

Department of the Premier and Cabinet

Financial report
for the year ended
30 June 2019



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To the Chief Executive Department of the Premier and Cabinet

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 the Premier and Cabinet 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 the Premier and Cabinet 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
- Expenses and Income by program for the year ended 30 June 2019
- Assets and Liabilities by program 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
- Schedule of Expense and Income Attributable to Administered Activities as at 30 June 2019
- Schedule of Assets and Liabilities Attributable to Administered Activities as at 30 June 2019
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Acting Executive Director, Communities and Corporate.

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 the Premier and Cabinet. 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 the Premier and Cabinet'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

Department of the Premier and Cabinet
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the Department of the Premier and Cabinet:

- 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 of the Premier and Cabinet; and
- present a true and fair view of the financial position of the Department of the Premier and Cabinet as at 30 June 2019 and the results of its operations and cash flows for the financial year.

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



Jim McDowell
Chief Executive
16 September 2019



Wayne Hunter
A/Executive Director, Communities and Corporate
16 September 2019

Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Expenses			
Employee benefits expenses	2.3	59 145	184 492
Supplies and services	3.1	61 224	247 587
Depreciation and amortisation	3.2	13 798	9 642
Grants and subsidies	3.3	153 355	88 539
Net loss from the disposal of non-current assets	3.4	244	36
Other expenses	3.5	821	1 655
Resources provided free of charge		900	-
Total expenses		289 487	531 951
Income			
Fees and charges	4.2	52 040	141 274
Commonwealth grants	4.3	1 000	1 273
Other grants	4.4	1 746	4 961
Resources received free of charge	4.5	882	3 807
Recoveries from administered items		1 134	1 106
Other income	4.6	4 781	6 368
Total income		61 583	158 789
Net cost of providing services		227 904	373 162
Revenues from (payments to) SA Government			
Revenues from SA Government	4.1	231 696	396 761
Payments to SA Government	4.1	(31 001)	-
Total net revenues from SA Government		200 695	396 761
Net result		(27 209)	23 599
Total comprehensive result		(27 209)	23 599

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 the Premier and Cabinet
Statement of Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	6.1	65 794	140 448
Receivables	6.2	15 208	20 278
Inventories		41	71
Non-current assets classified as held for sale	5.3	492	372
Total current assets		81 535	161 169
Non-current assets			
Receivables	6.2	65	1 580
Property, plant and equipment	5.1	195 072	70 638
Intangible assets	5.2	10 283	11 084
Total non-current assets		205 420	83 302
Total assets		286 955	244 471
Current liabilities			
Payables	7.1	12 972	31 197
Employee benefits	2.4	6 016	20 735
Provisions	7.2	572	909
Other current liabilities	7.3	135	9 336
Total current liabilities		19 695	62 177
Non-current liabilities			
Payables	7.1	1 091	3 646
Employee benefits	2.4	11 900	39 424
Provisions	7.2	910	4 773
Other non-current liabilities	7.3	-	180
Total non-current liabilities		13 901	48 023
Total liabilities		33 596	110 200
Net assets		253 359	134 271
Equity			
Contributed capital		56 766	5 295
Asset revaluation surplus		-	675
Retained earnings		196 593	128 301
Total equity		253 359	134 271

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

Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2019

	Contributed capital	Asset revaluation surplus	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	916	675	104 691	106 282
Prior period adjustments	-	-	11	11
Restated balance at 1 July 2017	916	675	104 702	106 293
Net result for 2017-18	-	-	23 599	23 599
Total comprehensive result for 2017-18	-	-	23 599	23 599
Transactions with SA Government as owner:				
Equity contribution received	4 379	-	-	4 379
Balance at 30 June 2018	5 295	675	128 301	134 271
Adjustments on initial adoption of AASB 9	-	-	(53)	(53)
Adjusted balance at 1 July 2018	5 295	675	128 248	134 218
Net result for 2018-19	-	-	(27 209)	(27 209)
Total comprehensive result for 2018-19	-	-	(27 209)	(27 209)
Transfer between equity components	-	(675)	675	-
Transactions with SA Government as owner:				
Net assets received from an administrative restructure	51 471	-	156 032	207 503
Other movement	-	-	190	190
Net assets transferred as a result of an administrative restructure	-	-	(61 343)	(61 343)
Balance at 30 June 2019	56 766	-	196 593	253 359

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

Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2019

	2019 (Outflows) Inflows \$'000	2018 (Outflows) Inflows \$'000
Cash flows from operating activities	Note	
Cash outflows		
Employee benefits payments	(63 040)	(183 037)
Payments for supplies and services	(73 889)	(259 453)
Payments of grants and subsidies	(152 710)	(114 423)
GST paid to the ATO	(957)	(13 907)
Other payments	(566)	(542)
Cash used in operations	(291 162)	(571 362)
Cash inflows		
Fees and charges	59 614	180 423
Receipts from Commonwealth	1 000	1 288
Receipts of grants	1 746	4 961
Interest received	15	-
Recoveries from administered items	1 134	1 106
Receipts for security deposits	-	3
Other receipts	4 902	5 547
Cash generated from operations	68 411	193 328
Cash flows from SA Government		
Receipts from SA Government	231 696	396 761
Payments to SA Government	(31 001)	-
Cash generated from SA Government	200 695	396 761
Net cash (used in) / provided by operating activities	(22 056)	18 727
Cash flows from investing activities		
Cash outflows		
Purchase of property, plant and equipment	(8 718)	(6 596)
Purchase of intangible assets	(3 901)	(3 320)
Cash used in investing activities	(12 619)	(9 916)
Net cash (used in) investing activities	(12 619)	(9 916)
Cash flows from financing activities		
Cash outflows		
Cash transferred as a result of restructuring activities	(39 979)	-
Cash used in financing activities	(39 979)	-
Cash inflows		
Capital contributions from government	-	4 379
Cash generated from financing activities	-	4 379
Net cash (used in) / provided by financing activities	(39 979)	4 379
Net (decrease) / increase in cash and cash equivalents	(74 654)	13 190
Cash and cash equivalents at the beginning of the period	140 448	127 258
Cash and cash equivalents at the end of the period	6.1 65 794	140 448

The accompanying notes form part of these financial statements

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1 About the Department of the Premier and Cabinet

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

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

Administered financial statements relating to administered resources are presented separately as part of this report.

1.1. Basis of preparation

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

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

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

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 the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1.2. Objectives and programs

Objectives

The department delivers specialist policy advice to the Premier and ministers and supports the Cabinet process. It also has overarching responsibility for Commonwealth-State relations and manages the Premier's Council of Australian Governments (COAG) agenda.

The department leads the implementation of South Australia's strategic priorities and policy commitments in the areas of economic and social development, international relationships and strengthening digital engagement between government and the community.

The department provides leadership in across government policy development on Aboriginal community support, multicultural affairs and veterans support and services. The department is also responsible for programs targeted at maximising the social and economic contributions made by the arts.

The department provides the following programs:

Premier and Cabinet Policy and Support

Coordination and leadership of the strategic economic and policy priorities of the state. Support to the Premier and Cabinet in intergovernmental relations, international engagement and protocol functions, economic analysis and cross government policy.

Agent-General

The Agent-General's Office represents the Premier and Government of South Australia in the United Kingdom and Europe to advance the state's development objectives. The office aims to increase awareness of Adelaide and drive preference for all the state has to offer, principally as a destination for foreign investment, migrants, students, tourists and as a producer of premium food and wine. The Agent General's office has transferred to the Department for Trade, Tourism and Investment (DTTI) as at 1 April 2019.

State Coordinator-General

Actively work to drive investment in South Australia by creating an environment that welcomes private sector development and stimulates job creation in South Australia by reducing delays across all levels of government. The State Coordinator-General has transferred to the DTTI as at 1 April 2019.

Support Services and Community Programs

Ministerial and support services and the management and monitoring of corporately administered grant programs.

Office of the Economic Development Board

Supports the Economic Development Board by providing a secretariat function as well as oversight and management of its assigned budget, including procurement and contracting management functions. The Economic Development Board was formally dissolved on 30 June 2018.

Information and Communication Technology Services

Provision of specialised information and communication technology, digital and cyber security services, support and information to government and industry.

The program was established in 2018-19 and includes components previously reported in the Government Services and Premier and Cabinet Policy and Support programs.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

1.2 Objectives and programs (continued)

Aboriginal Affairs and Reconciliation

Empower Aboriginal people to have a stronger voice in decision making across government and within communities, and provide leadership in the promotion of effective governance arrangements.

Provide whole of government policy advice and leadership, support engagement with Aboriginal stakeholders through the provision of culturally appropriate advice to government, facilitate the protection and preservation of Aboriginal heritage and culture, and support the state's Aboriginal land holding authorities.

Multicultural Affairs

Supports South Australia's ethnic communities and promote community capacity and harmony. Provide grant programs to community organisations that provide services to help families and individuals improve their quality of life and strengthen the wellbeing of culturally and linguistically diverse communities, as well as support for multicultural events and initiatives.

Arts South Australia

Ensure the State recognises and capitalises on artistic, cultural and economic opportunities arising from the diverse arts and cultural organisations, practitioners, events and physical assets in the state by developing programs that build on the cultural heritage and creativity, and providing financial support to the creative industries.

Veterans SA

Veterans SA supports our ex-servicemen and women and those who support them, by providing a central contact point for information about the state government's services to veterans across departments, including health, transport, disability and mental health.

Veterans SA provides administrative support to the Veterans' Advisory Council to ensure veterans receive a voice at the highest levels of government and helps to raise public awareness of the sacrifices made by South Australia's veterans.

Veterans SA has transferred to Defence SA effective 1 July 2019 refer to note 10.4.

General / Not attributable

General/not attributable reflects internal transactions undertaken within the department.

The following have transferred to other government departments prior to the current year but are disclosed in the comparative year: Refer to note 1.3.

Government Services

Provision of a comprehensive range of services to various government agencies and the community. These include the provision of shared business services across government, management of the government's digital technology strategies and infrastructure, and delivery of government information, services and transactions through the Service SA network.

Public Sector Performance

The Office for the Public Sector undertakes statutory responsibilities under the *Public Sector Act 2009* and South Australian public sector leadership development, sector-wide reform and renewal, workforce data analysis and strategy development, enterprise bargaining and industrial relations, workers compensation performance and injury management services.

Mineral Resources and Energy

Provision of services to unlock the full potential of South Australia's resources, energy and renewable assets and maintain the state's reputation as a leading resource investment destination.

Water Industry Technical and Safety Regulation

Supports the enforcement, compliance and promotion of technical and safety regulation of plumbing and equipment, and water industry entities.

The schedules on the following pages present expenses, income, assets and liabilities attributable to each of the programs for the years ended 30 June 2019 and 30 June 2018.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Expenses and income by program

	Premier and Cabinet Policy and Support		Agent-General		State Coordinator- General	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses						
Employee benefits expenses	18 551	31 041	917	890	682	722
Supplies and services	14 297	122 186	796	1 260	285	211
Depreciation and amortisation	610	411	50	62	7	3
Grants and subsidies	11 245	35 301	-	1	-	1
Net loss from the disposal of non-current assets	29	-	-	-	-	-
Other expenses	683	604	(9)	60	3	2
Resources provided free of charge	243	-	6	-	6	-
Total expenses	45 658	189 543	1 760	2 273	983	939
Income						
Fees and charges	4 107	7 440	61	17	61	14
Commonwealth grants	1 000	69	-	-	-	-
Other grants	579	3 263	33	-	3	-
Resources received free of charge	237	-	6	-	6	-
Recoveries from administered items	1 134	1 106	-	-	-	-
Other income	426	214	90	158	2	-
Total income	7 483	12 092	190	175	72	14
Net cost of providing services	38 175	177 451	1 570	2 098	911	925
Revenues from (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(38 175)	(177 451)	(1 570)	(2 098)	(911)	(925)

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Expenses and income by program (continued)

	Support Services and Community Programs		Office of the Economic Development Board		Information and Communication Technology Services	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	7 952	14 903	-	1 823	15 962	-
Supplies and services	4 973	5 833	-	910	34 156	-
Depreciation and amortisation	118	92	-	-	5 767	-
Grants and subsidies	40	16	-	2 226	315	-
Net loss from the disposal of non-current assets	12	-	-	-	177	-
Other expenses	40	58	-	-	11	-
Resources provided free of charge	99	-	-	-	235	-
Total expenses	13 234	20 902	-	4 959	56 623	-
Income						
Fees and charges	1 102	412	-	-	38 947	-
Commonwealth grants	-	-	-	-	-	-
Other grants	53	10	-	50	473	-
Resources received free of charge	96	-	-	-	230	-
Recoveries from administered items	-	-	-	-	-	-
Other income	30	395	-	253	170	-
Total income	1 281	817	-	303	39 820	-
Net cost of providing services	11 953	20 085	-	4 656	16 803	-
Revenues from (payments to) SA Government						
Revenues from SA Government	93 215	306 784	-	-	-	-
Payments to SA Government	(15 814)	-	-	-	-	-
Total net revenues from SA Government	77 401	306 784	-	-	-	-
Net result	65 448	286 699	-	(4 656)	(16 803)	-

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Expenses and income by program (continued)

	Aboriginal Affairs and Reconciliation		Multicultural Affairs		Arts South Australia	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	4 797	-	1 523	-	7 983	-
Supplies and services	3 238	-	923	-	7 472	-
Depreciation and amortisation	98	-	29	-	7 093	-
Grants and subsidies	5 223	-	2 918	-	133 269	-
Net loss from the disposal of non-current assets	7	-	3	-	15	-
Other expenses	40	-	10	-	39	-
Resources provided free of charge	64	-	24	-	200	-
Total expenses	13 467	-	5 430	-	156 071	-
Income						
Fees and charges	825	-	237	-	11 806	-
Commonwealth grants	-	-	-	-	-	-
Other grants	737	-	13	-	50	-
Resources received free of charge	62	-	24	-	198	-
Recoveries from administered items	-	-	-	-	-	-
Other income	35	-	126	-	3 948	-
Total income	1 659	-	400	-	16 002	-
Net cost of providing services	11 808	-	5 030	-	140 069	-
Revenues from (payments to) SA Government						
Revenues from SA Government	-	-	-	-	138 481	-
Payments to SA Government	-	-	-	-	(15 187)	-
Total net revenues from SA Government	-	-	-	-	123 294	-
Net result	(11 808)	-	(5 030)	-	(16 775)	-

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Expenses and income by program (continued)

	Veterans SA		Government Services		Public Sector Performance	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	778	-	-	85 780	-	11 610
Supplies and services	677	-	-	86 128	-	5 477
Depreciation and amortisation	26	-	-	7 067	-	120
Grants and subsidies	345	-	-	133	-	9
Net loss from the disposal of non-current assets	1	-	-	30	-	-
Other expenses	4	-	-	638	-	55
Resources provided free of charge	23	-	-	-	-	-
Total expenses	1 854	-	-	179 776	-	17 271
Income						
Fees and charges	213	-	-	94 949	-	5 444
Commonwealth grants	-	-	-	-	-	-
Other grants	5	-	-	195	-	1 443
Resources received free of charge	23	-	-	2 930	-	-
Recoveries from administered items	-	-	-	-	-	-
Other income	28	-	-	148	-	276
Total income	269	-	-	98 222	-	7 163
Net cost of providing services	1 585	-	-	81 554	-	10 108
Revenues from (payments to) SA Government						
Revenues from SA Government	-	-	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	-	-	-	-	-
Net result	(1 585)	-	-	(81 554)	-	(10 108)

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Expenses and income by program (continued)

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		General / Not attributable	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Expenses						
Employee benefits expenses	-	28 449	-	9 274	-	-
Supplies and services	-	15 471	-	15 041	(5 593)	(4 930)
Depreciation and amortisation	-	1 103	-	784	-	-
Grants and subsidies	-	33 900	-	16 952	-	-
Net loss from the disposal of non-current assets	-	6	-	-	-	-
Other expenses	-	235	-	3	-	-
Resources provided free of charge	-	-	-	-	-	-
Total expenses	-	79 164	-	42 054	(5 593)	(4 930)
Income						
Fees and charges	-	22 245	-	14 683	(5 319)	(3 930)
Commonwealth grants	-	1 087	-	117	-	-
Other grants	-	-	-	-	(200)	-
Resources received free of charge	-	1	-	876	-	-
Recoveries from administered items	-	-	-	-	-	-
Other income	-	3 938	-	1 986	(74)	(1 000)
Total income	-	27 271	-	17 662	(5 593)	(4 930)
Net cost of providing services	-	51 893	-	24 392	-	-
Revenues from (payments to) SA Government						
Revenues from SA Government	-	89 977	-	-	-	-
Payments to SA Government	-	-	-	-	-	-
Total net revenues from SA Government	-	89 977	-	-	-	-
Net result	-	38 084	-	(24 392)	-	-

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
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Expenses and income by program (continued)

	Total	
	2019	2018
	\$'000	\$'000
Expenses		
Employee benefits expenses	59 145	184 492
Supplies and services	61 224	247 587
Depreciation and amortisation	13 798	9 642
Grants and subsidies	153 355	88 539
Net loss from the disposal of non-current assets	244	36
Other expenses	821	1 655
Resources provided free of charge	900	-
Total expenses	289 487	531 951
Income		
Fees and charges	52 040	141 274
Commonwealth grants	1 000	1 273
Other grants	1 746	4 961
Resources received free of charge	882	3 807
Recoveries from administered items	1 134	1 106
Other income	4 781	6 368
Total income	61 583	158 789
Net cost of providing services	227 904	373 162
Revenues from / (payments to) SA Government		
Revenues from SA Government	231 696	396 761
Payments to SA Government	(31 001)	-
Total net revenues from SA Government	200 695	396 761
Net result	(27 209)	23 599

Department of the Premier and Cabinet
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Assets and liabilities by program

	Support Services and Community				Information and Communication Technology Services	
	Programs		Agent-General		2019 \$'000	2018 \$'000
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000		
Assets						
Cash and cash equivalents	50 973	89 887	-	366	-	-
Receivables	13 197	16 563	-	41	-	-
Inventories	41	71	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-	-	-
Property, plant and equipment	5 863	9 366	-	448	17 518	17 615
Intangible assets	2 235	3 638	-	-	7 195	4 815
Total assets	72 309	119 525	-	855	24 713	22 430
Liabilities						
Payables	11 721	28 708	-	116	-	-
Employee benefits	15 952	46 197	-	34	-	-
Provisions	1 297	1 746	-	-	-	-
Other liabilities	76	586	-	4	-	-
Total liabilities	29 046	77 237	-	154	-	-

	Aboriginal Affairs and Reconciliation						Arts South Australia		Veterans SA			
	2019 \$'000		2018 \$'000		2019 \$'000		2018 \$'000		2019 \$'000		2018 \$'000	
	Assets											
Cash and cash equivalents	-	-	-	-	14 821	-	-	-	-	-	-	
Receivables	38	-	-	-	2 296	-	-	27	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	-	-	
Non-current assets classified as held for sale	-	-	-	-	492	-	-	-	-	-	-	
Property, plant and equipment	651	-	-	-	170 934	-	-	106	-	-	-	
Intangible assets	176	-	-	-	677	-	-	-	-	-	-	
Total assets	865	-	-	-	189 220	-	-	133	-	-	-	
Liabilities												
Payables	40	-	-	-	2 578	-	-	9	-	-	-	
Employee benefits	261	-	-	-	1 651	-	-	52	-	-	-	
Provisions	-	-	-	-	185	-	-	-	-	-	-	
Other liabilities	-	-	-	-	59	-	-	-	-	-	-	
Total liabilities	301	-	-	-	4 473	-	-	61	-	-	-	

Department of the Premier and Cabinet
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Assets and liabilities by program (continued)

	Mineral Resources and Energy		Water Industry Technical and Safety Regulation		General / Not attributable	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash and cash equivalents	-	50 195	-	-	-	-
Receivables	-	5 412	-	1 294	(285)	(1 452)
Inventories	-	-	-	-	-	-
Non-current assets classified as held for sale	-	372	-	-	-	-
Property, plant and equipment	-	41 024	-	2 185	-	-
Intangible assets	-	2 346	-	285	-	-
Total assets	-	99 349	-	3 764	(285)	(1 452)
Liabilities						
Payables	-	7 471	-	-	(285)	(1 452)
Employee benefits	-	13 928	-	-	-	-
Provisions	-	3 936	-	-	-	-
Other liabilities	-	8 926	-	-	-	-
Total liabilities	-	34 261	-	-	(285)	(1 452)

	Total	
	2019	2018
	\$'000	\$'000
Assets		
Cash and cash equivalents	65 794	140 448
Receivables	15 273	21 858
Inventories	41	71
Non-current assets classified as held for sale	492	372
Property, plant and equipment	195 072	70 638
Intangible assets	10 283	11 084
Total assets	286 955	244 471
Liabilities		
Payables	14 063	34 843
Employee benefits	17 916	60 159
Provisions	1 482	5 682
Other liabilities	135	9 516
Total liabilities	33 596	110 200

All assets and liabilities for other activities that are not disclosed separately are included in Support Services and Community Programs.

Department of the Premier and Cabinet
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1.3. Changes to the department

Transfers In

The Public Sector (Reorganisation of Public Sector Operations) Notice 2018 (dated 14 June 2018) declared that all employees employed in the business units would transfer from their respective department to the department effective 1 July 2018. Assets and liabilities relating to these business units transferred to the department as at 1 July 2018.

Department of Treasury and Finance

- Veterans SA

Department of Human Services

- nominated employees for Multicultural SA

The Public Sector (Reorganisation of Public Sector Operations No.3) Notice 2018 (dated 28 June 2018) declared that the specified corporate employees employed by the Department of Innovation and Skills would transfer to the department effective 1 July 2018.

Department of Innovation and Skills

- Aboriginal Affairs and Reconciliation
- Arts South Australia

On 21 June 2018 the Premier agreed to the machinery of government transfer of the Capital City Committee Directorate from Renewal SA to the department effective from 1 July 2018. There were no assets or liabilities transferred.

Renewal SA

- Capital City Committee Directorate

Transfers Out

The Public Sector (Reorganisation of Public Sector Operations) Notice 2018 (dated 14 June 2018) declared that all employees employed in the business units identified below would transfer from the department to the respective departments listed below effective 1 July 2018.

Department of Treasury and Finance

- Shared Services SA
- Electorate Services
- Fleet Services (Ministerial Chauffeurs)
- Chief Procurement Officer
- ICT Transformation
- Policy Standards and Governance
- Return to Work Services
- Industrial Relations
- nominated employees within Economic Priorities, Strategic Procurement, Chief Procurement Officer and Corporate Services.

Office of the Commissioner for Public Sector Employment

- Office for the Public Sector (excluding Return to Work Services and Industrial Relations)

Department of the Premier and Cabinet
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1.3 Changes to the department (continued)

Department of Planning, Transport and Infrastructure

- Service SA
- nominated Corporate Services employees.

The Public Sector (Reorganisation of Public Sector Operations No.2) Notice 2018 (dated 21 June 2018) declared that all employees employed in the business units identified below would transfer from the department to the Department for Energy and Mining effective 1 July 2018. Assets and liabilities relating to these business units transferred from the department as at 1 July 2018.

Department for Energy and Mining

- Energy Plan Implementation Taskforce
- Strategy and Governance
- Resource Infrastructure and Investment Taskforce
- Mineral Resource
- Energy Resources
- Energy and Technical Regulator
- Low Carbon Economy Unit
- nominated employees of the department.

Other Transfers

Department for Innovation and Skills

As a result of administrative arrangements outlined in the Chief Executive Agreement dated 16 November 2018, the department relinquished responsibility for the Music Development Office and St Paul's Creative Centre, a business function of the department. Assets and liabilities relating to this business function were transferred to the Department for Innovation and Skills effective 2 July 2018.

Department for Education

As a result of administrative arrangements outlined in the Chief Executive Agreement dated 16 November 2018, the department relinquished responsibility for the functions relating to Carclew Youth Arts and Port Dock National Railway Museum. Assets and liabilities relating to these business functions were transferred to the Department for Education effective 1 June 2019.

Department of Human Services

As a result of administrative arrangements outlined in a Chief Executive letter of agreement dated 24 September 2018, the department relinquished responsibility for the Early Intervention and Research Directorate, a business unit of the department. Assets and liabilities related to this business unit were transferred to the Department of Human Services effective 1 October 2018.

Office of the Commissioner for Public Sector Employment

As a result of administrative arrangements outlined in the Chief Executive Agreement dated 20 February 2019, the department relinquished responsibility for Self Insurance Management System (SIMS), a business function of the department. Assets and liabilities relating to this business function were transferred to the Office of the Commissioner for Public Sector Employment effective 1 March 2019.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
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1.3 Changes to the department (continued)

Department for Trade, Tourism and Investment

The Public Sector (Reorganisation of Public Sector Operations - External Engagement) Notice 2019 (dated 28 March 2019) declared that all employees employed in China Strategy, Office of the Agent General and the Office of the State Coordinator-General, business units of the department, would transfer from the department to the Department for Trade, Tourism and Investment effective 1 April 2019.

Transferred in

The department recognised the following assets and liabilities transferred in from 1 July 2018:

Agency	Department for Innovation and Skills	Department of Human Services	Department of Treasury and Finance	Total
Effective Date	1 July 2018	1 July 2018	1 July 2018	
	\$'000	\$'000	\$'000	\$'000
Cash	27 215	-	-	27 215
Receivables	4 265	-	1	4 266
Assets held for sale	492	-	-	492
Property, plant and equipment	186 745	-	121	186 866
Intangible assets	936	-	-	936
Total assets	219 653	-	122	219 775
Payables	7 070	50	60	7 180
Employee benefits	4 152	453	153	4 758
Provisions	217	66	41	324
Other liabilities	10	-	-	10
Total liabilities	11 449	569	254	12 272
Total net assets transferred	208 204	(569)	(132)	207 503

Net assets assumed by the department as a result of the administrative restructures 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 contributions by the government as owner.

Department of the Premier and Cabinet
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1.3 Changes to the department (continued)

Transferred out

The following assets and liabilities transferred to other government departments during the year:

Agency	Department for Energy and Mining	Department of Treasury and Finance	Department of Planning, Transport and Infrastructure	Office of the Commissioner for Public Sector Employment
Effective Date	1 July 2018	1 July 2018	1 July 2018	1 July 2018
	\$'000	\$'000	\$'000	\$'000
Cash	60 554	-	3 097	2 476
Inventories	-	-	34	-
Receivables	6 400	4 026	364	582
Prepayments	206	2 438	23	66
Property, plant and equipment	43 210	3 137	2 076	-
Intangible assets	2 633	674	507	-
Other assets	372	-	-	-
Total assets	113 375	10 275	6 101	3 124
Payables	15 804	4 407	2 565	1 178
Employee benefits	14 077	22 418	5 911	2 542
Provisions	3 825	535	134	131
Other liabilities	8 926	353	-	-
Total liabilities	42 632	27 713	8 610	3 851
Total net assets transferred	(70 743)	17 438	2 509	727

Department of the Premier and Cabinet
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1.3 Changes to the department (continued)

Agency	Department for Innovation and Skills	Department of Human Services	Office of the Commissioner for Public Sector Employment (SIMS)	Department for Trade, Tourism and Investment
Effective Date	2 July 2018	1 October 2018	28 February 2019	1 April 2019
	\$'000	\$'000	\$'000	\$'000
Cash	333	-	-	655
Inventories	-	-	-	-
Receivables	7	-	1	40
Prepayments	-	-	-	83
Property, plant and equipment	160	-	-	405
Intangible assets	-	-	-	-
Other assets	-	-	-	-
Total assets	500	-	1	1 183
Payables	355	11	19	208
Employee benefits	62	65	120	931
Provisions	10	10	5	36
Other liabilities	-	-	-	84
Total liabilities	427	86	144	1 259
Total net assets transferred	(73)	86	143	76

Department of the Premier and Cabinet
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1.3 Changes to the department (continued)

Agency	Department of Education	Total
Effective Date	1 June 2019	
	\$'000	\$'000
Cash	-	67 115
Inventories	-	34
Receivables	-	11 420
Prepayments	-	2 816
Property, plant and equipment	11 506	60 494
Intangible assets	-	3 814
Other assets	-	372
Total assets	11 506	146 065
Payables	-	24 547
Employee benefits	-	46 126
Provisions	-	4 686
Other liabilities	-	9 363
Total liabilities	-	84 722
Total net assets transferred	(11 506)	(61 343)

Department of the Premier and Cabinet
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1.4. 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 \$'000	Actual 2019 \$'000	Variance \$'000
Statement of Comprehensive Income			
Expenses			
Employee benefits expenses	58 151	59 145	994
Supplies and services	73 785	61 224	(12 561)
Grants and subsidies	149 914	153 355	3 441
Depreciation and amortisation	15 845	13 798	(2 047)
Other expenses	10 383	821	(9 562)
Net loss from the disposal of non-current assets	300	244	(56)
Resources provided free of charge	-	900	900
Total expenses	308 378	289 487	(18 891)
Income			
Fees and charges	43 276	52 040	8 764
Commonwealth grants	-	1 000	1 000
Other grants	11 570	1 746	(9 824)
Resources received free of charge	300	882	582
Recoveries from administered items	-	1 134	1 134
Other income	3 912	4 781	869
Total income	59 058	61 583	2 525
Net cost of providing services	249 320	227 904	(21 416)
Revenues from (payments to) SA Government			
Revenues from SA Government	238 899	231 696	(7 203)
Payments to SA Government	-	(31 001)	(31 001)
Total net revenues from SA Government	238 899	200 695	(38 204)
Net result	(10 421)	(27 209)	(16 788)
Total comprehensive result	(10 421)	(27 209)	(16 788)

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
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1.4 Budget performance (continued)

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

	Original budget	Actual	Variance
	2019	2019	
	\$'000	\$'000	\$'000
Investing expenditure summary			
Total existing projects	15 070	2 446	(12 624)
Total annual program	10 661	11 746	1 085
Total contributed assets	300	-	(300)
Total investing expenditure	26 031	14 192	(11 839)

1.5. Significant transactions with government related entities

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

- lease payments relate to accommodation supplied by DPTI and vehicles supplied by Fleet SA.
- grants payments to Major Arts entities – for more detail refer to Grants note 3.3.

Department of the Premier and Cabinet
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2. Board, committees and employees

2.1. Key management personnel

Key management personnel of the department include the Premier, the Chief Executive and the Executive Leadership Team who have responsibility for the strategic direction and management of the department.

Total compensation for key management personnel was \$1.921 million in 2018-19 and \$2.975 million in 2017-18.

The compensation disclosed in this note excludes salaries and other benefits the Premier and Ministers receive. The Premier's and Ministers' remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remuneration Act 1990*.

	2019	2018
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 754	1 860
Post-employment benefits	167	178
Other long-term employment benefits	-	43
Termination benefits	-	894
Total	1 921	2 975

Transactions with key management personnel and other related parties

There were no significant related party transactions.

2.2. Board and committee members

Members during the 2018-2019 financial year were:

Risk and Performance Committee #

Yvonne Sneddon (Chair)
 Colin Dunsford (appointed October 2018)
 Ruth Ambler* (appointed July 2018)
 Eva Balun-Vnuk* (appointed July 2018)
 Jos Mazel* (appointed July 2018, retired June 2019)
 David Goodman*

South Australian Multicultural and Ethnic Affairs Commission

Norman Schueler (Chair) (appointed July 2018)
 Antonietta Cocchiario (Deputy Chair) (appointed July 2018)
 Laura Adzanku (appointed July 2018)
 George Chin (appointed July 2018)
 Adriana Christopoulos (appointed July 2018)
 Maria Maglieri (appointed July 2018)
 Neni Nannapaneni (appointed July 2018)
 Thuy Phan (appointed July 2018)
 Mario Romaldi (appointed July 2018, resigned August 2018)
 Valdis Tomanis (appointed July 2018)
 Muhama Yotham (appointed July 2018)
 Ning Zhang (appointed July 2018)
 Ahmed Zreika (appointed July 2018)

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
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2.2 Board and committee members (continued)

Veterans' Advisory Council

Laurie Lewis (Chair)
Chantelle Bohan* (term ceased December 2018)
Andrew Burnett^
Christopher Burns*
Paula Dabovich
Leon Eddy
Margot Forster
John Godwin (appointed January 2019)
Paul Graham^ (term ceased December 2018)
Sally Heidenreich
John Holloway^ (appointed January 2019)
Bronson Horan
Ray Kemp (appointed January 2019)
Frank Lampard^
Sharon Mascall-Dare
Karen May
Helen Meyer
James O'Hanlon
Brendan Rogers^
Mal Thiele (appointed January 2019)
Chris Tilley* (appointed January 2019)
Michael Von Berg (term ceased February 2019)

South Australian Aboriginal Advisory Council

Sharron Williams (Chair) (term ceased June 2019)
Joel Bayliss* (term ceased June 2019)
Rick Callaghan (term ceased June 2019)
Glenise Coulthard (term ceased June 2019)
Arrin Hazelbane* (appointed December 2018, term ceased June 2019)
Tracy Rigney* (term ceased June 2019)
Aileen Shannon (term ceased June 2019)
Dean Walker* (term ceased June 2019)

State Aboriginal Heritage Committee

Syd Sparrow (Chair) (appointed July 2018)
Yvonne Agius (Vice Chair) (appointed July 2018)
Robyn Campbell
William Cook (appointed July 2018)
Ian Crombie* (appointed July 2018)
Suzanne Haseldine (appointed July 2018)
Mark Koolmatrie
Fiona Singer
Lez Taylor (appointed July 2018)
Glen Wingfield

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

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

Department of the Premier and Cabinet
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2.2 Board and committee members (continued)

The Internal Audit and Risk Committee was re-named the Risk and Performance Committee following formal approval of new Terms of Reference by the Chief Executive in March 2019.

Board and committee remuneration

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

	2019	2018
\$0 - \$19 999	55	56
\$20 000 - \$39 999	3	2
\$40 000 - \$59 999	-	13
\$80 000 - \$99 999	-	1
\$100 000 - \$119 999	-	1
Total number of members	58	73

The total remuneration received or receivable by members was \$149 000 (\$910 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3. Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	41 531	138 080
Long service leave	1 794	3 243
Annual leave	3 885	12 362
Skills and experience retention leave	281	735
Employment on-costs - superannuation	5 405	16 818
Employment on-costs - other	2 697	9 538
Targeted voluntary separation packages	2 325	289
Board and committee fees	137	837
Other employee related expenses	1 090	2 590
Total employee benefits	59 145	184 492

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.

Department of the Premier and Cabinet
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2.3 Employee benefits expenses (continued)

Executive remuneration

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

	2019	2018
	Number	Number
\$149 000 - \$151 000*	N/A	5
\$151 001 - \$171 000	9	22
\$171 001 - \$191 000#	7	16
\$191 001 - \$211 000	4	12
\$211 001 - \$231 000	5	13
\$231 001 - \$251 000#	1	4
\$251 001 - \$271 000	3	3
\$271 001 - \$291 000#	4	1
\$291 001 - \$311 000	4	3
\$331 001 - \$351 000	1	1
\$351 001 - \$371 000	-	1
\$371 001 - \$391 000	1	2
\$391 001 - \$411 000	-	1
\$411 001 - \$431 000#	1	2
\$471 001 - \$491 000^	2	-
\$511 001 - \$531 000#	-	1
\$551 001 - \$571 000#	-	1
\$841 001 - \$861 000#	-	1
\$931 001 - \$951 000#	-	1
Total	42	90

* This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2017-2018.

The table above includes payment of long service leave, annual leave and termination benefits for employees who have left the department during 2017-18.

^ The table above includes payment of long service leave, annual leave and termination benefits for employees who have left the department during 2018-19.

This table includes all employees who received normal 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 FBT paid or payable in respect of those benefits.

The total remuneration received by employees for the year, listed in the table above, was \$10.1 million (\$20.9 million).

Due to Machinery of Government changes executives below the remuneration threshold are not included in the table above - refer to Note 1.3.

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 25(4).

	2019	2018
	\$'000	\$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	2 325	289
Leave paid to separated employees	1 233	220
Recovery from the Department of Treasury and Finance	(1 873)	-
Net cost to the department	1 685	509

Department of the Premier and Cabinet
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2.4. Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Annual leave	3 646	13 399
Long service leave	1 298	3 617
Accrued salaries and wages	806	2 689
Skills and experience retention leave	266	1 030
Total current employee benefits	6 016	20 735
Non-current		
Long service leave	11 900	39 424
Total non-current employee benefits	11 900	39 424
Total employee benefits	17 916	60 159

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

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

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

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

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

Department of the Premier and Cabinet
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3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019	2018
	\$'000	\$'000
IT and computing charges	16 354	28 868
Intra government transfers	8 529	14 837
Accommodation	8 776	21 891
Managed network services	4 601	4 498
Telecommunication	4 439	5 009
Temporary staff	2 712	14 478
Repairs, maintenance and minor equipment purchases	2 638	2 176
General administration and consumables	2 284	16 787
Promotion and marketing	2 067	11 710
Consultants	1 700	5 361
Contractors	1 648	16 041
Microsoft licence and support	1 347	1 590
Staff development and recruitment	791	2 925
Sponsorships and external contributions	631	578
Projects	261	117
Short term emergency electricity supply	-	82 237
Outsourced contracts	-	2 307
Service fees	-	2 267
Energy supply fuel and lubricants	-	6 094
RAES Aboriginal Communities infrastructure	-	1 280
Other supplies and services	2 446	6 536
Total supplies and services	61 224	247 587

Consultants

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

	No	2019	No	2018
		\$'000		\$'000
Below \$10 000	11	46	36	161
\$10 000 or above	27	1 654	62	5 200
Total	38	1 700	98	5 361

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3.2. Depreciation and amortisation

	2019	2018
	\$'000	\$'000
Plant and equipment	4 207	5 419
Buildings and improvements	7 461	2 011
Intangibles assets	2 130	2 212
Total depreciation and amortisation	13 798	9 642

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 and non-current assets held for sale are not depreciated.

Review of accounting estimates

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

Useful life

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

Class of asset	Useful life (years)
Buildings and Improvements	5-80
Furniture and fittings	5-10
Plant and equipment	3-20
Office equipment	3-30
IT equipment	3-10
PABX equipment	3-7
Transmission equipment	5-40
StateNet core	5
Motor vehicles	4
Intangibles – Computer software	1-15

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

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

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3.3. Grants and subsidies

	2019	2018
	\$'000	\$'000
Grants and subsidies	153 355	88 539
Total grants and subsidies	153 355	88 539
Grants and subsidies consists of the following		
Libraries Board of South Australia operating funding	35 940	-
Adelaide Festival Centre Trust operating funding	24 302	-
Art Gallery Board operating and capital funding	13 452	-
Museum Board operating funding	11 792	-
Adelaide Festival Corporation operating funding	9 011	-
Country Arts SA operating funding	8 052	-
History Trust of South Australia operating funding	6 131	-
Aboriginal Affairs and Reconciliation grants	5 197	-
Local Government grants	5 000	-
Minor Arts Organisations operating funding	3 829	-
Ageing Well Initiative	3 161	1 984
State Theatre Company of South Australia operating funding	2 702	-
Carclew Incorporated operating funding	2 580	-
Adelaide Symphony Orchestra operating funding	2 577	-
Multicultural grants	2 511	-
Adelaide Fringe operating funding	2 319	-
Independent Makers and Presenters	1 772	-
State Opera of South Australia operating funding	1 559	-
Australian Dance Theatre operating funding	1 310	-
Carrick Hill Trust operating funding	1 181	-
Promotion of the State	1 106	1 151
The Australian Children's Performing Arts Company operating funding	1 078	-
Tandanya operating funding	844	-
Premier's discretionary grants	675	4 575
Veterans grants	341	-
Special appeals and minor grants	255	507
Fund My Neighbourhood	150	18 574
PACE Gas	-	23 990
Energy productivity program	-	9 651
Renewable Technology Fund	-	6 765
Remote Area Energy Supplies Scheme	-	3 444
Oz Minerals	-	3 000
PACE Copper	-	2 613
Australian Energy Market Commission	-	2 136
South Australian Health and Medical Research Institute	-	2 000
Mining and Petroleum Services Centre of Excellence	-	1 231
PACE 2020	-	741
Other arts and cultural grants	2 801	-
Other grants and subsidies	1 727	2 530
Other resources and energy grants	-	3 647
Total grants and subsidies	153 355	88 539

The increase in grants expense is mainly attributable to Machinery of Government changes – refer to Note 1.3.

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3.4. Net loss from the disposal of property, plant and equipment

	2019	2018
	\$'000	\$'000
Buildings and improvements		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(114)	(14)
Net gain/(loss) from disposal of buildings and improvements	<u>(114)</u>	<u>(14)</u>
Plant and equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(58)	(22)
Net loss from disposal of plant and equipment	<u>(58)</u>	<u>(22)</u>
ICT infrastructure		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(61)	-
Net loss from disposal of ICT infrastructure	<u>(61)</u>	<u>-</u>
Intangible assets		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(11)	-
Net loss from disposal of intangible assets	<u>(11)</u>	<u>-</u>
Total property, plant and equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(244)	(36)
Total net loss from disposal of non-current assets	<u>(244)</u>	<u>(36)</u>

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3.5. Other expenses

	2019	2018
	\$'000	\$'000
Derecognition of assets	(20)	293
Impairment loss on receivables (note 6.2)	(46)	45
Other	887	1 317
Total other expenses	821	1 655

Other

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act* were \$327 000 (2018: \$948 000). No other services were provided by the Auditor-General's Department.

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4. Income

4.1. Net revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	228 189	262 349
Transfers from contingency provisions	3 507	134 412
Total revenues from SA Government	231 696	396 761
Payments to SA Government		
Return of surplus cash pursuant to cash alignment policy	(31 001)	-
Total payments to SA Government	(31 001)	-
Net revenues from SA Government	200 695	396 761

Appropriations

Appropriations are recognised on receipt.

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

The original amount appropriated to the department under the annual *Appropriation Act* was not varied during the year. Refer to note 1.3 for details on additional funding transferred to the department as a result of the administrative restructure.

4.2. Fees and charges

	2019	2018
	\$'000	\$'000
Service provision	41 494	46 313
Rental income	5 205	-
Regulatory fees	44	5
Sale of goods	18	1 537
Service SA	-	35 146
Mining and petroleum application fees rentals and licences	-	22 247
Industry license fees	-	10 127
Shared Services SA	-	4 892
Sale of electricity - remote areas	-	4 443
Other	5 279	16 564
Total fees and charges	52 040	141 274

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4.3. Commonwealth grants

	2019	2018
	\$'000	\$'000
Grants		
Commonwealth revenues	1 000	1 273
Total Commonwealth grants	1 000	1 273

4.4. Other grants

	2019	2018
	\$'000	\$'000
Recurrent grants received	1 746	4 961
Total other grants	1 746	4 961

Grants are recognised as income when the department obtain control of the income or when the agreement or contract has been approved and executed or income received. Grants received by the department with unconditional stipulations attached have been recognised as an asset and income upon receipt.

4.5. Resources received free of charge

	2019	2018
	\$'000	\$'000
Services received free of charge - Shared Services SA	867	-
Donated assets	15	3 807
Total resources received free of charge	882	3 807

Resources received free of charge relate to services provided by Shared Services SA and donated assets for Veterans SA (\$14 000) and Office for Data Analytics (\$1 000). Donated assets for the prior year was contributed land and improvements.

Department of the Premier and Cabinet
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4.6. Other Income

	2019	2018
	\$'000	\$'000
Sponsorship	3 500	111
Refunds	464	92
Community Development Fund	400	-
Derecognition of lease incentive	210	-
Interest	16	-
Fuel tax credits	-	1 967
Transfers from Extractive Areas Rehabilitation Fund	-	896
Pre-tax employee contributions	-	394
Other	191	728
Other recoveries	-	2 180
Total other income	4 781	6 368

Sponsorship revenue relates to the Art Gallery of South Australia's Tarnanthi – Contemporary Aboriginal and Torres Strait Islander Art Festival.

Receipts from the Community Development Fund were provided to support various initiatives including the Independent Makers and Presenters Program (\$200 000) and arts organisations (community and disability) (\$200 000).

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5. Non-Financial assets

5.1. Property, plant and equipment

	2019	2018
	\$'000	\$'000
Land, buildings and improvements		
Land at fair value	24 955	6 195
Buildings & improvements at fair value	163 530	57 688
Accumulated depreciation at the end of the period	(33 119)	(19 954)
Total land, buildings and improvements	<u>155 366</u>	<u>43 929</u>
Plant and equipment		
Plant and equipment at cost (deemed fair value)	59 160	68 297
Accumulated depreciation at the end of the period	(45 157)	(45 788)
Total plant and equipment	<u>14 003</u>	<u>22 509</u>
Work in progress		
Work in progress at cost	21 650	4 129
Total work in progress	<u>21 650</u>	<u>4 129</u>
Works of art		
Works of art at fair value	4 053	71
Total works of art	<u>4 053</u>	<u>71</u>
Total property, plant and equipment	<u><u>195 072</u></u>	<u><u>70 638</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.

Department of the Premier and Cabinet
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5.1 Property, plant and equipment (continued)

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 and are subject to regular revaluation.

Reconciliation 2018-19

	Land, buildings and improvements	Plant and equipment	Work in progress	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	43 929	22 509	4 129	71	70 638
Acquisitions	17	-	10 002	-	10 019
Assets reclassified to assets held for sale	-	-	-	-	-
Transfers between asset classes	62	3 342	(3 404)	-	-
Disposals	(114)	(119)	-	-	(233)
Revaluation increment/(decrement)	-	-	-	-	-
Depreciation	(7 461)	(4 207)	-	-	(11 668)
Acquisition/ (disposal) through administrative restructuring	118 933	(7 522)	10 979	3 982	126 372
Other movements	-	-	(56)	-	(56)
Carrying amount at end of the period	155 366	14 003	21 650	4 053	195 072

Reconciliation 2017-18

	Land, buildings and improvements	Plant and equipment	Work in progress	Works of art	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	40 260	24 054	3 211	84	67 609
Acquisitions	205	1 312	5 047	-	6 564
Transfers between asset classes	1 683	2 825	(4 508)	-	-
Disposals	(14)	(22)	-	-	(36)
Revaluation increment/(decrement)	-	-	-	(14)	(14)
Depreciation	(2 011)	(5 419)	-	-	(7 430)
Acquisition through administrative restructuring	3 806	-	-	1	3 807
Other movements	-	(241)	379	-	138
Carrying amount at end of the period	43 929	22 509	4 129	71	70 638

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5.2. Intangible assets

	2019	2018
	\$'000	\$'000
Computer software		
Computer software	2 786	11 230
Accumulated amortisation	(1 280)	(10 204)
Total computer software	1 506	1 026
Other		
Other intangibles	11 615	7 147
Accumulated amortisation	(4 507)	(3 900)
Total other	7 108	3 247
Work in progress		
Work in progress at cost	1 669	6 811
Total work in progress	1 669	6 811
Total intangibles	10 283	11 084

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.

Reconciliation 2018-19

	Computer software	Other intangibles	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2018	1 026	3 247	6 811	11 084
Acquisitions	-	-	4 187	4 187
Transfers between asset classes	1 309	6 449	(7 758)	-
Disposals e.g. sales, write off	-	(11)	-	(11)
Amortisation	(347)	(1 783)	-	(2 130)
Acquisition/ (disposal) through administrative restructuring	(482)	(794)	(1 602)	(2 878)
Other movements			31	31
Carrying amount at 30 June 2019	1 506	7 108	1 669	10 283

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5.2 Intangible assets (continued)

Reconciliation 2017-18

	Computer software	Other intangibles	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2017	2 080	3 823	4 471	10 374
Acquisitions	117	-	3 203	3 320
Transfers between asset classes	465	-	(465)	-
Amortisation	(1 636)	(576)	-	(2 212)
Other movements	-	-	(398)	(398)
Carrying amount at 30 June 2018	1 026	3 247	6 811	11 084

5.3. Non-current assets classified as held for sale

	2019	2018
	\$'000	\$'000
Land and buildings	492	372
Total non-current assets classified as held for sale	492	372

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

The department has measured the land and buildings held for sale at fair value less costs to sell because the assets' fair value less costs to sell is lower than its carrying amount. Detail about the department's approach to fair value is set out in note 11.2.

An independent site valuation was provided by a Certified Practising Valuer for the property upon its classification as held for sale. The valuation was based on recent market transactions for similar unrestricted land and buildings in the area and includes adjustment for factors specific to the land and building such as size and location.

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6. Financial assets

6.1. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	65 794	136 987
Other short-term deposits	-	3 461
Total cash and cash equivalents	65 794	140 448

Deposits with the Treasurer

The department has deposit accounts with the Treasurer:

- general operating accounts 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.

6.2. Receivables

	2019	2018
	\$'000	\$'000
Current		
Trade receivables	10 962	15 121
Less allowance for doubtful debts	(18)	(104)
Loans	373	-
Prepayments	1 440	2 982
GST input tax recoverable	2 445	1 488
Accrued revenues	6	791
Total current receivables	15 208	20 278
Non-current		
Loans	-	400
Prepayments	50	1 017
Trade receivables	15	163
Total non-current receivables	65	1 580
Total receivables	15 273	21 858

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

There is a concessional loan with a Face Value of \$400 000 that was issued with a zero interest rate. The full amount of the loan is due to be repaid on 30 June 2020. The concessional discount net of the amount amortised totalling \$53 000 has been recognised in opening Retained Earnings as at 1 July 2018 as required by *AASB 9: Financial Instruments*.

The amortisation attributable to the 2018-19 year of \$26 000 is recognised in Note 4.6 Other Income. A further and final amortisation of the loan discount of \$27 000 will be recognised in the 2019-20 financial year.

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6.2 Receivables (continued)

The net amount of GST payable to 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
Carrying amount at the beginning of the period	104	137
(Decrease) / increase in the allowance	(46)	45
Amounts written off	-	(78)
Decrease in allowance (Machinery of Government transfer)	(40)	-
Carrying amount at the end of the period	18	104

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019	2018
	\$'000	\$'000
Current		
Trade payables	12 010	24 939
Accrued expenses	97	3 265
Employment on-costs	853	2 974
Paid Parental Leave Scheme payable	12	19
Total current payables	12 972	31 197
Non-current		
Employment on-costs	1 091	3 646
Total non-current payables	1 091	3 646
Total payables	14 063	34 843

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, ReturntoWorkSA levies 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.

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7.1 Payables (continued)

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has 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 \$5 000 and employee benefits expense of \$5 000.

Paid parental 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.

7.2. Provisions

	2019 \$'000	2018 \$'000
Current		
Provision for workers compensation	572	908
Provision for additional compensation	-	1
Total current provisions	572	909
Non-current		
Provision for workers compensation	899	4 706
Provision for additional compensation	11	67
Total non-current provisions	910	4 773
Total provisions	1 482	5 682

Movement in provisions

	2019 \$'000
Carrying amount at the beginning of the period	5 682
Additional provisions recognised	162
Net transfer from administrative restructures	(4 362)
Carrying amount at the end of the period	1 482

Provision for workers compensation

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.

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7.3. Other liabilities

	2019 \$'000	2018 \$'000
Current		
Security deposits - current	-	5 611
Unearned revenue	135	3 365
Lease incentive	-	360
Total current other liabilities	135	9 336
Non-current		
Lease incentive	-	180
Total non-current other liabilities	-	180
Total other liabilities	135	9 516

In 2018 the major transactions in other liabilities related to energy and mining. These functions were transferred to the Department for Energy and Mining effective 1 July 2018.

In 2018 security deposits were held to ensure mine operators rehabilitate sites and comply with all statutory requirements on cessation of mining operations. Cash deposits were classified as security deposits. The value of securities held in the form of bank guarantees were reflected as a contingent asset, as the department only has a claim on these funds if the mining operator fails to meet its legislative requirements.

In 2018 unearned revenue mainly included payments of rent and annual regulatory fees received for the first year of a mining tenement (exploration licence, mining lease, miscellaneous purposes licence, retention lease are all mining tenements in accordance with the Mining Act 1971). This revenue was held as unearned revenue until the Minister officially approved the grant of the mining tenement.

In 2018 annual rent and regulatory fees were also held as unearned revenue at the timing of renewal of a mining tenement. Once a renewal decision has been made and a memorial has been instrumented in the Mining Register the revenue is then recognised as revenue. Annual rent for mining leases, retention leases and miscellaneous purposes licences which are granted or renewed over freehold land is refunded at this point to the relevant freehold landowners.

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8. Other disclosures

8.1. Equity

The asset revaluation surplus is used to record increments and decrements in the fair value of property, plant and equipment to the extent that they offset each other. 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	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	65 794	140 448
Balance as per the Statement of Cash Flows	65 794	140 448
Reconciliation of net cash provided by / (used in) operating activities to net cost of providing services		
Net cash (used in) / provided by operating activities	(22 056)	18 727
Add payments to SA Government	31 001	-
Less revenues from SA Government	(231 696)	(396 761)
Add / (less) non-cash Items		
Depreciation and amortisation	(13 798)	(9 642)
Resources received free of charge	-	3 807
Bad and doubtful debts expense	-	10
Loss on disposal of non-current assets	(244)	(36)
Prior period adjustments	-	11
Derecognition of assets	-	(293)
Other expenses	66	(34)
Movement in assets and liabilities		
Decrease in receivables	(9 160)	(11 289)
Decrease in inventories	(30)	(164)
Decrease in payables	16 958	24 239
Decrease in employee benefits	336	166
Decrease/(increase) in provisions	264	(1 425)
Decrease/(increase) in other liabilities	455	(478)
Net cost of providing services	(227 904)	(373 162)

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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, if material. In 2019, this information is deemed not material and 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.

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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 at 30 June 2018 \$'000	Carrying amount re- measurement \$'000	AASB 9 at 1 July 2018 \$'000
	AASB 139	AASB 9			
<u>Current financial assets</u>					
Trade receivables	Loans and receivables	Amortised cost	15 063	-	15 063
Loan receivable	Loans and receivables	Amortised cost	400	(53)	347
<u>Current financial liabilities</u>					
Trade payables	Amortised cost	Amortised cost	27 156	-	27 156

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
- debt investments carried at amortised cost (i.e. bonds and debentures with SAFA)

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.

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.

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10. Outlook

10.1. Unrecognised contractual commitments

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

Capital commitments

	2019	2018
	\$'000	\$'000
Within one year	16 298	228 369
Later than one year but not longer than five years	3 958	-
Later than five years	195	-
Total capital commitments	20 451	228 369

The majority of capital commitments in the current year relate to Arts SA, which transferred in as part of Machinery of Government changes – refer to Note 1.3. Commitments for Arts SA include the redevelopment of the Adelaide Festival Centre precinct (\$18.9 million).

In 2018 the department's capital commitments predominantly related to the purchase of nine turbine generators (\$226.8 million). This commitment was transferred to the Department of Energy and Mining effective 1 July 2018.

Operating lease commitments

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

	2019	2018
	\$'000	\$'000
Within one year	716	11 910
Later than one year but not longer than five years	908	15 704
Later than five years	7	6 969
Total operating lease commitments	1 631	34 583
Representing:		
Non-cancellable operating leases	1 631	34 583
Total operating lease commitments	1 631	34 583

At the reporting date, the department's operating leases are for the lease of office accommodation and motor vehicles.

- Office accommodation is leased from the Building Management Accommodation and Building Services, a business unit of the Department of Planning, Transport and Infrastructure (DPTI). The leases are non-cancellable with terms ranging from 1 to 15 years, with some leases having right of renewal. The rental amount is based on floor space and the time period of the lease, with the rental rate reviewed taking into account movements in market rental values or CPI. Rental is payable in advance.
- Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. No contingent rental provisions exist within the lease agreements and no options exist to renew the leases at the end of their term.

Expenditure Commitments

	2019	2018
	\$'000	\$'000
Within one year	50 826	87 006
Later than one year but not longer than five years	52 001	54 955
Later than five years	-	252
Total expenditure commitments	102 827	142 213

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10.1 Unrecognised contractual commitments (continued)

The majority of expenditure commitments in the current year relate to Arts SA, which transferred in as part of Machinery of Government changes – refer to Note 1.3. Commitments for Arts SA include grants (\$72.632 million) and security for North Terrace Cultural Precinct (\$13.616 million).

In 2018 the department's expenditure commitments mainly related to service agreements for the Energy Plan Implementation Taskforce, Resources and Energy, RAES independent operator subsidies, the provision of the whole of government Workers' Compensation & Incident Management Database and the audit and verification of the Safety and Injury Management System.

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.

Contingent assets

No contingent assets have been identified.

Contingent liabilities

Glenthorne Farm

Glenthorne Farm, at O'Halloran Hill, was purchased by the University of Adelaide from the Commonwealth Scientific and Industrial Research Organisation, with the assistance of a grant from the SA Government in May 2001. A contract signed by the SA Government and the University of Adelaide resulted in the former assuming liability for any possible third party claims resulting from any contamination which may be discovered on the property.

The South Australian and Commonwealth Governments agreed by exchange of letters that, in the event of such a claim, the State Government reserves its right to seek a contribution from the Commonwealth based on the Commonwealth's previous ownership of the land.

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.

The material impacts on the department are outlined below.

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.

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

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. 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	1 000
Grants and subsidies	130
Net impact on net cost of providing services	1 130

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
Liabilities	
Contract liabilities	1 130
Net impact on equity	(1 130)

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 the Premier and Cabinet
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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.

The department currently holds 4 accommodation leases with the Department of Planning, Transport and Infrastructure, and 12 vehicle leases with the South Australian Government Financing Authority. The department has not entered into any other arrangement.

AASB 16 is not 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.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the department has applied the optional exemptions to not recognise the leases liability and right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. There is an exception for motor vehicle leases, where Treasurer's approval has been granted not to apply this exemption to leases with a term remaining of less than 12 months.

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

The estimated impact is set out below.

	as at 1 July 2019 \$'000
Assets	
Right-of-use assets	1 258
Liabilities	
Lease liabilities	1 258
Net impact on equity	-

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	574
Supplies and services	(575)
Borrowing costs	15
Net impact on net cost of providing services	14

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 four 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 \$24.116 million and a Right of Use Assets of \$24.116 million.

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.

Department of the Premier and Cabinet
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10.3. Impact of standards and statements not yet effective (continued)

- 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.
- Note an exemption has been applied to not apply this for vehicle leases with SAFA.
- 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

Transfers Out

As a result of administrative arrangements outlined in the Chief Executive Agreement dated 24 May 2019, the department relinquished responsibility for Veterans SA, a business unit of the department. Assets and liabilities relating to this business unit were transferred to Defence SA effective 1 July 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 of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has 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 actuarial assessment performed by the Department of Treasury and Finance 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.

Department of the Premier and Cabinet
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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.

An independent valuation of the land and buildings was conducted as at 30 June 2014 by Valcorp Australia Pty Ltd. The valuation of land and buildings at 30 June 2014 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

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 as detailed below. 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

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 and 2018, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique. The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years is deemed to approximate fair value.

Fair value hierarchy

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

Fair value measurements recognised in the Statement of Financial Position are categorised into the following levels as at 30 June 2019.

Department of the Premier and Cabinet
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11.2 Fair value (continued)

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

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	13 717	11 238	24 955
Buildings	5.1	-	127 305	127 305
Leasehold improvements	5.1	-	3 106	3 106
Plant and equipment	5.1	-	14 003	14 003
Works of art	5.1	4 053	-	4 053
Total recurring fair value measurements		17 770	155 652	173 422
Non-recurring fair value measurements				
Land held for sale	5.3	492	-	492
Total non-recurring fair value measurements		492	-	492
Total		18 262	155 652	173 914

Fair value classification – non-financial assets at 30 June 2018

		Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Land	5.1	6 195	-	6 195
Buildings	5.1	165	29 189	29 354
Leasehold improvements	5.1	-	8 380	8 380
Plant and equipment	5.1	-	22 509	22 509
Works of art	5.1	-	71	71
Total recurring fair value measurements		6 360	60 149	66 509
Non-recurring fair value measurements				
Land held for sale	5.3	156	-	156
Buildings held for sale	5.3	216	-	216
Total non-recurring fair value measurements		372	-	372
Total		6 732	60 149	66 881

Department of the Premier and Cabinet
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11.2 Fair value (continued)

Land and buildings

Every six years, the department revalues its land, buildings and leasehold improvements via an independent Certified Practising Valuer. If at any time management considers that the carrying amount of the asset materially differs from the fair value, then the asset will be revalued regardless of when the last valuation took place.

Assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

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

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

Plant and equipment

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

Reconciliation of level 3 recurring fair value measurements at 30 June 2019

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

	Buildings	Leasehold improvements	Plant and equipment	Works of art
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	29 189	8 380	22 509	71
Acquisitions	17	-	-	-
Capitalised subsequent expenditure	62	-	3 404	-
Acquisitions through administrative restructures	134 177	532	912	-
Disposals	(26)	(88)	(119)	-
Disposals through administrative restructures	(29 226)	(5 145)	(8 496)	(71)
(Losses) for the period recognised in net result:				
Depreciation	(6 888)	(573)	(4 207)	-
Total loss recognised in net result	(6 888)	(573)	(4 207)	-
Carrying amount at the end of the period	127 305	3 106	14 003	-

Department of the Premier and Cabinet
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11.2 Fair value (continued)

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

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

	Buildings	Leasehold improvements	Plant and equipment	Works of art
	\$'000	\$'000	\$'000	\$'000
Opening balance at the beginning of the period	28 500	5 504	24 054	84
Acquisitions	107	-	1 312	-
Capitalised subsequent expenditure	359	1 324	2 825	-
Disposals	(14)	-	(263)	-
Resources received free of charge	858	2 930	-	1
(Losses) for the period recognised in net result:				
Depreciation	(621)	(1 378)	(5 419)	-
Revaluation decrement	-	-	-	(14)
Total loss recognised in net result	(621)	(1 378)	(5 419)	(14)
Carrying amount at the end of the period	29 189	8 380	22 509	71

11.3. Financial instruments

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the *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's exposure to financial risk (liquidity risk, credit risk and a market risk) is low due to the nature of the financial instruments held.

Liquidity risk

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

Refer to note 7.1 for further information.

Credit risk

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

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

Department of the Premier and Cabinet
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11.3 Financial instruments (continued)

Impairment of financial assets

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

To measure the expected credit losses, receivables are grouped based on shared risks characteristics and the days past due. When estimating expected credit loss, the department considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the department's historical experience and informed credit assessment, including 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)	226	0.03%	-
1 - 30 days past due	117	0.04%	-
31 – 60 days past due	1	0.15%	-
61 – 90 days past due	-	0.78%	-
More than 90 days past due	1 021	1.79%	18
Loss allowance			18

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.

Receivables with a contractual amount of \$1 000 written off during the year are still subject to enforcement activity.

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.

Department of the Premier and Cabinet
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11.3 Financial instruments (continued)

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*.

Exposure to interest rate risk and any movement in interest rates are monitored on a daily basis. There is minimal exposure to foreign currency or other price risks.

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

Categorisation of financial instruments

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

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 (refer to notes 6.2 and 7.1).

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 the Premier and Cabinet
Notes to and forming part of the Financial Statements
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11.3 Financial instruments (continued)

Category of financial asset and financial liability	Note	2019 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	65 794	65 794	-	-
Receivables	6.2	10 951	10 951	-	-
Accrued income	6.2	1	1	-	-
Loans	6.2	373	373	-	-
Total financial assets		77 119	77 119	-	-
Financial liabilities					
Payables	7.1	11 624	11 624	-	-
Unearned revenue	7.3	135	135	-	-
Other financial liabilities	7.3	-	-	-	-
Total financial liabilities		11 759	11 759	-	-

Category of financial asset and financial liability	Note	2018 Carrying amount / fair value \$'000	Contractual maturities		
			< 1 year \$'000	1-5 years \$'000	< 5 years \$'000
Financial assets					
Cash and cash equivalents	6.1	140 448	140 448	-	-
Receivables	6.2	15 063	15 063	-	-
Accrued income	6.2	744	744	-	-
Loans	6.2	400	-	400	-
Total financial assets		156 655	156 255	400	-
Financial liabilities					
Payables	7.1	27 046	27 046	-	-
Unearned revenue	7.3	110	110	-	-
Other financial liabilities	7.3	540	360	180	-
Total financial liabilities		27 696	27 516	180	-

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)

The receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2

Department of the Premier and Cabinet

Administered Financial Statements

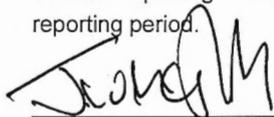
for the year ended 30 June 2019

Department of the Premier and Cabinet
Certification of the Administered Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for the Department of the Premier and Cabinet:

- 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 the Premier and Cabinet as at 30 June 2019 and the results of its operations and cash flows for the financial year.

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



Jim McDowell

Chief Executive

15 September 2019



Wayne Hunter

Assistant Executive Director, Communities and Corporate

16 September 2019

Department of the Premier and Cabinet
Statement of Administered Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Administered expenses			
Employee benefits expenses	A2.1	504	543
Grants and subsidies	A3.1	2 278	871
Supplies and services	A3.2	10 295	5 345
Disbursements on behalf of third parties	A3.4	-	355 443
Payments to SA Government	A4.1	-	236 604
Other expenses	A3.3	3 032	-
Total administered expenses		16 109	598 806
Administered income			
Revenues from SA Government	A4.1	17 466	2 522
Commonwealth revenue	A4.2	2 633	-
Interest	A4.3	507	-
Fees and charges		203	4 236
Other income		158	-
Collections on behalf of third parties	A4.4	-	355 443
Royalties		-	236 607
Total administered income		20 967	598 808
Net result		4 858	2
Total comprehensive result		4 858	2

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 the Premier and Cabinet
Statement of Administered Financial Position
as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Administered current assets			
Cash and cash equivalents	A5.1	43 383	31 665
Receivables	A5.2	46	5 817
Total current assets		43 429	37 482
Total assets		43 429	37 482
Administered current liabilities			
Payables	A6.1	1 728	34 797
Employee benefits	A2.2	8	9
Total current liabilities		1 736	34 806
Total liabilities		1 736	34 806
Net assets		41 693	2 676
Administered equity			
Retained earnings		41 693	2 676
Total equity		41 693	2 676

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

Department of the Premier and Cabinet
Statement of Administered Cash Flows
for the year ended 30 June 2019

		2019	2018
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits		(505)	(542)
Grants and subsidies		(1 515)	(871)
Supplies and services		(10 100)	(5 367)
Disbursements on behalf of third parties		-	(355 317)
Payments to SA Government		-	(233 459)
Other payments		(3 012)	-
Cash used in operations		(15 132)	(595 556)
Cash inflows			
Revenues from SA Government		17 466	2 522
Commonwealth revenue		2 633	-
Interest		511	-
Fees and charges		199	4 373
Other receipts		158	242 300
Collections on behalf of third parties		-	355 443
Cash generated from operations		20 967	604 638
Net cash provided by operating activities		5 835	9 082
Cash flows from financing activities			
Cash inflows			
Cash transferred as a result of restructuring activities		5 883	-
Net cash provided by financing activities		5 883	-
Net increase in cash and cash equivalents		11 718	9 082
Cash and cash equivalents at the beginning of the period		31 665	22 583
Cash and cash equivalents at the end of the reporting period	A5.1	43 383	31 665

The accompanying notes form part of these financial statements.

Department of the Premier and Cabinet
Schedule of Expense and Income Attributable to Administered Activities
as at 30 June 2019

	Special Act Salaries and Allowances		Bank of Tokyo Cultural and Social Exchange		SA Okayama	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered expenses						
Employee benefits expenses	504	543	-	-	-	-
Supplies and services	3 152	-	-	-	-	-
Total administered expenses	3 656	543	-	-	-	-
Administered income						
Revenues from SA Government	3 627	546	-	-	-	-
Interest	-	-	1	-	-	-
Total administered income	3 627	546	1	-	-	-
Net result	(29)	3	1	-	-	-

	Promotion of the State		Aboriginal Affairs and Reconciliation		Stolen Generations Reparations Scheme	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered expenses						
Grants and subsidies	406	871	1 780	-	-	-
Supplies and services	1 612	1 109	5 531	-	-	-
Other expenses	-	-	-	-	3 032	-
Total administered expenses	2 018	1 980	7 311	-	3 032	-
Administered income						
Revenues from SA Government	2 026	1 976	6 813	-	5 000	-
Commonwealth revenue	-	-	2 633	-	-	-
Interest	-	-	505	-	-	-
Fees and charges	-	-	203	-	-	-
Other income	-	-	-	-	58	-
Total administered income	2 026	1 976	10 154	-	5 058	-
Net result	8	(4)	2 843	-	2 026	-

Department of the Premier and Cabinet
Schedule of Expense and Income Attributable to Administered Activities
as at 30 June 2019

	Anzac Day Commemoration Fund		Mintabie Administration		Native Title Agreement	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses						
Grants and subsidies	92	-	-	-	-	-
Supplies and services	-	-	-	16	-	4 220
Total administered expenses	92	-	-	16	-	4 220
Administered income						
Interest	1	-	-	-	-	-
Fees and charges	-	-	-	16	-	4 220
Other income	100	-	-	-	-	-
Total administered income	101	-	-	16	-	4 220
Net result	9	-	-	-	-	-

	Royalties		Service SA Administered		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered expenses						
Employee benefits expenses	-	-	-	-	504	543
Grants and subsidies	-	-	-	-	2 278	871
Supplies and services	-	-	-	-	10 295	5 345
Disbursements on behalf of third parties	-	-	-	355 443	-	355 443
Payments to SA Government	-	236 604	-	-	-	236 604
Other expenses	-	-	-	-	3 032	-
Total administered expenses	-	236 604	-	355 443	16 109	598 806
Administered income						
Revenues from SA Government	-	-	-	-	17 466	2 522
Commonwealth revenue	-	-	-	-	2 633	-
Interest	-	-	-	-	507	-
Fees and charges	-	-	-	-	203	4 236
Other income	-	-	-	-	158	-
Collections on behalf of third parties	-	-	-	355 443	-	355 443
Royalties	-	236 607	-	-	-	236 607
Total administered income	-	236 607	-	355 443	20 967	598 808
Net result	-	3	-	-	4 858	2

Department of the Premier and Cabinet
 Schedule of Assets and Liabilities Attributable to Administered Activities
 as at 30 June 2019

	Special Act Salaries and Allowances		Bank of Tokyo Cultural and Social Exchange		SA Okayama	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered current assets						
Cash and cash equivalents	(22)	(39)	94	-	48	48
Total assets	(22)	(39)	94	-	48	48
Administered current liabilities						
Payables	47	-	-	-	-	-
Employee benefits	8	9	-	-	-	-
Total liabilities	55	9	-	-	-	-
Net assets	(77)	(48)	94	-	48	48

	Promotion of the State		Aboriginal Affairs and Reconciliation		Stolen Generations Reparations Scheme	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Administered current assets						
Cash and cash equivalents	2 849	2 837	40 188	-	165	-
Receivables	-	-	46	-	-	-
Total assets	2 849	2 837	40 234	-	165	-
Administered current liabilities						
Payables	3	-	1 658	-	20	-
Total liabilities	3	-	1 658	-	20	-
Net assets	2 846	2 837	38 576	-	145	-

Department of the Premier and Cabinet
 Schedule of Assets and Liabilities Attributable to Administered Activities
 as at 30 June 2019

	Anzac Day Commemoration Fund		Mintabie Administration		Native Title Agreement	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current assets						
Cash and cash equivalents	61	-	-	-	-	572
Receivables	-	-	-	-	-	221
Total assets	61	-	-	-	-	793
Administered current liabilities						
Payables	-	-	-	63	-	940
Total liabilities	-	-	-	63	-	940
Net assets	61	-	-	(63)	-	(147)

	Royalties		Service SA Administered		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered current assets						
Cash and cash equivalents	-	26 536	-	1 711	43 383	31 665
Receivables	-	5 596	-	-	46	5 817
Total assets	-	32 132	-	1 711	43 429	37 482
Administered current liabilities						
Payables	-	32 083	-	1 711	1 728	34 797
Employee benefits	-	-	-	-	8	9
Total liabilities	-	32 083	-	1 711	1 736	34 806
Net assets	-	49	-	-	41 693	2 676

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A1. Basis of preparation and accounting policies

A1.1 Basis of preparation

The basis of preparation for the administered financial statements is the same as the basis outlined in note 1.1. The department applies the same accounting policies to the administered financial statements as set out in the notes to the department's financial statements.

A1.2 Objectives/activities of the department's Administered Items

The following funds were administered by the department as at 30 June 2019. They do not represent controlled transactions of the department. As such, they are not recognised in the financial statements of the department.

Special Act Salaries and Allowances

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

Bank of Tokyo Cultural and Social Exchange

The department holds funds for the purpose of supporting cultural and social exchange between South Australia and Japan.

SA Okayama

The department holds trust funds for the purpose of furthering South Australia's relationship with Okayama. The trust was established from the trading surplus from South Australia's presence at the Seto Ohashi Expo 88 at Kojima Okayama.

Promotion of the State

The department provides funding for activities that advance the interests of South Australia by promoting the economic, social and cultural aspects of the State on behalf of the State Government.

Aboriginal Affairs and Reconciliation

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

Stolen Generations Reparations Scheme

The South Australian Government has established the Stolen Generations Reparations Scheme to recognise the grief, pain and loss experienced by Aboriginal communities, families and individuals; and to also support a range of proposals that can assist in the healing process. The scheme includes \$6.5m appropriation associated with anticipated compensation payments to individual members of the Stolen Generation and \$5 million for individual projects for the affected communities.

Anzac Day Commemoration Fund

The department provides funding to assist and support educational and commemorative activities to honour Australia's war and service history, recognising the men and women who have served in war, defence and peacekeeping over the last 100 years.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A1.2 Objectives/activities of the department's Administered Items (continued)

The following have transferred to other government departments prior to the current year, but are disclosed in the comparative year: Refer to note A1.3.

Mintabie Administration

The Mintabie Township Lease and Lease Agreement came into operation on 1 July 2012, signed by Anangu Pitjantjatjara Yankunytjatjara (APY), the Minister for Aboriginal Affairs and Reconciliation and the Minister for Mineral Resources and Energy. The department administers the residential campsite licensing system and regulation.

Native Title Agreement

The department collects revenue via a levy equivalent to 10% of the total royalty payable for relevant royalty payers. This is offset by payments made to Aboriginal Councils in the APY Lands.

Royalties

The department receives royalties levied on minerals and petroleum production on behalf of the State Government. Royalty receipts are collected pursuant to the *Roxby Downs (Indenture Ratification) Act 1982*, *Whyalla Steel Works Act 1958*, *Mining Act 1971* and the *Petroleum and Geothermal Energy Act 2000*. Royalty receipts are returned to the Consolidated Account in the month following collection.

Service SA collections and disbursements

The department receives fees, levies and fines on behalf of the State Government. Receipts are then distributed to other State Government Departments including the Department of Planning Transport and Infrastructure, South Australia Police, Office of Business and Consumer Affairs, South Australian Water Corporation and South Australian Fire and Emergency Services Commission in the month of collection.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A1.3 Changes to the department

Transfers In

The Public Sector (Reorganisation of Public Sector Operations) Notice 2018 (dated 14 June 2018) declared that all employees employed in the business units below would transfer from their respective departments to the Department of the Premier and Cabinet, effective 1 July 2018. Assets and liabilities relating to the administered functions of these business units transferred to the department as at 1 July 2018.

Department of State Development

- Bank of Tokyo Cultural and Social Exchange
- APY Taskforce
- Commonwealth Essential Services
- AAR Administered CW Funding
- Stolen Generations Reparations Scheme

Department of Treasury and Finance

- Anzac Day Commemoration Fund

Transfers Out

The Public Sector (Reorganisation of Public Sector Operations No.2) Notice 2018 (dated 21 June 2018) declared that all employees employed in the business units below would transfer to the Department for Energy and Mining, effective 1 July 2018. Assets and liabilities relating to the administered functions of these business units transferred from the department as at 1 July 2018.

Department for Energy and Mining

- Mintabie Administration
- Native Title Agreement
- Royalties

The Public Sector (*Reorganisation of Public Sector Operations*) Notice 2018 (dated 14 June 2018) declared that all employees employed in the business units below would transfer to the Department of Planning, Transport and Infrastructure, effective 1 July 2018. Assets and liabilities relating to the administered functions of these business units transferred from the department as at 1 July 2018.

Department for Planning, Transport and Infrastructure

- Service SA collections and disbursements

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A1.3 Changes to the department (continued)

Transferred in

The department recognised the following assets and liabilities transferred in from 1 July 2018:

	Department of Treasury and Finance	Department for Innovation and Skills	Total
	\$'000	\$'000	\$'000
Cash	53	34 649	34 702
Receivables	-	49	49
Total assets	53	34 698	34 751
Payables	-	754	754
Total liabilities	-	754	754
Total net assets transferred	53	33 944	33 997

Transferred out

The following assets and liabilities transferred to other government departments during the year:

	Department for Energy and Mining	Department of Planning, Transport and Infrastructure	Total
	\$'000	\$'000	\$'000
Cash	27 108	1 711	28 819
Receivables	5 817	-	5 817
Total assets	32 925	1 711	34 636
Payables	33 083	1 711	34 794
Other liabilities	3	-	3
Total liabilities	33 086	1 711	34 797
Total net assets transferred	(161)	-	(161)

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A1.4 Budget performance

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

		Original budget 2019	Actual 2019	Variance
	Note	\$'000	\$'000	\$'000
Statement of Administered Comprehensive Income				
Administered expenses				
Employee benefits expenses		781	504	(277)
Grants and subsidies	a	10 904	2 278	(8 626)
Supplies and services	b	300	10 295	9 995
Other expenses	c	894	3 032	2 138
Total administered expenses		12 879	16 109	3 230
Administered income				
Revenues from SA Government	d	12 577	17 466	(4 889)
Commonwealth revenue	e	-	2 633	(2 633)
Interest		4	507	(503)
Fees and charges		-	203	(203)
Other income		-	158	(158)
Total administered income		12 581	20 967	(8 386)
Net result		(298)	4 858	(11 616)
Total comprehensive result		(298)	4 858	(11 616)

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

- a The favourable variance is primarily due to a reclassification issue of intra government transfers, where budgeted expenditure is classified as Grants and Subsidies but actual expenditure incurred is reported as Supplies and Services.
- b The unfavourable variance is primarily due to a reclassification issue of intra government transfers, where budgeted expenditure is classified as Grants and Subsidies and Other Expenses, but actual expenditure incurred is reported as Supplies and Services.
- c The unfavourable variance is primarily due to ex-gratia payments made in 2018-19 in association with the Stolen Generations Reparations Scheme (\$3.0 million).
- d The favourable variance is primarily due to a receipt from the Treasurer's Contingency Provisions to support payments associated with the Stolen Generations Reparations Scheme made in 2018-19 and 2017-18 (\$5 million).
- e The favourable variance is due to Commonwealth funding received for asbestos removal, demolition and construction work on Wardang Island (\$2.6 million).

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A2. Board, committees and employees

A2.1 Employee benefits expenses

	2019	2018
	\$'000	\$'000
Salaries and wages	494	528
Other employment related expenses	10	15
Total employee benefits expenses	504	543

Executive remuneration

	2019	2018
	No	No
The number of employees whose remuneration received or receivable falls within the following bands:		
\$431 001 to \$451 000	-	1
\$511 001 to \$531 000	1	-
Total	1	1

The employee on-costs of the Premier are included in the department's controlled financial statements.

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.

A2.2 Employee benefits liability

	2019	2018
	\$'000	\$'000
Current		
Accrued salaries and wages	8	9
Total current employee benefits	8	9
Total employee benefits	8	9

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.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A3. Expenses

Employee benefits expenses are disclosed in note A2.1.

A3.1 Grants and subsidies

	2019	2018
	\$'000	\$'000
Grants and subsidies	2 278	871
Total grants and subsidies	2 278	871

A3.2 Supplies and services

	2019	2018
	\$'000	\$'000
Marketing	1 134	1 109
Native Title Agreement payments	-	4 220
Mintabie Camp Fee payments	-	16
Intra-government transfers	9 109	-
Other	52	-
Total supplies and services	10 295	5 345

A3.3 Other Expenses

	2019	2018
	\$'000	\$'000
Ex gratia payments	3 032	-
Total other expenses	3 032	-

Ex gratia payments were made in association with the Stolen Generations Reparations Scheme.

A3.4 Disbursements on behalf of third parties

	2019	2018
	\$'000	\$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	-	342 001
Expiation notices - South Australia Police	-	7 529
Firearms licences - South Australia Police	-	3 121
Office of Business and Consumer Affairs	-	689
South Australian Water Corporation	-	711
Emergency Services Levy - South Australian Fire and Emergency Services Commission	-	522
Other	-	870
Total disbursements on behalf of third parties	-	355 443

As a result of administrative arrangements, the Department relinquished responsibility for Service SA collections and disbursements. Assets and liabilities relating to this business unit were transferred to the Department of Planning, Transport and Infrastructure 1 July 2018.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A4. Income

A4.1 Net revenues from SA Government

	2019	2018
	\$'000	\$'000
Revenues from SA Government		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	16 944	1 976
Special Acts	522	546
Total revenues from SA Government	<u>17 466</u>	<u>2 522</u>
Payments to SA Government		
Royalties	-	236 604
Total payments to SA Government	<u>-</u>	<u>236 604</u>
Net revenues from SA Government	<u>17 466</u>	<u>(234 082)</u>

Appropriations

Appropriations are recognised on receipt.

The original amount appropriated to the department under the annual *Appropriation Act* was not varied in the current or previous financial year.

There were no material variations between the amount appropriated and the expenditure associated with this appropriation.

A4.2 Commonwealth revenue

	2019	2018
	\$'000	\$'000
Commonwealth revenue	2 633	-
Total Commonwealth revenue	<u>2 633</u>	<u>-</u>

A4.3 Interest

	2019	2018
	\$'000	\$'000
Cash and cash equivalents	507	-
Total interest revenues	<u>507</u>	<u>-</u>

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A4.4 Collections on behalf of third parties

	2019	2018
	\$'000	\$'000
Registrations, licences and other fees - Department of Planning, Transport and Infrastructure	-	342 001
Expiation notices - South Australia Police	-	7 529
Firearms licences - South Australia Police	-	3 121
Office of Business and Consumer Affairs	-	689
South Australian Water Corporation	-	711
Emergency Services Levy - South Australian Fire and Emergency Services Commission	-	522
Other	-	870
Total collections on behalf of third parties	-	355 443

As a result of administrative arrangements, the Department relinquished responsibility for Service SA collections and disbursements. Assets and liabilities relating to this business unit were transferred to the Department of Planning, Transport and Infrastructure 1 July 2018.

A5. Financial assets

A5.1 Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Deposits with the Treasurer	43 383	29 954
Cash on hand and in transit	-	1 711
Total cash and cash equivalents	43 383	31 665

A5.2 Receivables

	2019	2018
	\$'000	\$'000
Current		
Trade receivables	1	232
Accrued revenues	45	5 585
Total receivables	46	5 817

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 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 payable to the ATO is included as part of receivables.

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A6. Liabilities

A6.1 Payables

	2019	2018
	\$'000	\$'000
Current		
Trade creditors	1	33 083
Accrued expenses	1 727	1 711
Unearned revenues	-	3
Total current payables	<u>1 728</u>	<u>34 797</u>
Total payables	<u>1 728</u>	<u>34 797</u>

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.

A7. Other disclosures

A7.1 Cash flow

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	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	43 383	31 665
Balance as per the Statement of Cash Flows	43 383	31 665
Reconciliation of net cash provided by / (used in) operating activities to net result of administered items		
Net cash provided by operating activities	5 835	9 082
Movement in assets and liabilities		
Decrease in receivables	(3)	(5 830)
Increase in payables	(975)	(3 249)
Decrease/(increase) in employee benefits	1	(1)
Net cost of providing services	<u>4 858</u>	<u>2</u>

Department of the Premier and Cabinet
Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

A8. Changes in accounting policy

A8.1 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.

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

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 changes to the comparative amounts.

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.

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A9. Outlook

A9.1 Unrecognised contractual commitments

Expenditure commitments

	2019	2018
	\$'000	\$'000
Within one year	2 889	-
Later than one year but not longer than five years	256	-
Total other commitments	3 145	-

Expenditure commitments mainly relate to the funding for the Wardang Island asbestos removal.

A9.2 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.

Contingent assets

No contingent assets have been identified.

Contingent liabilities

Stolen Generations Reparations Scheme

The Stolen Generations Reparations Scheme was established by the former government to acknowledge the trauma experienced by many Aboriginal people due to government policies that enabled the widespread removal of Aboriginal children from their families. A number of ex gratia payments are yet to be finalised as the department is experiencing difficulties in identifying the whereabouts of some of the eligible applicants as well as complexities associated with deceased estates.

A9.3 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 A8.1. There are no Accounting Policy Statements that are not yet effective.

The material impacts on the department are outlined below.

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

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A9.3 Impact of standards and statements not yet effective (continued)

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 expected to have a material 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	2 633
Net impact on net cost of providing services	2 633

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
Liabilities	
Contract liabilities	2 633
Net impact on equity	2 633

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that the department must adopt for the transition from 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.

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A9.4 Events after the reporting date

Transfers Out

As a result of administrative arrangements outlined in the Chief Executive Agreement dated 24 May 2019, the department relinquished responsibility for Veterans SA, a business unit of the department. Assets and liabilities relating to the administered Anzac Day Commemoration Fund were transferred to Defence SA effective 1 July 2019.