

Department of
Treasury and Finance

Financial report
for the year ended
30 June 2019



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To the Chief Executive Department of Treasury and Finance

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 Treasury and Finance for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2019, 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2019
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2019
- a Statement of Administered Financial Position as at 30 June 2019
- a Statement of Administered Cash Flows for the year ended 30 June 2019
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Director, Financial Services.

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 Treasury and Finance. 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, but not for the purpose of

expressing an opinion on the effectiveness of the Department of Treasury and Finance's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Andrew Richardson

Auditor-General

19 September 2019

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Department of Treasury and Finance:

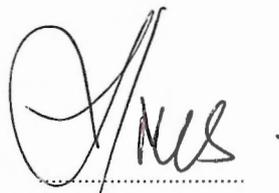
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards;
- are in accordance with the accounts and records of the Department; and
- present a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2019 and the results of its operation and cash flows for the financial year.

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



David Reynolds
CHIEF EXECUTIVE OFFICER

13 September 2019



Les Jones
DIRECTOR, FINANCIAL SERVICES

13 September 2019

Department of Treasury and Finance
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefits expenses	2.3	162 528	77 436
Supplies and services	3.1	144 114	108 431
Depreciation and amortisation	3.2	7 645	5 191
Net loss from disposal of non-current assets	3.3	1 142	19
Other expenses	3.4	2 418	594
Total expenses		317 847	191 671
Income			
Revenues from fees and charges	4.2	103 538	72 930
Resources received free of charge	4.3	-	1 217
Other income	4.4	58 060	7 515
Total income		161 598	81 662
Net cost of providing services		(156 249)	(110 009)
Revenues from / (payments to) SA Government			
Revenues from SA Government	4.1	160 256	127 738
Payments to SA Government	4.1	(4 215)	-
Total net revenues from SA Government		156 041	127 738
Net result		(208)	17 729
Other comprehensive income			
Changes in intangible assets revaluation surplus		-	4 356
Total comprehensive result		(208)	22 085

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

Department of Treasury and Finance
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	28 703	27 484
Receivables	6.2	10 698	21 064
Total current assets		39 401	48 548
Non-current assets			
Receivables	6.2	236	120
Property, plant and equipment	5.1	19 956	6 125
Intangible assets	5.2	43 006	60 364
Total non-current assets		63 198	66 609
Total assets		102 599	115 157
Current liabilities			
Payables	7.1	11 228	13 663
Employee benefits	2.4	17 671	9 136
Provisions	7.2	741	445
Total current liabilities		29 640	23 244
Non-current liabilities			
Payables	7.1	3 342	1 623
Employee benefits	2.4	36 480	17 227
Provisions	7.2	7 388	3 441
Total non-current liabilities		47 210	22 291
Total liabilities		76 850	45 535
Net assets		25 749	69 622
Equity			
Contributed capital		5 344	5 344
Asset revaluation surplus		-	4 356
Retained earnings		20 405	59 922
Total equity		25 749	69 622

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

Department of Treasury and Finance
Statement of Changes in Equity
for the year ended 30 June 2019

		Asset		
	Note	Contributed capital	revaluation surplus	Retained earnings
		\$'000	\$'000	\$'000
				Total equity
				\$'000
Balance at 1 July 2017		1 809	-	39 647
Error correction	5.1	-	-	(9 548)
Restated balance as at 1 July 2017		1 809	-	30 099
Net result for 2017-18		-	-	17 729
Gain / (loss) on revaluation of intangible asset		-	4 356	-
Total comprehensive result for 2017-18		-	4 356	17 729
Administrative restructure		-	-	12 094
Equity contribution received		3 535	-	-
Balance at 30 June 2018		5 344	4 356	59 922
Net result for 2018-19		-	-	(208)
Total comprehensive result for 2018-19		-	-	(208)
Administrative restructure	1.3	-	-	(43 665)
Transfer between equity components	5.2	-	(4 356)	4 356
Balance at 30 June 2019		5 344	-	20 405
				25 749

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

Department of Treasury and Finance
Statement of Cash Flows
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefit payments		(157 433)	(69 911)
Payments for supplies and services		(155 835)	(109 045)
Payments for Paid Parental Leave Scheme		(289)	(175)
Cash used in operations		(313 557)	(179 131)
Cash inflows			
Fees and charges		105 255	58 650
GST recovered from the Australian Taxation Office		3 713	6 214
Other receipts		58 071	1 577
Receipts for Paid Parental Leave Scheme		275	184
Cash generated from operations		167 314	66 625
Cash flows from SA Government			
Receipts from SA Government		160 256	127 738
Payments to SA Government		(4 215)	-
Cash generated from SA Government		156 041	127 738
Net cash provided by / (used in) operating activities	8.2	9 798	15 232
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(3 107)	(2 543)
Purchase of intangibles		(5 472)	(9 086)
Cash used in investing activities		(8 579)	(11 629)
Net cash provided by / (used in) investing activities		(8 579)	(11 629)
Cash flows from financing activities			
Cash inflows			
Equity contribution received		-	3 535
Cash generated from financing activities		-	3 535
Net cash provided by / (used in) financing activities		-	3 535
Net increase / (decrease) in cash and cash equivalents		1 219	7 138
Cash and cash equivalents at the beginning of the reporting period		27 484	20 346
Cash and cash equivalents at the end of the reporting period	8.2	28 703	27 484

The accompanying notes form part of these financial statements.

Department of Treasury and Finance

Notes to and forming part of the financial statements

for the year ended 30 June 2019

1. About the Department of Treasury and Finance

The Department of Treasury and Finance is a government department of the State of South Australia, established pursuant to the *Public Sector Act 2009*. The department is an administrative unit acting on behalf of the Crown.

The financial statements and accompanying notes include all the controlled activities of the department (refer to the disaggregated disclosures for details of the department's controlled activities).

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

1.1. Basis of preparation

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

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

For the 2018-19 financial statements the department adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

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

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

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

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

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and programs

Objectives

The Department of Treasury and Finance (DTF/the department) administers a range of programs and services to support the prosperity and wellbeing of all South Australians.

The department's objectives are to:

- promote sustainable state finances
- support responsible budget and financial management
- deliver timely high quality services to meet the needs of our clients
- collaborate to deliver high quality advice on economic, social and environmental issues
- improve safety in South Australian workplaces
- provide industrial relations and procurement services

Programs

In achieving its objectives, the department undertakes the following programs:

Accountability for Public Sector Resources

The department ensures accountability for public sector resources through providing policy, economic, commercial and financial advice to the Government and coordinating resource allocations and key projects for Government programs and priorities at the whole-of-government level.

Treasury Services

The department manages the Government's financial assets and liabilities and provision of certainty of funding to the State.

These services include:

- Administration of taxation legislation through the management of revenue and compliance systems, processes, policy advice and taxpayer education
- Provision of insurance cover to agencies and advice and management of government risks.
- Provision of fleet management services to agencies and vehicle disposal services to government.
- Administration of various public sector superannuation schemes and provision of superannuation policy and legislative advice.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.2. Objectives and programs (continued)

Industrial Relations

The department provides services to ensure the rights and obligations of employees and employers are protected and the relevant law applied to prevent and resolve workplace disputes.

These services include:

- Lead and manage enterprise bargaining negotiations and manage the conduct of employment-related litigation
- Provision of work health and safety and industrial relations education and compliance services to promote safe, fair, productive working lives and high standards of public safety for all South Australians
- Provision of efficient and cost-effective processes for the resolution of employment disputes.

Government Services

The department delivers a comprehensive range of services to various government agencies and the community.

These services include:

- Delivery of corporate services to various government agencies in the areas of accounts payable, accounts receivable, payroll, work injury services and finance
- Provision of across government contracts for goods, services and information communications technology and specialist procurement advice and assistance
- Provision of support services to members of parliament to assist them in meeting their responsibilities to the parliament and the broader community.

General/not attributable: Certain items of the department are not allocated to activities

The Disaggregated Disclosure Schedules present expenses, income, assets and liabilities attributed to each of the activities for the years ended 30 June 2019 and 30 June 2018.

Department of Treasury and Finance
Disaggregated Disclosures – Expenses and Income
For the year ended 30 June 2019

Programs	Accountability for							
	Public Sector Resources		Treasury Services		Industrial Relations		Government Services	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses								
Employee benefits expenses	18 098	19 095	57 963	51 234	28 707	-	57 760	-
Supplies and services	18 063	17 187	43 483	27 986	24 449	-	58 119	-
Depreciation and amortisation	304	404	5 106	3 985	943	-	1 292	-
Net loss from disposal of non-current assets	140	6	206	11	227	-	569	-
Other expenses	1	-	2 413	-	1	-	3	-
Total expenses	36 606	36 692	109 171	83 216	54 327	-	117 743	-
Income								
Revenues from fees and charges	(306)	2 291	49 515	56 151	35 195	-	19 134	-
Resources received free of charge	-	396	-	706	-	-	-	-
Other income	7 095	425	9 457	580	11 569	-	29 939	-
Total income	6 789	3 112	58 972	57 437	46 764	-	49 073	-
Net cost of providing services	(29 817)	(33 580)	(50 199)	(25 779)	(7 563)	-	(68 670)	-
Revenues from / (payments to) SA Government								
Revenues from SA Government	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
Net result	(29 817)	(33 580)	(50 199)	(25 779)	(7 563)	-	(68 670)	-

Department of Treasury and Finance
Disaggregated Disclosures – Expenses and Income
For the year ended 30 June 2019

Programs	Gambling Policy		Veterans' Affairs		Office of the Valuer-General		Office of the Registrar-General	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses								
Employee benefits expenses	-	665	-	923	-	4 268	-	1 251
Supplies and services	-	65	-	1 188	-	14 833	-	47 172
Depreciation and amortisation	-	4	-	9	-	87	-	702
Net loss from disposal of non-current assets	-	-	-	-	-	1	-	1
Other expenses	-	-	-	-	-	-	-	594
Total expenses	-	734	-	2 120	-	19 189	-	49 720
Income								
Revenues from fees and charges	-	414	-	131	-	10 954	-	2 989
Resources received free of charge	-	7	-	16	-	56	-	36
Other income	-	2	-	535	-	439	-	5 534
Total income	-	423	-	682	-	11 449	-	8 559
Net cost of providing services	-	(311)	-	(1 438)	-	(7 740)	-	(41 161)
Revenues from / (payments to) SA Government								
Revenues from SA Government	-	-	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-	-	-
Net result	-	(311)	-	(1 438)	-	(7 740)	-	(41 161)

These four programs discontinued in the department in 2018-19 and were included for the purpose of reporting comparative figures.

Department of Treasury and Finance
Disaggregated Disclosures – Expenses and Income
For the year ended 30 June 2019

Programs	General / Not Attributable		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses				
Employee benefits expenses	-	-	162 528	77 436
Supplies and services	-	-	144 114	108 431
Depreciation and amortisation	-	-	7 645	5 191
Net loss from disposal of non-current assets	-	-	1 142	19
Other expenses	-	-	2 418	594
Total expenses	-	-	317 847	191 671
Income				
Revenues from fees and charges	-	-	103 538	72 930
Resources received free of charge	-	-	-	1 217
Other income	-	-	58 060	7 515
Total income	-	-	161 598	81 662
Net cost of providing services	-	-	(156 249)	(110 009)
Revenues from / (payments to) SA Government				
Revenues from SA Government	160 256	127 738	160 256	127 738
Payments to SA Government	(4 215)	-	(4 215)	-
Net result	156 041	127 738	(208)	17 729

Department of Treasury and Finance
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2019

Programs	Accountability for						Government	
	Public Sector		Treasury Services		Industrial Relations		Services	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash and cash equivalents	-	-	-	-	36	-	-	-
Receivables	-	1 948	-	1 222	17	-	-	-
Property, plant and equipment	759	845	2 979	1 875	9 917	-	3 128	-
Intangible assets	534	624	40 100	42 330	823	-	1 423	-
Total assets	1 293	3 417	43 079	45 427	10 793	-	4 551	-
Liabilities								
Payables	(4)	1 369	198	4 388	854	-	2 004	-
Employee benefits	2 951	5 949	11 177	15 960	12 092	-	27 931	-
Provisions	1 019	616	2 453	1 003	1 379	-	3 278	-
Total liabilities	3 966	7 934	13 828	21 351	14 325	-	33 213	-
Net assets	(2 673)	(4 517)	29 251	24 076	(3 532)	-	(28 662)	-

Programs	Gambling Policy		Veterans' Affairs		Office of the Valuer-General		Office of the Registrar-General	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Receivables	-	-	-	1	-	8 109	-	6 494
Property, plant and equipment	-	-	-	-	-	646	-	251
Intangible assets	-	-	-	120	-	-	-	17 061
Total assets	-	-	-	121	-	8 755	-	23 806
Liabilities								
Payables	-	23	-	82	-	438	-	398
Employee benefits	-	207	-	301	-	2 993	-	954
Provisions	-	2	-	43	-	532	-	1 691
Total liabilities	-	232	-	426	-	3 963	-	3 043
Net assets	-	(232)	-	(305)	-	4 792	-	20 763

Department of Treasury and Finance
Disaggregated Disclosures – Assets and Liabilities
as at 30 June 2019

Programs	General / Not Attributable		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Assets				
Cash and cash equivalents	28 667	27 484	28 703	27 484
Receivables	10 917	3 410	10 934	21 184
Property, plant and equipment	3 173	2 508	19 956	6 125
Intangible assets	126	229	43 006	60 364
Total assets	42 883	33 631	102 599	115 157
Liabilities				
Payables	11 518	8 588	14 570	15 286
Employee benefits	-	(1)	54 151	26 363
Provisions	-	(1)	8 129	3 886
Total liabilities	11 518	8 586	76 850	45 535
Net assets	31 365	25 045	25 749	69 622

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Changes to the department

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018*, the department has had business units transferred in and out of the department in 2018-19:

Transferred in

From 1 July 2018

The following business units were transferred in from the Department of the Premier and Cabinet (DPC):

- Shared Services SA
- Electorate Services
- Fleet Services (Ministerial Chauffers)
- ICT Transformation
- Policy Standards and Governance
- Strategic Procurement
- Return to Work Services section of the Office for the Public Sector
- Industrial Relations section of the Office for the Public Sector

The following business unit was transferred in from the Attorney-General's Department (AGD):

- SafeWork SA

On transfer of these business units, the department recognised the following assets and liabilities:

	DPC \$'000	AGD \$'000
Assets		
Cash and cash equivalents	-	36
Receivables	4 026	147
Prepayments	2 438	93
Property, plant and equipment	3 137	9 697
Intangible assets	674	17
Total assets	10 275	9 990
Liabilities		
Payables	4 407	1 241
Employee benefits	22 418	6 390
Provisions	535	183
Other	353	-
Total liabilities	27 713	7 814
Total net assets (liabilities) transferred	(17 438)	2 176

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Changes to the department (continued)

From 1 October 2018

The following business unit was transferred in from AGD:

- South Australian Employment Tribunal

On transfer of the business unit, the department recognised the following assets and liabilities:

	AGD \$'000
Assets	
Receivables	36
Property, plant and equipment	1 006
Intangible assets	633
Total assets	1 675
Liabilities	
Payables	121
Employee benefits	1 134
Provisions	24
Total liabilities	1 279
Total net assets (liabilities) transferred	396

	AGD 1 Jul 2018 - 30 Sep 2018	DTF 1 Oct 2018 - 30 Jun 2019	Total
Total income and expenses attributable to the SA Employment Tribunal for 2018-19 were:			
Income	\$'000	\$'000	\$'000
Fees and charges	1 955	5 766	7 721
Other income	66	250	316
Total income	2 021	6 016	8 037
Expenses			
Employee benefits expenses	1 654	4 913	6 567
Supplies and services	777	2 253	3 030
Depreciation and amortisation	29	86	115
Total expenses	2 460	7 252	9 712
Net result	(439)	(1 236)	(1 675)

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.3. Changes to the department (continued)

Transferred out

From 1 July 2018

The following business unit was transferred out to DPC:

- Veterans SA

The following business units were transferred out to the Department of Planning, Transport and Infrastructure (DPTI):

- Office of the Registrar-General
- Office of the Valuer-General

The following assets and liabilities were transferred to DPC and DPTI:

	DPC	DPTI
	\$'000	\$'000
Assets		
Receivables	1	14 159
Property, plant and equipment	-	690
Intangible assets	121	17 061
Total assets	122	31 910
Liabilities		
Payables	60	499
Employee benefits	153	2 227
Provisions	41	-
Total liabilities	254	2 726
Total net assets (liabilities) transferred	(132)	29 184

From 27 October 2018

The following business unit became the Office of the South Australian Productivity Commission (OSAPC):

- Simpler Regulation Unit

The following liabilities were transferred out to OSAPC:

	\$'000
Payables	30
Employee benefits	186
Provisions	37
Total liabilities	253
Total net assets (liabilities) transferred	(253)

Net assets or liabilities transferred by the department as a result of the administrative restructure were recognised at the carrying amount. The net assets or liabilities transferred were treated as a distribution to the government as owner.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.4. Budgetary performance

The budget performance table compares the departments outcomes against budget information presented to Parliament (2018-19 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Note			
Statement of Comprehensive Income			
Expenses			
Employee benefits expenses	149 075	162 528	13 453
Supplies and services	a 91 873	144 114	52 241
Depreciation and amortisation	7 698	7 645	(53)
Net loss from the disposal of property, plant and equipment	-	1 142	1 142
Other expenses	376	2 418	2 042
Total expenses	249 022	317 847	68 825
Income			
Revenues from fees and charges	93 015	103 538	10 523
Other income	b 2 666	58 060	55 394
Total income	95 681	161 598	65 917
Net cost of providing services	(153 341)	(156 249)	(2 908)
Revenues from / (payments to) SA Government			
Revenues from SA Government	150 449	160 256	9 807
Payments to SA Government	-	(4 215)	4 215
Total net revenues from SA Government	150 449	156 041	5 592
Net result	(2 892)	(208)	2 684

	Original budget 2019 \$'000	Actual 2019 \$'000	Variance \$'000
Investing expenditure summary			
Total existing projects	5 195	5 326	131
Total annual program	1 852	3 361	1 509
Total investing expenditure	7 047	8 687	1 640

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

1.4. Budget performance (continued)

The following are brief explanations of variances between original budget and actual amounts. Explanations are provided for variances where the variance exceeds the greater of 10% of the original budgeted amount and 5% of original budgeted total expenses.

a Supplies and services

An additional \$52.241 million in Supplies and Services expense is primarily due to budget adjustments processed to the department after the original budget was published. These adjustments are reflected in the department's revised budget for 2018-19. The variance is primarily attributable to outsourced service payments pursuant to the Land Services commercialisation agreement made on behalf of the DPTI (\$58.288 million).

b Other income

An additional \$55.394 million in Other income was received in 2018-19 which is primarily due to recoveries from the Department of Planning, Transport and Infrastructure for outsourced service payments made pursuant to the Land Services commercialisation agreement (\$57.562 million).

c Total investing expenditure

An additional \$1.640 million in investing expenditure is primarily due to budget adjustments processed to the department after the original budget was published. These adjustments include a carry-over of \$1.708 million for the department's Annual Program to fund office refurbishments in the State Administration Centre.

1.5. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report. With the exception of one lease, all lease payments relate to accommodation supplied by DPTI and cars supplied by Fleet SA.

2. Board, committees and employees

2.1. Key management personnel

Key management personnel of the department include the Treasurer, the Chief Executive Officer and other directors/members of the Executive Leadership Group who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 the *Parliamentary Remuneration Act 1990*.

	2019	2018
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	4 153	3 648
Post-employment benefits	402	388
Termination benefits	-	192
Total compensation	<u>4 555</u>	<u>4 228</u>

Transaction with Key Management Personnel and other related parties

There were no significant related party transactions identified.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.2. Board and committee members

SAFA Advisory Board

David Reynolds* (Presiding Member)
 Melissa Grantham
 Kathryn Presser
 Leeann Willson
 Paul Holloway
 Juliet Brown
 Mark Day
 Jamie Hollamby*

DTF Risk and Performance Committee

Kathryn Presser (Chair)
 Stuart Hocking* (Appointed 2/5/2019)
 Mark Carey* (Appointed 1/3/2019)
 Maria Ross*
 Tracey Scott*
 Andrew Armour - Independent Member
 Chris Oerman (Appointed 3/4/2019)
 Andrea Michaels (Resigned 10/2/2019)

Super SA Audit, Risk and Finance Committee

Virginia Deegan
 Richard Dennis
 Gregory Boulton
 John Wright

SAFA Risk and Performance Committee

Debra Contala (Chair)
 Gianna Giannopoulos*
 Melissa Grantham

Super SA Board

Gregory Boulton (Presiding Member - Appointed 29/11/2018)
 Virginia Deegan
 Alison Kimber
 Dr Bill Griggs*
 Richard Dennis

Super SA Member Services Committee

Leah York
 Dr Bill Griggs*
 Gregory Boulton (Appointed 19/12/2018)
 Dascia Bennett*
 Alison Kimber

* In accordance with the Department of Premier and Cabinet Circular Number 016, Government employees did not receive any remuneration for board/committee duties during the financial year.

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

	2019	2018
\$0 - \$19 999	14	20
\$20 000 - \$39 999	8	7
\$40 000 - \$69 999	2	2
Total number of members	24	29

The total remuneration received or receivable by members was \$437 000 (2018: \$373 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.3. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	110 511	53 860
Targeted voluntary separation packages	7 111	662
Long service leave	6 672	2 367
Annual leave	10 239	5 403
Skills and experience retention leave	534	289
Employment on-costs - superannuation	13 782	7 075
Employment on-costs - other	7 073	3 442
Board and committee fees	665	348
Other employee related expenses	5 941	3 990
Total employee benefits expenses	162 528	77 436

Employment on-costs - superannuation

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

Executive remuneration

The number of employees whose remuneration received or receivable falls within the following bands:	2019	2018
	Number	Number
\$149 001 - \$151 000*	n/a	1
\$151 001 - \$171 000	12	8
\$171 001 - \$191 000	11	10
\$191 001 - \$211 000	12	11
\$211 001 - \$231 000	8	6
\$231 001 - \$251 000	5	3
\$251 001 - \$271 000	3	2
\$271 001 - \$291 000	2	1
\$291 001 - \$311 000	1	3
\$311 001 - \$331 000	4	-
\$331 001 - \$351 000	-	1
\$351 001 - \$371 000	2	3
\$371 001 - \$391 000	-	-
\$391 001 - \$411 000	1	-
\$411 001 - \$431 000	2	-
\$451 001 - \$471 000	1	-
\$471 001 - \$491 000	1	1
\$491 001 - \$511 000	1	1
Total	66	51

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 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, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

The total remuneration received by those employees for the year was \$15 609 000 (\$11 552 000)

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

2.3. Employee benefits expenses (continued)

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 82 (9).

	2019	2018
	\$'000	\$'000
Amounts paid to separated employees:		
Targeted Voluntary Separation Packages	7 111	662
Leave paid to those employees	3 638	411
Recovery from the department's Administered Items	(7 509)	-
Net cost to the department	3 240	1 073

2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Accrued salaries and wages	3 049	1 370
Annual leave	10 633	5 403
Long service leave	3 229	1 905
Skills and experience retention leave	760	458
Total current employee benefits	17 671	9 136
Non-current		
Long service leave	36 480	17 227
Total non-current employee benefits	36 480	17 227
Total employee benefits	54 151	26 363

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

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

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

The annual leave liability and the SERL liability 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. Details about the measurement of long service leave liability is provided as note 11.1

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
Land titling fees paid to LSSA	44 791	42 625
Information technology charges	18 807	6 259
Accommodation and telecommunication	17 577	8 240
Contractors and temporary staff	17 966	10 468
Valuation fees	15 264	12 595
General administration and consumables	8 771	7 822
Legal costs	4 715	5 081
Corporate recharge expense	3 435	2 784
Consultants	1 686	4 022
Minor works, maintenance and equipment	1 253	535
Other [^]	9 849	8 000
Total supplies and services	144 114	108 431

[^] Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance Audit Act 1987* were \$1 180 000 (2018 \$550 000). No other services were provided by the Auditor-General's Department.

Operating lease payments

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term. Total operating lease payments was \$14 441 000 (2018: \$6 463 000)

Consultants

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

	2019	2019	2018	2018
	Number	\$'000	Number	\$'000
Below \$10 000	21	83	11	46
\$10 000 or above	27	1 603	12	3 976
Total	48	1 686	23	4 022

3.2. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Intangible assets	5 428	4 100
Building fitouts	1 492	590
Plant and equipment	573	501
Buildings	152	-
Total depreciation and amortisation	7 645	5 191

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.

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

Land is not amortised/depreciated.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

3.2. Depreciation and amortisation (continued)

Review of accounting estimates

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

Useful life

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

Class of asset	Useful life (years)
Buildings	2-39
Fitouts - leased buildings	Life of lease
Furniture	5-10
IT equipment	3-5
Intangibles	2-8
Office Equipment	3-7
Plant and Equipment	5-10

3.3. Net loss from disposal of non-current assets

	2019	2018
	\$'000	\$'000
Plant and equipment		
Proceeds from disposal	-	-
Less net book value of assets disposed	(292)	(19)
Net gain / (loss) from disposal of plant and equipment	<u>(292)</u>	<u>(19)</u>
Intangible assets		
Proceeds from disposal	-	-
Less net book value of assets disposed	(850)	-
Net gain / (loss) from disposal of intangible assets	<u>(850)</u>	<u>-</u>
Total assets		
Total proceeds from disposal	-	-
Less total net book value of assets disposed	(1 142)	(19)
Total net loss from disposal of non-current assets	<u>(1 142)</u>	<u>(19)</u>

3.4. Other expenses

	2019	2018
	\$'000	\$'000
Intangible write-off*	2 418	-
Disbursement to SA Water	-	594
Total other expenses	<u>2 418</u>	<u>594</u>

* The intangible relates to software work in progress for the Super SA's Blue Door project

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4. Income

4.1. Net revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	150 449	66 733
Transfers from the Treasurer's Contingency Fund	9 807	10 508
Governor's Appropriation Fund	-	50 497
Total revenues from SA Government	<u>160 256</u>	<u>127 738</u>
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	3 825	-
Other payments to the Consolidated Account	390	-
Total payments to SA Government	<u>4 215</u>	<u>-</u>
Net revenues from SA Government	<u>156 041</u>	<u>127 738</u>

Appropriations

Appropriations are recognised on receipt.

Total revenues from Government consist of \$153 877 000 for operational funding and \$6 379 000 for capital projects. The original amount appropriated to the department under the annual *Appropriation Act* was not varied and no additional funds were received from the Treasurer via the Governor's Appropriation Fund.

4.2. Fees and charges

	2019	2018
	\$'000	\$'000
Regulatory fees	28 918	83
South Australian Superannuation Board	28 561	28 321
Service provision	22 641	805
South Australian Government Financing Authority	13 000	15 231
Community Emergency Services Fund	6 262	6 664
Land Tax certificates	299	264
Compulsory Third Party Insurance Regulator	-	4 795
Fees for the provision of corporate services	-	188
Land services fees	-	9 895
Other recoveries	3 857	6 684
Total fees and charges	<u>103 538</u>	<u>72 930</u>

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4.3. Resources received free of charge

	2019	2018
	\$'000	\$'000
Shared Services SA	-	1 217
Total resources received free of charge	-	1 217

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

Under *AASB 1004 Contributions*, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated.

Shared Services SA was transferred into the department as part of the machinery of government changes from 1 July 2018.

4.4. Other income

	2019	2018
	\$'000	\$'000
Land titling fees recovery - DPTI*	54 951	-
Commissions	141	141
Sale of services	-	5 938
Other income	2 968	1 436
Total other income	58 060	7 515

*Land titling fees recoveries relate to outsourced service payments made pursuant to the land services commercialisation agreement.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5. Non-financial assets

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Land and buildings		
Land at cost (deemed fair value)	590	-
Buildings at cost (deemed fair value)	5 553	-
Accumulated depreciation	(588)	-
Total land and buildings	<u>5 555</u>	<u>-</u>
Building fitouts		
Building fitouts at cost (deemed fair value)	17 669	6 867
Accumulated depreciation	(7 756)	(2 794)
Total building fitouts	<u>9 913</u>	<u>4 073</u>
Plant and equipment		
Plant and equipment (deemed fair value)	4 135	3 382
Accumulated depreciation	(2 930)	(2 227)
Total plant and equipment	<u>1 205</u>	<u>1 155</u>
Work in progress		
Work in progress at cost	3 283	897
Total work in progress	<u>3 283</u>	<u>897</u>
Total property, plant and equipment	<u><u>19 956</u></u>	<u><u>6 125</u></u>

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment is recorded at fair value. Detail about the department's approach to fair value is set out in note 11.2.

\$1 871 000 of fully depreciated plant and equipment is still in use.

Prior period adjustment

From 1 July 2016, the department recorded \$9 799 000 for the capital works associated with the ANZAC Centenary Memorial Garden Walk (the Walk) and classified the Walk as Buildings and Improvements with a useful life of 39 years. As at 30 June 2017, the book value of the Walk was \$ 9 548 000.

Pursuant to the *Government House Precent Land Dedication Act 2016*, the care, control and management of the ANZAC Centenary Memorial Garden Walk land is vested in the Corporation of the City of Adelaide. The department concluded it did not have control of the Walk above the land; therefore, a prior period adjustment has been made to derecognise the asset.

The department has recognised an error correction in the Statement of Changes in Equity for the year ended 30 June 2017 and restated and opening balances of accumulated surplus / (deficit).

Impairment

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.1. Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment:

2018-19	Land and buildings	Building fitouts	Plant and equipment	Work in progress	Total
		\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	4 073	1 155	897	6 125
Additions	-	-	33	3 157	3 190
Capital transfers from WIP	-	196	477	(673)	-
Transfer through administrative restructure	5 729	7 255	264	(98)	13 150
Depreciation and amortisation	(152)	(1 492)	(573)	-	(2 217)
Disposals	(22)	(119)	(151)	-	(292)
Carrying amount at the end of the period	5 555	9 913	1 205	3 283	19 956

2017-18	Buildings	Building fitouts	Plant and equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	-	1 865	1 392	789	4 046
Additions	-	352	62	2 345	2 759
Capital transfers from WIP	-	2 271	188	(2 459)	-
Transfer through administrative restructure	-	194	14	222	430
Depreciation and amortisation	-	(590)	(501)	-	(1 091)
Disposals	-	(19)	-	-	(19)
Carrying amount at the end of the period	-	4 073	1 155	897	6 125

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.2. Intangible assets

	2019	2018
	\$'000	\$'000
Internally developed computer software		
Internally developed computer software at cost	63 865	41 441
Accumulated amortisation	(23 692)	(16 178)
Total Internally developed computer software	40 173	25 263
Externally acquired software		
Externally acquired software at cost	3 424	3 260
Accumulated amortisation	(2 272)	(2 426)
Total externally acquired software	1 152	834
Service concession assets		
Service concession assets at current replacement cost	-	17 062
Total service concession assets	-	17 062
Work in progress		
Intangible work in progress at cost	1 681	17 205
Total work in progress	1 681	17 205
Total intangible assets	43 006	60 364

Intangible assets are initially measured at cost and are tested for indications of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

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

The SAILIS system and infrastructure had been reclassified as a Service concession asset as a result of the commercialisation of the land services group. In accordance with the principles outlined in AASB 1059, DTF revalued SAILIS to its current replacement cost at the time of reclassification. The SAILIS system and infrastructure is owned by the State prior to, during, and after the term of the contract. The asset was transferred to DPTI from 1 July 2018 as part of machinery of government changes.

Reconciliation of Intangible assets

2018-19	Internally developed software \$'000	Externally acquired software \$'000	Service concession assets \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	25 263	834	17 062	17 205	60 364
Additions	-	1 563	-	5 623	7 186
Transfer through administrative restructure	661	17	(17 062)	526	(15 858)
Disposals	(12)	(834)	-	(2 412)	(3 258)
Capital transfers from WIP	19 261	-	-	(19 261)	-
Amortisation	(5 000)	(428)	-	-	(5 428)
Carrying amount at the end of the period	40 173	1 152	-	1 681	43 006

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5.2. Intangible assets (continued)

2017-18	Internally developed software \$'000	Externally acquired software \$'000	Service concession assets \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	25 549	1 112	-	10 443	37 104
Additions	-	-	-	9 633	9 633
Transfer through administrative restructure	13 371	-	-	-	13 371
Transfers between asset classes	(12 706)	-	12 706	-	-
Revaluation increment (decrement)	-	-	4 356	-	4 356
Capital transfers from WIP	2 871	-	-	(2 871)	-
Amortisation	(3 822)	(278)	-	-	(4 100)
Carrying amount at the end of the period	25 263	834	17 062	17 205	60 364

6. Financial assets

6.1. Cash and cash equivalents

	2019 \$'000	2018 \$'000
Deposits with the Treasurer	28 666	27 483
Cash on hand	37	1
Total cash and cash equivalents	28 703	27 484

Deposits with the Treasurer

The department has two deposit accounts with the Treasurer:

- a general operating account; and
- an Accrual Appropriation Excess Funds Account.

Although the department controls the money in the Accrual Appropriation Account, its use must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

6.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Trade receivables		
From government entities	2 748	14 719
From non-government entities	1 124	758
Less allowance for doubtful debts	(3)	(3)
Total trade receivables	<u>3 869</u>	<u>15 474</u>
Accrued revenues	4 261	3 739
Prepayments	1 986	1 259
Net GST receivable from the ATO	582	592
Total current receivables	<u>10 698</u>	<u>21 064</u>
Non-current		
Receivables	236	120
Total non-current receivables	<u>236</u>	<u>120</u>
Total receivables	<u><u>10 934</u></u>	<u><u>21 184</u></u>

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. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

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

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 11.3 for further information on risk management.

Impairment of receivables

	2019	2018
	\$'000	\$'000
Balance at 30 June 2018 under AASB 139	3	3
Adjustments on initial adoption of AASB 9	-	-
Carrying amount at the beginning of the period	<u>3</u>	<u>3</u>
Carrying amount at the end of the period	<u>3</u>	<u>3</u>

Refer to note 11.3 for details regarding credit risk and the methodology for determining impairment.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7. Liabilities

7.1. Payables

	2019	2018
	\$'000	\$'000
Current		
Trade payables	777	178
Accrued expenses	8 218	12 084
Employment on-costs	2 222	1 376
Paid Parental Leave Scheme payable	11	25
Total current payables	11 228	13 663
Non-current		
Employment on-costs	3 342	1 623
Total non-current payables	3 342	1 623
Total payables	14 570	15 286

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

Employment on-costs

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

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

As a result of an actuarial assessment performed by the department, the proportion of long service leave taken as leave remained at the 2018 rate of 41% and the average factor for the calculation of employer superannuation cost on-costs has changed from the 2018 rate (9.9%) to 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$17 000 and employee benefits expense of \$17 000.

Paid parent leave scheme

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

7.2. Provisions

	2019	2018
	\$'000	\$'000
Current		
Provision for workers compensation	741	445
Total current provisions	<u>741</u>	<u>445</u>
Non-current		
Provision for workers compensation	7 388	3 441
Total non-current provisions	<u>7 388</u>	<u>3 441</u>
Total provisions	<u><u>8 129</u></u>	<u><u>3 886</u></u>
Movement in provisions		
Carrying amount at the beginning of the period	3 886	572
Transfers through administrative restructure	664	-
Payments/other sacrifices of future economic benefits	(4 703)	(192)
Additional provisions recognised	8 282	3 506
Carrying amount at the end of the period	<u><u>8 129</u></u>	<u><u>3 886</u></u>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8. Other disclosures

8.1. Equity

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

8.2. Cash flow reconciliation

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.

	2019 \$'000	2018 \$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	28 703	27 484
Balance as per the Statement of Cash Flows	<u>28 703</u>	<u>27 484</u>
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash provided by/(used in) operating activities	9 798	15 232
Add payments to SA Government	4 215	-
Less revenues from SA Government	(160 256)	(127 738)
Add / (less) non-cash items		
Depreciation and amortisation	(7 645)	(5 191)
Net gain/(loss) from disposal of non-current assets	(1 142)	(19)
Other expenses - write off	(2 418)	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	9 153	24 097
(Increase)/decrease in payables	(5 866)	(8 866)
(Increase)/decrease in employee benefits	2 155	(4 210)
(Increase)/decrease in provisions	(4 243)	(3 314)
Net cost of providing services	<u>(156 249)</u>	<u>(110 009)</u>

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* were issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government
- removal of the additional requirement to report a statement of equity for administered items
- increasing the bands from \$10,000 to \$20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2. AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of AASB 9 from 1 July 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in financial statements.

As part of the adoption of AASB 9, the Department adopted consequential amendments to other accounting standards and the Treasurer's Instructions (Accounting Policy Statements) arising from the issue of AASB 9 as follows:

- *AASB 101 Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. In prior year, this information was presented as part of other expenses.
- *AASB 7 Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year because the comparatives have not been restated.

In accordance with transitional provisions and the *Treasurer's Instructions (Accounting Policy Statements)*, *AASB 9 Financial Instruments* was adopted without restating comparative information for classification and measurement requirements. All adjustments relating to classification and measurement are recognised in retained earnings at 1 July 2018.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities. There is no impact on the department's retained earnings as at 1 July 2018.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

9.2. AASB 9 Financial instruments (continued)

On 1 July 2018, the department has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

On the date of initial application, department's financial instruments were as follows, with any reclassifications noted.

	Measurement category		AASB 139	Carrying	AASB 9 at 1
	AASB 139	AASB 9	at 30 June 2018 \$'000	amount re- measurement \$'000	July 2018 \$'000
<u>Current financial assets</u>					
Trade receivables	Loans and receivables	Amortised cost	15 474	-	15 474
<u>Current financial liabilities</u>					
Trade payables	Amortised cost	Amortised cost	178	-	178

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' model. The following financial assets of the department are subject to AASB 9's new expected credit loss model:

- trade receivables from provision of services

This model generally results in earlier recognition of credit losses than the previous one.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The department has adopted the simplified approach under *AASB 9 Financial Instruments* and measured lifetime expected credit losses on all trade receivables using a provision matrix approach as a practical expedient to measure the impairment provision. This resulted in no increase in the loss allowance on 1 July 2018 for trade receivables external to Government.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the Government's high quality credit risk.

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10. Outlook

10.1. Unrecognised contractual commitments

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

Operating lease commitments

The department as Lessee

At the reporting date, the department has operating leases for office accommodation and motor vehicles.

Office accommodation is leased from the DPTI. The leases are non-cancellable with original terms ranging up to 6 years with some having right of renewal. Rental is payable in arrears.

Motor vehicles are leased from SAFA through their agent LeasePlan, these leases are non-cancellable with terms of 3-5 years.

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

	2019	2018
	\$'000	\$'000
Not later than one year	10 125	1 485
Later than one year but not later than five years	22 037	2 392
Later than five years	31 048	-
Total non-cancellable operating lease commitments	63 210	3 877

Other commitments

The department's other commitments are primarily agreements for software licenses, software development.

	2019	2018
	\$'000	\$'000
Not later than one year	18 609	31 970
Later than one year and not later than five years	40 799	52 084
Later than five years	1 081	601 299
Total other commitments	60 489	685 353

10.2. Contingent assets and liabilities

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

The department is not aware of any contingent assets or liabilities.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective

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

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

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

The department will adopt AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities from 1 July 2019.

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. AASB 15 – Revenue from Contracts replaces AASB 111 – Construction Contracts and AASB 118 – Revenue.

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. AASB 1058 replaces parts of AASB 1004 – Contributions.

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 is not expected to have a material impact on the timing of recognition of revenue by the department.

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the department must adopt for the transition to AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities. These requirements include that the department will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient.
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that department will:

- apply, where permitted, the short-term licences recognition exemption.
- adopt \$15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences.
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective (continued)

AASB 16 – Leases

The department will adopt *AASB 16 – Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. AASB 16 Leases replaces *AASB 117 Leases* and *Interpretation 4 Determining whether an Arrangement contains a Lease*, *Interpretation 115 Operating Leases – Incentives and Interpretation*, and *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact on 2019-20 financial statements

The department has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements)*.

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. The department has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the department prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies.

The estimated impact is set out below.

	as at 1 July 2019
	\$'000
<u>Assets</u>	
Right-of-use assets	54 331
<u>Liabilities</u>	
Lease liabilities	54 518
Other liabilities (lease incentive liabilities)	(152)
Net impact on equity	(35)

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in Supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020
	\$'000
Depreciation and amortisation	8 800
Supplies and services	(9 176)
Borrowing costs	1 049
Net impact on net cost of providing services	673

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

10.3. Impact of standards and statements not yet effective (continued)

The amounts disclosed are current estimates only. The department is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

There are areas in the department where the lease agreements are currently being negotiated. Agreements are anticipated to be in place later in the financial year. The current best estimate is that there will be Lease Liabilities of \$46 840 000 and a Right of Use Assets of \$46 840 000.

Related accounting policies

The Treasurer's Instructions (Accounting Policy Statements) 2019 sets out key requirements that the department must adopt for the transition from *AASB 117 Leases* to *AASB 16 Leases*. These requirements include that the department will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019. Comparatives will not be restated.
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations.
- not transition operating leases for which the lease term ends before 30 June 2020.

The Treasurer's Instructions (Accounting Policy Statements) 2019 also sets out requirements for on-going application. These requirements include that department will:

- not apply AASB 16 to leases of intangible assets.
- adopt \$15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets.
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components.
- adopt the revaluation model, where permitted.
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance.
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable the department to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

10.4. Events after the reporting period

The department is not aware of any events after the reporting period that would impact on the financial statements.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11. Measurement and risk

11.1. Long service leave liability – measurement

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2018 (2.5%) to 2019 (1.25%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service leave liability of \$3 473 000 and employee benefits expense of \$3 473 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the department left the salary inflation rate at 4% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

11.2. Fair value

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

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

Revaluation

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

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

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

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.2 Fair value (continued)

Fair value hierarchy

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

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

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

During 2019, the department had no valuations categorised into level 1 and 2; there were no transfers of assets out of level 3 fair value hierarchy and there were no changes in valuation technique.

Fair value classification – non-financial assets at 30 June 2019

All non-financial assets as at 30 June 2019 and 30 June 2018 were categorised in level 3. Reconciliation of recurring fair value measurements - level 3 is disclosed in Note 5.1.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments

Financial risk management

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

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

Liquidity risk

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

Refer to notes 7.1 and 7.2 for further information.

Credit risk

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

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

Impairment of financial assets

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

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

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

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

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

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

	Debtor gross carrying amount	Loss	Lifetime expected losses
	\$'000	%	\$'000
Current (not past due)	754	-	-
1 - 30 days past due	168	-	-
31 - 60 days past due	139	-	-
61 - 90 days past due	48	-	-
More than 90 days past due	15	-	-
Loss allowance	-	-	-

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

Loss rates are based on actual history of credit loss, these rates have been adjusted to reflect differences between previous economic conditions, current conditions and the department's view of the forecast economic conditions over the expected life of the receivables.

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

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

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

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

In the comparative period, the impairment of receivables was assessed based on the incurred loss model. The allowance was recognised when there was objective evidence that a receivable was impaired. The allowance for impairment was recognised in other expenses for specific debtors and debtors assessed on a collective basis for which such evidence existed.

Market risk

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

Categorisation of financial instruments

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

Classification applicable until 30 June 2018 under AASB 139 *Financial Instruments: Recognition and Measurement*

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

- Loan and receivables
- Financial liabilities measured at cost.

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

The carrying value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these.

Classification applicable from 1 July 2018 under AASB 9 *Financial Instruments*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

The department measures all financial instruments at amortised cost.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2019

11.3. Financial instruments (continued)

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	6.1	28 703	28 703	-	-
Financial assets at amortised cost					
Receivables	6.2	3 872	3 872	-	-
Total financial assets		32 575	32 575	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	7.1	8 159	8 159	-	-
Total financial liabilities		8 159	8 159	-	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	6.1	27 484	27 484	-	-
Loans and receivables					
Receivables	6.2	15 477	15 477	-	-
Total financial assets		42 961	42 961	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	7.1	11 523	11 523	-	-
Total financial liabilities		11 523	11 523	-	-

Receivables and payables

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

Department of Treasury and Finance

Administered Financial Statements

**for the year ended
30 June 2019**

Department of Treasury and Finance
Statement of Administered Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Administered expenses			
Employee benefits expenses	13.1	427 654	444 382
Supplies and services	14.1	48 491	51 781
Borrowing costs	14.2	293 408	273 078
Grants, subsidies and transfers	14.3	3 547 208	3 355 887
Depreciation and amortisation	14.4	203	145
Payments to SA Government	15.1	11 791 729	13 506 936
Other expenses	14.5	62 311	50 217
Total administered expenses		16 171 004	17 682 426
Administered income			
Taxation	15.2	3 947 155	4 093 870
Commonwealth revenues	15.3	10 242 074	9 118 438
Dividends	15.4	255 582	206 970
Interest revenues	15.5	101 798	105 032
Revenues from SA Government	15.1	1 648 764	1 795 772
Grants and contributions	15.6	183 185	84 389
Revenues from fees and charges	15.7	157 651	229 451
Other revenues	15.8	291 510	566 629
Total administered income		16 827 719	16 200 551
Net result		656 715	(1 481 875)
Total comprehensive result		656 715	(1 481 875)

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

Department of Treasury and Finance
Statement of Administered Financial Position
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Administered current assets			
Cash and cash equivalents	17.1	1 690 711	1 245 120
Receivables	17.2	10 635	9 131
Other financial assets	17.3	4 189	6 314
Total current assets		1 705 535	1 260 565
Administered non-current assets			
Receivables	17.2	1	2
Other financial assets	17.3	17 537	10 562
Property, plant and equipment	16.1	4 364	1 738
Intangible assets	16.2	325	325
Total non-current assets		22 227	12 627
Total assets		1 727 762	1 273 192
Administered current liabilities			
Payables	18.1	640 564	872 865
Employee benefits	13.2	1 905	1 358
Provisions	18.2	1 950	51
Other liabilities	18.3	25	38 150
Total current liabilities		644 444	912 424
Administered non-current liabilities			
Payables	18.1	111 701	111 371
Employee benefits	13.2	3 096	963
Provisions	18.2	71	76
Other liabilities	18.3	580	1 460 324
Total non-current liabilities		115 448	1 572 734
Total liabilities		759 892	2 485 158
Net assets		967 870	(1 211 966)
Administered equity			
Accumulated surplus		965 078	(1 212 601)
Asset revaluation surplus		2 792	635
Total equity		967 870	(1 211 966)

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

Department of Treasury and Finance
Statement of Administered Cash Flows
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Cash outflows			
Payments to SA Government		(11 968 776)	(13 316 419)
Employee benefit payments		(424 336)	(444 676)
Payments for supplies and services		(75 670)	(47 684)
Interest payments		(293 408)	(273 078)
Grants, subsidies and transfers		(3 549 618)	(3 342 761)
Payments for Paid Parental Leave Scheme		(25)	(47)
Other payments		(52 132)	(49 343)
Cash used in operations		(16 363 965)	(17 474 008)
Cash inflows			
Taxation received		3 947 155	4 093 870
Receipts from Commonwealth		10 242 074	9 118 438
Dividends		255 582	199 977
Interest received		101 798	105 032
Receipts from SA Government		1 648 764	1 795 544
Grants and contributions		183 185	84 389
Fees and charges		154 331	147 561
GST recovered from Australian Taxation Office		2 306	1 695
Receipts for Paid Parental Leave Scheme		26	50
Other receipts		272 587	2 144 664
Cash generated from operations		16 807 808	17 691 220
Net cash provided by / (used in) operating activities	19.1	443 843	217 212
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(346)	(143)
Cash used in investing activities		(346)	(143)
Net cash provided by / (used in) investing activities		(346)	(143)
Cash flows from financing activities			
Cash inflows			
Proceeds from other financial assets		8 413	4 016
Cash generated from financing activities		8 413	4 016
Cash outflows			
Other financial assets granted		(6 319)	(2 917)
Cash used in financing activities		(6 319)	(2 917)
Net cash provided by / (used in) financing activities		2 094	1 099
Net increase / (decrease) in cash and cash equivalents		445 591	218 168
Cash and cash equivalents at the beginning of the reporting period		1 245 120	1 026 952
Cash and cash equivalents at the end of the reporting period	19.1	1 690 711	1 245 120

Department of Treasury and Finance
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2019

	Administered Items on behalf of the Consolidated		Industrial Tribunal		Commonwealth Mirror Taxes on Commonwealth Places	
	Account		Payments into Court		Revenue Account	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	3 380	389	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	42 767	43 864	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	35	-	28 397	25 408
Payments to SA Government	11 630 202	13 091 283	-	-	-	-
Total administered expenses	11 676 349	13 135 536	35	-	28 397	25 408
Income						
Taxation	3 640 574	3 732 304	-	-	-	-
Commonwealth revenues	7 190 290	6 771 026	-	-	28 397	25 408
Dividends	255 582	199 977	-	-	-	-
Interest revenues	100 186	103 671	3	-	-	-
Revenues from SA Government	44 564	43 165	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	157 152	146 396	40	-	-	-
Other revenues	287 441	2 138 997	-	-	-	-
Total administered income	11 675 789	13 135 536	43	-	28 397	25 408
Net result	(560)	-	8	-	-	-

Department of Treasury and Finance
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2019

	Community Development Fund		Community Emergency Services Fund		Country Equalisation Scheme Account	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	20 000	20 000	272 589	253 197	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total administered expenses	20 000	20 000	272 589	253 197	-	-
Income						
Taxation	-	-	143 002	214 022	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	88	93	482	248
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	20 000	20 000	128 895	38 844	-	-
Revenues from fees and charges	-	-	459	452	-	-
Other revenues	-	-	-	-	-	-
Total administered income	20 000	20 000	272 444	253 411	482	248
Net result	-	-	(145)	214	482	248

Department of Treasury and Finance
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2019

	ETSA Sales/Lease		Housing Loans Redemption			
	Proceeds Account		Hospitals Fund		Fund	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Payments to SA Government	-	-	161 527	146 160	-	11 581
Total administered expenses	-	-	161 527	146 160	-	11 581
Income						
Taxation	-	-	161 527	146 160	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	6 993	-	-	-	-
Interest revenues	-	-	-	-	-	-
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total administered income	-	6 993	161 527	146 160	-	-
Net result	-	6 993	-	-	-	(11 581)

Department of Treasury and Finance
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2019

	Intergovernmental					
	Agreement on Federal		Industry Financial		Local Government Disaster	
	Financial Relations		Assistance Account (IFAA)		Fund	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	-
Supplies and services	-	-	-	-	-	39
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	2 269 023	2 307 079	2 197	2 192	3 918	5 232
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	7 158	(243)	-	-
Payments to SA Government	-	-	-	-	-	-
Total administered expenses	2 269 023	2 307 079	9 355	1 949	3 918	5 271
Income						
Taxation	-	-	-	-	-	-
Commonwealth revenues	3 023 387	2 322 004	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	529	589	421	389
Revenues from SA Government	-	-	-	-	-	-
Grants and contributions	-	-	9 693	2 011	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	-	-	285	-	-	-
Total administered income	3 023 387	2 322 004	10 507	2 600	421	389
Net result	754 364	14 925	1 152	651	(3 497)	(4 882)

Department of Treasury and Finance
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2019

	Local Government		Registrar-General		Special Act Salaries (Valuer-General)	
	Taxation	Equivalents Fund	Statutory Act	revenues	2019	2018
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expenses	-	-	-	-	-	181
Supplies and services	-	-	-	-	-	-
Borrowing costs	-	-	-	-	-	-
Grants, subsidies and transfers	2 851	2 160	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Other expenses	-	-	-	28	-	-
Payments to SA Government	-	-	-	84 074	-	-
Total administered expenses	2 851	2 160	-	84 102	-	181
Income						
Taxation	2 052	1 384	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	17	5	-	-	-	-
Revenues from SA Government	-	-	-	16	-	212
Grants and contributions	-	-	-	-	-	-
Revenues from fees and charges	-	-	-	82 603	-	-
Other revenues	794	758	-	-	-	-
Total administered income	2 863	2 147	-	82 619	-	212
Net result	12	(13)	-	(1 483)	-	31

Department of Treasury and Finance
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2019

	Support Services to Parliamentarians		Treasury and Finance Administered Items Account		Treasurer's Interest in the National Wine Centre Account	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	17 959	17 812	406 315	426 000	-	-
Supplies and services	6 629	6 830	41 832	44 876	24	30
Borrowing costs	-	-	293 408	273 078	-	-
Grants, subsidies and transfers	1	-	933 862	722 163	-	-
Depreciation and amortisation	161	103	11	11	31	31
Other expenses	11	-	23 764	20 393	-	-
Payments to SA Government	-	-	-	173 838	-	-
Total administered expenses	24 761	24 745	1 699 192	1 660 359	55	61
Income						
Taxation	-	-	-	-	-	-
Commonwealth revenues	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Interest revenues	-	-	-	-	-	-
Revenues from SA Government	-	-	1 604 200	1 752 379	-	-
Grants and contributions	24 597	23 534	-	-	-	-
Revenues from fees and charges	-	-	-	-	-	-
Other revenues	19	4	-	60	25	25
Total administered income	24 616	23 538	1 604 200	1 752 439	25	25
Net result	(145)	(1 207)	(94 992)	92 080	(30)	(36)

Department of Treasury and Finance
Schedule of Expenses and Income attributable to Administered Activities
for the year ended 30 June 2019

	Treasury Working Account		Treasury Asset Management Account		Land Services Arrangement		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses								
Employee benefits expenses	-	-	-	-	-	-	427 654	444 382
Supplies and services	-	-	6	6	-	-	48 491	51 781
Borrowing costs	-	-	-	-	-	-	293 408	273 078
Grants, subsidies and transfers	-	-	-	-	-	-	3 547 208	3 355 887
Depreciation and amortisation	-	-	-	-	-	-	203	145
Other expenses	2 946	4 631	-	-	-	-	62 311	50 217
Payments to SA Government	-	-	-	-	-	-	11 791 729	13 506 936
Total administered expenses	2 946	4 631	6	6	-	-	16 171 004	17 682 426
Income								
Taxation	-	-	-	-	-	-	3 947 155	4 093 870
Commonwealth revenues	-	-	-	-	-	-	10 242 074	9 118 438
Dividends	-	-	-	-	-	-	255 582	206 970
Interest revenues	-	-	72	37	-	-	101 798	105 032
Revenues from SA Government	-	-	-	-	-	-	1 648 764	1 795 772
Grants and contributions	-	-	-	-	-	-	183 185	84 389
Revenues from fees and charges	-	-	-	-	-	-	157 651	229 451
Other revenues	2 946	4 631	-	-	-	(1 577 844)	291 510	566 629
Total administered income	2 946	4 631	72	37	- (1 577 844)	-	16 827 719	16 200 551
Net result	-	-	66	31	- (1 577 844)	-	656 715	(1 481 875)

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

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

12. About the department's Administered Items

The basis of preparation of the administered financial statement 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.

12.1. Overview of Administered financial statements

The Administered financial statements include the revenues, expenses, assets and liabilities which the department administers on behalf of the SA Government but does not control. All administered activities and the transactions for the special deposit accounts established under section 8 of the *PFAA* and deposit accounts established under section 21 of the *PFAA* that are administered by the department are listed below:

Administered Items on behalf of the Consolidated Account

The purpose of the account is to record a number of revenue and expense transactions on behalf of the South Australian Government for the Consolidated Account. Such transactions include the collection of revenues from taxation, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services; grants and subsidies to public sector agencies; the private sector and the community; and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole-of-government general purpose financial report.

Commonwealth Mirror Taxes on Commonwealth Places Revenue Account

The purpose of the account is to receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth and *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State.

Community Development Fund

The purpose of the fund is to administer annual payments under the *Gaming Machines Act 1992*. Payments are made in accordance with the directions of the Governor towards financial assistance for non-government welfare agencies, financial assistance for community development and the provision of government health, welfare or education services, as well as towards programs of benefit to the live music industry.

Community Emergency Services Fund

The purpose of the fund is to record all fixed property revenue from the Emergency Services Levy collected by RevenueSA and transferred to the Community Emergency Services Fund administered by the South Australian Fire and Emergency Services Commission.

Country Equalisation Scheme Account

The purpose of the account is to record injections of funds provided from the Consolidated Account, and to make 'refund payments' to electricity retailers in accordance with the Country Equalisation Scheme.

ETSA Sales / Lease Proceeds Account

The purpose of the account is to receive proceeds of a sale/lease agreement, sale or lease under the *Electricity Corporations (Restructuring and Disposal) Act 1999* and other funds as approved by the Treasurer.

Hospitals Fund

The purpose of the fund is to record and transfer monies received from SA Lotteries Commission operations and stamp duty on insurance policies relating to motor vehicles to the Consolidated Account to be used for the provision, maintenance, development and improvement of public hospitals.

Housing Loans Redemption Fund

The purpose of the fund is to provide low cost mortgage protection insurance to mortgage holders. It no longer accepts new customers of issue new policies with an amendment in 1992 to *Housing Loans Redemption Fund Act 1962*, as commercial insurers commenced offering similar products to mortgage holders.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

12.1. Overview of Administered financial statements (continued)

Intergovernmental Agreement on Federal Financial Relations

The purpose of the account is to receive monies from the Commonwealth Government and disburse the monies to agencies pursuant to the Intergovernmental Agreement on Federal Financial Relations for the National Specific Purpose Program (SPP) purposes listed in Schedule F of that Agreement and for the National Partnership Payments (NPP) for the purposes listed in Schedule G of that Agreement.

Industrial Tribunal Payments into Court

This is to record payments and receipts relating to South Australian Employment Tribunal judgements.

Industry Financial Assistance Account (IFAA)

The account was established to assist with the accounting for the industry assistance contracts written in the name of the Treasurer. The South Australian Government Financing Authority (SAFA) is responsible for administering the IFAA on behalf of the Treasurer.

Local Government Disaster Fund

The purpose of the fund is to record the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. Assistance may be of an investigative, preventative, remedial, insurance, compensatory or other nature and may include funding of insurance or other commercial schemes.

Local Government Taxation Equivalents Fund

The account was established to record receipts of tax equivalents from the Local Government Finance Authority (LGFA) and payments to the Local Government Association of South Australia as stipulated under the *Local Government Finance Authority Act 1983*.

Market Projects Unit*

The purpose of the account is to receive deposits from the sale of government assets.

Support Services to Parliamentarians

The purpose of the account is to record the financial transactions related to the administration of Support Services to Parliamentarians.

SuperSA Select*

The purpose of the account is to administer receipts and payments for the Commonwealth Low Income Superannuation Contribution.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

12.1. Overview of Administered financial statements (continued)

Treasury and Finance Administered Items Account

The purpose of the account is to receive administered items appropriation for the department pursuant to the annual Appropriation Act and to disburse the associated payments.

Treasurer's Interest in the National Wine Centre Account

The purpose of account is to record all of the financial transactions associated with the management of the *National Wine Centre (Restructuring and Leasing Arrangements) Act 2002* including injections of funds from the Consolidated Account.

Treasury Working Account

The purpose of the account is to record receipts and payments for small lotteries, receipts and payments arising from various superannuation arrangements, interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment. This account is also used to process certain transactions of a whole of government nature or relating to the activities of the Treasurer.

Treasury Asset Management Account

The purpose of the account is to manage and administer the unclaimed customer deposits of the former State Bank of South Australia as well as other residual activities (dividends receipts).

*Deposit account and special deposit accounts with no transactions in the Statement of Comprehensive Income are not included in the disaggregated disclosure schedule.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

12.2. Changes to the department's Administered Items

Transferred in

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018*, from 1 October 2018:

The South Australian Employment Tribunal was transferred in from AGD.

Total income and expenses attributable to the South Australian Employment Tribunal for 2018-19 were:	AGD Administered July to Sep 2018 \$'000	DTF Administered Oct to June 2019 \$'000	TOTAL \$'000
Appropriation	925	2 811	3 736
Other income	333	49	382
Total income	1 258	2 860	4 118
Employee benefits expenses	794	2 966	3 760
Supplies and services	28	-	28
Other expenses	-	35	35
Total expenses	822	3 001	3 823
Net result	436	(141)	295

On transfer of South Australian Employment Tribunal, DTF recognised the following assets and liabilities:

	\$'000
Cash	331
Total assets	331
Payables	258
Employee benefits	1 458
Total liabilities	1 716
Total net assets (liabilities) transferred	(1 385)

Net assets assumed by the department as a result of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer. The net assets transferred were treated as a contribution by the government as owner.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

12.2. Changes to the department's Administered Items (continued)

Transferred out

Under the *Public Sector (Reorganisation of Public Sector Operations) Notice 2018*, from 1 July 2018, the Office of the Valuer-General and the Office of the Registrar-General (Retained Function) were transferred out to DPTI.

The following assets and liabilities were transferred to the DPTI:

	\$'000
Receivables	1 373
Total assets	1 373
Payables	19 049
Employee benefits	(71)
Other liabilities	1 497 842
Total liabilities	1 516 820
Total net assets (liabilities) transferred	(1 515 447)

Net assets transferred by the department as a result of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a distribution to the government as owner.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

12.3. Budget performance

The budget performance table compares the departments outcomes against budget information presented to Parliament (2018-19 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

		Original budget 2019	Actual 2019	Variance
Statement of Administered Comprehensive				
Income	Note	\$'000	\$'000	\$'000
Expenses				
Employee benefits expenses	a	(297 561)	427 654	725 215
Supplies and services		41 860	48 491	6 631
Borrowing costs		642 475	293 408	(349 067)
Grants, subsidies and transfers	b	2 430 522	3 547 208	1 116 686
Depreciation and amortisation		-	203	203
Other expenses		30 505	62 311	31 806
Payments to SA Government		11 277 799	11 791 729	513 930
Total expenses		14 125 600	16 171 004	2 045 404
Income				
Taxation		3 844 479	3 947 155	102 676
Commonwealth revenues	c	7 100 195	10 242 074	3 141 879
Dividends		219 451	255 582	36 131
Interest revenues		154 006	101 798	(52 208)
Revenues from SA Government		1 787 461	1 648 764	(138 697)
Grants and contributions		-	183 185	183 185
Revenues from fees and charges		155 089	157 651	2 562
Other revenues		67 453	291 510	224 057
Total income		13 328 134	16 827 719	3 499 585
Net result		(797 466)	656 715	1 454 181
Total comprehensive result		(797 466)	656 715	1 454 181

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

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

a Employee benefits expenses

The unfavourable variance of \$725 million is primarily due to the original budget for employee benefits including the revaluation of unfunded superannuation liability (-\$301.4 million) while there is no actual revaluation recorded in the department's administered financial statements. Employee benefits actual expenses also include the past service superannuation payments (\$406 million) while there is no budget included in the Statement of Administered Comprehensive Income.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

12.3. Budget performance (continued)

b Grants, subsidies and transfers

The unfavourable \$1.115 billion variance against original budget is primarily due to payments to agencies (\$2.269 billion) in relation to the Intergovernmental Agreement on Federal Financial Relations being recorded in the Statement of Administered Comprehensive Income while there is no budget in the Statement of Administered Comprehensive Income. This variance is offset by the grants, subsidies and transfers original budget including an amount for the repayment of advances (-\$272 million) while there is no actual expense recorded in the Statement of Administered Comprehensive Income.

c Commonwealth revenues

The favourable \$3.142 billion variance against the original budget is primarily due to the actual funding from the Commonwealth for Intergovernmental Agreement on Federal Financial Relations (\$3.023 billion) being recorded in the Statement of Administered Comprehensive Income while there is no budget included in the Statement of Administered Comprehensive Income.

12.4. Significant transactions with government related entities

Significant transactions with the SA Government are identifiable throughout this financial report, all lease payments relate to accommodation supplied by DPTI and cars supplied by Fleet SA.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

13. Board, committees and employees

13.1. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Superannuation contributions to various schemes*	406 315	426 000
Salaries and wages	15 843	14 152
Long service leave	1 064	726
Annual leave	945	791
Skills and experience retention leave	16	14
Employment on-costs - superannuation	1 941	1 399
Employment on-costs - other	974	843
Minister's salary, electorate and expense allowance	410	381
Other employee related expenses	146	76
Total employee benefits expenses	427 654	444 382

*These payments were made to support funding of the defined benefit superannuation liability for the Police Superannuation Scheme and the South Australia Superannuation Fund as part of the government's commitment to have all superannuation liabilities fully funded by 2034.

Employment on-costs - superannuation

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

Remuneration of employees

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

	2019	2018
	Number	Number
\$151 001 to \$171 000	1	-
\$331 001 to \$351 000	2	-
\$341 001 to \$361 000	-	1
\$391 001 to \$411 000	2	-
\$411 001 to \$431 000	1	-
\$451 001 to \$471 000	1	-
Total number of employees	7	1

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

The total remuneration received by those employees for the year was \$2 552 000 (\$355 000).

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

13.2. Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Accrued salaries and wages	355	305
Annual leave	962	684
Long service leave	563	340
Skills and experience retention leave	25	29
Total current employee benefits	1 905	1 358
Non-current		
Long service leave	3 096	963
Total non-current employee benefits	3 096	963
Total employee benefits	5 001	2 321

14. Expenses

Employee benefits expenses are disclosed in note 13.1.

14.1. Supplies and services

	2019	2018
	\$'000	\$'000
State's share of GST administration	41 467	44 010
Accommodation and telecommunication	3 225	3 297
General administration and consumables	2 462	2 462
Minor works, maintenance and equipment	558	433
Unclaimed monies	359	864
Information technology expenses	230	246
Consultants*	38	98
Legal costs	-	3
Other	152	368
Total supplies and services	48 491	51 781

Operating leases payments

Operating lease payments are recognised on a straight-line basis over the lease term.

Total operating lease payments was \$2 106 000 (2018: \$2 179 000)

Consultants

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

	No	2019	No	2018
		\$'000		\$'000
Below \$10,000	1	2	6	18
\$10 000 or above	2	36	3	80
Total paid / payable to the consultants engaged	3	38	9	98

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

14.2. Borrowing costs

	2019	2018
	\$'000	\$'000
Interest on borrowings	258 704	251 531
Interest paid on deposit accounts and other monies	34 704	21 547
Total borrowing costs	293 408	273 078

The department pays interest on borrowings on behalf of the Treasurer but the debt is not recorded in the Statement of Administered Financial Position. It is disclosed in Statement J of the Treasurer's Statements as well as the Consolidated financial report for government.

Borrowing costs include annual interest charges on the Treasurer's borrowings from SAFA and interest paid by the Treasurer on agency deposit and special deposit accounts.

Interest is paid from the Treasury and Finance Administered Items special deposit account using funds appropriated for that purpose. While the department administers these payments on behalf of the Treasurer, the underlying loan arrangements are administered by SAFA and are therefore not included in the Statement of Administered Financial Position.

Further information on borrowings undertaken by the Treasurer for the SA Government and other government financial assets and liabilities can be found in the SAFA annual report and the Consolidated Financial Report for the Government of South Australia prepared under *AASB 1049 Whole of Government and Government Sector Financial Reporting*.

14.3. Grants, subsidies and transfers

	2019	2018
	\$'000	\$'000
Recurrent grants, subsidies and transfers	2 851 389	2 616 675
Capital grants, subsidies and transfers	695 819	739 212
Total grants, subsidies and transfers	3 547 208	3 355 887

Grants, subsidies and transfers mainly represent the transfer of Commonwealth funding received pursuant to the Intergovernmental Agreement on Federal Financial Relations (IGAFFR) to relevant government agencies. It also includes the payment of grants and other contributions approved by the Treasurer using appropriation funding provided to the Treasury and Finance administered items account. Grants, subsidies and transfers are recognised when paid.

The following table lists recipient departments including their administered items which received more than \$100 000 000 pursuant to the IGAFFR:

	2018-19
	\$'000
Department for Education	1 512 085
Department of Planning, Transport and Infrastructure	550 073
Total	2 062 158

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

14.4. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Building fit-outs	161	103
Buildings	42	42
Total depreciation and amortisation	203	145

Land and water licences are not amortised/depreciated.

14.5. Other expenses

	2019	2018
	\$'000	\$'000
Payments to Commonwealth Government	28 397	25 408
Refunds and remissions	14 531	14 248
Repayment of borrowings	4 401	4 370
Doubtful debts	7 033	-
Loans forgiven	515	-
Other	7 434	6 191
Total other expenses	62 311	50 217

Other expenses include loans forgiven. Loans forgiven are the loans provided by the Treasurer to recipients on the basis that the Treasurer will forgive these loans if the recipient duly performs specified obligations defined under the loan agreement. The Treasurer forgives these loans on being satisfied that the recipient has duly performed these obligations.

15. Income

15.1. Net revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	1 604 200	1 752 395
Appropriations under other Acts	44 564	43 377
Total revenues from SA Government	1 648 764	1 795 772
Payments to SA Government		
Transfer of revenue received on behalf of the Consolidated Account	11 630 202	13 091 283
Other payments to the Consolidated Account	161 527	241 815
Return of surplus cash pursuant to Cash Alignment Policy	-	173 838
Total payments to SA Government	11 791 729	13 506 936

The original amount appropriated to the department under the annual Appropriation Act was reduced by \$170,534,000 due to an adjustment of appropriation pursuant to s13 of the *Public Finance and Audit Act 1987*, an additional amount of \$26.508m was received from the Treasurer from the Governor's Appropriation Fund

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

15.2. Taxation

	2019	2018
	\$'000	\$'000
Stamp Duties - conveyances on sale of property	760 603	817 085
Stamp Duties - general insurance	183 001	172 141
Stamp Duties - motor vehicles registrations	168 230	172 963
Stamp Duties - other	330 012	306 198
Commonwealth Places Mirror - Stamp Duties	263	250
Payroll Tax	1 518 152	1 462 118
Commonwealth Places Mirror - Payroll Tax	26 544	25 559
Land Tax	522 762	610 223
Commonwealth Places Mirror - Land Tax	1 590	1 510
Emergency Services Levy	143 002	214 022
Local Government rate equivalents	3 983	2 834
Income tax equivalents	150 476	184 632
Contributions from Lotteries Commission of South Australia	87 656	75 393
Betting Operations Tax	35 209	32 405
Hindmarsh Island Bridge Levy	10	5
Casino Duty	15 662	16 532
Total taxation	3 947 155	4 093 870

Taxation revenue includes payroll tax, property taxes (land tax, stamp duty and emergency services levy), income tax equivalents and contributions from the Lotteries Commission of South Australia. All taxes are collected on behalf of the State government and recognised on receipt. All taxation revenues are reported net of any taxation refunds.

Payroll tax is payable pursuant to the *Payroll Tax Act 2009*.

Stamp duty is a charge on certain documents and transactions. Stamp duty is charged at either a flat rate or an ad valorem rate (based on the value of the transaction) depending on the particular document or transaction. Stamp duties apply to a range of transactions including conveyances, mortgages, insurance and rental transactions. Stamp Duties are levied under the authority of the *Stamp Duties Act 1923*, which is supported by the *Stamp Duties Regulations 2002*.

Land tax is charged on land ownership and calculated according to the site value of the land. The land owner is exempt from land tax where the land constitutes the owner's principal place of residence (other exemptions also apply).

As a result of changes to the Casino Act 1997 and Casino Agreements the Commissioner of State Taxation commenced administration and collection of the Casino Duty from 1 January 2014. This includes all duty from gaming tables and gaming machines within the Adelaide Casino.

The department also collects the fixed property component of emergency services levy payable under the *Emergency Services Funding Act 1998*.

Income tax equivalents are collected from applicable public authorities or business units in accordance with Treasurer's Instruction 22 'Tax Equivalent Payments'. Tax equivalent payments are calculated and paid on the basis of the Accounting Profits Method at the companies' income tax rate under the *Commonwealth's Income Tax Assessment Act 1997*.

Contributions from the Lotteries Commission of South Australia include distributions to the Hospitals Fund received in accordance with the *State Lotteries Act 1966*.

Betting operations tax is effective from 1 July 2017. It is a consumption tax of 15% on the Net Wagering Revenue (NWR) of betting companies offering services to South Australia.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

15.3. Commonwealth revenues

	2019	2018
	\$'000	\$'000
Commonwealth general purpose grants		
GST revenue grants	6 684 427	6 419 185
Commonwealth Places Mirror taxes	28 397	25 408
Total Commonwealth general purpose grants	6 712 824	6 444 593
Commonwealth specific purpose grants		
Council of Australian Governments Funding arrangements	505 863	351 841
Intergovernmental Agreement on Federal Financial Relations - Recurrent	1 730 918	1 622 109
Intergovernmental Agreement on Federal Financial Relations - Capital	1 292 469	699 895
Total Commonwealth specific purpose grants	3 529 250	2 673 845
Total Commonwealth revenues	10 242 074	9 118 438

Commonwealth revenue includes GST grants, Specific Purpose Payments and National Partnership Payments received from the Commonwealth pursuant to the IGAFRR. All Commonwealth revenue is recognised when received.

15.4. Dividends

	2019	2018
	\$'000	\$'000
Adelaide Venue Management	1 600	1 600
Generation Lessor Corporation	-	6 993
Homestart Finance	14 819	19 104
Renewal SA	10 945	9 150
Public Trustee Office	99	899
SA Water	179 360	139 412
South Australian Government Employee Residential Property	-	3 412
South Australian Government Financing Authority	48 759	26 400
Total dividends	255 582	206 970

Dividends represent distributions from applicable for-profit government agencies and include returns of accumulated capital. Dividend amounts are approved by the Treasurer prior to reporting date and recognised on receipt. Dividends are passed on to the Consolidated Account.

15.5. Interest revenues

	2019	2018
	\$'000	\$'000
Interest	101 798	105 032
Total interest revenues	101 798	105 032

Interest revenues principally relate to the income received/receivable on the Treasurer's deposit with the South Australian Government Financing Authority (SAFA). This interest is received/receivable on a quarterly basis at prevailing market rates.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

15.6. Grants and contributions

	2019	2018
	\$'000	\$'000
Grants and contributions	183 185	84 389
Total grants and contributions	183 185	84 389

15.7. Fees and charges

	2019	2018
	\$'000	\$'000
Guarantee fees	157 152	146 396
Land services fees	-	82 603
Other recoveries	499	452
Total revenues from fees and charges	157 651	229 451

Fees and charges include guarantee fees which represent a price for the funding cost advantage the government guarantee gives to an agency and encompasses other advantages afforded by the government's financing frameworks and mechanisms.

Guarantee fees are collected pursuant to Section 20 of the Public Finance and Audit Act 1987.

Land services fees are collected by the Office of the Registrar-General under Real Property Act 1886.

15.8. Other revenues

	2019	2018
	\$'000	\$'000
Repayment of advances	10 578	6 121
Return of cash to Consolidated Account - cash alignment policy	198 772	315 405
Return of capital	-	112 520
Return of deposit account balances	-	38 180
Proceeds from Land Services commercialisation*	-	27 156
Essential Services Commission of SA	13 691	13 356
Support Services to Parliamentarians	-	727
Recoveries DPTI - Indentured Ports	17 498	20 556
Return of Deposit Account Balances-Superannuation	36 000	-
Other income	14 971	32 608
Total other revenues	291 510	566 629

Other revenues mainly represent the receipt of cash from agencies which is passed on to the Consolidated Account in accordance with the government's relevant policy directive. Revenue received in this manner and subsequently transferred to the Consolidated Account includes repayment of capital and advances, return of cash pursuant to the government's cash alignment policy and return of deposit account balances.

*\$27 million was recognised as revenue in 2017-18 from the commercialisation of the land services group. The \$27 million reflected the straight-line apportionment of the total proceeds across the period from 13 October 2017 to 30 June 2018. The remaining amount received from the commercialisation was recognised as unearned revenue. The unearned revenue was transferred to DPTI from 1 July 2018.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

16. Non-financial assets

16.1. Property, plant and equipment

	2019 \$'000	2018 \$'000
Buildings		
Buildings at fair value	3 151	1 384
Accumulated depreciation	(63)	(209)
Total buildings	<u>3 088</u>	<u>1 175</u>
Building fitouts		
Building fitouts at cost (deemed fair value)	2 355	2 047
Accumulated amortisation	(2 002)	(1 841)
Total building fitouts	<u>353</u>	<u>206</u>
Land		
Land at fair value	726	203
Total land	<u>726</u>	<u>203</u>
Work in progress		
Work in progress at cost	197	154
Total work in progress	<u>197</u>	<u>154</u>
Total property, plant and equipment	<u><u>4 364</u></u>	<u><u>1 738</u></u>

Valuation of non-current assets

A valuation of the land and buildings for the National Wine Centre was performed by Mr Fred Taormina, B.App.Sc. (Val.) A.A.P.I. of VALCORP as at 30 June 2019. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the 40 year lease arrangement with Adelaide University. A revaluation surplus of \$2 750 000 is held for the revalued land and building. The next revaluation is scheduled for 30 June 2025.

Reconciliation of property, plant and equipment

2018-19	Land \$'000	Buildings \$'000	Building fitouts \$'000	Work in progress \$'000	Total \$'000
Carrying amount at the beginning of the period	203	1 175	206	154	1 738
Additions	-	364	-	351	715
Depreciation and amortisation	-	(42)	(161)	-	(203)
Capital transfers from WIP	-	-	308	(308)	-
Revaluation increment / (decrement)	523	1 591	-	-	2 114
Carrying amount at the end of the period	<u><u>726</u></u>	<u><u>3 088</u></u>	<u><u>353</u></u>	<u><u>197</u></u>	<u><u>4 364</u></u>

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

16.1. Property, plant and equipment (continued)

2017-18	Land	Buildings	Building fitouts	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	203	1 217	309	11	1 740
Additions	-	-	-	143	143
Depreciation and amortisation	-	(42)	(103)	-	(145)
Carrying amount at the end of the period	203	1 175	206	154	1 738

16.2. Intangible assets

	2019	2018
	\$'000	\$'000
Water licences		
At cost	325	325
Total water licences	325	325
Total intangible assets	325	325

Water licences transferred to the Treasurer as part of the forward sale of the State's Green Triangle Forest Plantations in 2012. These water licences were retained by the Treasurer after finalising the lease arrangements with OneFortyOne Plantations Pty Ltd.

Reconciliation of intangible assets

There has been no movement in intangibles.

17. Financial assets

17.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	1 665 720	1 206 851
Promissory notes	12 521	21 167
DTF Loans Administration Account	12 470	17 102
Total cash and cash equivalents	1 690 711	1 245 120

Promissory notes

The Treasurer holds Promissory notes on behalf of the Local Government Disaster Fund where the cash balance of the fund is not immediately required to fund Local Government costs relating to disasters. It is invested with the LGFA of South Australia for periods of three months. Promissory notes earn interest at their respective promissory note rates.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

17.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Trade receivables		
From government entities	175	1 380
From non-government entities	23	-
Total trade receivables	<u>198</u>	<u>1 380</u>
Accrued revenues	10 235	7 170
GST input tax recoverable	202	581
Total current receivables	<u>10 635</u>	<u>9 131</u>
Non-current		
Receivables	1	2
Total non-current receivables	<u>1</u>	<u>2</u>
Total receivables	<u><u>10 636</u></u>	<u><u>9 133</u></u>

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. There is no provision recognised at 30 June 2019.

Refer to note 11.3 for further information on risk management.

17.3. Other financial assets

	2019	2018
	\$'000	\$'000
Current		
Loans for financial assistance	7 545	6 314
Less Provision for doubtful debts	(3 356)	-
Total current other financial assets	<u>4 189</u>	<u>6 314</u>
Non-current		
Loans for financial assistance	32 054	10 562
Less Provision for doubtful debts	(21 460)	-
Contributed capital in subsidiary company*	6 943	-
Total non-current other financial assets	<u>17 537</u>	<u>10 562</u>
Total other financial assets	<u><u>21 726</u></u>	<u><u>16 876</u></u>

***Scope Global Pty Ltd**

In 2018-19 Cabinet approved the transfer of responsibility for Scope Global Pty Ltd from the Minister for Trade, Tourism and Investment to the Treasurer in accordance with the recommendations of the Honourable Steven Joyce review.

The company's principal activity is to secure international contracts for work in vocational education and training.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

18. Liabilities

18.1. Payables

	2019	2018
	\$'000	\$'000
Current		
Creditors - revenue received on behalf of the Consolidated Account	604 684	817 731
Creditors – other**	881	1 621
Accrued expenses	34 106	52 936
Employment on-costs	889	574
Paid parental leave scheme payable	4	3
Total current payables	640 564	872 865
Non-current		
Creditors - electricity entities lease proceeds	28 274	28 274
Employment on-costs	426	96
Creditors - other	2 501	2 501
Super SA Select Loan	500	500
Land Services SA*	80 000	80 000
Total non-current payables	111 701	111 371
Total payables	752 265	984 236

*As part of the overall proceeds received from the commercialisation of the land services group, the State received \$80 million for the exclusive right to negotiate (ERN) for any other registry managed by the State. The \$80 million is reflected as a payable as the State is liable to repay this amount if further decisions around other State registries are not taken or an option to extend the term of the land services commercialisation agreement is not exercised by the State.

Prior period adjustment

** The department determined that \$7.553 million relating to grant payments committed to local businesses in the South East of the state following the sale of the forward timber rotations transaction, was no longer a present obligation as the portion of this program was transferred to the Department of Primary Industries and Regions SA in 2014-15 and 2015-16.

The department has recognised an error correction and restated payables balance and the balances of accumulated surplus / (deficit) for 2017-18.

Employment on-costs

As a result of an actuarial assessment performed by the department, the proportion of long service leave taken as leave remained at the 2018 rate of 41% and the average factor for the calculation of employer superannuation cost on-costs has also changed from the 2018 rate (9.9%) to 9.8%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$9 000 and employee benefits expense of \$9 000.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

18.2. Provisions

	2019	2018
	\$'000	\$'000
Current		
Provision for workers compensation	50	51
Provision for financial guarantee	1 900	-
Total current provisions	<u>1 950</u>	<u>51</u>
Non-current		
Provision for workers compensation	71	76
Total non-current provisions	<u>71</u>	<u>76</u>
Total provisions	<u>2 021</u>	<u>127</u>
Reconciliation of workers compensation provisions	2019	2018
	\$'000	\$'000
Carrying amount at the beginning of the period	127	402
Additional provisions recognised	(69)	8
Reductions arising from payments/other sacrifices of future economic benefits	63	(283)
Carrying amount at the end of the period	<u>121</u>	<u>127</u>

18.3. Other liabilities

	2019	2018
	\$'000	\$'000
Current		
Unearned revenue	25	38 150
Total current other liabilities	<u>25</u>	<u>38 150</u>
Non-current		
Unearned revenue	580	1 460 324
Total non-current other liabilities	<u>580</u>	<u>1 460 324</u>
Total other liabilities	<u>605</u>	<u>1 498 474</u>

Unearned revenue – Land Services SA

On the 10th August 2017 the State entered into a 40 year contract with Land Services SA, a private operator, for the delivery of land titling, registration and valuation services to the State and public effective from 13 October 2017. Land Services SA paid \$1.525 billion to the State for the exclusive right to deliver these services in return for contract fees over the term of the contract as well as the use of the required titling, registry and valuation assets of the State. The consideration was paid by the Department of Treasury and Finance into the Consolidated Account.

Under the contractual arrangements the future inflows and outflows of economic benefits to the State which includes the fees and charges collected on behalf of the State and effectively passed on as contract payments to Land Services SA are dependent on the volume of transactions and services provided to the public.

As at 30 June 2018, there was no current accounting standard or South Australian Government accounting policy applicable to this type of arrangement and transaction. In determining the accounting policy to be applied in this financial report, DTF concluded that applying the concepts in *AASB 1059 Service Concession Arrangements: Grantors* provides the most relevant and reliable information to users. AASB 1059 was issued by the Australian Accounting Standards Board in July 2017, but will not be a mandatory requirement until 30 June 2020 financial reports. However, its requirements are consistent with industry practice for revenue arising from this type of transaction.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

18.3. Other liabilities (continued)

Accordingly, DTF recognised a liability reflective of the unearned revenue arising from consideration received. Revenue will be recognised on a straight line basis over the term of the arrangement.

The liabilities were transferred to DPTI in 2018-19 as part of machinery of government changes.

Other unearned revenue

Other unearned revenue relates to pre-paid lease income. Specifically, the Treasurer entered into an agreement with the University of Adelaide to lease land and buildings previously owned by the National Wine Centre over a 40 year period, for an upfront consideration of \$1 000 000 which has been recorded as unearned revenue and is being apportioned over the life of the lease.

19. Other disclosures

19.1. Equity

Refer to note 8.1.

19.2. Cash flow reconciliation

	2019	2018
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	1 690 711	1 245 120
Balance as per the Statement of Cash Flows	<u>1 690 711</u>	<u>1 245 120</u>
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by / (used in) operating activities	443 843	217 212
Add / (less) non-cash items		
Depreciation and amortisation	(203)	(145)
Doubtful debts expenses	(7 033)	-
Discounted cash flow valuations for financial assistance loans - other income	285	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	1 503	774
(Increase)/decrease in payables	239 373	(202 839)
(Increase)/decrease in employee benefits	(2 680)	667
(Increase)/decrease in provisions	(1 894)	275
(Increase)/decrease in other liabilities	<u>(16 479)</u>	<u>(1 497 819)</u>
Net result	<u><u>656 715</u></u>	<u><u>(1 481 875)</u></u>

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

20. Changes in accounting policy

Refer to note 9.

20.1. AASB 9 Financial Instruments

There is no impact on the department's administered retained earnings as at 1 July 2018.

On 1 July 2018, the department has assessed and reclassified its financial assets into the appropriate AASB 9 categories depending on the business model and contractual cash flow characteristics applying to the asset. AASB 9 eliminates the AASB 139 categories of held to maturity, loans and receivables and available for sale.

On the date of initial application, the department's financial instruments were as follows, with any reclassifications noted.

	Measurement category		AASB 139	Carrying	AASB 9 at 1
	AASB 139	AASB 9	at 30 June 2018 \$'000	amount re- measurement \$'000	July 2018 \$'000
<u>Current financial assets</u>					
Loans for financial assistance	Held to maturity	Amortised cost	6 314	(88)	6 226
<u>Non-current financial assets</u>					
Loans for financial assistance	Held to maturity	Amortised cost	10 562	(238)	10 324

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

21. Outlook

21.1. Unrecognised contractual commitments

Operating lease commitments

The department as lessee

At the reporting date, the department has operating leases for office accommodation and motor vehicles.

Office accommodation is leased from the Department of Planning, Transport and Infrastructure. The leases are non-cancellable with terms ranging up to 6 years with some leases having a right of renewal. Rent is payable in arrears.

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

	2019	2018
	\$'000	\$'000
Not later than one year	1 937	1 709
Later than one year but not later than five years	4 597	1 796
Later than five years	108	-
Total operating lease commitments	6 643	3 505

Other commitments

The department's other commitments primarily relate to distribution of Commonwealth funds to agencies in accordance with Schedule G of the Intergovernmental Agreement on Federal Financial Relations and Industry Assistance grants.

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

	2019	2018
	\$'000	\$'000
Not later than one year	536 713	159 043
Later than one year but not later than five years	383 802	14 573
Total other commitments	920 515	173 616

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

21.2. Contingent assets and liabilities

The following contingent assets and liabilities exist for the Administered Items:

Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.

On 26 November 2012, the State appointed Tatts Lotteries SA Pty Ltd (Tatts) as its exclusive Master Agent to operate SA Lotteries' brands and products for a term of 40 years, starting 11 December 2012. Under this arrangement the Lotteries Commission of South Australia is required to pay the Master Agent a master agency fee (payment obligation). The Treasurer has unconditionally and irrevocably guaranteed the performance by Lotteries Commission of South Australia of the payment obligation. The Treasurer has also indemnified the Master Agent against any cost, expense, loss or damage that the Master Agent may incur as a direct result of non-compliance by Lotteries Commission of South Australia with the payment obligation. The Treasurer's maximum aggregate liability to the Master Agent under this agreement is limited to an amount equal to the total quantum of Lotteries Commission of South Australia's liability to the Master Agent for the payment obligation.

The Treasurer has agreed to indemnify the Export Finance and Insurance Corporation, the Commonwealth Government's export finance agency, for a guarantee of up to \$262 million (2018: \$291 million) to external lenders to the Port Pirie Smelter Transformation Project being undertaken by Nyrstar.

The Treasurer guarantees the annual lease obligations and a proportion of outgoings of the ice factor foundation for the Thebarton ice arena up to \$4 million.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2019 was \$803.1 million (2018: \$726.5 million).

The Treasurer unconditionally and irrevocably guarantees to each beneficiary the due and punctual payment and performance by the Adelaide Venue Management Corporation of the Corporation's obligations to that beneficiary.

The Treasurer has indemnified the fund of the Local Government Association (LGA) Mutual Liability Scheme for any admitted claim in the nature of a general liability that the LGA in respect of the Mutual Liability Scheme becomes legally liable to pay. For liability risks not covered under the State Government's liability reinsurance program, the indemnity is capped at \$50 million for any one such admitted claim. Any losses that exceed the State Government's liability reinsurance program limits and the \$50 million limit for liability risks not covered by the reinsurance program will be subject to separate negotiations between the LGA and the State Government.

The Treasurer has indemnified SAFA against any profit or loss as a result of activities in the Insurance Fund 2 and Fund 3 portfolios. Given the nature of the activities in these funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or a receivable from the Treasurer. This policy resulted in a payable from the Treasurer of \$21 million for the year 2018-19 (2018: \$3 million receivable to the Treasurer).

The government of South Australia established the Future Jobs Fund to support the development of globally competitive industries and industrial capabilities that will create the jobs of the future. The Fund provides grants and loans to non-government entities to create ongoing jobs in industry sectors that include defence, renewable energy, mining, and health and biomedical research. The Fund is now closed to new applicants. Provision of loans and grants from the Fund is contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans and grants from the Fund as at 30 June 2019 was \$35.3 million (2018: \$74.64 million).

The government of South Australia has established an Economic Investment Fund to support new investment in South Australia that delivers significant strategic and economic benefits for the State through the attraction of projects in key target industries that demonstrate a transformational impact. Provision of loans from the Fund is contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans from the Fund at 30 June 2019 was \$30.96 million (2018: \$15.69 million).

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

21.2 Contingent assets and liabilities (continued)

The government of South Australia has established the Economic and Business Growth Fund to promote economic growth in South Australia by encouraging growth of existing industries, developing new industries, building international connections, and attracting foreign and national direct investment. Provision of grants from the Fund is contingent upon applicants meeting their obligations and performance milestones. For commitments entered into up to 30 June 2019, the amount of undrawn grants from the Fund as at 30 June 2019 was \$3.1 million (2018: \$0)

Under Section 15 of the *Government Financing Authority Act 1982*, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the state of South Australia.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

21.3. Impact of standards and statements not yet effective

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

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

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 is expected to have an immaterial impact on the timing of recognition of revenue by the department. The estimated impact on the Statement of Comprehensive Income in 2019-20 of adopting AASB 15 and AASB 1058 is set out below.

	2020 \$'000
Commonwealth grants and payments	351 000
Net impact on net cost of providing services	351 000

Up until 30 June 2019, revenue received from the Commonwealth government has been recognised when received.

In the Principal / Agent relationships with other state government departments, the department (Principal) receives Commonwealth grants to fund works and projects undertaken by the other state government departments (Agents). The State will treat revenue from these contracts in accordance with AASB 15. Where the delivery of the works and projects does not align with payments received by the State, contract assets or contract liabilities will be reported by the State through administered items included in DTF's financial statements as the representative of the State of South Australia. The provision of the Commonwealth grant funding from DTF administered items to the other state government departments are separate transactions, from which the other state government departments will recognise either equity contributions or income in accordance with AASB 1058. The same treatment applies to the State's contributions to the works and projects. This is provided to the department as appropriations.

Revenue earned in prior periods but not yet receivable is recorded as a contract asset in the Statement of Financial Position. Revenue received in prior periods but not yet recognised is recorded as a contract liability in the Statement of Financial Position. The estimated impact on the Statement of Financial Position of adopting AASB 15 and AASB 1058 is set out below.

	as at 1 July 2019 \$'000
<u>Liabilities</u>	
Contract liabilities	808 000
Net impact on equity	808 000

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

21.3. Impact of standards and statements not yet effective (continued)

AASB 16 – Leases

Impact on 2019-20 financial statements

The department has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements)*.

AASB 16 is expected to have an immaterial impact on the Statement of Financial Position. The department has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by the department prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies.

The estimated impact is set out below.

	as at 1 July 2019 \$'000
<u>Assets</u>	
Right-of-use assets	6 218
<u>Liabilities</u>	
Lease liabilities	6 243
Other liabilities (lease incentive liabilities)	(25)
Net impact on equity	<u>-</u>

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset; and
- borrowing costs that represent the cost associated with financing the right-of-use asset.

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 \$'000
Depreciation and amortisation	1 781
Supplies and services	(1 879)
Borrowing costs	84
Net impact on net cost of providing services	<u>(14)</u>

The amounts disclosed are current estimates only. The department is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

21.4. Events after the end of the reporting period

The department is not aware of any events after the reporting period that would impact on the administered financial statements.

22. Measurement and risk

22.1. Long service leave liability – measurement

Refer to note 11.1.

The net financial effect of the changes in the financial year is an increase in the long service leave liability of \$231 000 (2018: \$117 000) and employee benefits expense of \$231 000 (2018: \$117 000). The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

22.2. Fair value measurement

Refer to note 11.2.

The department had no valuations categorised into level 1 and 2 for both 2018 and 2019. Reconciliation of recurring fair value measurements - level 3 is disclosed in note 16.1.

Department of Treasury and Finance
Notes to and forming part of the Administered financial statements
for the year end 30 June 2019

22.3. Financial instruments

Refer to note 11.3.

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

Categorisation of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2019 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	17.1	1 690 711	1 690 711	-	-
Receivables	17.2	10 635	10 635	-	-
Other financial assets	17.3	21 726	4 189	17 537	-
Total financial assets		1 723 072	1 705 535	17 537	-
Financial liabilities					
Payables	18.1	633 839	605 565	-	28 274
Total financial liabilities		633 839	605 565	-	28 274

Categorisation of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents	17.1	1 245 120	1 245 120	-	-
Receivables	17.2	1 380	1 380	-	-
Other financial assets	17.3	16 876	6 419	10 457	-
Total financial assets		1 263 376	1 252 919	10 457	-
Financial liabilities					
Payables	18.1	847 626	819 352	-	28 274
Total financial liabilities		847 626	819 352	-	28 274

Receivables and payables

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