

Investment Attraction South Australia

Financial report
for the year ended
30 June 2019



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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 2019.

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 2019, 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 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive, Department for Trade, Tourism and Investment and the Director, Strategic Operations, Department for Trade, Tourism and Investment.

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

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

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

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

I communicate with the Chief Executive, Department for Trade, Tourism and Investment 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 flourish extending to the right.

Andrew Richardson

Auditor-General

27 September 2019

Investment Attraction South Australia
Certification of the Financial Statements
for the year ended 30 June 2019

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 2019 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.



Leonie Muldoon
Chief Executive
Department for Trade, Tourism and Investment
27 September 2019



Sophie Adlaf
Director, Strategic Operations
Department for Trade, Tourism and Investment
27 September 2019

Investment Attraction South Australia
Statement of Comprehensive Income
for the year ended 30 June 2019

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|-----------------|
| <u>Expenses</u> | | | |
| Employee benefits | 4 | - | 6 036 |
| Supplies and services | 6 | - | 2 754 |
| Grants and subsidies | 7 | - | 14 033 |
| Total expenses | | | 22 823 |
| <u>Income</u> | | | |
| Resources received free of charge | 8 | - | 26 |
| Other revenues | 9 | - | 1 201 |
| Total income | | - | 1 227 |
| Net cost of providing services | | - | (21 596) |
| Revenues from SA Government | | | |
| Revenues from SA Government | 10 | - | 25 137 |
| Total net revenues from SA Government | | - | 25 137 |
| Net result | | - | 3 541 |
| Total comprehensive result | | - | 3 541 |

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 2019

| | Note | 2019 \$'000 | 2018 \$'000 |
|---------------------------------------|------|----------------|----------------|
| <u>Current assets</u> | | | |
| Cash | 11 | - | 17 878 |
| Receivables | 12 | - | 85 |
| Total current assets | | - | 17 963 |
| Total assets | | | |
| | | - | 17 963 |
| <u>Current liabilities</u> | | | |
| Payables | 13 | - | 3 573 |
| Employee benefits | 14 | - | 612 |
| Provisions | 15 | - | 5 |
| Total current liabilities | | - | 4 190 |
| <u>Non-current liabilities</u> | | | |
| Payables | 13 | - | 90 |
| Employee benefits | 14 | - | 977 |
| Provisions | 15 | - | 8 |
| Total non-current liabilities | | - | 1 075 |
| Total liabilities | | | |
| | | - | 5 265 |
| Net assets | | | |
| | | - | 12 698 |
| <u>Equity</u> | | | |
| Retained earnings | | - | 12 698 |
| Total equity | | - | 12 698 |

Total equity is attributable to the SA Government as owner.

| | |
|--------------------------------------|----|
| Unrecognised contractual commitments | 16 |
| Contingent assets and liabilities | 17 |

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 2019

| | Note | Retained earnings \$'000 | Total equity \$'000 |
|---|------|--------------------------------|---------------------------|
| Balance at 1 July 2017 | | 9 157 | 9 157 |
| <u>Net result for 2017-18</u> | | 3 541 | 3 541 |
| Total comprehensive result 2017-18 | | 3 541 | 3 541 |
| Balance at 30 June 2018 | | 12 698 | 12 698 |
| <u>Transactions with SA Government as owner</u> | | | |
| Net assets transferred as a result of an administrative restructure | 3 | (12 698) | (12 698) |
| Balance at 30 June 2019 | | - | - |

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 2019

| | | 2019 (Outflows) Inflows \$'000 | 2018 (Outflows) Inflows \$'000 |
|--|-------------|---|---|
| <u>Cash flows from operating activities</u> | Note | | |
| Cash outflows | | | |
| Employee benefits payments | | - | (5 931) |
| Payments for supplies and services | | - | (4 376) |
| Payments for grants and subsidies | | - | (10 883) |
| Cash used in operations | | <u>-</u> | <u>(21 190)</u> |
| Cash inflows | | | |
| Other receipts | | - | 1 203 |
| Cash generated from operations | | <u>-</u> | <u>1 203</u> |
| Cash flows from SA Government | | | |
| Receipts from SA Government | | - | 25 137 |
| Cash generated from SA Government | | <u>-</u> | <u>25 137</u> |
| Net cash provided by operating activities | | <u>-</u> | <u>5 150</u> |
| <u>Cash flows from financing activities</u> | | | |
| Cash outflows | | | |
| Payments from restructure activities | 3 | <u>(17 878)</u> | - |
| Cash used in financing activities | | <u>(17 878)</u> | - |
| Net cash used in financing activities | | <u>(17 878)</u> | - |
| Net (decrease) / increase in cash | | <u>(17 878)</u> | <u>5 150</u> |
| Cash at the beginning of the period | | 17 878 | 12 728 |
| Cash at the end of the period | 11 | <u>-</u> | <u>17 878</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 2019

1 Basis of financial statements

1.1 Reporting entity

As proclaimed on 21 June 2018 and in accordance with section 26 and 27 of the *Public Sector Act 2009*, from 1 July 2018 Investment Attraction South Australia (IASA) was abolished and reference to IASA in a statutory instrument under an Act, or any other kind of instrument, or a contract, agreement or other document will have effect as if it were a reference to the Department for Trade, Tourism and Investment (DTTI). Prior to this proclamation IASA was an attached office to the Department for Innovation and Skills (formerly the Department of State Development).

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 2019.

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 for Innovation and Skills (formerly the Department of State Development) on behalf of the office.

Investment Attraction South Australia

Notes to and forming part of the financial statements

for the year ended 30 June 2019

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 and abolished 1 July 2018 (see Note 1).

IASA was 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 engaged with other government departments and partners across government to get the best outcomes for its customers and the State.

IASA was 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 was 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 2019

3 Administrative restructure – transferred out

As proclaimed on 21 June 2018 and in accordance with section 26 and 27 of the *Public Sector Act 2009*, from 1 July 2018 Investment Attraction South Australia (IASA) was abolished and any reference to IASA in a statutory instrument under an Act, or any other kind of instrument, or a contract, agreement or other document will have effect as if it were a reference to the Department for Trade, Tourism and Investment (DTTI). Prior to this proclamation IASA was an attached office to the Department for Innovation and Skills (formerly the Department of State Development).

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

The effective date of the transfer was 1 July 2018.

| | Department for Trade, Tourism and Investment \$'000 |
|---------------------------------------|--|
| <u>Current assets</u> | |
| Cash | 17 878 |
| Receivables | 85 |
| Total current assets | 17 963 |
| Total assets | 17 963 |
| <u>Current liabilities</u> | |
| Payables | 3 573 |
| Employee benefits | 612 |
| Provisions | 5 |
| Total current liabilities | 4 190 |
| <u>Non-current liabilities</u> | |
| Payables | 90 |
| Employee benefits | 977 |
| Provisions | 8 |
| Total non-current liabilities | 1 075 |
| Total liabilities | 5 265 |
| Net assets | 12 698 |

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

4 Employee benefits

Employee benefits expenses

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Salaries and wages | | - | 4 450 |
| Long service leave | | - | 171 |
| Annual leave | | - | 397 |
| Skills and experience retention leave | | - | 20 |
| Employment on-costs – superannuation * | | - | 482 |
| Employment on-costs - other | | - | 282 |
| Workers compensation | | - | 9 |
| Board fees | 5 | - | 225 |
| Total employee benefits expense | | <u>-</u> | <u>6 036</u> |

* 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 in 2018 included the Minister, the Chief Executive Officer and the eight members of the Executive Team who had 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 was disclosed in the Whole of Government Consolidated Financial Report.

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Compensation | | |
| Salaries and other short term employee benefits | - | 1 719 |
| Post-employment benefits | - | 166 |
| Total compensation | <u>-</u> | <u>1 885</u> |

The post-employment benefits relate to superannuation.

Remuneration of employees

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

| | 2019 Number | 2018 Number |
|----------------------------------|----------------|----------------|
| \$171 001 to \$191 000 | - | 4 |
| \$191 001 to \$211 000 | - | 1 |
| \$211 001 to \$231 000 | - | 1 |
| \$231 001 to \$251 000 | - | 1 |
| \$371 001 to \$391 000 | - | 1 |
| Total number of employees | <u>-</u> | <u>8</u> |

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.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

5 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 1).

- * 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:

| | 2019 Number | 2018 Number |
|--------------------------------|----------------|----------------|
| \$30 000 - \$39 999 | - | 5 |
| \$80 000 - \$89 999 | - | 1 |
| Total number of members | - | 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 in 2018 was \$243 000 including amounts paid to superannuation plans for board members of \$18 000.

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 2019

6 Supplies and services

| | 2019 | 2018 |
|---|----------|--------------|
| | \$'000 | \$'000 |
| Contractors | - | 672 |
| Travel and related expenses | - | 416 |
| Office administration expenses | - | 392 |
| Accommodation and service costs | - | 364 |
| Marketing | - | 284 |
| Communications and information technology | - | 266 |
| Due diligence | - | 222 |
| Staff related expenses | - | 73 |
| Consultancies | - | 49 |
| Accounting and audit fees | - | 16 |
| Total supplies and services | - | 2 754 |

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:

| | 2019 | 2019 | 2018 | 2018 |
|--|----------|----------|----------|-----------|
| | Number | \$'000 | Number | \$'000 |
| \$10 000 or above | - | - | 1 | 49 |
| Total paid / payable to the consultants engaged | - | - | 1 | 49 |

7 Grants and subsidies

| | 2019 | 2018 |
|-----------------------------------|----------|---------------|
| | \$'000 | \$'000 |
| Grants | - | 14 008 |
| Sponsorships | - | 25 |
| Total grants and subsidies | - | 14 033 |

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

8 Resources received free of charge

| | 2019 \$'000 | 2018 \$'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 6).

9 Other revenues

| | 2019 \$'000 | 2018 \$'000 |
|-----------------------------|----------------|----------------|
| Other | - | 1 201 |
| Total other revenues | - | 1 201 |

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

10 Revenues from SA Government

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Revenues from SA Government | | |
| Intra government transfers | - | 25 137 |
| Total revenues from SA Government | - | 25 137 |
| Net revenues from SA Government | - | 25 137 |

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

11 Cash

| | 2019 \$'000 | 2018 \$'000 |
|-------------------|----------------|----------------|
| Cash at bank | - | 17 878 |
| Total cash | - | 17 878 |

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 2019

12 Receivables

| | 2019 \$'000 | 2018 \$'000 |
|----------------------------------|----------------|----------------|
| <u>Current</u> | | |
| Receivables | - | 6 |
| Prepayments | - | 79 |
| Total current receivables | - | 85 |
| | | |
| Total receivables | - | 85 |

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 19.

13 Payables

| | 2019 \$'000 | 2018 \$'000 |
|-----------------------------------|----------------|----------------|
| <u>Current</u> | | |
| Creditors and accrued expenses | - | 3 461 |
| Employment on-costs [^] | - | 112 |
| Total current payables | - | 3 573 |
| | | |
| <u>Non-current</u> | | |
| Employment on-costs [^] | - | 90 |
| Total non-current payables | - | 90 |
| | | |
| Total payables | - | 3 663 |

[^] 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 was 41% in 2018 and the average factor for the calculation of employer superannuation on-cost was 9.9%. These rates are used in the employment on-cost calculation.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

13 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.

14 Employee benefits

| | 2019 | 2018 |
|--|----------|--------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Accrued salaries and wages | - | 82 |
| Annual leave | - | 483 |
| Long service leave | - | 24 |
| Skills and experience retention leave | - | 23 |
| Total current employee benefits | - | 612 |
| <u>Non-current</u> | | |
| Long service leave | - | 977 |
| Total non-current employee benefits | - | 977 |
| Total employee benefits | - | 1 589 |

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 2019

14 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 was 2.5%.

The actuarial assessment performed by the Department of Treasury and Finance set 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 for 2018.

15 Provisions

| | 2019 \$'000 | 2018 \$'000 |
|---|-----------------|------------------|
| <u>Current</u> | | |
| Provision for workers compensation | - | 5 |
| Total current provisions | <u>-</u> | <u>5</u> |
| <u>Non-current</u> | | |
| Provision for workers compensation | - | 8 |
| Total non-current provisions | <u>-</u> | <u>8</u> |
| Total provisions | <u><u>-</u></u> | <u><u>13</u></u> |
| Carrying amount at the beginning of the period | - | 5 |
| Increase in provisions recognised | - | 8 |
| Carrying amount at the end of the period | <u>-</u> | <u>13</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 of the Commissioner for Public Sector Employment.

Investment Attraction South Australia
Notes to and forming part of the financial statements
for the year ended 30 June 2019

16 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.

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:

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Within one year | - | 14 327 |
| Later than one year but not later than five years | - | 8 762 |
| Later than five years | - | 300 |
| Total other commitments | - | 23 389 |

Amounts disclosed include commitments arising from agreements with grant recipients.

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:

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Within one year | - | 23 |
| Later than one year but not later than five years | - | 29 |
| Total operating lease commitments | - | 52 |

Representing

| | | |
|--|----------|-----------|
| Cancellable operating leases | - | 52 |
| Total operating lease commitments | - | 52 |

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

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

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17 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 2019.

Contingent liabilities

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

18 Related party transactions

Investment Attraction South Australia was 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

In 2018 the office received \$25.1 million of appropriations for operational funding from the former Department of State Development. Quantitative information about the transaction and balance are disclosed at note 10.

Transactions with Key Management Personnel

Compensation of Key Management Personnel is disclosed in note 4.

19 Financial risk management / financial instruments

Financial risk management

Risk management was managed by IASA's corporate services section. IASA's risk management policy and procedures were 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 was 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 was funded principally from appropriation by the SA Government. IASA worked 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 settled 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 was insignificant based on 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.

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19 Financial risk management / financial instruments (continued)

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 measured credit risk on a fair value basis and monitors risk on a regular basis.

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

There are no financial assets at 30 June 2019.

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:

- 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: 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 | 2019 Carrying amount / fair value \$'000 | 2018 Carrying amount / fair value \$'000 |
|---|------|---|---|
| Financial assets | | | |
| Cash | 11 | - | 17 878 |
| Loans and receivables ⁽¹⁾⁽²⁾ | 12 | - | 6 |
| Total financial assets | | - | 17 884 |
| Financial liabilities | | | |
| Financial liabilities at cost ⁽¹⁾ | 13 | - | 3 461 |
| Total financial liabilities | | - | 3 461 |

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.