivables	-	-	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-
Property, plant and equipment	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	-	-	-	-	69 189	86 441
Liabilities						
Payables	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Net assets	-	-	-	-	69 189	86 441

Department of State Development
Assets and liabilities by activity
for the year ended 30 June 2018

	<u>Activity Total</u>	
	2018	2017
	\$'000	\$'000
<u>Assets</u>		
Cash and cash equivalents	99 457	114 782
Receivables	12 139	13 849
Non-current assets classified as held for sale	1 042	9 470
Property, plant and equipment	209 081	166 888
Intangible assets	13 469	13 177
Investments	6 901	6 486
Total assets	342 089	324 652
<u>Liabilities</u>		
Payables	29 141	39 752
Employee benefits	23 011	23 732
Provisions	613	1 049
Other liabilities	1 118	1 529
Total liabilities	53 883	66 062
Net assets	288 206	258 590

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Administrative restructure – transferred out

The *Public Sector Notice 2017* (dated 31 October 2017) declared the establishment of the *Industry Advocate Act 2017* to provide for the appointment of the Industry Advocate and to provide powers and functions of the Office of the Industry Advocate as a statutory authority of the state of South Australia.

The *Public Sector Notice 2017* (dated 19 December 2017) declared the *Industry Advocate 2017* come into operation effective 1 January 2018, under the administration of the Minister for State Development. Therefore, the employees in the Office of the Industry Advocate as existing resources of the Department of State Development were assigned to assist the Industry Advocate from 1 January 2018, pursuant to Section 11 of the *Industry Advocate Act 2017*.

Liabilities transferred by the department as a result of the administrative restructure were the carrying amount of those liabilities in the transferor's Statement of Financial Position immediately prior to transfer. The liabilities transferred were treated as a contribution by the Government as owner.

The effective date of the transfer was 1 January 2018.

	Office of the Industry Advocate
Liabilities	
Employee benefits	294
Total liabilities	294
Total net assets transferred	294

4 VET infrastructure sale to Urban Renewal Authority

The 2016-17 State Budget announced the government's intention to transfer ownership of TAFE SA sites from the department to the Urban Renewal Authority. The transfer of land and buildings which the department was holding with a fair value, being the written down replacement cost, of \$708 million occurred on 1 March 2017.

The department received \$595 million in proceeds from the Urban Renewal Authority, based on an independent valuation using future rental income estimates to determine fair value. The difference between the valuation undertaken by the Urban Renewal Authority and the department's carrying value reflects that the department valued the sites on the basis of depreciated replacement cost while the Urban Renewal Authority, as a for-profit entity, valued the properties based on their income generation potential.

The department recognised a loss on sale of \$113 million, representing the difference between the department's carrying amount and the amount paid by the Urban Renewal Authority. The proceeds were then transferred to the Consolidated Account and were reflected as payments to SA Government in the department's Statement of Comprehensive Income.

	Urban Renewal Authority
Note	\$'000
Fair value of assets sold	757 089
Accumulated depreciation of assets sold	(49 389)
Net value of assets sold	707 700
Proceeds on sale	16 (594 590)
Net loss on sale taken to the Statement of Comprehensive Income	16 113 110
Payment to Consolidated Account for the sale of VET property	18 594 590
Net impact of sale to the Urban Renewal Authority on net result and equity	707 700

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Employee benefits expenses

Employee benefits expenses

	2018	2017
Note	\$'000	\$'000
Salaries and wages	57 472	77 499
Targeted voluntary separation packages (refer below)	518	1 778
Long service leave (LSL)	1 348	469
Annual leave	5 142	7 421
Skills and experience retention leave (SERL)	331	498
Employment on-costs - superannuation *	6 766	8 801
Employment on-costs - other	3 619	4 837
Board fees	6 721	1 151
Workers compensation	(269)	528
Total employee benefits expense	75 648	102 982

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

The reduction in employee benefits expense predominantly relates to the transfer of employees in 2017 that transitioned to the Department of the Premier and Cabinet effective from 1 April 2017.

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 6 (2017: 25).

	2018	2017
	\$'000	\$'000
Amount paid during the reporting period to these employees:		
TVSPs	518	1 778
Annual leave, LSL and SERL paid to those employees	295	846
Employment on-costs (payroll tax and Shared Services SA processing fees)	35	53
Net cost to the department	848	2 677

Key management personnel

Key management personnel of the department include the Ministers, the Chief Executive and other 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 for Ministers. Aggregate compensation for the Ministers will be disclosed in the Whole of Government Consolidated Financial Report.

	2018	2017
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	2 833	1 528
Post-employment benefits	265	315
Total compensation	3 098	1 843

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Employee benefits expenses (continued)

The total compensation in 2018 includes the Chief Executive, nine members of the executive team and the former Deputy Chief Executive (until December 2017). The compensation for 2017 includes the Chief Executive and two Deputy Chief Executives to January 2017. From February 2017 the former Chief Executive and one Deputy Chief Executive transferred to the Department of the Premier and Cabinet and the executive board was expanded to include the new Chief Executive, Deputy Chief Executive and eight members of the executive team. The post-employment benefits relate to superannuation.

Remuneration of employees

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

	2018 Number	2017 Number
\$147 000 to \$149 000 *	n/a	3
\$149 001 to \$159 000 ^Δ ^	6	6
\$159 001 to \$169 000	4	6
\$169 001 to \$179 000 ^	5	7
\$179 001 to \$189 000 ^Δ	4	3
\$189 001 to \$199 000 ^Δ ^	8	7
\$199 001 to \$209 000 ^Δ	3	5
\$209 001 to \$219 000 ^	3	3
\$219 001 to \$229 000 ^Δ	1	4
\$229 001 to \$239 000 ^Δ	2	2
\$239 001 to \$249 000	4	2
\$249 001 to \$259 000 ^Δ	4	4
\$259 001 to \$269 000	-	1
\$269 001 to \$279 000	1	1
\$279 001 to \$289 000 ^Δ	2	2
\$289 001 to \$299 000	1	1
\$299 001 to \$309 000	1	1
\$309 001 to \$319 000	1	-
\$329 001 to \$339 000	-	1
\$349 001 to \$359 000	-	2
\$379 001 to \$389 000	-	1
\$419 001 to \$429 000	1	-
\$459 001 to \$469 000	-	1
\$469 001 to \$479 000	1	-
Total number of employees	52	63

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

^Δ This bandwidth includes employees that have received TVSP and (or) termination payments in 2016-17.

[^] This bandwidth includes employees that have received TVSP and (or) termination payments in 2017-18.

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, TVSPs / early terminations, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$11.3 million (2017: \$13.7 million).

This table includes 15 employees in 2017 that transitioned to the Department of the Premier and Cabinet effective from 1 April 2017.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Remuneration of board and committee members

Members during the 2018 financial year were:

Audit and Risk Management Committee

C Dunsford (Chair)
W Einarson (term expired August 2017)
G Giannopoulos *
J Hill
A Reid * (transferred to TAFE SA December 2017)
S Adlalf * (appointed September 2017)
M Richardson * (appointed August 2017)

Automotive Transformation Taskforce Board

S Ludlam (Chair) (term expired June 2018)
J Camillo ^ (term expired June 2018)
P Denley ^ (term expired June 2018)
G Elston * (appointed August 2017) (term expired June 2018)
T Frost * (appointed August 2017) (term expired June 2018)
S Myatt ^ (term expired June 2018)
P Sanderman ^ (term expired June 2018)
L Stevens ^ (term expired June 2018)

This board had no members as at 30 June 2018.

Commercial Development Advisory Committee

H Bromley ^
C Charles ^
S Clark ^
E Fry ^
M Potter ^

Health Industries South Australia Advisory Board

C Butcher (Chair) (term expired June 2018)
N Brooksby (term expired June 2018)
H Domdey (term expired June 2018)
M Duffy * (term expired September 2017)
J Richter * (resigned March 2018)
J Snelling * (resigned September 2017)
S Solomon (term expired June 2018)
T Soon (term expired June 2018)
R Spencer (term expired June 2018)
J Weatherill * (resigned March 2018)
S Wesselingh * (term expired June 2018)
J White (term expired June 2018)

This board was dissolved on 30 June 2018.

State Aboriginal Heritage Committee

Y Agius (term expired June 2018)
R Campbell
M Koolmatrie
P Miller ^ (term expired June 2018)
F Singer (appointed July 2017)
H Smith (term expired June 2018)
S Sparrow (term expired June 2018)
V Sumner (term expired June 2018)
G Wingfield

South Australian Aboriginal Advisory Council

S Williams (Chair)
M Enalanga ^ (Deputy Chair) (resigned June 2018)
J Bayliss *
R Callaghan
G Coulthard
M Hopkins ^ (resigned June 2018)
W Miller (resigned June 2018)
T Rigney *
A Shannon
D Walker *

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Remuneration of board and committee members (continued)

South Australian Science Council

L Read [^] (Chair) (term expired March 2018)
D Evans (term expired March 2018)
G Fincher (term expired March 2018)
C Plewa (term expired March 2018)
K Reynolds (term expired March 2018)
K Scott (term expired March 2018)
M Verma (term expired March 2018)
M Westwell (term expired March 2018)

This board had no members as at 30 June 2018.

Training and Skills Commission

M Boyce (Chair)
M OLeary (Deputy Chair)
J Briggs (resigned June 2018)
R Bonner (resigned June 2018)
I Curry (resigned June 2018)
J De Leo (resigned June 2018)
S Myatt (resigned June 2018)
A Nieuwenhuis
J Rodger (resigned June 2018)
A Story (resigned June 2018)
M Tumbers (resigned June 2018)

* In accordance with the Department of the Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board / committee duties during the financial year. In addition, members of Parliament who are members of boards or committees did not receive any remuneration.

[^] Indicates a member entitled to remuneration but has elected not to receive payment.

^Δ Indicates a member that received remuneration prior to becoming a government employee during 2018 and has been included in the remuneration table below.

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

	2018	2017
\$1 - \$9 999	23	40
\$10 000 - \$19 999	2	9
\$20 000 - \$29 999	2	2
\$30 000 - \$39 999	11	18
\$40 000 - \$49 999	3	1
\$60 000 - \$69 999	1	1
\$90 000 - \$99 999	-	1
\$100 000 - \$109 999	1	-
\$130 000 - \$139 999	-	1
Total number of members	43	73

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 \$0.8 million (2017: \$1.2 million).

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

For the purpose of this table, the travel allowance paid to members has not been included as remuneration as it is considered to be a reimbursement of direct out-of-pocket expenses incurred by the relevant members.

This table includes 21 paid board members in 2017 that transitioned to the Department of the Premier and Cabinet effective from 1 April 2017.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

7 Supplies and services

	2018	2017
	\$'000	\$'000
Accommodation and service costs	69 116	35 830
Communications and information technology	8 765	7 116
Office administration expenses	6 454	8 201
Contractors	6 021	13 378
Travel and related expenses	3 148	4 471
Marketing	2 225	3 319
Consultancies (refer below)	2 215	2 343
Staff related expenses	1 614	2 042
Overseas trade representation ⁽¹⁾	1 372	1 239
Shared service fees ⁽²⁾	1 028	4 354
Accounting and audit fees *	420	359
Service recoveries	306	391
Energy supply fuel and lubricants	8	4 315
Remote areas energy supplies plant and equipment	-	428
Lease incentive amortisation	(313)	(313)
Total supplies and services	102 379	87 473

* Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.3 million (2017: \$0.3 million). No other services were provided by the Auditor-General's Department.

⁽¹⁾ Represents payments made to Austrade relating to activities promoting South Australia.

⁽²⁾ Represents payments to the Department of Planning, Transport and Infrastructure, the Department of Primary Industries and Regions SA and the Department of the Premier and Cabinet for the provision of corporate support and project management services in 2017. Resources provided free of charge were \$0.9 million, and were expensed at fair value (refer to note 15).

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 related to third party arrangements.

The accommodation and service costs have increased by \$36.4 million due to the full year impact of the sale and leaseback of key TAFE SA campus assets to Urban Renewal Authority in March 2017.

Operating leases

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term, unless another systematic basis is more 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 expenses) to consultants that fell within the following bands:

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
Below \$10 000	7	23	29	130
\$10 000 or above	21	2 192	37	2 213
Total paid / payable to the consultants engaged	28	2 215	66	2 343

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Depreciation and amortisation expenses

	2018	2017
	\$'000	\$'000
Buildings and leasehold improvements	7 764	21 162
Plant and equipment	256	1 453
Intangibles / software	2 688	2 437
Total depreciation and amortisation expenses	10 708	25 052

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. Amortisation is used in relation to intangible assets such as software, while depreciation is applied to tangible assets such as property, plant and equipment.

Assets' residual values, useful lives and 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 the accounting estimate.

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

Useful life

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

Class of asset	Useful life (years)
Buildings	25-80
Leasehold improvements	Life of lease
Plant and equipment	2-60
Intangibles / software	3-10

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

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 non-current assets held for sale are not depreciated.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

9 Grants and subsidies

	2018	2017
	\$'000	\$'000
Class of assistance		
TAFE SA	246 213	230 573
Arts and Cultural	145 034	132 030
Skills and Employment - other	50 602	46 745
Industry, Innovation, Science and Small Business	39 850	42 371
Skills and Employment - VET subsidies	35 595	34 129
Investment Attraction South Australia	25 137	22 468
International Engagement	7 131	4 132
Aboriginal Affairs and Reconciliation	6 487	4 348
Industry Advocate	853	-
Other	440	1 642
Resources and Energy	-	5 898
Total grants and subsidies	557 342	524 336

In 2018, the department provided TAFE SA with funding of \$246.2 million (2017: \$230.6 million) relating primarily to VET subsidies and structural support \$232.6 million (2017: \$221.3 million), capital grant funding \$4.3 million (2017: \$4.6 million) and TVSP support \$9.3 million (2017: \$3.8 million).

Further details of the Arts and Cultural grant recipients are as follows:

	2018	2017
	\$'000	\$'000
Libraries Board of South Australia	36 021	34 479
Adelaide Festival Centre Trust	24 907	18 434
Art Gallery Board	13 356	11 642
Museum Board	12 069	11 620
Adelaide Festival Corporation	9 059	8 620
Arts industry assistance	7 757	7 732
History Trust of South Australia	6 529	6 812
South Australian Film Corporation	5 828	5 300
Country Arts SA	5 324	5 047
Arts project assistance	4 155	4 309
Adelaide Symphony Orchestra	2 863	2 566
State Theatre Company of South Australia	2 660	2 544
Adelaide Fringe	2 510	1 761
Adelaide Film Festival	2 235	1 102
JamFactory Contemporary Craft and Design Incorporated	1 765	1 672
Other grants and subsidies	1 614	1 016
State Opera of South Australia	1 589	1 571
The Australian Children's Performing Arts Company	1 434	1 061
Australian Dance Theatre	1 305	1 580
Carrick Hill Trust	1 168	998
Tandanya	886	1 099
Department of Health	-	65
Hans Heysen Foundation	-	1 000
Total arts and cultural grants	145 034	132 030

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

10 Other expenses

	2018	2017
	\$'000	\$'000
Land tax equivalents	2 977	-
Donated assets	1 429	-
Bad and doubtful debts	41	127
Revaluation decrement	26	3 378
Impairment loss	24	2 910
Asset derecognition	-	1 517
Other	-	781
Total other expenses	4 497	8 713

Land tax equivalents relate to payments made to the Urban Renewal Authority to cover land tax and local government rates equivalent expenses relating to TAFE SA sites transferred to the Urban Renewal Authority in 2017.

Donated assets relate to the transfer of \$1.0 million Remote Area Energy Supply Scheme assets from Aboriginal Affairs and Reconciliation to the Department of the Premier and Cabinet and \$0.4 million for the donation of Her Majesty's Theatre redevelopment costs to the Adelaide Festival Centre Trust in 2018.

The revaluation decrement in 2017 is associated with the transfer of land and buildings to non-current assets classified as held for sale.

The impairment loss recognised in 2017 predominantly relates to the demolition of the Adelaide Festival Centre Carpark relating to the Adelaide Festival Centre precinct project.

11 Overseas representative office

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

The costs relating to overseas representation provided through Austrade are not included in the table below. These costs are shown in note 7 (refer Overseas trade representation).

	2018	2017
	\$'000	\$'000
Operating expenses	283	524
Investing expenses	-	56
Funds advanced to overseas office towards operating expenses	240	430

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Revenues from fees and charges

	2018	2017
	\$'000	\$'000
Infrastructure recharge to TAFE SA	54 168	31 896
Rental income	5 108	6 039
Arts industry related fees	3 115	2 671
Service Level Agreement recharge	2 000	500
Immigration application fees	1 036	1 007
Other	722	538
Fees for services	151	450
Contract administration	1	202
Mining and petroleum application fees, rentals and licences	-	16 308
Industry licence fees	-	7 283
Sales of electricity	-	4 280
Total revenues from fees and charges	66 301	71 174

The \$22.3 million increase in Infrastructure recharge to TAFE SA is due to the full year impact of the sale and leaseback of key TAFE SA campus assets to Urban Renewal Authority in March 2017. The \$27.9 million decrease in mining and petroleum application fees, rentals and licences; industry licence fees and sales of electricity is due to the transfer of the Resources and Energy Group to the Department of the Premier and Cabinet effective from 1 April 2017.

13 Commonwealth revenues

	2018	2017
	\$'000	\$'000
Grants		
Tradestart	357	292
Science, Technology, Engineering and Mathematics (STEM)	138	63
National Partnership Agreement on Skills Reform	-	37 505
TAFE Fee Waivers for Childcare Qualifications	-	623
Municipal and Essential Services - Murputja and Watarru Power Station Fuel Contribution	-	28
Total Commonwealth revenues	495	38 511

All Commonwealth funding received during 2018 for the above listed programs was spent during the 2018 financial year.

The existing agreement for the National Partnership Agreement on Skills Reform expired on 30 June 2017 and a new agreement was negotiated with the Commonwealth during 2018 titled 'Skilling Australians Fund'. The new agreement relates to 2018-19 programs.

Department of State Development
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14 Interest and investment revenues

	2018	2017
	\$'000	\$'000
Dividends received	-	200
Interest revenues	15	15
Total interest and investment revenues	15	215

15 Resources received free of charge

	2018	2017
	\$'000	\$'000
Services received free of charge - Shared Services SA	895	-
Donated assets	12	214
Total resources received free of charge	907	214

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 2018, 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 donated. A corresponding expense is recognised in the financial statements (refer note 7).

16 Net loss from disposal of non-current and other assets

	2018	2017
	\$'000	\$'000
<u>Land and buildings</u>		
Proceeds from disposal	8 462	614 818
Less net book value of assets disposed	(8 476)	(730 046)
Net loss from disposal of land and buildings	(14)	(115 228)
<u>Plant and equipment and other assets</u>		
Proceeds from disposal	-	24
Less net book value of assets disposed	(99)	(889)
Net loss from disposal of plant and equipment and other assets	(99)	(865)
<u>Total assets</u>		
Proceeds from disposal	8,462	614,842
Less net book value of assets disposed	(8,575)	(730 935)
Total net loss from disposal of non-current and other assets	(113)	(116 093)

Gains / losses on disposal are recognised at the date at which 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.

The \$116.1 million net loss on disposal in 2017 predominantly relates to the \$113.1 million net loss from the sale of TAFE SA campus assets to the Urban Renewal Authority, representing the difference between the department's carrying amount of \$707.7 million and the amount paid by the Urban Renewal Authority \$594.6 million (refer note 4).

Department of State Development
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17 Other income

	2018	2017
	\$'000	\$'000
Recoveries	6 334	8 106
Sponsorship revenues	4 071	1 214
Community Development Fund	1 250	1 250
Other income	1 114	1 597
Fuel tax credits	-	1 465
Support for the regulation of Extractive Mining Operations	-	327
Total other income	12 769	13 959

18 Revenues from / (payments to) SA Government

	2018	2017
	\$'000	\$'000
<u>Revenues from SA Government</u>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	658 864	542 749
Appropriations from the Governor's Appropriation Fund pursuant to the <i>Public Finance and Audit Act</i>	-	37 493
Appropriations under other Acts	16 452	7 507
Total revenues from SA Government	675 316	587 749
<u>Payments to SA Government</u>		
Payments to consolidated account *	236	611 450
Total payments to SA Government	236	611 450
Net revenues from / (payments to) SA Government	675 080	(23 701)

* This amount does not include a dividend / distribution to the SA Government as owner.

Appropriations are recognised on receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of the department and the appropriation is recorded as contributed equity. Refer to the Statement of Changes in Equity.

Total revenue from Government consists of \$651.1 million (\$557.5 million) for operational funding and \$7.8 million (\$22.7 million) for capital projects. In addition, appropriation of \$16.4 million (\$7.5 million) was received pursuant to Treasurer's contingency. Contingency appropriation in 2018 included \$9.3 million for TAFE SA TVSP reimbursements, \$6.1 million for Adelaide Festival Centre supplementation, \$0.5 million for the 2017 TAFE Act Enterprise Bargaining Agreement, \$0.4 million for the South Australian Modern Public Sector Enterprise Agreement and \$0.1 million for the Our Energy Plan - Renewal Technology Fund.

Payments made to SA Government in 2017 related primarily to proceeds from the sale of VET infrastructure to Urban Renewal Authority (refer note 4).

In 2018 there was nil (2017: \$37.5 million) Appropriations from the Governor's Appropriation Fund pursuant to the *Public Finance and Audit Act*.

Department of State Development
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19 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer – Operating Account	54 540	108 108
Deposits with the Treasurer – Accrual Appropriation	44 881	6 590
Deposits at call - overseas office	36	79
Other	-	5
Total cash	99 457	114 782

Deposits with Treasurer – Operating Account

The balance decreased from 2017 primarily due to the additional capital expenditure primarily relating to works associated with the Adelaide Festival precinct project.

Deposits with Treasurer – Accrual Appropriation

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

Interest rate risk

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents nominal value.

20 Receivables

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Receivables	5 168	5 618
Allowance for doubtful debts	(1 482)	(1 493)
Prepayments	4 645	4 519
GST input tax recoverable	3 392	4 823
Accrued revenue	249	142
Other receivables	167	240
Total current receivables	12 139	13 849
Total receivables	12 139	13 849

Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment losses) is recognised when there is objective evidence (that is, calculated on past experience and current and expected changes in client credit rating) that a receivable is impaired.

An allowance for impairment loss has been recognised in 'Other expenses' in the Statement of Comprehensive Income for specific debtors and debtors assessed on a collective basis for which such evidence exists.

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20 Receivables (continued)

Movement in the allowance for doubtful debts (continued)

	2018	2017
	\$'000	\$'000
Movements in the allowance for doubtful debts (impairment loss)		
Carrying amount at the beginning of the period	(1 493)	(2 258)
Increase in the allowance	(33)	(56)
Amounts written off	23	821
Amounts recovered during the year	21	-
Carrying amount at the end of the period	(1 482)	(1 493)

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, 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.

Maturity analysis of receivables - refer note 38.

Categorisation of financial instruments and risk exposure information - refer note 38.

21 Non-current assets classified as held for sale

	2018	2017
	\$'000	\$'000
Land and buildings	1 042	9 470
Total non-current assets classified as held for sale	1 042	9 470

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.

An independent site valuation was provided by a Certified Practising Valuer for the property upon its classification as held for sale. The valuation was based on recent market transactions for similar unrestricted land and buildings in the area and includes adjustments for factors specific to the land and building such as size and location. This valuation was in accordance with the valuation principles and techniques outlined in notes 22 and 26 (i.e. there was no change to valuation techniques).

Department of State Development
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21 Non-current assets classified as held for sale (continued)

Movements in the non-current assets classified as held for sale

	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the period	9 470	16 191
Net assets transferred as a result of an administrative restructure	-	(372)
Assets reclassified to assets held for sale	-	9 350
Disposals / transfers	(8 428)	(15 699)
Carrying amount at the end of the period	1 042	9 470

Disposals / transfers in 2018 predominantly relate to the sale of Her Majesty's Theatre to the Adelaide Festival Centre Trust.

Disposals / transfers in 2017 relate to property sales for Croydon campus (held for sale at \$11.6 million), Gilles Plains (held for sale at \$2.5 million) and Gawler (held for sale at \$1.6 million).

22 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, leasehold improvements and works of art via 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 less depreciation until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluation surplus for that asset class.

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

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

Department of State Development
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23 Property, plant and equipment

	2018	2017
	\$'000	\$'000
<u>Plant and equipment</u>		
Plant and equipment at cost (deemed fair value)	1 588	2 193
Accumulated depreciation	(477)	(981)
Total plant and equipment	1 111	1 212
<u>Buildings and leasehold improvements</u>		
Buildings and leasehold improvements at fair value	176 287	123 168
Accumulated depreciation	(25 459)	(18 132)
Total buildings and leasehold improvements	150 828	105 036
<u>Land</u>		
Land at fair value	37 855	37 908
Total land	37 855	37 908
<u>Works of art</u>		
Works of art at fair value	4 142	4 314
Total works of art	4 142	4 314
<u>Capital works in progress</u>		
Works in progress at cost	15 145	18 418
Total capital works in progress	15 145	18 418
Total property, plant and equipment	209 081	166 888

Acquisition and recognition

Non-current assets are initially recorded at cost, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation which gives rise to a new fair value.

Where assets are acquired at no cost, or minimal cost, they are recorded at fair value in the Statement of Financial Position.

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

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised, with the exception of works of art. All works of art are capitalised irrespective of their value.

Valuation of works of art

The valuation of works of art was performed by Theodore Bruce, an independent Certified Practising Valuer, as at 1 June 2018. The valuer arrived at fair value based on recent market transactions for similar items. The valuer specialises in the valuation of heritage assets – as there is no active market for these, the valuer used the cost approach (i.e. depreciated reproduction cost) taking into account the assets' characteristics and restrictions. The valuation was based on a combination of internal records, specialised knowledge and market information about reproduction materials.

Department of State Development
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23 Property, plant and equipment (continued)

Valuation of land and buildings

The valuation of land and buildings was performed by an independent Certified Practicing Valuer from Liquid Pacific Pty Ltd, as at 30 June 2014.

The valuer arrived at fair value using the market approach. The valuation was based on recent market transactions for similar land and buildings (non-specialised) in the area and includes adjustments for factors specific to the land and building being valued such as size, location and current 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 assets; size, condition, location and current use of the assets. The valuation was based on a combination of internal records, specialised knowledge and the acquisition / transfer costs.

The value of assets transferred on restructure are held at fair value based on the book value recorded by the transferor agency immediately prior to the transfer.

Carrying amount of plant and equipment

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

Department of State Development
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23 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment

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

	Plant and equipment	Buildings and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	1 212	105 036	37 908	4 314	18 418	166 888
Additions	172	-	-	-	51 718	51 890
Capitalisation	-	54 573	-	-	(54 573)	-
Disposals	(17)	-	(35)	-	-	(52)
Impairment loss	-	(24)	-	-	-	(24)
Donated assets	-	(993)	(18)	-	(418)	(1 429)
Revaluation decrement equity	-	-	-	(158)	-	(158)
Revaluation decrement expense	-	-	-	(26)	-	(26)
Depreciation / amortisation	(256)	(7 764)	-	-	-	(8 020)
Assets received free of charge	-	-	-	12	-	12
Carrying amount at the end of the period	1 111	150 828	37 855	4 142	15 145	209 081

Reconciliation of property, plant and equipment

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

	Plant and equipment	Buildings and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	10 029	753 870	168 981	5 271	5 880	944 031
Additions	700	56	-	-	19 232	19 988
Capitalisation	57	3 849	-	-	(3 906)	-
Disposals	(57)	(592 403)	(121 945)	(121)	-	(714 526)
Asset derecognition	(184)	(1 333)	-	-	-	(1 517)
Impairment loss	-	(2 160)	-	(750)	-	(2 910)
Revaluation decrement equity	-	-	-	(2)	-	(2)
Revaluation decrement expense	-	(2 464)	(914)	-	-	(3 378)
Other movements	-	-	-	-	(918)	(918)
Transfers between asset class	-	-	-	-	19	19
Depreciation / amortisation	(1 453)	(21 162)	-	-	-	(22 615)
Net assets transferred as a result of an administrative restructure	(7 880)	(27 349)	(6 078)	(84)	(757)	(42 148)
Assets received free of charge	-	4	210	-	-	214
Assets reclassified to assets held for sale	-	(5 872)	(2 346)	-	(1 132)	(9 350)
Carrying amount at the end of the period	1 212	105 036	37 908	4 314	18 418	166 888

Department of State Development
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24 Intangible assets

	2018	2017
	\$'000	\$'000
Internally developed computer software	18 726	17 540
Accumulated amortisation	(7 171)	(5 020)
Total internally developed computer software	11 555	12 520
Other computer software	366	1 073
Other accumulated amortisation	(366)	(1 070)
Total other computer software	-	3
Intangibles work in progress	1 914	654
Total intangibles work in progress	1 914	654
Total intangible assets	13 469	13 177

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured at cost. 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 definite or indefinite. The department only has intangible assets with definite lives. 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 outlined in AASB 138 *Intangible Assets* are expensed.

Where subsequent expenditure on intangible assets cannot be attributed to existing intangible assets, the expenditure is not capitalised but is classified as expenditure.

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

Impairment

There were no indications of impairment of intangible assets at 30 June 2018.

Reconciliation of intangible assets

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

	Intangibles		
	Intangibles	work in	
	software	progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	12 523	654	13 177
Additions	-	3 329	3 329
Capitalisation	1 815	(1 815)	-
Disposals	(95)	-	(95)
Amortisation	(2 688)	-	(2 688)
Transfer to expenses	-	(254)	(254)
Carrying amount at the end of the period	11 555	1 914	13 469

Department of State Development
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24 Intangible assets (continued)

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2016-17.

	Intangibles software	Intangibles work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	13 180	3 687	16 867
Additions	-	1 989	1 989
Capitalisation	2 540	(2 540)	-
Disposals	(710)	-	(710)
Amortisation	(2 437)	-	(2 437)
Asset derecognition	-	(9)	(9)
Net assets transferred as a result of an administrative restructure	(50)	(2 454)	(2 504)
Transfer between asset classes	-	(19)	(19)
Carrying amount at the end of the period	12 523	654	13 177

25 Investments

	2018 \$'000	2017 \$'000
Contributed capital in subsidiary company	400	400
Share of retained profit	100%	100%
Retained profits attributable to subsidiary company		
Balance at the beginning of the period	6 486	6 950
Change in financial assets available for sale revaluation reserve	415	(464)
Total investments at the end of the period	6 901	6 486

Scope Global Pty Ltd

Scope Global Pty Ltd, which has a reporting date of 30 June, is controlled by the Minister for Trade, Tourism and Investment (previously the Minister for Investment and Trade). Its principal activity is to secure international contracts for work in vocational education and training.

The current investment value is an estimate of fair value and is based on unaudited financial statements as at 30 June 2018.

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26 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 measurements, based on the data and assumptions used in the most recent revaluation:

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

In determining fair value, the department has taken into account the characteristic of the asset (for example, 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 and 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 is based on current use.

The carrying amount of non-financial assets with fair value at the time of acquisition that was less than \$1 million or had 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 the hierarchy based on the level of inputs used in measurement.

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels at 30 June 2018.

The department had no valuations categorised into level 1.

Fair value measurement at 30 June 2018

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<u>Recurring fair value measurements</u>				
Land	23	26 618	11 237	37 855
Plant and equipment	23	-	1 111	1 111
Buildings and leasehold improvements	23	-	150 828	150 828
Works of art	23	4 053	89	4 142
Total recurring fair value measurements		30 671	163 265	193 936
<u>Non-recurring fair value measurements</u>				
Land and buildings held for sale	21	1 042	-	1 042
Total non-recurring fair value measurements		1 042	-	1 042
Total fair value measurements		31 713	163 265	194 978

Department of State Development
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26 Fair value measurement (continued)

Fair value measurement at 30 June 2017

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<u>Recurring fair value measurements</u>				
Land	23	26 653	11 255	37 908
Plant and equipment	23	-	1 212	1 212
Buildings and leasehold improvements	23	-	105 036	105 036
Works of art	23	4 211	103	4 314
Total recurring fair value measurements		30 864	117 606	148 470
<u>Non-recurring fair value measurements</u>				
Land and buildings held for sale	21	9 470	-	9 470
Total non-recurring fair value measurements		9 470	-	9 470
Total fair value measurements		40 334	117 606	157 940

There were no transfers of assets between level 1 and 2 fair value hierarchy levels in 2018. The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Valuation techniques and inputs

Valuation techniques used to derive level 2 and 3 fair values are at note 22. There were no changes in valuation techniques during 2018.

Reconciliation of level 3 recurring fair value measurement as at 30 June 2018

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

	Plant and equipment \$'000	Buildings and leasehold improvements \$'000	Land \$'000	Works of art \$'000	Total \$'000
Opening balance at the beginning of the period	1 212	105 036	11 255	103	117 606
Acquisitions	172	-	-	-	172
Capitalised subsequent expenditure	-	54 573	-	-	54 573
Disposals	(17)	-	-	-	(17)
Donated assets	-	(993)	(18)	-	(1 011)
Assets received free of charge	-	-	-	12	12
Closing balance at the end of the period	1 367	158 616	11 237	115	171 335
Losses for the period recognised in net result:					
Depreciation and amortisation	(256)	(7 764)	-	-	(8 020)
Impairment losses	-	(24)	-	-	(24)
Revaluation decrement	-	-	-	(26)	(26)
Total losses recognised in net result	(256)	(7 788)	-	(26)	(8 070)
Closing balance at the end of the period	1 111	150 828	11 237	89	163 265

Department of State Development
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26 Fair value measurement (continued)

Reconciliation of level 3 recurring fair value measurement as at 30 June 2017

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

	Plant and equipment	Buildings and leasehold improvements	Land	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	10 029	751 778	11 255	188	773 250
Acquisitions	700	56	-	-	756
Capitalised subsequent expenditure	57	3 849	-	-	3 906
Disposals	(57)	(590 734)	-	-	(590 791)
Asset derecognition	(184)	(1 333)	-	-	(1 517)
Disposal through administrative restructure	(7 880)	(27 168)	-	(84)	(35 132)
Assets transfer between classes	-	(364)	-	-	(364)
Assets received free of charge	-	4	-	-	4
Other movements	-	-	-	(1)	(1)
Transfer out of level 3	-	(5 290)	-	-	(5 290)
Closing balance at the end of the period	2 665	130 798	11 255	103	144 821
Losses for the period recognised in net result:					
Revaluation decrement	-	(2 465)	-	-	(2 465)
Impairment losses	-	(2 160)	-	-	(2 160)
Depreciation and amortisation	(1 453)	(21 137)	-	-	(22 590)
Total losses recognised in net result	(1 453)	(25 762)	-	-	(27 215)
Carrying amount at the end of the period	1 212	105 036	11 255	103	117 606

Department of State Development
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27 Payables

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Creditors and accrued expenses	26 026	36 487
Employment on-costs ^	1 651	1 792
Total current payables	27 677	38 279
<u>Non-current</u>		
Employment on-costs ^	1 464	1 473
Total non-current payables	1 464	1 473
Total payables	29 141	39 752

^ Employment on-costs include payroll tax, ReturnToWorkSA 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 date 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 has increased from 40% in 2017 to 41% in 2018 and the average factor for the calculation of employer superannuation cost on-cost has changed from 10.1% in 2017 to 9.9% in 2018. These rates are used in the employment on-cost calculation. The impact on 2018 and future years cannot be reliably estimated.

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 are discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

28 Employee benefits

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	1 436	1 145
Annual leave	4 767	5 394
Long service leave	763	1 038
Skills and experience retention leave	268	272
Total current employee benefits	7 234	7 849
<u>Non-current</u>		
Long service leave	15 595	15 697
Skills and experience retention leave	182	186
Total non-current employee benefits	15 777	15 883
Total employee benefits	23 011	23 732

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

Salaries and wages, annual leave, skills and experience retention leave and sick leave

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

The annual leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave

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

AASB 119 *Employee Benefits* contains the calculation methodology for the 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.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of long service leave liability. The yield on long-term Commonwealth Government bonds remains unchanged at 2.5%.

The net financial effect of the changes in the current financial year is an increase in the long service liability of \$0.4 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and the salary inflation rate at 3% for annual leave and skills and experience retention leave liability.

Department of State Development
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29 Provisions

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Provision for workers compensation	245	367
Total current provisions	245	367
<u>Non-current</u>		
Provision for workers compensation	368	682
Total non-current provisions	368	682
Total provisions	613	1 049
Provision movement		
Carrying amount at the beginning of the period	1 049	3 895
Decrease in provisions recognised	(436)	(2 846)
Carrying amount at the end of the period	613	1 049

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 of the Commissioner for Public Sector Employment.

An employee was injured in the workplace in 2012 which resulted in a greater than 30% body impairment which requires the department to provide income maintenance for the normal working life of the employee. The reduction in the provision for workers' compensation in 2017 predominantly relates to the transfer of this employee to the Department of the Premier and Cabinet effective from 1 April 2017.

Department of State Development
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30 Other liabilities

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Lease incentive	313	313
Unearned revenue	81	180
Total current other liabilities	394	493
<u>Non-current</u>		
Lease incentive	724	1 036
Total non-current other liabilities	724	1 036
Total other liabilities	1 118	1 529

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

Lease incentive received from the building owner is applied as a contribution towards fit-out costs (as per lease agreements) and amortised over the period of the lease.

31 Equity

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.

Contribution capital increases relate to equity contributions from the Department of Treasury and Finance for program funding, whereby the Treasurer acquires a financial interest in the net assets of the department. This funding is not reported as revenue in the period it is received, but is recognised separately as a contribution of equity by the Government of South Australia.

32 Unrecognised contractual commitments

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

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Capital commitments

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

	2018	2017
	\$'000	\$'000
Within one year	16 323	48 500
Later than one year but not later than five years	5 300	-
Total capital commitments	21 623	48 500

Department of State Development
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32 Unrecognised contractual commitments (continued)

Capital commitments as at 30 June 2018 mainly relate to the Adelaide Festival Centre precinct project and 11 Waymouth Street office fitout. Other capital commitments include the Adelaide Festival Centre Technical Equipment Upgrade and Netley Commercial Park project.

Capital commitments as at 30 June 2017 mainly relate to work for the Adelaide Festival Centre precinct project. Other capital commitments include the Creative Arts and Design Centre of Excellence fitout at Adelaide Arts Campus; air conditioning upgrades at Port Lincoln and Port Adelaide TAFE campuses; and project management services for the Skills and Employment information and communication technology project.

Other commitments

Commitments for the payment of other contracts and grant agreements in existence at the reporting date but not recognised as liabilities are payable as follows:

	2018	2017
	\$'000	\$'000
Within one year	49 391	52 937
Later than one year but not later than five years	65 637	76 319
Total other commitments	115 028	129 256

Amounts disclosed include commitments arising from agreements with contractors, consultants, information and communication technology contracts and grant recipients.

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	63 772	58 354
Later than one year but not later than five years	251 048	238 635
Later than five years	570 146	607 044
Total operating lease commitments	884 966	904 033

Representing:

Cancellable operating leases	1 548	1 302
Non-cancellable operating leases	883 418	902 731
Total operating lease commitments	884 966	904 033

The department's operating leases relate to office accommodation and motor vehicles. Office accommodation is leased from the Department of Planning, Transport and Infrastructure - Building Management Accommodation and Property Services and Urban Renewal Authority. The leases are non-cancellable with terms ranging up to 15 years with some leases having the right of renewal. Motor vehicles are leased from the South Australian Government Financing Authority through their agent LeasePlan Australia, with lease periods of up to three years.

The decrease in operating lease commitments is primarily due to a reduction in commitments relating to the leaseback arrangement for the sites with the Urban Renewal Authority. This is partially offset by an increase in commitments recognised for office accommodation at 11 Waymouth Street not recognised in 2017, as the contract was under review.

Department of State Development
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32 Unrecognised contractual commitments (continued)

	2018	2017
	\$'000	\$'000
<i>Department as lessor</i>		
Within one year	60 756	59 440
Later than one year but not later than five years	251 454	251 480
Later than five years	568 319	642 208
Total operating lease commitments	880 529	953 128
Representing:		
Non-cancellable operating leases	880 529	953 128
Total operating lease commitments	880 529	953 128

The department's lease as lessor relates to the Adelaide Festival Centre, Lion Arts Centre, Waterside Workers Hall, State Theatre and TAFE SA sites. The Adelaide Festival Centre lease is non-cancellable for 20 years with the right of renewal. The Lions Arts Centre and Waterside Workers Hall leases are for five year terms, and State Theatre is for six years. The majority of TAFE SA site leases are for a term of 15 years.

The decrease in operating lease commitments with the department as lessor primarily relates to the reduction in commitment for the sub lease of Urban Renewal Authority sites to TAFE SA under a Memorandum of Administrative Arrangement (refer note 4).

33 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.

Unrecognised contingencies are disclosed net of the amount of GST recoverable from, or payable to the ATO. If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Contingent assets

Where specific conditions relating to a financial assistance grant are not met, the department may request the amount granted be repaid by the grantee. There are no known contingent assets arising from these present obligations as at 30 June 2018.

Contingent liabilities

The Minister for Trade, Tourism and Investment (previously the Minister for Investment and Trade) has provided an \$8 million guarantee to Scope Global Pty Ltd which has not been invoked as at 30 June 2018.

The Minister for Industry and Skills (previously the Minister for Higher Education and Skills) has entered an agreement to provide Le Cordon Bleu with an interest free loan of \$7 million conditional upon Le Cordon Bleu entering into a building contract for the development of Le Cordon Bleu's city training facility.

Department of State Development
Notes to and forming part of the financial statements
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33 Contingent assets and liabilities (continued)

Contingent liabilities

The Minister for Transport, Infrastructure and Local Government has a lease arrangement with Commercial SA (acting on behalf of a private landlord) for St Paul's church. This property is used for the Music Development Office and St Paul's Creative Centre, a start-up hub for music and other creative industries. The lease has been assigned to the Premier in his ministerial responsibility for the Arts. An option to extend the lease was taken up in September 2016, however upon lease extension the landlord sought a rental review proposing a significant increase in rent. The Department for Transport, Energy and Infrastructure is currently negotiating with Commercial SA to seek a formal rental review. The financial impact of the potential liability cannot be measured, and will depend upon the outcome of the proposed rental review and subsequent negotiations with the landlord.

Financial guarantees

At the time a financial guarantee contract is issued, it is recognised as a contingent liability as it is not expected that the guarantee will be called upon. If there is a material increase in the likelihood that the guarantee may have to be exercised, the financial guarantee is measured at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

In determination of fair value, consideration is given to the following factors:

- the overall capital management / prudential supervision framework in operation;
- the protection provided by the State Government by way of funding should the probability of default increase;
- the probability of default by the guaranteed party; and
- the likely loss to the department in the event of default.

The department has reviewed its financial guarantees and determined that there is no material liability to be recognised for financial guarantee contracts as at 30 June 2018 (there was no material liability recognised for financial guarantee contracts in 2017).

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

34 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 the following significant transactions with government:

- net appropriation funding received from the Department of Treasury and Finance of \$675.1 million (note 18),
- revenue from infrastructure recharge to TAFE SA of \$54.2 million (note 12),
- grant payments to TAFE SA of \$246.2 million (note 9),
- grant payments to Arts and Cultural statutory authorities of \$120.8 million (note 9),
- transfer of appropriation funding to Investment Attraction South Australia of \$25.1 million (note 9); and
- accommodation and service costs related to the sale and leaseback of key TAFE SA campus assets to Urban Renewal Authority of \$53.8 million (note 7).

Quantitative information about transactions and balances between the department and other SA Government controlled entities are disclosed at note 41.

Transactions with key management personnel and other related parties

Compensation of Key Management Personnel is disclosed at note 5.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

35 Cash flow reconciliation

	2018 \$'000	2017 \$'000
<u>Reconciliation of cash and cash equivalents at the end of the reporting period</u>		
Cash and cash equivalents disclosed in the Statement of Financial Position	99 457	114 782
Balance as per the Statement of Cash Flows	99 457	114 782
<u>Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services</u>		
Net cash provided by / (used) in operating activities	693	(681 246)
Revenues from SA Government	(675 316)	(587 749)
Payments to SA Government	236	611 450
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(10 708)	(25 052)
Impairment of non-current assets	(24)	(2 910)
Amortisation of lease incentive	313	313
Asset derecognition	-	(1 517)
Bad and doubtful debts expense	(41)	(127)
Resources received free of charge	907	214
Revaluation decrement	(26)	(3 378)
Other asset movements	(254)	(927)
Donated Assets	(1 429)	-
GST on proceeds from sale of property, plant and equipment and other assets	846	61 159
Resources provided free of charge	(895)	-
Transfer out for administrative restructure	(294)	(18 295)
Loss from disposal and write down of non-current and other assets	(113)	(116 093)
<u>Movement in assets and liabilities</u>		
(Decrease) / increase in receivables	(1 669)	2 863
Decrease / (increase) in payables	16 318	(2 067)
Decrease in other liabilities	99	6 899
Decrease in provisions	436	2 846
Decrease in employee benefits	721	13 041
Net cost of providing services	(670 200)	(740 576)

Department of State Development
Notes to and forming part of the financial statements
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36 Trust funds

Extractive Areas Rehabilitation Fund

The Extractive Areas Rehabilitation Fund transferred to the Department of the Premier and Cabinet effective from 1 April 2017.

The Extractive Areas Rehabilitation Fund is credited with amounts by way of royalty on extractive minerals and is used for the rehabilitation of land disturbed by extractive mining operations. The funds collected are used to limit damage to any aspect of the environment by such extractive mining operations in addition to the promotion of research into methods of mining engineering and practice by which environmental damage might be reduced.

Aggregate details of the transactions and balances relating to this trust fund to year ended 30 June 2018 are disclosed in the financial statements of the Department of the Premier and Cabinet.

	2018	2017
	\$'000	\$'000
Revenue	-	2 345
Expenditure	-	696
Net operating surplus	-	1 649

Funds

Balance of funds at the beginning of the period	-	21 834
Net receipts	-	1 649
Payments from restructure activities	-	(23 483)
Fund balance at the end of the period	-	-

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

37 Budgetary reporting and explanations of major variances between budget and actual amounts

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

	Statement		Original DSD Portfolio budget 2018 \$'000	Adjusted for TAFE SA and IASA 2018 \$'000	Original DSD budget ⁽¹⁾ 2018 \$'000	Actual 2018 \$'000	Variance \$'000
	Note	Note					
Statement of Comprehensive Income							
Expenses							
Employee benefits expenses	5		290 444	(215 167)	75 277	75 648	371
Supplies and services	7		156 685	(66 114)	90 571	102 379	11 808
Depreciation and amortisation expenses	8		16 553	(4 823)	11 730	10 708	(1 022)
Grants and subsidies	9		311 775	197 313	509 088	557 342	48 254
Net loss from disposal of non-current and other assets	16		-	-	-	113	113
Other expenses	10		8 782	(2 555)	6 227	4 497	(1 730)
Total expenses			784 239	(91 346)	692 893	750 687	57 794
Income							
Fees and charges	12		120 716	(55 527)	65 189	66 301	1 112
Commonwealth revenues	13		3 054	(2 697)	357	495	138
Other grants and contributions			7 919	(4 089)	3 830	-	(3 830)
Interest and investment revenues	14		600	-	600	15	(585)
Resources received free of charge	15		300	-	300	907	607
Net gain from disposal of non-current assets			(300)	-	(300)	-	300
Other income	17		6 396	(1 815)	4 581	12 769	8 188
Total income			138 685	(64 128)	74 557	80 487	5 930
Net cost of providing services			(645 554)	27 218	(618 336)	(670 200)	(51 864)
Revenues from / (payments to) SA Government							
Revenues from SA Government	18		658 864	-	658 864	675 316	16 452
Payments to SA Government	18	(a)	(18 919)	-	(18 919)	(236)	18 683
Total net revenues from SA Government			639 945	-	639 945	675 080	35 135
Net result			(5 609)	27 218	21 609	4 880	(16 729)

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

37 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

		Original DSD Portfolio budget 2018 \$'000	Adjusted for TAFE SA and IASA 2018 \$'000	Original DSD budget ⁽¹⁾ 2018 \$'000	Actual 2018 \$'000	Variance \$'000
Note						
Investing Expenditure						
Summary						
	Total new projects	(b)	3 290	-	3 290	179 (3 111)
	Total existing projects	(c)	43 264	(500)	42 764	47 271 4 507
	Total annual programs	(d)	17 189	(2 081)	15 108	7 593 (7 515)
	Total investing expenditure		63 743	(2 581)	61 162	55 043 (6 119)

⁽¹⁾ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures / machinery of government changes.

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

Statement of Comprehensive Income

(a) Payments to SA Government is \$18.7 million lower than original budget primarily relating to:

- Delays in paying proceeds to the Consolidated Account from the sale of Her Majesty's Theatre to the Adelaide Festival Centre Trust. Arts South Australia will work with the Department of Treasury and Finance to agree on the timing of the payment in 2019.

Investing expenditure

(b) Expenditure on new projects is \$3.1 million lower than original budget primarily relating to:

- Department of State Development Office Space Utilisation Improvement - underspend of the project will be carried over to 2019 (\$1.7 million), and
- Arts Storage Facility - underspend of the project will be carried over to 2019 (\$1.6 million).

(c) Expenditure on existing projects is \$4.5 million higher than original budget primarily relating to:

- Adelaide Festival Centre (\$1.5 million),
- Training System Development (\$1.4 million),
- Grant Management System and Financial Reporting Tool (\$0.8 million),
- Her Majesty's Theatre Redevelopment (\$0.4 million),
- Spatial Efficiency Project (\$0.2 million), and
- Aboriginal Cultural Heritage Information System (\$0.2 million).

Department of State Development
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37 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

(d) Expenditure on annual programs is \$7.5 million lower than original budget primarily relating to:

- DSD Annual Program underspend (\$6.5 million),
- DSD ICT Annual program underspend (\$0.7 million), and
- Arts SA Annual Program underspend (\$0.2 million).

38 Financial risk management / financial instruments

Financial risk management

Risk management facilitation is undertaken by the department's Strategy and Business Services division. The department's risk management policy and procedures are drafted in accordance with relevant Treasurer's Instructions, *Risk Management Policy Statement* issued by the Premier and the Treasurer, and the Australian Standard *Risk Management Principles and Guidelines*.

The department is exposed to financial risk – liquidity risk, credit risk and market risk. The department's exposure to risk is insignificant based on past experience and current assessment of risk.

Liquidity risk

Liquidity risk arises where the department is unable to meet its financial obligations as they fall 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. The department 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. The department's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

The carrying amount of financial liabilities recorded in the table below represent the department's maximum exposure to financial liabilities.

Department of State Development
Notes to and forming part of the financial statements
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38 Financial risk management / financial instruments (continued)

Categorisation of financial instruments

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

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

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

Refer to the table below for the carrying amounts of each of the following categories of financial assets and liabilities: held-to-maturity investments; loan and receivables; and financial liabilities measured at cost.

The following table discloses the categorisation and maturity analysis of financial assets and financial liabilities.

Category of financial asset and financial liability	Note	2018 Carrying amount / fair value \$'000	2017 Carrying amount / fair value \$'000	2018 Contractual maturities			
				Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets							
Cash and cash equivalents	19	99 457	114 782	-	99 457	-	-
Loans and receivable ⁽¹⁾⁽²⁾	20	4 102	4 507	-	4 102	-	-
Investments	25	6 901	6 486	-	6 901	-	-
Total financial assets		110 460	125 775	-	110 460	-	-
Financial liabilities							
Financial liabilities at cost ⁽¹⁾	27	26 026	36 487	-	26 026	-	-
Total financial liabilities		26 026	36 487	-	26 026	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. 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 levy receivables / payables, tax equivalents, Commonwealth tax, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law.

⁽²⁾ Receivable amounts disclosed here excludes prepayments. 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 other financial assets.

Department of State Development
Notes to and forming part of the financial statements
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38 Financial risk management / financial instruments (continued)

Credit and market risk

Credit risk arises when there is the possibility of the department's debtors defaulting on their contractual obligations resulting in financial loss to the department. The department measures credit risk on a fair value basis and monitors risk on a regular basis.

The department has minimal concentration of credit risk. The department has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. 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. Currently the department does not hold any collateral as security for any of its financial assets. Other than receivables, there is no evidence to indicate that financial assets are impaired. Refer to note 20 for information on the allowance for impairment in relation to receivables.

The following table discloses the ageing of financial assets that are past due but not impaired and impaired 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	99 457	99 457	-	-	-	-
Loans and receivables ⁽¹⁾	4 102	192	2 823	14	559	514
Investments	6 901	6 901	-	-	-	-
	110 460	106 550	2 823	14	559	514
2017						
Cash and cash equivalents	114 782	114 782	-	-	-	-
Loans and receivables ⁽¹⁾	4 507	1 820	806	26	362	1 493
Investments	6 486	6 486	-	-	-	-
	125 775	123 088	806	26	362	1 493

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

Market risk through interest rate or price fluctuations is immaterial.

Department of State Development
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39 Impact of standards and statements not yet implemented

The department did not voluntarily change any of its accounting policies during 2018.

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.

AASB 9 Financial Instruments

The revision to AASB 9 *Financial Instruments* applies to reporting periods beginning on or after 1 January 2018. 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 has reviewed the impact of adopting this standard and recognised that there is no impact. In reviewing all financial instruments, the investment with Scope Global Pty Ltd (refer note 25) was identified as within scope, however the Treasurer provided approval for this specific investment to be measured via an equity method through the Statement of Financial Position.

AASB 16 Leases

AASB 16 *Leases* will apply for the first time for reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases. The standard requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

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 payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, 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 be recognised as an expense.

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 has not calculated the impact of the standard, however recognises that the impact will be substantial based on existing lease arrangements recognised as commitments (refer note 32).

AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures and may impact the timing of recognition of some revenue.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received, then revenue is recognised.

Department of State Development

Notes to and forming part of the financial statements

for the year ended 30 June 2018

AASB 1058 Income for Not-for-profit entities (continued)

The department has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the Statement of Comprehensive Income.

40 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 as set out below.

- As proclaimed on 21 June 2018 and in accordance with section 26 and 27 of the *Public Sector Act 2009*, from 1 July 2018 the title of the Department of State Development is altered to the Department for Industry and Skills.
- As proclaimed on 17 May 2018 and in accordance with section 26 and 28 of the *Public Sector Act 2009*, from 1 July 2018 a department is established and assigned the title Department for Trade, Tourism and Investment. Effective from 1 July 2018 International Engagement, Investment Attraction South Australia and Health Industries South Australia will be transferred to the Department for Trade, Tourism and Investment.
- As proclaimed on 14 June 2018 and in accordance with section 9 (1) of the *Public Sector Act 2009*, effective from 1 July 2018, Aboriginal Affairs and Reconciliation and Arts South Australia will be transferred to the Department of the Premier and Cabinet.
- As proclaimed on 28 June 2018 and in accordance with section 9 (1) of the *Public Sector Act 2009*, effective from 1 July 2018, specific employees of Strategy and Business Services, as listed in the Gazette, will be transferred to the Department of the Premier and Cabinet, the Department for Trade, Tourism and Investment and the Department for Energy and Mining.
- As proclaimed on 5 July 2018 and in accordance with section 5 of the *Administrative Arrangements Act 1994*, the administration of the *South Australian Film Corporation Act 1972* will be committed to the Minister for Industry and Skills effective from 5 July 2018. In addition, under section 4 of the *South Australian Film Corporation Act 1972*, the Chief Executive of the Department for Industry and Skills will be the employing authority referred to within this Act.
- As proclaimed on 2 August 2018 and in accordance with section 6 of the *Administrative Arrangements Act 1994* the ministerial and powers under the Rules of JamFactory Contemporary Craft and Design Incorporated are conferred on the Minister for Industry and Skills.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

41 Transactions with SA Government

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits expenses	5	3 658	4 835	71 990	98 147	75 648	102 982
Supplies and services	7						
Accommodation and service costs		64 362	31 147	4 754	4 683	69 116	35 830
Communications and information technology		1 371	1 332	7 394	5 784	8 765	7 116
Office administration expenses		1 977	2 249	4 477	5 991	6 454	8 240
Contractors		-	-	6 021	13 339	6 021	13 339
Travel and related expenses		552	1 285	2 596	3 186	3 148	4 471
Marketing		1	8	2 224	3 311	2 225	3 319
Consultancies		-	-	2 215	2 343	2 215	2 343
Staff related expenses		388	255	1 226	1 787	1 614	2 042
Overseas trade representation		-	-	1 372	1 239	1 372	1 239
Shared service fees		1 028	4 354	-	-	1 028	4 354
Accounting and audit fees		305	342	115	17	420	359
Service recoveries		306	391	-	-	306	391
Energy supply fuel and lubricants		-	-	8	4 315	8	4 315
Remote areas energy supplies plant and equipment		-	-	-	428	-	428
Lease incentive amortisation		-	-	(313)	(313)	(313)	(313)
Depreciation and amortisation expenses	8	-	-	10 708	25 052	10 708	25 052
Grants and subsidies	9						
TAFE SA		246 213	230 573	-	-	246 213	230 573
Arts and Cultural		120 845	109 605	24 189	22 425	145 034	132 030
Skills and Employment - other		14 576	13 763	36 026	32 982	50 602	46 745
Industry, Innovation, Science and Small Business		12 200	12 433	27 650	29 938	39 850	42 371
Skills and Employment - VET subsidies		-	-	35 595	34 129	35 595	34 129
Investment Attraction South Australia		25 137	22 468	-	-	25 137	22 468
International Engagement		4 899	1 896	2 232	2 236	7 131	4 132
Aboriginal Affairs and Reconciliation		10	3	6 477	4 345	6 487	4 348
Industry Advocate		853	-	-	-	853	-
Other		300	1 199	140	443	440	1 642
Resources and Energy		-	279	-	5 619	-	5 898
Net (gain) / loss from disposal of non-current and other assets	16	-	(398)	113	116 491	113	116 093
Other expenses	10						
Land tax equivalents		2 977	-	-	-	2 977	-
Donated assets		1 429	-	-	-	1 429	-
Bad and doubtful debts		11	-	30	127	41	127
Revaluation decrement		-	-	26	3 378	26	3 378
Impairment loss		-	-	24	2 910	24	2 910
Asset derecognition		-	-	-	1 517	-	1 517
Other		-	1	-	780	-	781
Total expenses		503 398	438 020	247 289	426 629	750 687	864 649

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

41 Transactions with SA Government (continued)

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Income</u>							
Fees and charges	12	64 530	46 945	1 771	24 229	66 301	71 174
Commonwealth revenues	13	-	-	495	38 511	495	38 511
Interest and investment revenues	14	14	15	1	200	15	215
Resources received free of charge	15	895	-	12	214	907	214
Other income	17						
Recoveries		4 985	6 048	1 349	2 058	6 334	8 106
Sponsorship revenues		19	51	4 052	1 163	4 071	1 214
Community Development Fund		1 250	1 250	-	-	1 250	1 250
Other income		348	137	766	1 460	1 114	1 597
Fuel tax credits		-	-	-	1 465	-	1 465
Support for the regulation of Extractive Mining Operations		-	327	-	-	-	327
Total income		72 041	54 773	8 446	69 300	80 487	124 073
<u>Financial assets</u>							
Receivables	20						
Receivables		3 199	1 915	1 969	3 703	5 168	5 618
Allowance for doubtful debts		-	8	(1 482)	(1 501)	(1 482)	(1 493)
Prepayments		4 614	4 480	31	39	4 645	4 519
GST input tax recoverable		-	-	3 392	4 823	3 392	4 823
Accrued revenue		179	41	70	101	249	142
Other receivables		-	-	167	240	167	240
Investments	25	-	-	6 901	6 486	6 901	6 486
Total financial assets		7 992	6 444	11 048	13 891	19 040	20 335
<u>Financial liabilities</u>							
Payables	27						
Creditors and accrued expenses		7 253	12 751	18 773	23 736	26 026	36 487
Employee on-costs		1 573	1 698	1 542	1 567	3 115	3 265
Other liabilities	30						
Lease incentive		1 037	1 349	-	-	1 037	1 349
Unearned revenue		-	91	81	89	81	180
Total financial liabilities		9 863	15 889	20 396	25 392	30 259	41 281

**Department of State Development
(DSD)**

Administered Financial Statements

For the year ended 30 June 2018

Department of State Development
Statement of Administered Comprehensive Income
for the year ended 30 June 2018

	2018	2017
	\$'000	\$'000
<u>Administered expenses</u>		
Employee benefits	660	714
Supplies and services	295	244
Grants and subsidies	9 929	7 926
Payment of royalties to the Consolidated Account	-	148 347
Other expenses	6 173	2 271
Total administered expenses	17 057	159 502
<u>Administered income</u>		
Royalties	-	148 348
Interest	462	499
Other income	71	2 475
Total administered income	533	151 322
Net cost of providing services	(16 524)	(8 180)
<u>Administered revenues from SA Government</u>		
Revenues from SA Government	14 577	9 161
Total net revenues from SA Government	14 577	9 161
Net result	(1 947)	981
Total comprehensive result	(1 947)	981

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

Department of State Development
Statement of Administered Financial Position
as at 30 June 2018

	2018	2017
	\$'000	\$'000
<u>Administered current assets</u>		
Cash	34 546	37 276
Receivables	49	182
Total current assets	34 595	37 458
Total assets	34 595	37 458
<u>Administered current liabilities</u>		
Payables	754	1 670
Total current liabilities	754	1 670
Total liabilities	754	1 670
Net assets	33 841	35 788
<u>Administered equity</u>		
Retained earnings	33 841	35 788
Total equity	33 841	35 788

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

Department of State Development
Statement of Administered Changes in Equity
for the year ended 30 June 2018

	<u>Retained earnings</u>
	<u>\$'000</u>
Balance at 30 June 2016	35 295
Prior period adjustments	(468)
Restated balance at 30 June 2016	<u>34 827</u>
Net result for 2016-17	981
Total comprehensive result for 2016-17	<u>981</u>
Net assets transferred on restructure	(20)
Balance at 30 June 2017	<u>35 788</u>
Net result for 2017-18	(1 947)
Total comprehensive result for 2017-18	<u>(1 947)</u>
Balance at 30 June 2018	<u><u>33 841</u></u>

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

Department of State Development
Statement of Administered Cash Flows
for the year ended 30 June 2018

	2018	2017
	(Outflows)	(Outflows)
	Inflows	Inflows
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Cash outflows		
Employee benefits	(661)	(714)
Payments for supplies and services	(244)	(862)
Payments for grants and subsidies	(10 895)	(6 261)
Payments for royalties to Consolidated Account	-	(157 884)
Other payments	(6 173)	(2 271)
Cash used in operations	(17 973)	(167 992)
Cash inflows		
Revenues from SA Government	14 577	9 161
Royalties receipts	-	154 187
Interest receipts	594	383
Other receipts	72	3 085
Cash generated from operations	15 243	166 816
Net cash used in operating activities	(2 730)	(1 176)
<u>Cash flows from financing activities</u>		
Cash outflows		
Payments on restructure	-	(11 188)
Cash used in financing activities	-	(11 188)
Net cash used in financing activities	-	(11 188)
Net decrease in cash	(2 730)	(12 364)
Cash at the beginning of the period	37 276	49 640
Cash at the end of the period	34 546	37 276

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

Department of State Development
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2018

	Aboriginal Affairs and Reconciliation		Small Business Commissioner		Ministers' Salaries	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered Expenses</u>						
Employee benefits	-	1	-	-	660	713
Supplies and services	240	224	-	-	-	-
Grants and subsidies	6 432	6 386	1 847	1 540	-	-
Payment of royalties to the Consolidated Account	-	-	-	-	-	-
Other expenses	2	(2)	-	-	-	-
Total administered expenses	6 674	6 609	1 847	1 540	660	713
<u>Administered Income</u>						
Royalties	-	-	-	-	-	-
Interest	461	497	-	-	-	-
Other income	71	254	-	-	-	-
Total administered income	532	751	-	-	-	-
Net cost of providing services	(6 142)	(5 858)	(1 847)	(1 540)	(660)	(713)
<u>Administered revenues from SA</u>						
<u>Government</u>						
Revenues from SA Government	6 647	6 486	1 847	1 540	663	715
Total net revenues from SA Government	6 647	6 486	1 847	1 540	663	715
Net result	505	628	-	-	3	2

Department of State Development
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2018

	Royalties		Mintabie Administration		Native Title Agreement	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Administered Expenses</u>						
Employee benefits	-	-	-	-	-	-
Supplies and services	-	-	-	20	-	-
Grants and subsidies	-	-	-	-	-	-
Payment of royalties to the Consolidated Account	-	148 347	-	-	-	-
Other expenses	-	-	-	-	-	2 218
Total administered expenses	-	148 347	-	20	-	2 218
<u>Administered Income</u>						
Royalties	-	148 348	-	-	-	-
Interest	-	-	-	-	-	-
Other income	-	-	-	25	-	2 196
Total administered income	-	148 348	-	25	-	2 196
Net cost of providing services	-	1	-	5	-	(22)
<u>Administered revenues from SA government</u>						
Revenues from SA Government	-	-	-	-	-	-
Total net revenues from SA government	-	-	-	-	-	-
Net result	-	1	-	5	-	(22)

Department of State Development
Schedule of Expenses and Income Attributable to Administered Activities
for the year ended 30 June 2018

	Bank of Tokyo		Stolen Generations		Total	
	Fund		Reparations Scheme			
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered Expenses</u>						
Employee benefits	-	-	-	-	660	714
Supplies and services	-	-	55	-	295	244
Grants and subsidies	-	-	1 650	-	9 929	7 926
Payment of royalties to the Consolidated Account	-	-	-	-	-	148 347
Other expenses	-	-	6 171	55	6 173	2 271
Total administered expenses	-	-	7 876	55	17 057	159 502
<u>Administered Income</u>						
Royalties	-	-	-	-	-	148 348
Interest	1	2	-	-	462	499
Other income	-	-	-	-	71	2 475
Total administered income	1	2	-	-	533	151 322
Net cost of providing services	1	2	(7 876)	(55)	(16 524)	(8 180)
<u>Administered revenues from SA Government</u>						
Revenues from SA Government	-	-	5 420	420	14 577	9 161
Total net revenues from SA Government	-	-	5 420	420	14 577	9 161
Net result	1	2	(2 456)	365	(1 947)	981

Department of State Development
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 the administered financial statements is the same as the basis outlined in note 1. The department applies the same accounting policies to the administered financial statements as set out in the notes to the department's financial statements.

A2 Objectives / activities of the department's administered items

The department's administered items are structured to contribute to six main activities:

Aboriginal Affairs and Reconciliation

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

Small Business Commissioner

Appropriation funding for the Office of the Small Business Commissioner is paid by the Department of Treasury and Finance to the department. The funding is then provided to the Office of the Small Business Commissioner which is a separate reporting entity. The amounts transferred to the Office of the Small Business Commissioner represent appropriation funding only and not the entire budget for the operations.

Royalties

The department received royalties levied on minerals and petroleum production on behalf of the State Government. Royalty receipts are collected pursuant to the Roxby Downs (Indenture Ratification) Act 1982, Whyalla Steel Works Act 1958, Mining Act 1971 and the Petroleum and Geothermal Energy Act 2000. Royalty receipts are returned to the Consolidated Account in the month following collection. This activity was transferred to the Department of the Premier and Cabinet effective from the 1 April 2017.

Native Title Agreement

The department collects revenue via a levy equivalent to 10% of the total royalty payable for relevant royalty payers. This is offset by payments made to two Aboriginal Councils in the APY Lands. This activity was transferred to the Department of the Premier and Cabinet effective from the 1 April 2017.

Bank of Tokyo Fund

Funds held by the department of the purpose of supporting cultural and social exchange between South Australia and Japan.

Stolen Generations Reparations Scheme

The South Australian Government has established the Stolen Generations Reparations Scheme to recognise the grief, pain and loss experienced by Aboriginal communities, families and individuals; and to also support a range of proposals that can assist in the healing process. The Scheme includes provision for up to \$6 million in ex-gratia payments to be made to individual members of the Stolen Generations.

Department of State Development
Notes to and forming part of the financial statements
for the year ended 30 June 2018

A3 Budgetary reporting and explanations of major variances between budget and actual amounts

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

		Original budget ⁽¹⁾ 2018 \$'000	Actual 2018 \$'000	Variance \$'000
Statement of Comprehensive Income				
<u>Administered Expenses</u>				
Employee benefits		734	660	74
Supplies and services		-	295	(295)
Grants and subsidies	a	8 491	9 929	(1 438)
Other expenses	b	5 630	6 173	(543)
Total administered expenses		14 855	17 057	(2 202)
<u>Administered Income</u>				
Interest	c	-	462	(462)
Other income		1	71	(70)
Total administered income		1	533	(532)
Net cost of providing services		(14 854)	(16 524)	1 670
<u>Administered revenues from SA Government</u>				
Revenues from SA Government		14 644	14 577	67
The net revenues from SA Government		14 644	14 577	67
Net result		(210)	(1 947)	1 737
Total comprehensive result		(210)	(1 947)	1 737

⁽¹⁾ These budgeted amounts have not been subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2017-18 Budget Papers, Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures / machinery of government changes.

- a The Stolen Generations Reparations Scheme community component budget of \$1.6 million was held in the original budget within the Department of Treasury and Finance's Contingency account.
- b The Stolen Generations Reparations Scheme actual reflected the budget carryover from 2016-17 in 2017-18 which was not included in the original budget.
- c The Aboriginal Affairs and Reconciliation APY Lands Taskforce generates unbudgeted bank interest revenue on special deposit accounts throughout the year.