

Green Industries SA

Financial report
for the year ended
30 June 2018



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To the Presiding Member Green Industries SA

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Green Industries SA for the financial year ended 30 June 2018.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of Green Industries SA as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, the Acting Chief Executive and the Director Business.

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 Green Industries SA. 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 and the Board 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.

The Members of the Board are responsible for overseeing the entity's financial reporting process

Auditor's responsibilities for the audit of the financial report

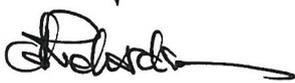
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I communicate with the Chief Executive and the Board 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.

A handwritten signature in black ink, appearing to read 'A Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

26 September 2018

Green Industries SA
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for Green Industries SA:

- 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 Green Industries SA
- present a true and fair view of the financial position of Green Industries SA as at 30 June 2018 and the results of their operations and cash flows for the financial year.

We certify that the internal controls employed by Green Industries SA for the financial year over their financial reporting and preparation of the general purpose financial statements have been effective throughout the reporting period.



Ian Harvey
Acting Chief Executive
25 September 2018



Marcia Kreinhold
Director Business
25 September 2018



Kevin Paul McGuinness
Presiding Member
Board of Green Industries SA
25 September 2018

**Green Industries SA
(GISA)**

Financial Statements

For the year ended 30 June 2018

Green Industries SA
Statement of Comprehensive Income
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Expenses			
Employee benefits	3	2 421	2 622
Supplies and services	5	2 195	1 890
Depreciation	6	54	53
Grants and subsidies	7	17 312	2 713
Other	8	21	16
Total expenses		22 003	7 294
Income			
Solid waste levies	9	31 722	27 176
Grants	10	166	209
Interest	11	1 601	1 335
Resources received free of charge	12	18	-
Other	13	79	10
Total income		33 586	28 730
Net benefit from providing services		11 583	21 436
Revenues from / (payments to) SA Government			
Revenues from SA Government	14	3	-
Total net revenues from SA Government		3	-
Net result		11 586	21 436
Total comprehensive result		11 586	21 436

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

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

Green Industries SA
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	15	120 350	108 273
Receivables	16	150	129
Total current assets		<u>120 500</u>	<u>108 402</u>
Non-current assets			
Property, plant and equipment	17	536	577
Loans	19	791	331
Total non-current assets		<u>1 327</u>	<u>908</u>
Total assets		<u>121 827</u>	<u>109 310</u>
Current liabilities			
Payables	20	1 509	422
Employee benefits	21	267	243
Provisions	22	3	1
Other liabilities	23	64	30
Total current liabilities		<u>1 843</u>	<u>696</u>
Non-current liabilities			
Payables	20	71	79
Employee benefits	21	767	884
Provisions	22	4	1
Other liabilities	23	480	574
Total non-current liabilities		<u>1 322</u>	<u>1 538</u>
Total liabilities		<u>3 165</u>	<u>2 234</u>
Net assets		<u>118 662</u>	<u>107 076</u>
Equity			
Retained earnings		118 662	107 076
Total equity		<u>118 662</u>	<u>107 076</u>

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

Unrecognised contractual commitments	24
Contingent assets and liabilities	25

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

Green Industries SA
Statement of Changes in Equity
for the year ended 30 June 2018

	Retained earnings \$'000	Total equity \$'000
Balance at 30 June 2016	85 640	85 640
Net result for 2016-17	21 436	21 436
Total comprehensive results for 2016-17	21 436	21 436
Balance at 30 June 2017	107 076	107 076
Net result for 2017-18	11 586	11 586
Total comprehensive results for 2017-18	11 586	11 586
Balance at 30 June 2018	118 662	118 662

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

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

Green Industries SA
Statement of Cash Flows
for the year ended 30 June 2018

		2018 (Outflows) Inflows \$'000	2017 (Outflows) Inflows \$'000
Cash flows from operating activities	Note		
Cash outflows			
Employee benefits payments		(2 522)	(2 491)
Payments for supplies and services		(2 018)	(1 949)
Payments of grants and subsidies		(16 414)	(2 506)
Other payments		(17)	(17)
Cash used in operations		<u>(20 971)</u>	<u>(6 963)</u>
Cash inflows			
Waste levies received		31 722	27 176
Grants received		161	238
Interest received		1 550	1 333
Other receipts		37	11
Cash generated from operations		<u>33 470</u>	<u>28 758</u>
Cash flows from SA government			
Receipts from SA government		3	-
Cash generated from SA government		<u>3</u>	<u>-</u>
Net cash provided by / (used in) operating activities	27	<u>12 502</u>	<u>21 795</u>
Cash flows from investing activities			
Cash outflows			
Loans advanced		(425)	(325)
Cash used in investing activities		<u>(425)</u>	<u>(325)</u>
Net cash provided by / (used in) investing activities		<u>(425)</u>	<u>(325)</u>
Net increase / (decrease) in cash and cash equivalents		<u>12 077</u>	<u>21 470</u>
Cash and cash equivalents at the beginning of the reporting period		108 273	86 803
Cash and cash equivalents at the end of the reporting period	15	<u>120 350</u>	<u>108 273</u>

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

Green Industries SA

Notes to and forming part of the financial statements

for the year ended 30 June 2018

1 Basis of financial statements

1.1 Reporting entity

The reporting entity is referred to throughout these statements as Green Industries SA (GISA), and comprises the following:

- * GISA – a statutory corporation with an appointed governing board established by the *Green Industries Act 2004*
- * an administrative unit named the Office of Green Industries SA established under the *Public Sector Act 2009*
- * the Green Industry Fund established under the *Green Industries SA Act 2004*.

The Chief Executive of the statutory corporation is subject to the control and direction of the Board in giving effect to its policies and decisions. The *Green Industries SA Act 2004* permits the statutory corporation to make use of the services of the administrative unit's employees and facilities.

1.2 Statement of compliance

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

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

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

1.3 Basis of preparation

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

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

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

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

1.4 Taxation

GISA is not subject to Income Tax. GISA is liable for Payroll Tax, Fringe Benefits Tax (FBT), Goods and Services Tax (GST), Emergency Services Levy (ESL), land tax equivalents and local government rate equivalents.

The Department for Environment and Water (DEW) prepares a Business Activity Statement on behalf of GISA under the grouping provisions of the GST legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore, GISA's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to GISA are recorded in DEW's Statement of Cash Flows.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives and programs

2.1 Objectives

GISA promotes waste management practices that, as far as possible, eliminate waste or its consignment to landfill; and encourages innovation and business activity in the waste management, resource recovery and green industry sectors in order to contribute to the state's economic growth.

To achieve its objectives, GISA undertakes programs and projects according to *South Australia's Waste Strategy 2015-20* and its annual business plan which include:

- developing and implementing government policy objectives in waste management, resource recovery, green industry and the circular economy
- encouraging innovation and economic growth through the green economy and reducing environmental impacts
- helping businesses to find new overseas markets for their waste management, resource recovery and circular economy knowledge and skills
- helping businesses to reduce their costs through more efficient use of materials, water and energy
- administering grants to local government and industry
- developing, administering and monitoring the State's Waste Strategy
- reporting against waste to landfill targets.

2.2 Programs

To achieve its objectives, GISA conducts its services through a single program, 'Waste reduction, resource recovery and green industry development'. Therefore, the primary objectives of the program are the same as those stated in section 2.1 above.

3 Employee benefits

Employee benefits expenses

	2018	2017
	\$'000	\$'000
Salaries and wages	1 776	1 791
Employment on-costs - superannuation *	299	285
Annual leave	161	182
Employment on-costs - other	114	119
Board and committees fees	82	73
Skills and experience retention leave	12	13
Long service leave	(25)	152
Other employment related expenses	2	7
Total employee benefits expenses	2 421	2 622

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Employee benefits (continued)

Key management personnel

Key management personnel of GISA include the Minister for Environment and Water, Board Members, the Chief Executive and two Directors who have responsibility for the strategic direction and management of the Agency. The compensation detailed below excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*. The Board's remuneration and allowances are set in accordance with the Premier and Cabinet Circular No. 016.

	2018	2017
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	648	637
Post-employment benefits	60	58
Total compensation	708	695

Remuneration of employees

The number of employees whose remuneration received or receivable falls within the following bands:	2018	2017
	Number	Number
\$169 001 – 179 000	1	2
\$179 001 – 189 000	1	-
\$259 001 – 269 000	1	-
\$269 001 – 279 000	-	1
Total	3	3

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 FBT paid or payable in respect of those benefits.

The total remuneration received by these employees for the year was \$621 000 (2017: \$618 000).

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

4 Remuneration of board members

Members during the 2017-18 financial year were:

Green Industries SA Board

K P McGuinness (Presiding Member)

J H Brown

M F N Dyson

V J Levitzke* (Ex Officio)

P P Sandercock

R A Sharp

M P Withers

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

	2018	2017
\$0 - \$9 999	1	5
\$10 000 - \$19 999	5	4
\$20 000 - \$29 999	1	-
Total number of members	7	9

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

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and super contributions, salary sacrifice benefits and FBT paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$87 000 (2017: \$77 000).

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Supplies and services

	2018	2017
	\$'000	\$'000
Fee for service - other (professional services)	542	290
Waste disposal	382	208
Fee for service - community education programs	349	322
Consultants	136	99
Accommodation and property management expenses	119	150
General administration	110	107
Information technology and communication expenses	85	62
Fee for service - DEW	81	77
Minor works, maintenance and equipment	67	38
Fee for service - litter data analysis	61	44
Travel and accommodation	53	39
Staff development	28	26
Fee for service - event management	27	378
Advertising	8	-
Other	147	50
Total supplies and services	2 195	1 890

Operating leases

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of benefits derived from the use of the leased assets.

Consultants

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

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
Below \$10 000	1	4	-	-
\$10 000 or above	2	132	3	99
Total paid / payable to the consultants engaged	3	136	3	99

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

6 Depreciation

	2018 \$'000	2017 \$'000
Depreciation		
Leasehold improvements	54	53
Total depreciation	<u>54</u>	<u>53</u>

All non-current assets, having a limited useful life, are systematically depreciated 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.

Assets' residual values and useful lives are reviewed and adjusted if appropriate, on an annual basis.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate, which is a change in accounting estimate.

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

Class of asset	Useful life (years)
Leasehold improvements	12

7 Grants and subsidies

	2018 \$'000	2017 \$'000
Climate change initiatives *	13 792	718
Industry infrastructure grants	1 747	1 149
Local government infrastructure grants	1 124	480
Trade waste implementation grants	395	162
Innovation grants	109	90
Resource efficiency and assistance program (REAP) (including Industry program assessment and evaluation, and innovation and system)	-	52
Regional implementation grants	55	35
Metropolitan infrastructure grants	-	20
Partnership with Tertiary Education	-	5
Conservation Council of South Australia	2	2
Other contributions	88	-
Total grants and subsidies	<u>17 312</u>	<u>2 713</u>

* Intra government transfers for climate change projects as directed by the Minister under the *Green Industries SA Act 2004*.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

8 Other expenses

	2018	2017
	\$'000	\$'000
Other *	21	16
Total other expenses	21	16

* Includes audit fees paid/payable to the Auditor General's Department (AGD) relating to work performed under the PFAA were \$17 000 (2017: \$16 000). No other services were provided by AGD.

9 Solid waste levies

	2018	2017
	\$'000	\$'000
Solid waste levies received from Environment Protection Authority *	31 722	27 176
Total solid waste levies	31 722	27 176

* As per section 17 of the *Green Industries SA Act 2004*, GISA receives 50% of solid waste levies collected by the Environment Protection Authority (EPA).

10 Grant revenues

	2018	2017
	\$'000	\$'000
Grants received from SA Government entities	166	199
Private industry and local government	-	10
Total grant revenues	166	209

Contributions are recognised as an asset and income when GISA obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (that is the amount can be reliably measured and the flow of resources is probable).

Generally, GISA has obtained control or the right to receive:

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

All contributions received by GISA have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

11 Interest revenues

	2018	2017
	\$'000	\$'000
Interest from entities within the SA Government *	1 566	1 329
Other	35	6
Total interest revenues	1 601	1 335

* Interest rate is dictated by the Department of Treasury and Finance.

12 Resources received free of charge

	2018	2017
	\$'000	\$'000
Services received free of charge - Shared Services SA	18	-
Total resources received free of charge	18	-

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

Under AASB 1004 *Contributions*, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated. A corresponding expense is recognised in the financial statements (see note 5).

13 Other income

	2018	2017
	\$'000	\$'000
Professional advice and services	32	-
Reimbursement of expenses incurred	6	6
Other sundry revenue	41	4
Total other income	79	10

14 Revenues from/payments to SA Government

	2018	2017
	\$'000	\$'000
Revenues from SA Government		
Appropriation from Treasurer's Contingency Fund *	3	-
Total revenues from SA Government	3	-

* Relates to additional funding for the wages parity salaried supplementation.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Cash and cash equivalents

	2018	2017
	\$'000	\$'000
Deposits with the Treasurer	120 350	108 273
Total cash and cash equivalents	120 350	108 273

Cash is measured at nominal amounts.

16 Receivables

	2018	2017
	\$'000	\$'000
Current		
Accrued revenues	135	119
Prepayments	10	10
Receivables	5	-
Total current receivables	150	129
Total receivables	150	129

Interest rate and credit risk

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

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that GISA will not be able to collect the debt. No allowance for doubtful debts has been made as 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 29 for further information on risk management.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

17 Property, plant and equipment

	2018	2017
	\$'000	\$'000
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	652	639
Accumulated depreciation	(116)	(62)
Total leasehold improvements	<u>536</u>	<u>577</u>
Total property, plant and equipment	<u><u>536</u></u>	<u><u>577</u></u>

Acquisition and recognition

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

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

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

Carrying amount of property, plant and equipment

All items of property, plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with Accounting Policy Framework III *Asset Accounting Framework* (APF III).

Revaluation of non-current assets

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

As GISA does not hold assets that meet this criteria assets have not been revalued.

Impairment

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

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

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

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

17 Property, plant and equipment (continued)

Movement reconciliation of property, plant and equipment

2018	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	577	577
Depreciation	(54)	(54)
Other changes	13	13
Carrying amount at the end of the period	536	536
2017	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	630	630
Depreciation	(53)	(53)
Carrying amount at the end of the period	577	577

18 Fair value measurement

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

GISA 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 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.

In determining fair value, GISA has taken into account the characteristic of the asset (for example, condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is, physically possible, legally permissible, financially feasible).

GISA's current use is the highest and best use of the assets unless other factors suggest an alternative use is feasible. As GISA did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2018

18 Fair value measurement (continued)

Fair value hierarchy

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

Fair value measurements at 30 June 2018	Level 3
Recurring fair value measurements	\$'000
Leasehold improvements	536
Total recurring fair value measurements	536
	<hr/>
Total fair value measurements	536
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Fair value measurements at 30 June 2017	Level 3
Recurring fair value measurements	\$'000
Leasehold improvements	577
Total recurring fair value measurements	577
	<hr/>
Total fair value measurements	577
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During 2018 and 2017, GISA had no valuations categorised into level 1 or level 2. There were no changes in valuation techniques during 2018.

19 Loans

	2018	2017
	\$'000	\$'000
Other *	791	331
Total loans	791	331

* Comprises an investment loan initiated by GISA in 2016-17, to commercialise innovative waste and recycling technologies and ideas. A partnership between GISA and Innovyz Pty Ltd (a South Australian based company) was established to facilitate the loan scheme with the aim of commercialising research in waste management, recycling and related areas. The loan operates under a maximum of a 5 year period and a commercial annual interest rate (4.5% p.a.) is applied daily on the loan.

Green Industries SA
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20 Payables

	2018	2017
	\$'000	\$'000
Current		
Creditors	1 429	344
Employee benefit on-costs *	50	56
Accrued expenses	30	22
Total current payables	<u>1 509</u>	<u>422</u>
Non-current		
Employee benefit on-costs	71	79
Total non-current payables	<u>71</u>	<u>79</u>
Total payables	<u><u>1 580</u></u>	<u><u>501</u></u>

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance (DTF), the percentage of the proportion of long service leave taken as leave has changed from the 2017 rate (40%) to 41% and the average factor for the calculation of employer superannuation cost on-costs has also changed from the 2017 rate (10.1%) to 9.9%. These rates are used in the employment on-cost calculation.

Green Industries SA
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21 Employee benefits

	2018 \$'000	2017 \$'000
Current		
Accrued salaries and wages	39	35
Annual leave	155	155
Long service leave	67	42
Skills and experience retention leave	6	11
Total current employee benefits	267	243
Non-current		
Long service leave	767	884
Total non-current employee benefits	767	884
Total employee benefits	1 034	1 127

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

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

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

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

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

Long service leave

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

AASB 119 *Employee Benefits* specifies the calculation methodology for long service leave liability. The actuarial assessment performed by DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth bonds has remained unchanged from 2017 (2.50%).

The net financial effect of the changes to actuarial assumptions in the current financial year is immaterial. The impact on future periods is impracticable to estimate as the long service liability is calculated using a number of demographic and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate. The unconditional portion of the long service leave provision is classified as current as GISA does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of the long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

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22 Provisions

	2018 \$'000	2017 \$'000
Current		
Provision for workers' compensation	3	1
Total current provisions	<u>3</u>	<u>1</u>
Non-current		
Provision for workers' compensation	4	1
Total non-current provisions	<u>4</u>	<u>1</u>
Total provisions	<u><u>7</u></u>	<u><u>2</u></u>
Provision movement		
Carrying amount at the beginning of the period	2	3
Additional provisions recognised	5	-
Reductions resulting from re-measurement or settlement without cost	-	(1)
Carrying amount at the end of the period	<u>7</u>	<u>2</u>

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

GISA is responsible for the payment of workers' compensation claims.

23 Other liabilities

	2018 \$'000	2017 \$'000
Current		
Lease incentive	64	30
Total current other liabilities	<u>64</u>	<u>30</u>
Non-current		
Lease incentive	480	574
Total non-current other liabilities	<u>480</u>	<u>574</u>
Total other liabilities	<u><u>544</u></u>	<u><u>604</u></u>

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

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24 Unrecognised contractual commitments

Commitments include an operating lease arising from contractual or statutory sources and are disclosed at their nominal value.

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

	2018	2017
	\$'000	\$'000
Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	138	132
Later than one year but not longer than five years	676	622
Later than five years	1 026	1 218
Total operating lease commitments	1 840	1 972

The operating lease held by GISA is a property lease with a penalty clause equal to the amount of residual payments remaining for the lease terms. The lease is payable one month in advance and GISA has the right of renewal.

25 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.

GISA is not aware of the existence of any contingent assets or contingent liabilities.

26 Related party transactions

Green Industries SA is wholly owned and controlled by the Crown.

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

Significant transactions with government related entities

GISA had significant transactions with EPA during the 2017-18 financial year – refer note 9.

GISA also made significant intra government transfer payments with DEW, Department of the Premier and Cabinet and Department of Planning, Transport and Infrastructure for climate change initiatives – refer note 7 and footnote 1.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between GISA and other SA Government controlled entities are disclosed at note 32.

Transactions with Key Management Personnel and other related parties

Compensation of Key Management Personnel is disclosed as note 3.

Green Industries SA
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27 Cash flow reconciliation

	2018	2017
	\$'000	\$'000
Reconciliation of cash and cash equivalents disclosed in the Statement of Financial Position		
Cash and cash equivalents disclosed in the Statement of Financial Position	120 350	108 273
Balance as per the Statement of Cash Flows	120 350	108 273
Reconciliation of net cash provided by / (used in) operating activities to net benefit from providing services		
Net cash provided by/(used in) operating activities	12 502	21 795
Less revenues from SA Government	(3)	-
Add / (less) non-cash items		
Depreciation	(54)	(53)
Loan interest capitalised	35	6
Prior period error correction - other liabilities	13	-
Movement in assets and liabilities		
Increase/(decrease) in receivables	21	(52)
(Increase) in payables	(1 079)	(170)
Decrease/(increase) in employee benefits	93	(121)
Decrease in other liabilities	60	30
(Increase)/decrease in provisions	(5)	1
Net benefit from providing services	11 583	21 436

Green Industries SA
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28 Budgetary reporting and explanations of major variances between budget and actual amounts

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

		Original budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
Statement of Comprehensive Income	Note			
Expenses				
Employee benefits		2 612	2 421	(191)
Supplies and services		2 021	2 195	174
Depreciation		54	54	-
Grants and subsidies	a	14 670	17 312	2 642
Other		12	21	9
Total expenses		19 369	22 003	2 634
Income				
Solid waste levies		31 714	31 722	8
Grants		-	166	166
Interest		1 835	1 601	(234)
Resources received free of charge		-	18	18
Other		-	79	79
Total income		33 549	33 586	37
Net benefit from providing services		14 180	11 583	(2 597)
Revenues from / payments to SA government				
Revenues from SA government		-	3	3
Total net revenues from SA Government		-	3	3
Net result		14 180	11 586	(2 594)

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

- a The variance in the grants and subsidies line is primarily related to the following:
- payment to the Department of the Premier and Cabinet for climate change initiative – hydrogen refuelling station and fuel cell bus trail (\$4.75 million)
 - trade waste initiative funding deferred to 2018-19 and 2019-20 (\$2.6 million) and trade waste initiative being under subscribed from the private sector in 2017-18 (\$0.8 million)

Green Industries SA
Notes to and forming part of the financial statements
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29 Financial risk management / financial instruments

Financial risk management

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

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

Liquidity risk

GISA is funded principally from waste levies received under the *Green Industries SA Act 2004* (refer to note 9). GISA's expenditure authority is approved by the Treasurer each year, based on budgeted revenues and expenditures outlined in an annual Business Plan.

Refer to note 20 for further information.

Credit and market risk

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

GISA does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. GISA 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*.

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

Refer to notes 15 and 16 for further information.

GISA has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

There have been no significant 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 note 2 or the respective financial asset / financial liability note.

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

GISA does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

- The carry 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 2, 16 and 20).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer to notes 2 and 19).

Green Industries SA
Notes to and forming part of the financial statements
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29 Financial risk management / financial instruments (continued)

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2018 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents		120 350	120 350	-	-	-
Loans and receivables						
Receivables	(1), (2)	140	140	-	-	-
Loans		791	-	-	791	-
Total financial assets		121 281	120 490	-	791	-
Financial liabilities						
Financial liabilities at cost						
Payables	(1)	1 442	1 442	-	-	-
Total financial liabilities		1 442	1 442	-	-	-

Category of financial asset and financial liability	Note	Carrying amount / fair value \$'000	2017 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents						
Cash and cash equivalents		108 273	108 273	-	-	-
Loans and receivables						
Receivables	(1), (2)	119	119	-	-	-
Loans		331	-	-	331	-
Total financial assets		108 723	108 392	-	331	-
Financial liabilities						
Financial liabilities at cost						
Payables	(1)	349	349	-	-	-
Total financial liabilities		349	349	-	-	-

- (1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; AGD audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).
- (2) Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 16 as trade and other receivables in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

Green Industries SA
Notes to and forming part of the financial statements
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30 Impact of standards and policies not yet implemented

GISA did not voluntarily change any of its accounting policies during 2017-18.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by GISA for the period ending 30 June 2018.

AASB 9 Financial Instruments

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

GISA has not yet quantified the impact of applying AASB 9 *Financial Instruments* on the classification and measurement of its financial assets, and the resulting impact on the statement of comprehensive income.

AASB 16 Leases

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

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

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

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

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

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

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

GISA's current operating lease commitments note (see note 24) provides an indication of the amounts to be recognised 'on-balance sheet' at transition (an expected increase in lease liabilities with a corresponding right-of-use asset). The reclassification between supplies and services expense and depreciation/interest has not yet been estimated.

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30 Impact of standards and policies not yet implemented (continued)

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

These standards will apply for the first time to reporting periods beginning on or after 1 January 2019, i.e. to financial statements as 30 June 2020. GISA has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

31 Events after the reporting period

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

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

GISA is not aware of any event occurring after balance date that would materially affect the financial statements.

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32 Transactions with SA Government

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

	Note	SA Government		Non-SA Government		Total	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits	3	109	119	2 312	2 503	2 421	2 622
Supplies and services	5	145	442	2 050	1 448	2 195	1 890
Depreciation	6	-	-	54	53	54	53
Grants and subsidies	7	13 794	720	3 518	1 993	17 312	2 713
Other	8	17	16	4	-	21	16
Total expenses		14 065	1 297	7 938	5 997	22 003	7 294
Income							
Solid waste levies	9	31 722	27 176	-	-	31 722	27 176
Grants	10	166	199	-	10	166	209
Interest	11	1 601	1 329	-	6	1 601	1 335
Resources received free of charge	12	18	-	-	-	18	-
Other	13	-	-	79	10	79	10
Revenues from SA Government	14	3	-	-	-	3	-
Total income		33 510	28 704	79	26	33 589	28 730
Financial assets							
Receivables	16						
Accrued revenues		135	119	-	-	135	119
Prepayments		-	-	10	10	10	10
Receivables		-	-	5	-	5	-
Loans	19	-	-	791	331	791	331
Total financial assets		135	119	806	341	941	460
Financial liabilities							
Payables	20						
Creditors		-	-	1 429	344	1 429	344
Employee benefit on-costs		60	65	61	70	121	135
Accrued expenses		17	17	13	5	30	22
Other liabilities	23						
Lease incentive		544	604	-	-	544	604
Total financial liabilities		621	686	1 503	419	2 124	1 105