

Investment Attraction South Australia

Financial report
for the year ended
30 June 2018



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To the Chief Executive Department for Trade, Tourism and Investment

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Investment Attraction South Australia 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 Investment Attraction South Australia 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 Chief Executive and the Director, Strategic Operations.

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

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

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

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

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

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

Andrew Richardson

Auditor-General

26 September 2018

Investment Attraction South Australia
Certification of the Financial Statements
for the year ended 30 June 2018

We certify that the attached general purpose financial statements for Investment Attraction South Australia:

- 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 Investment Attraction South Australia
- present a true and fair view of the financial position of Investment Attraction South Australia as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by Investment Attraction South Australia for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Mike Hnyda
Chief Executive
25 September 2018



Sophie Adlaf
Director, Strategic Operations
25 September 2018

**Investment Attraction South Australia
(IASA)**

Financial Statements

For the year ended 30 June 2018

Investment Attraction South Australia
Statement of Comprehensive Income
for the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<u>Expenses</u>			
Employee benefits	3	6 036	5 829
Supplies and services	5	2 754	2 771
Grants and subsidies	6	14 033	6 249
Total expenses		22 823	14 849
<u>Income</u>			
Resources received free of charge	7	26	-
Other revenues	8	1 201	-
Total income		1 227	-
Net cost of providing services		(21 596)	(14 849)
Revenues from SA Government			
Revenues from SA Government	9	25 137	22 468
Total net revenues from SA Government		25 137	22 468
Net result		3 541	7 619
Total comprehensive result		3 541	7 619

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

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

Investment Attraction South Australia
Statement of Financial Position
as at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<u>Current assets</u>			
Cash	10	17 878	12 728
Receivables	11	85	93
Total current assets		17 963	12 821
Total assets		17 963	12 821
<u>Current liabilities</u>			
Payables	12	3 573	2 087
Employee benefits	13	612	592
Provisions	14	5	2
Total current liabilities		4 190	2 681
<u>Non-current liabilities</u>			
Payables	12	90	82
Employee benefits	13	977	898
Provisions	14	8	3
Total non-current liabilities		1 075	983
Total liabilities		5 265	3 664
Net assets		12 698	9 157
<u>Equity</u>			
Retained earnings		12 698	9 157
Total equity		12 698	9 157

Total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	15
Contingent assets and liabilities	16

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

Investment Attraction South Australia
Statement of Changes in Equity
for the year ended 30 June 2018

	<u>Retained earnings</u>	<u>Total equity</u>
	\$'000	\$'000
Balance at 30 June 2016	1 538	1 538
Net result for 2016-17	<u>7 619</u>	<u>7 619</u>
Total comprehensive result 2016-17	<u>7 619</u>	<u>7 619</u>
Balance at 30 June 2017	<u>9 157</u>	<u>9 157</u>
Net result for 2017-18	<u>3 541</u>	<u>3 541</u>
Total comprehensive result 2017-18	<u>3 541</u>	<u>3 541</u>
Balance at 30 June 2018	<u><u>12 698</u></u>	<u><u>12 698</u></u>

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.

Investment Attraction South Australia
Statement of Cash Flows
for the year ended 30 June 2018

		2018	2017
		(Outflows)	(Outflows)
		Inflows	Inflows
	Note	\$'000	\$'000
<u>Cash flows from operating activities</u>			
Cash outflows			
Employee benefits payments		(5 931)	(5 272)
Payments for supplies and services		(4 376)	(2 859)
Payments for grants and subsidies		(10 883)	(4 490)
Cash used in operations		<u>(21 190)</u>	<u>(12 621)</u>
Cash inflows			
Other receipts		1 203	-
Cash generated from operations		<u>1 203</u>	<u>-</u>
Cash flows from SA Government			
Receipts from SA Government		25 137	22 468
Cash generated from SA Government		<u>25 137</u>	<u>22 468</u>
Net cash provided by operating activities		<u>5 150</u>	<u>9 847</u>
Net increase in cash		<u>5 150</u>	<u>9 847</u>
Cash at the beginning of the period		12 728	2 881
Cash at the end of the period	10	<u>17 878</u>	<u>12 728</u>

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

Investment Attraction South Australia

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

Investment Attraction South Australia (IASA) is an attached office to the Department of State Development (DSD), established under section 27 of the *Public Sector Act 2009*. The financial statements and accompanying notes include all the controlled activities of IASA.

IASA does not control any other entity and has no interests in unconsolidated structured entities.

IASA has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

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 (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

The office has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the office 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 IASA for the period ending 30 June 2018.

1.3 Basis of preparation

The financial statements have been prepared based on a twelve 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 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.

Significant accounting policies are set out in the notes.

1.4 Taxation

IASA is not subject to Income Tax. The office is liable for Payroll Tax, Fringe Benefits Tax (FBT), Goods and Services Tax (GST) and Emergency Services Levy (ESL). Income, expense and assets are recognised net of the amount of GST. GST collections and payments are carried out by the Department of State Development on behalf of the office.

2 Objectives of Investment Attraction South Australia

IASA was established as an administrative unit pursuant to section 27 of the *Public Sector Act 2009* (the Act). IASA was established as an attached office of the Department of State Development (DSD) from 1 April 2016.

IASA is the leading body within government for all major investment attraction activity from both overseas and interstate companies, with the main focus of attracting Foreign Direct Investment (FDI) to increase economic development and create jobs that provide prosperity for South Australia and its citizens.

To achieve success, IASA actively partners with other government departments and agencies such as DSD, Defence SA and Health in SA and partners across government to get the best outcomes for its customers and the State.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

2 Objectives of Investment Attraction South Australia (continued)

IASA is a stand-alone investment attraction agency with the following key objectives:

- facilitate the creation of new and transformational jobs through capital investment in targeted sectors
- promote South Australia interstate and internationally as a Global Business location increasing awareness of the state and business proposition and opportunities available to investors
- provide leadership in investment opportunities that stem from whole of government initiatives contributing to the economic impact to the state
- develop and market suitable projects for investment aimed at international markets and promote these in markets through business and trade missions
- identify and attract new investors to the state primarily through case management expertise, creating capital investment from secured investment projects
- target new and existing businesses in strategic geographic locations targeting FDI through companies and investors.

IASA's objective is to drive inward investment to the State with a focus on economic transformation that leads to the creation of jobs. The roots of the office are firmly planted in the balance between long term transformation of the State's economy and the present needs for economic growth.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

3 Employee benefits

Employee benefits expenses

	2018	2017
Note	\$'000	\$'000
Salaries and wages	4 450	4 136
Long service leave	171	266
Annual leave	397	462
Skills and experience retention leave	20	17
Employment on-costs – superannuation *	482	459
Employment on-costs - other	282	263
Workers compensation	9	2
Board fees	4 225	224
Total employee benefits expense	6 036	5 829

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

Key management personnel

Key management personnel of the office include the Minister, the Chief Executive Officer and the eight (2017: seven) members of the Executive Team who have responsibility for the strategic direction and management of the office. The compensation detailed below excludes salaries and other benefits the Minister receives. Aggregate compensation for the Minister will be disclosed in the Whole of Government Consolidated Financial Report.

	2018	2017
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 719	1 476
Post-employment benefits	166	142
Total compensation	1 885	1 618

The post-employment benefits relate to superannuation.

Remuneration of employees

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

	2018	2017
	Number	Number
\$147 001 to \$149 000 *	n/a	1
\$159 001 to \$169 000	-	1
\$169 001 to \$179 000	1	1
\$179 001 to \$189 000	3	1
\$189 001 to \$199 000	1	-
\$209 001 to \$219 000	-	2
\$229 001 to \$239 000	1	-
\$239 001 to \$249 000	1	-
\$379 001 to \$389 000	1	-
\$419 001 to \$429 000	-	1
Total number of employees	8	7

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

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

Remuneration of employees (continued)

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, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by these employees for the year was \$1.8 million (2017: \$1.5 million).

4 Remuneration of board and committee members

Members during the 2017-18 financial year were:

Investment Attraction SA

- R Chapman (Chair) (term expired June 2018)
- J Griggs (term expired June 2018)
- J Hewitt (term expired June 2018)
- W Muirhead * (term expired June 2018)
- J Nason ^ (resigned February 2018)
- G Raby (term expired June 2018)
- D Reynolds * (term expired June 2018)
- N Roos (term expired June 2018)
- N Rowe (term expired June 2018)

The board was abolished from 1 July 2018 (refer note 19).

* 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.

Remuneration of board members

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

	2018	2017
	Number	Number
\$30 000 - \$39 999	5	5
\$80 000 - \$89 999	1	1
Total number of members	6	6

Remuneration of members reflects all costs of performing board / committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$243 000 (2017: \$240 000) including amounts paid to superannuation plans for board members was \$18 000 (2017: \$15 000).

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

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

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

5 Supplies and services

	2018	2017
	\$'000	\$'000
Contractors	894	867
Travel and related expenses	416	507
Office administration expenses	392	368
Accommodation and service costs	364	409
Marketing	284	270
Communications and information technology	266	251
Staff related expenses	73	83
Consultancies	49	-
Accounting and audit fees	16	16
Total supplies and services	2 754	2 771

The total supplies and services amount disclosed includes GST amounts not recoverable from the Australian Taxation Office due to the office not holding a tax invoice or payments related to third party arrangements.

Consultants

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

	2018	2018	2017	2017
	Number	\$'000	Number	\$'000
\$10 000 or above	1	49	-	-
Total paid / payable to the consultants engaged	1	49	-	-

6 Grants and subsidies

	2018	2017
	\$'000	\$'000
Grants	14 008	6 239
Sponsorships	25	10
Total grants and subsidies	14 033	6 249

The increase of \$7.8 million is predominantly due to increases in payments under the Economic Investment Fund in 2018 (refer note 15).

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

7 Resources received free of charge

	2018 \$'000	2017 \$'000
Services received free of charge - Shared Services SA	26	-
Total resources received free of charge	26	-

On the 21 November 2016, approval was given by Cabinet to cease the intra-government charging model for services provided by Shared Services SA (SSSA) to general government sector agencies. As a result of this change, effective from 2018, SSSA is directly appropriation funded for the services provided by SSSA to general government agencies. Under AASB 1004 Contributions, the contribution of services provided by SSSA to government agencies are disclosed in the financial statements as income because the fair value of the services can be reliably measured and the services would have been purchased if they had not been donated. A corresponding expense is recognised in the financial statements (see Note 5).

8 Other revenues

	2018 \$'000	2017 \$'000
Other	1 201	-
Total other revenues	1 201	-

Relates predominately to a contribution from the Department of Primary Industries and Regions SA from the Regional Development Fund for two projects.

9 Revenues from SA Government

	2018 \$'000	2017 \$'000
Revenues from SA Government		
Intra government transfers	25 137	22 468
Total revenues from SA Government	25 137	22 468
Net revenues from SA Government	25 137	22 468

Relates to appropriations for operational funding received via the Department of State Development.

10 Cash

	2018 \$'000	2017 \$'000
Cash at bank	17 878	12 728
Total cash	17 878	12 728

Cash is measured at nominal amounts.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

11 Receivables

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Receivables	6	16
Prepayments	79	77
Total current receivables	85	93
Total receivables	85	93

Interest rate and credit risk

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

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

Categorisation of financial instruments and risk exposure information - refer note 18.

12 Payables

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Creditors and accrued expenses	3 461	1 976
Employment on-costs ^	112	111
Total current payables	3 573	2 087
<u>Non - current</u>		
Employment on-costs ^	90	82
Total non-current payables	90	82
Total payables	3 663	2 169

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has increased from 40% in 2017 to 41% in 2018. and the average factor for the calculation of employer superannuation on-cost has changed from 10.1% in 2017 to 9.9% in 2018. These rates are used in the employment on-cost calculation. The impact on 2018 and future years cannot be reliably estimated.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

12 Payables (continued)

Interest rate and credit risk

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

13 Employee benefits

	2018	2017
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	82	93
Annual leave	483	459
Long service leave	24	16
Skills and experience retention leave	23	24
Total current employee benefits	612	592
<u>Non-current</u>		
Long service leave	977	898
Total non-current employee benefits	977	898
Total employee benefits	1 589	1 490

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 their nominal amounts.

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

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

The annual leave liability and the skills and experience 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 for sick leave.

Long service leave

Current long service leave reflects the portion of leave expected to be settled within the next 12 months based on the average long service leave taken annually over the previous 2 years.

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

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and periods of service.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

13 Employee benefits (continued)

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of long service leave liability. The yield on long-term Commonwealth Government bonds for 2018 remains unchanged 2.5%.

The net financial effect of the changes in the current financial year is an increase in the long service liability of \$0.02 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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

14 Provisions

	2018 \$'000	2017 \$'000
<u>Current</u>		
Provision for workers compensation	5	2
Total current provisions	5	2
<u>Non-current</u>		
Provision for workers compensation	8	3
Total non-current provisions	8	3
Total provisions	13	5
Carrying amount at the beginning of the period	5	3
Increase in provisions recognised	8	2
Carrying amount at the end of the period	13	5

A liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2018 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

15 Unrecognised contractual commitments

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

Unrecognised contractual commitments are disclosed net of the amount of GST recoverable from, or payable to the 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.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2018

15 Unrecognised contractual commitments (continued)

Other commitments

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

	2018	2017
	\$'000	\$'000
Within one year	14 327	8 744
Later than one year but not later than five years	8 762	9 877
Later than five years	300	-
Total other commitments	23 389	18 621

Amounts disclosed include commitments arising from agreements with grant recipients. The increase in other commitments relates to new grant agreements under the Economic Investment Fund which were signed during 2018.

Operating lease commitments

Office as lessee

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

	2018	2017
	\$'000	\$'000
Within one year	23	17
Later than one year but not later than five years	29	11
Total operating lease commitments	52	28

Representing

Cancellable operating leases	52	11
Total operating lease commitments	52	11

The office's operating lease relate to motor vehicles. A motor vehicle is leased from the South Australian Government Financing Authority (SAFA) through their agent LeasePlan Australia, with a lease period of up to three years. This is cancellable without notice.

Office accommodation is leased from the Department of Planning, Transport and Infrastructure by the Department of State Development. Accommodation costs are reimbursed by Investment Attraction South Australia to the Department of State Development.

16 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

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

Contingent liabilities

The office is not aware of any contingent liabilities at reporting date.

Investment Attraction South Australia

Notes to and forming part of the financial statements

for the year ended 30 June 2018

17 Related party transactions

Investment Attraction South Australia has been established as an administrative unit pursuant to section 27 of the *Public Sector Act 2009*.

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

Significant transactions with government related entities

The office has received \$25.1 million (2017: \$22.5 million) of appropriations for operational funding from the Department of State Development. Quantitative information about the transaction and balance are disclosed at note 9.

Transactions with Key Management Personnel

Compensation of Key Management Personnel is disclosed in note 3.

18 Financial risk management / financial instruments

Financial risk management

Risk management is managed by IASA's corporate services section. IASA's risk management policy and procedures are drafted in accordance with the relevant Treasurer's Instructions, *Risk Management Policy Statement* issued by the Premier and the Treasurer, and the Australian Standard *Risk Management Principles and Guidelines*.

IASA's exposure to financial risk - liquidity risk, credit risk and market risk. IASA's exposure to risk is insignificant based on past experience and current assessment of risk.

Liquidity risk

Liquidity risk arises where the office is unable to meet its financial obligations as they fall due. IASA is funded principally from appropriation by the SA Government. IASA 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. IASA settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution. IASA's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

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

Credit risk

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

IASA has minimal concentration of credit risk. IASA has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. IASA does not engage in high risk hedging for its financial assets.

There are no impaired financial assets at 30 June 2018.

Investment Attraction South Australia
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18 Financial risk management / financial instruments (continued)

Categorisation of financial instruments

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

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

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

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

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

Category of financial asset and financial liability	Note	2018 Carrying amount / fair value \$'000	2017 Carrying amount / fair value \$'000
Financial assets			
Cash	10	17 878	12 728
Loans and receivables ⁽¹⁾⁽²⁾	11	6	16
Total financial assets		17 884	12 744
Financial liabilities			
Financial liabilities at cost ⁽¹⁾	12	3 461	1 976
Total financial liabilities		3 461	1 976

¹⁾ The receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore, in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables / payables, tax equivalents, Commonwealth tax, etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law.

²⁾ The receivables amount disclosed here excludes prepayments. Prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.

19 Events after the reporting period

The *Public Sector (Reorganisation of Public Sector Operations no. 2) Notice 2018* (dated 21 June 2018) proclaimed that effective from 1 July 2018 employees of Investment Attraction South Australia would be transferred into the Department for Trade, Tourism and Investment.

The *Public Sector (Administrative Units of Public Service) Proclamation 2018* (dated 21 June 2018) proclaimed that effective from 1 July 2018 Investment Attraction South Australia would be abolished.