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To the Chief Executive Department of Primary Industries and Regions

Opinion

I have audited the financial report of the Department of Primary Industries and Regions for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of Primary Industries and Regions as at 30 June 2023, its financial performance and its cash flows for year then ended in accordance with relevant 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 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2023
- a Statement of Administered Financial Position as at 30 June 2023
- a Statement of Administered Cash Flows for the year ended 30 June 2023
- a Schedule of Income and Expenses by Administered Programs for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial report’ section of my report. I am independent of the Department of Primary Industries and Regions. 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 (including Independence Standards)* have been met.

I believe that the audit evidence I have 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 relevant Treasurer’s Instructions issued under the provisions of the *Public Finance and Audit Act 1987* 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.

In preparing the financial report, the Chief Executive is responsible for assessing the entity’s ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor’s responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Primary Industries and Regions for the financial year ended 30 June 2023.

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Primary Industries and Regions' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson
Auditor-General

22 September 2023

**Department of Primary Industries and Regions
(PIRSA)**

Controlled Financial Statements

For the year ended 30 June 2023

Department of Primary Industries and Regions
Certification of Financial Statements
for the year ended 30 June 2023

We certify that the:

- financial statements for the Department of Primary Industries and Regions:
 - are in accordance with the accounts and records of the department;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the department at the end of the financial year and the result of its operation and cash flows for the financial year.
- internal controls employed by the Department of Primary Industries and Regions for the financial year over its financial reporting and its preparation of financial statements have been effective.



Professor Mehdi Doroudi PSM
Chief Executive

15 September 2023



Will Kent
Chief Financial Officer

15 September 2023

Department of Primary Industries and Regions
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Appropriation	2.1	119 843	157 031
Fees and charges	2.2	3 246	3 288
Grants, subsidies and transfers	2.3	59 740	65 093
Commonwealth grants (National Partnership Payments)	2.4	5 743	28 384
Interest	2.5	2 513	593
Sale of goods and services	2.6	14 995	17 198
Resources received free of charge	2.7	2 903	2 868
Net gain from the disposal of property, plant and equipment	2.8	-	214
Other income	2.9	19 022	12 990
Total income		228 005	287 659
Expenses			
Employee benefits expenses	3.3	87 479	94 963
Supplies and services	4.1	91 281	89 199
Depreciation and amortisation	4.2	8 707	8 648
Grants and subsidies	4.3	59 528	86 976
Borrowing costs	4.4	858	566
Transfers to Consolidated Account	4.5	-	545
Other expenses	4.6	2 689	1 811
Net loss from the disposal of property, plant and equipment	2.8	394	-
Total expenses		250 936	282 708
Net result		(22 931)	4 951
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property, plant and equipment asset revaluation surplus	5.1	55 722	-
Changes in fair value of investments classified as fair value through other comprehensive income	6.4	390	5 066
Total other comprehensive income		56 112	5 066
Total comprehensive result		33 181	10 017

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

Department of Primary Industries and Regions
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.1	168 152	215 069
Receivables	6.2	30 887	25 439
Contract assets	6.3	11 180	7 420
Inventories	5.4	3 540	5 274
Non-current assets classified as held for sale	5.5	600	600
Total current assets		214 359	253 802
Non-current assets			
Receivables	6.2	24 271	28 150
Other financial assets	6.4	30 694	30 304
Property, plant and equipment	5.1	181 536	116 930
Right-of-use plant and equipment	5.2	1 655	1 639
Intangible assets	5.3	4 905	4 665
Total non-current assets		243 061	181 688
Total assets		457 420	435 490
Current liabilities			
Payables	7.1	25 111	33 029
Financial liabilities	7.2	15 252	10 429
Contract liabilities	6.3	14 911	16 018
Employee benefits	3.4	9 482	10 563
Provisions	7.3	475	476
Current other liabilities	7.4	73	73
Total current liabilities		65 304	70 588
Non-current liabilities			
Payables	7.1	1 424	1 513
Financial liabilities	7.2	25 180	28 960
Employee benefits	3.4	14 402	15 719
Provisions	7.3	1 704	1 538
Non-current other liabilities	7.4	258	330
Total non-current liabilities		42 968	48 060
Total liabilities		108 272	118 648
Net assets		349 148	316 842
Equity			
Retained earnings		231 561	255 367
Asset revaluation surplus	8.1	104 582	48 860
Investment reserve	8.1	13 005	12 615
Total equity		349 148	316 842

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

Department of Primary Industries and Regions
Statement of Changes in Equity
for the year ended 30 June 2023

	Note	Asset revaluation surplus \$'000	Investment reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2021		49 532	7 549	249 575	306 656
Prior period adjustment	5.1	-	-	169	169
Restated balance at 1 July 2021		49 532	7 549	249 744	306 825
Net result for 2021-22		-	-	4 951	4 951
Fair value movement of investments classified as fair value through other comprehensive income	6.4	-	5 066	-	5 066
Total comprehensive result for 2021-22		-	5 066	4 951	10 017
Transfer between equity components		(672)	-	672	-
Balance at 30 June 2022		48 860	12 615	255 367	316 842
Net result for 2022-23		-	-	(22 931)	(22 931)
Gain on revaluation of land	5.1	39 356	-	-	39 356
Gain on revaluation of property plant and equipment	5.1	16 366	-	-	16 366
Fair value movement of investments classified as fair value through other comprehensive income	6.4	-	390	-	390
Total comprehensive result for 2022-23		55 722	390	(22 931)	33 181
Transactions with SA Government as owner					
Net assets transferred as a result of an administrative restructure	1.3	-	-	(875)	(875)
Balance at 30 June 2023		104 582	13 005	231 561	349 148

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

Department of Primary Industries and Regions
Statement of Cash Flows
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		119 843	157 031
Fees and charges		3 246	3 284
Grants, subsidies and transfers		46 874	69 994
Commonwealth grants (National Partnership Payments)		5 743	28 391
Interest		1 391	567
Sale of goods and services		16 256	17 352
Dividends received		1 448	878
GST recovered from the ATO		9 464	9 848
Other receipts		28 184	11 691
Cash generated from operations		232 449	299 036
Cash (outflows)			
Employee benefit payments		(89 750)	(99 588)
Supplies and services		(97 285)	(95 979)
Grants and subsidies		(71 255)	(82 545)
Interest paid		(643)	(517)
Transfers to Consolidated Account		-	(545)
Net GST allocation to PIRSA Administered/Dog Fence Board		(777)	(718)
Other payments		(2 100)	(837)
Cash used in operations		(261 810)	(280 729)
Net cash (used in) / provided by operating activities	8.2	(29 361)	18 307
Cash flows from investing activities			
Cash inflows			
Loans repaid by the rural sector and industry		4 526	6 614
Proceeds from the sale of property, plant and equipment		141	1 658
Sale of inventories		2 766	2 517
Cash generated from investing activities		7 433	10 789
Cash (outflows)			
Purchase of property plant and equipment		(14 755)	(7 383)
Loans advanced to rural sector and industry		(5 580)	(5 900)
Purchase of inventories		(3 287)	(3 830)
Purchase of intangibles		(1 421)	(1 372)
Cash used in investing activities		(25 043)	(18 485)
Net cash (used in) / provided by investing activities		(17 610)	(7 696)
Cash flows from financing activities			
Cash inflows			
Proceeds of borrowings	7.2	5 580	5 900
Cash generated by financing activities		5 580	5 900
Cash (outflows)			
Repayment of borrowings	7.2	(4 526)	(6 614)
Repayment of principal portion of lease liabilities		(1 000)	(1 096)
Cash used in financing activities		(5 526)	(7 710)
Net cash provided / (used in) by financing activities		54	(1 810)
Net increase / (decrease) in cash and cash equivalents		(46 917)	8 801
Cash and cash equivalents at the beginning of the reporting period		215 069	206 268
Cash and cash equivalents at the end of the reporting period	6.1	168 152	215 069

Department of Primary Industries and Regions

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1 About the Department of Primary Industries and Regions

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

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

Administered financial statements relating to administered resources are presented separately in the administered financial statements at the back of the controlled general-purpose financial statements. Except as otherwise disclosed administered items are accounted for on the same basis and using the same accounting policies as for the department's transactions.

In the process of reporting on the department as a single unit, all internal transactions have been eliminated in full.

1.1. Basis of preparation

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

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

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

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

The department is not subject to Income Tax. The department is liable for Payroll Tax, Fringe Benefits Tax (FBT), Goods and Services tax (GST) and Emergency Services Levy (ESL).

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

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

Significant accounting policies are set out throughout the notes.

No Australian Accounting Standards have been early adopted other than AASB 2021-1 which was adopted from 1 July 2021.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs

Objectives

The purpose of the department is to grow primary industries and drive regional development in South Australia.

In achieving its objectives, the department provides a range of services to:

- Support growth of South Australian Primary industries and their communities by facilitating connections, sharing information, leveraging opportunities and mitigating threats
- Play a leading role in driving positive change in primary industries and regional communities
- Ensure sustainable utilisation of agricultural and aquatic resources
- Lead or influence evidence-based policy and regulatory frameworks that balance the interests of all parties and demonstrate best practice
- Deliver and facilitate adoption of applied science that leverages South Australia's competitive advantages in primary production
- Prepare for, prevent where possible and respond to emergency events and the long-term risks that threaten South Australia's primary industries and regional communities

Programs

The department provides the following programs:

Primary Industries

To drive the growth and sustainable development of the state's primary industries.

Regional Development

Focus on making South Australia's regions secure and productive by supporting new infrastructure developments, growing jobs and strengthening communities.

Work with regional stakeholders and across government to strengthen South Australia's regional economic opportunities to grow industries, communities and sectors. PIRSA provides connection to government and regional communities and sectors including through leveraging funding sources and improving digital connectivity.

The following tables present income, expenses, assets and liabilities attributable to each program for 2022-23 and 2021-22.

Department of Primary Industries and Regions
Income and expenses by program
for the year ended 30 June 2023

	Primary Industries		Regional Development		General/Not Attributable		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Income								
Appropriation	-	-	-	-	119 843	157 031	119 843	157 031
Fees and charges	3 246	3 288	-	-	-	-	3 246	3 288
Grants, subsidies and transfers	59 740	65 093	-	-	-	-	59 740	65 093
Commonwealth grants (National Partnership Payments)	5 743	18 384	-	10 000	-	-	5 743	28 384
Interest	2 513	593	-	-	-	-	2 513	593
Sale of goods and services	14 868	17 198	127	-	-	-	14 995	17 198
Resources received free of charge	-	-	-	-	2 903	2 868	2 903	2 868
Net gain from the disposal of property, plant and equipment	-	214	-	-	-	-	-	214
Other income	18 891	12 990	131	-	-	-	19 022	12 990
Total income	105 001	117 760	258	10 000	122 746	159 899	228 005	287 659
Expenses								
Employee benefits expenses	84 935	92 856	2 544	2 107	-	-	87 479	94 963
Supplies and services	90 364	88 353	917	846	-	-	91 281	89 199
Depreciation and amortisation	8 707	8 648	-	-	-	-	8 707	8 648
Grants and subsidies	40 798	50 256	18 730	36 720	-	-	59 528	86 976
Borrowing costs	858	566	-	-	-	-	858	566
Transfers to Consolidated Account	-	-	-	-	-	545	-	545
Other expenses	2 689	1 811	-	-	-	-	2 689	1 811
Net loss from the disposal of property, plant and equipment	394	-	-	-	-	-	394	-
Total expenses	228 745	242 490	22 191	39 673	-	545	250 936	282 708
Net result	(123 744)	(124 730)	(21 933)	(29 673)	122 746	159 354	(22 931)	4 951

Department of Primary Industries and Regions
Assets and liabilities by program
for the year ended 30 June 2023

	Primary Industries		Regional Development		General/Not Attributable		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Assets								
Cash and cash equivalents	-	-	-	-	168 152	215 069	168 152	215 069
Receivables	55 158	50 429	-	-	-	3 160	55 158	53 589
Contract assets	11 180	7 420	-	-	-	-	11 180	7 420
Inventories	3 540	5 274	-	-	-	-	3 540	5 274
Non-current assets classified as held for sale	600	600	-	-	-	-	600	600
Other financial assets	30 694	30 304	-	-	-	-	30 694	30 304
Property, plant and equipment	181 536	101 188	-	-	-	15 573	181 536	116 930
Right-of-use plant and equipment	1 655	1 639	-	-	-	-	1 655	1 639
Intangible assets	4 905	2 296	-	-	-	2 369	4 905	4 665
Total assets	289 268	199 150	-	-	168 152	236 171	457 420	435 490
Liabilities								
Payables	4 097	14 538	1 475	1 662	20 963	18 342	26 535	34 542
Financial liabilities	40 432	37 734	-	-	-	1 655	40 432	39 389
Contract liabilities	14 911	16 018	-	-	-	-	14 911	16 018
Employee benefits	23 286	25 873	598	409	-	-	23 884	26 282
Provisions	2 179	-	-	-	-	2 014	2 179	2 014
Other liabilities	331	-	-	-	-	403	331	403
Total liabilities	85 236	94 163	2 073	2 071	20 963	22 414	108 272	118 648
Net assets	204 032	104 987	(2 073)	(2 071)	147 189	213 757	349 148	316 842

Note:

Assets and liabilities are only attributed to programs where this can be done reliably.

Certain amounts like cash and taxation amounts receivable and due from operating transactions are not allocated.

Property, plant and equipment assets are only allocated where there is exclusive custody, control and regulation of the use of the asset, by that program. Where this criterion is not met the asset value is 'general/not attributable'.

In the construction of this report a negative 'net assets' position may result for a program from the allocation method used and/or non attribution of assets and liabilities to programs. However, total 'net assets' reconciles to the Statement of Financial Position.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.3. Changes to the department

Transferred out

As published in the SA Government Gazette on 30 June 2022, the employees of the department's business unit known as Pastoral Unit transferred to the Department of Environment and Water (DEW) from 1 July 2022 as a result of the *Public Sector (Reorganisation of Public Sector Operations) Notice 2022*. Accordingly, the assets, liabilities and obligations of the business unit also transferred to and become under the control and direction of DEW from 1 July 2022.

Net controlled assets of \$0.875 million were transferred out of the department, consisting of receivables (\$1.094 million), employee benefits (\$0.158 million), payables (\$0.063 million), and prepayments (\$0.002 million). See the department's administered statements for details relating to the transfer of cash and pastoral lands.

1.4. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the regions and the primary industry sectors and the way in which the department has had to operate and deliver services in 2022-23, where applicable the impacts are included under the relevant disclosure notes.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.5. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2022-23 Budget Paper 4). Appropriation reflects appropriation issued to special deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

		Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Comprehensive Income				
Income				
Appropriation	(a)	104 030	119 843	15 813
Fees and charges		3 190	3 246	56
Grants, subsidies and transfers		54 257	59 740	5 483
Commonwealth grants (National Partnership Payments)		13 193	5 743	(7 450)
Interest		928	2 513	1 585
Sale of goods and services		22 562	14 995	(7 567)
Resources received free of charge		-	2 903	2 903
Other income		14 399	19 022	4 623
Total income		212 559	228 005	15 446
Expenses				
Employee benefits expenses		95 439	87 479	(7 960)
Supplies and services	(b)	77 003	91 281	14 278
Depreciation and amortisation		9 607	8 707	(900)
Grants and subsidies	(c)	88 041	59 528	(28 513)
Borrowing costs		891	858	(33)
Other expenses		2 409	2 689	280
Net loss from the disposal of property, plant and equipment		-	394	394
Total expenses		273 390	250 936	(22 454)
Net result		(60 831)	(22 931)	37 900
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Changes in property, plant and equipment asset revaluation surplus	(d)	-	55 722	55 722
Changes in fair value of investments classified as fair value through other comprehensive income		-	390	390
Total other comprehensive income		-	56 112	56 112
Total comprehensive result		(60 831)	33 181	94 012

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

(a) Increased appropriation revenue mainly relates to emergency eradication response activities following continued detection of fruit fly outbreaks in the Riverland area and funding for the response to the 2022-23 River Murray Floods which caused significant damage to properties and crops.

(b) Increased supplies and services expenditure mainly relates to emergency eradication response activities following continued detection of fruit fly outbreaks in the Riverland area.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.5. Budget performance (continued)

- (c) Decreased grants expenditure mainly reflects the reprofiling of milestone payments for regional grant programs across financial years, together with lower than budgeted demand for drought response and adverse events recovery programs.
- (d) The variance represents valuation increment from an independent valuation in 2022-23 for the department's land and building assets.

	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Investing expenditure summary			
Total existing projects	7 510	8 973	1 463
Total annual programs	5 917	8 393	2 476
Total investing expenditure	13 427	17 366	3 939

- (e) Mainly reflects the carryover approval and subsequent additional expenditure incurred during 2022-23 for the Upgrade of the South Australian Aquatic Sciences Centre, as well as new external funding for the Expansion of the Queensland Fruit Fly Sterile Insect Technology Facility in Port Augusta and the Mobile Sheep Blowfly Sterile Insect Technology Facility on Kangaroo Island.

1.6. Significant transactions with government related entities

The department is a government administrative unit and is wholly owned and controlled by the Crown.

Significant transactions with the SA Government are identifiable throughout this report.

Additionally GST exclusive payments made to the Department for Infrastructure and Transport (DIT) of \$13.705 million (2022: \$8.069 million) for accommodation, including payments, rates, taxes, outgoings and facility management fees; and building works, preventative and breakdown maintenance charges in relation to PIRSA controlled facilities.

2. Income

2.1. Appropriation

	2023 \$'000	2022 \$'000
2.1: Appropriation		
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	104 030	123 636
Appropriation from Governor's Appropriation Fund	15 813	33 395
Total appropriation	119 843	157 031

Appropriations are recognised on receipt.

The original amount appropriated to the department under the annual *Appropriation Act* was not varied.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.2. Fees and charges

	2023	2022
	\$'000	\$'000
Accreditation and licence fees	2 250	2 283
Inspection and Audit fees	919	945
Other fees	77	60
Total fees and charges	3 246	3 288

Fees and charges are categorised to reflect the nature of the income received. Income is recognised when fees are received.

Collections were pursuant to legislation which include *Primary Produce (Food Safety Schemes) Act 2004, Plant Health Act 2009, Industrial Hemp Act 2017 and Livestock Act 1997.*

2.3. Grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
Grants		
Industry	35 464	33 097
Administered industry funds ⁽¹⁾	12 000	13 384
SA Government agencies	1 599	1 207
Commonwealth Government agencies	2 348	2 179
Other	119	95
Total grants	51 530	49 962
Subsidies and transfers		
Industry	3 104	2 043
SA Government agencies	5 106	13 088
Subsidies and transfers	8 210	15 131
Total grants, subsidies and transfers	59 740	65 093

(1) Contributions from industry groups are received into the administered funds of the department (refer note A2.2 & A4.2) and may be transferred in part to PIRSA controlled to undertake specific research or to deliver projects proposed by the industry groups in their approved management plans. Costs recovered from the Fisheries Research and Development Fund and the Aquaculture Fund for the administration of licences and registration are used to deliver projects in compliance, research and fishing industry development.

In 2022-23 the amount received from the Fisheries Research and Development Fund and the Aquaculture Fund was \$11.077 million (2022: \$12.608 million).

Grants were received from contracts with customers for collaborative research, delivery of projects for industry development which are under enforceable agreements with sufficient and specific performance obligations in the form of the promise to carry out research and project activities in accordance with specific plans to deliver agreed outcomes. The performance obligations are satisfied over time over the life of the agreements.

The department recognises revenue over time and uses direct costs incurred on projects as the best estimate of performance of the research and project activities to determine revenue to be recognised in each reporting period.

Subsidies and transfers mainly originate from funds administered by the Department of Treasury and Finance (DTF). There are broad guidelines for the use of the funds received and the department recognised the revenue on receipt.

Department of Primary Industries and Regions
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2.4. Commonwealth grants (National Partnership Payments)

	2023	2022
	\$'000	\$'000
National Water Grid Fund	3 010	8 450
Pest Animal and Weed Management in Drought Affected Areas	1 339	1 501
Japanese Encephalitis Response Program -FFA- Environment	1 209	-
National Plant Health Surveillance Program	127	127
Construction Softwood Transport Assistance	58	134
Regional Recovery Partnership	-	10 000
On Farm Emergency Water Infrastructure Rebate Scheme	-	4 300
Future Drought Fund	-	3 372
Farm, Private Native and Indigenous Forestry	-	500
Total Commonwealth grants (National Partnership Payments)	5 743	28 384

National Partnership Payments are recognised as income on receipt.

Obligations under National Partnership Payments are required to be met by the State of South Australia. For accounting purposes, the obligations under the funding arrangements do not sit with the department.

2.5. Interest

	2023	2022
	\$'000	\$'000
Interest on special deposit accounts	1 570	-
Loans to the rural sector	943	593
Total interest	2 513	593

2.6. Sale of goods and services

	2023	2022
	\$'000	\$'000
Sale of goods		
Livestock	2 766	2 517
Agricultural produce	1 130	1 118
Other sale of goods	177	152
Publications, books, maps and compact discs	1	-
Total sale of goods	4 074	3 787
Total sale of services	10 921	13 411
Total sale of goods and services	14 995	17 198

Revenue from sale of goods is recognised on a time and material basis and at a point in time when the goods are delivered to the customer. Most of the revenue from sale of services is recognised over time. This is because the department's obligations are satisfied over time and the customer receives and uses the benefits simultaneously.

The department uses direct costs incurred on each specific service to measure the completion of performance obligations and recognises revenue over time accordingly in each reporting period.

Department of Primary Industries and Regions
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2.7. Resources received free of charge

	2023	2022
	\$'000	\$'000
Shared Services SA	1 735	1 843
Department of the Premier and Cabinet	1 168	1 025
Total resources received free of charge	2 903	2 868

Contributions of services are recognised only when a fair value can be determined reliably and the services would have been purchased if they had not been donated.

PIRSA receives financial services from Shared Services SA and ICT services from Department of the Premier and Cabinet (DPC) free of charge following Cabinet's approval to cease intra-government charging. The corresponding expenses are recognised and disclosed in note 4.1.

2.8. Net gain (loss) from the disposal of property, plant and equipment

	2023	2022
	\$'000	\$'000
Land and buildings		
Net proceeds from disposal	-	1 485
Less carrying amount of assets disposed	(449)	(1 310)
Net gain/(loss) from disposal of land and buildings	(449)	175
Plant and equipment		
Net proceeds from disposal	141	173
Less carrying amount of assets disposed	(86)	(134)
Net gain/(loss) from disposal of plant and equipment	55	39
Total property, plant and equipment		
Net proceeds from disposal	141	1 658
Less total carrying amount of assets disposed	(535)	(1 444)
Total net gain/(loss) from disposal of property, plant and equipment	(394)	214

Gains or losses on disposal are recognised at the date control of the asset is passed to the buyer and are determined after deducting the carrying amount of the asset from the proceeds at that time. When revalued assets are disposed, the revaluation surplus is transferred to retained earnings.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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2.9. Other income

	2023	2022
	\$'000	\$'000
Reimbursements/recoveries ⁽¹⁾	15 159	7 983
Seed and other royalties	2 292	2 297
Dividends ⁽²⁾	1 448	878
Diesel fuel rebates	67	105
Other	49	33
Sponsorship contributions	7	-
Pastoral lease ⁽³⁾	-	1 694
Total other income	19 022	12 990

(1) Includes recovery of \$7.776 million (2022: \$6.496 million) from the Dog Fence Board for the Dog Fence Rebuild project.

(2) Dividend income is recognised when the unconditional right to receive the dividend is established.

(3) Rent is due in arrears on annual basis and is recognised as revenue under *AASB 16 Leases*.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the department include the Minister for Primary Industries and Regional Development (the Minister) and the Executive Leadership Team who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Minister received. 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 DTF) under section 6 of the *Parliamentary Remuneration Act 1990*. See administered items for disclosures of the Minister's remuneration paid and recovered from the Consolidated Account.

	2023	2022
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	2 043	2 367
Post-employment benefits	239	252
Termination payments	-	287
Total compensation	2 282	2 906

Transactions with key management personnel and other related parties

There were no transactions with key management personnel and other related parties entered by the department.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2. Board and committee members

Members during the 2022-23 financial year were:

PIRSA Animal Ethics Committee

P Appleford * (chair)
G Aust
S L Baird (retired 31 March 2022)
A Boyd *
Dr R Barekatin *
Dr M Carr
J G Cooper
Dr M Deveney *
Dr R F Evers
G Grigson *
Dr D W Jones (retired 31 December 2022)
K McGrath (retired 22 February 2023)
S Rudiger *
Dr A Weaver *
H Zemitis
A O'Connell (appointed 15 May 2023)
J Savaglia (appointed 26 June 2023)

Apiary Taskforce

(the Taskforce dissolved 13 December 2022)

R Stevens (chair)
B Davis
M Blason*
D Loveder*
M Stedman*
L Loan*

Forest Industries Advisory Council of South Australia

T Auld (appointed 5 June 2023)
P Badenoch (appointed 5 June 2023)
C Bell (appointed 5 June 2023)
G Boulton (appointed 5 June 2023)
W Fennell (appointed 5 June 2023)
L Hein (appointed 5 June 2023)
P Hewlett (appointed 5 June 2023)
M Ingley-Smith (appointed 5 June 2023)
A Langfield (appointed 5 June 2023)
T Lawson (appointed 26 June 2023)
Prof M Doroudi* (appointed 9 June 2023)
D Jordan* (appointed 9 June 2023)
A Reid* (appointed 9 June 2023)
A Excell* (appointed 9 June 2023)
S Burness* (appointed 9 June 2023)

Risk and Performance Committee

R DiMonte (chair) (reappointed 1 June 2023)
P Appleford *
A De Duonni *(retired 12 August 2022)
S Furey (appointed 20 April 2022)
J C Grant (reappointed 24 February 2022)
M Griffiths *
N Rhodes * (appointed January 2022)
A Barclay* (appointed 9 September 2022)
Dr H Brown* (appointed 26 June 2023)

Genetically Modified Crops Advisory Committee

Hon R Kerin (Presiding member)
Dr R A Ankeny
Dr G Annison
H L Baldock
P Gibbs
A M Hannon
Dr P A McMichael
Dr K M Ophel-Keller *
N C Pontifex

Aquaculture Tenure Allocation Board

K N Shierlaw (presiding member)
R Dennis (deputy member)
Z Doubleday
J Elferink (deputy member)
P Lauer
K Reznikov
C J Sayer
A C Thamm

Pastoral Board

(The Board transferred to DEW 1 July 2022)

D Larkin (presiding member)
M Anderson (deputy member)
M A Fennell
J Greg-Smith * (deputy member)
CB Greenfield
J McBride (deputy member)
B G Nutt
A S Oldfield (deputy member)
T L Partridge
K L Sheehan (deputy member)
K L Slade (deputy member)
J M Treloar

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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3.2. Board and committee members (continued)

Seafood Advisory Forum

C Cooper (chair)
M Angelakis
K Birch
S Bowley
D Cappel
J Crawford
T Di Vittorio
P Fare
D Holder
S Holland
B Houston *
J Lear *
B McGrath-Steer *
M Nobes
J Phillips
M Steer *
M Stehr
C Webber
M Wilson
J Woolford

Marine Scalefish Fishery Management Advisory Committee

Hon A Vanstone AO (chair) (retired 31 October 2022)
S Cornelius
Cr P Dunnicliff (retired 19 October 2022)
C Fletcher
Dr J Morison
M Nobes
Dr P Rogers (retired 19 October 2022)
E Rowe
Dr J Smart * (retired 31 May 2023)
Dr D Smith
T Ward (appointed 3 November 2022)
I Stobutzki (appointed 3 November 2022)
A Simpson (appointed 3 November 2022)
S Hodgins (appointed 3 November 2022)
A Jones (appointed 3 November 2022)
D Milera (appointed 3 November 2022)

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

Board and committee remuneration

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

	2023	2022
\$0 - \$19 999	111	110
Total number of members	111	110

The total remuneration received or receivable by members was \$0.057 million (2022: \$0.088 million). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

Unless otherwise disclosed, transactions with 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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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3.3. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	65 543	70 873
Employment on-costs - superannuation*	7 707	7 725
Annual leave	6 103	6 592
Employment on-costs - other	4 005	4 261
Targeted voluntary separation packages	1 605	4 527
Long service leave ⁽¹⁾	1 321	(1 249)
Skills and experience retention leave	483	473
Workers' compensation	334	1 021
Other employee related expenses	321	656
Board and committee fees	57	84
Total employee benefit expenses	87 479	94 963

⁽¹⁾ Includes changes in estimates applied to the long service leave liability. Refer to note 10.1 for further information.

***Employment on-costs – superannuation**

Department employees are employed under Part 7 of the *Public Sector Act*.

Superannuation employment on-cost charges represent the department's contribution to superannuation plans in respect of current services of current employees.

DTF centrally recognises the superannuation liability in the whole-of- government financial statements.

Employee remuneration

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

	2023	2022
	No.	No.
\$ 157 001 to \$ 160 000*	n/a	3
\$ 160 001 to \$ 180 000	12	14
\$ 180 001 to \$ 200 000	4	5
\$ 200 001 to \$ 220 000	2	1
\$ 220 001 to \$ 240 000	5	6
\$ 240 001 to \$ 260 000	1	5
\$ 260 001 to \$ 280 000	1	-
\$ 280 001 to \$ 300 000	2	-
\$ 300 001 to \$ 320 000	2	4
\$ 320 001 to \$ 340 000	2	1
\$ 340 001 to \$ 360 000	-	1
\$ 360 001 to \$ 380 000	1	1
\$ 400 001 to \$ 420 000	-	1
\$ 420 001 to \$ 440 000	1	-
\$ 520 001 to \$ 540 000	-	1
Total	33	43

*This band has been included for the purpose of reporting comparative figures based on the executive base level remuneration rate for 2021-22.

The total remuneration received by these employees for the year was \$7.510 million (2022: \$9.809 million).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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3.3. Employee benefits expenses (continued)

The table includes all employees whose normal remuneration was 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, termination payments, salary sacrifice benefits and fringe benefits and any related fringe benefits tax.

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 16 (2022: 60).

	2023	2022
	\$'000	\$'000
Amount paid and accrued during the reporting period to separated employees:		
TVSPs	1 605	4 527
Leave paid to those employees	626	1 358
Total amount paid	2 231	5 885
Recovery from the Department of Treasury and Finance	(1 536)	-
Net cost to the department	695	5 885

2022 TVSP's include separations resulting from the Public Sector Workforce Rejuvenation scheme.

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	6 394	6 340
Accrued salaries and wages	19	1 215
Long service leave	2 474	2 384
Skills and experience retention leave	595	624
Total current employee benefits	9 482	10 563
Non-current		
Long service leave	14 402	15 719
Total non-current employee benefits	14 402	15 719
Total employee benefits	23 884	26 282

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

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

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

The annual leave liability and the salaries and wages, annual leave, skills and experience retention leave liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.3. Employee benefits liability (continued)

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. Details about the measurement of long service leave liability is provided at note 10.1.

4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Contractors and temporary staff	38 486	37 100
Administrative and operating costs	16 976	17 484
Utility and property costs	9 297	8 653
Information technology and communication charges	7 781	6 652
Professional and technical services ⁽¹⁾	4 978	5 351
Other vehicle and equipment operating and management costs	4 462	5 408
Accommodation	2 863	2 889
Travel	2 251	1 312
Shared Services costs	1 771	1 897
Staff development and safety	1 395	1 547
Property and risk insurance	626	553
Short term leases	249	209
Low-value leases	146	144
Total supplies and services	91 281	89 199

⁽¹⁾ Includes expenses incurred as result of engaging consultants which are disclosed below and audit fees paid/payable to the Auditor-General's Department of \$0.393 million (2022: \$0.318 million) relating to work performed under the Public Finance and Audit Act 1987. No other services were provided by the Auditor-General's Department.

Accommodation

Most of the department's accommodation is provided by DIT under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. MoAA arrangements do not meet the definition of a lease and accordingly are expensed (disclosed in accommodation expense).

Consultants

Expenses as a result of engaging consultants (included in supplies and services expense) were \$0.167 million (2022: \$0.047 million).

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

4.2. Depreciation and amortisation

	2023	2022
	\$'000	\$'000
Buildings and infrastructure	3 307	3 216
Plant and equipment	2 957	2 835
Right-of-use plant and equipment	1 002	1 100
Intangible assets	1 245	1 222
Accommodation improvements	72	151
Large vessels	124	124
Total depreciation and amortisation	8 707	8 648

All non-current assets not held for sale with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

Land is not depreciated.

Review of accounting estimates

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

Useful life

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

Class of asset	Useful life (years)
Buildings and infrastructure	1-80
Accommodation improvements	10 (or life of lease)
Plant and equipment	1-40
Intangibles	1-10
Large vessels	1-25
Right of use plant and equipment	life of lease

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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4.3. Grants and subsidies

	2023	2022
	\$'000	\$'000
Other grants	42 179	52 381
Intra government transfers	17 349	34 595
Total grants and subsidies	59 528	86 976
Major grant programs		
Regional Growth Fund / Thriving Regions Fund	11 857	29 174
Mobile Black Spot Program	3 219	2 236
Regional Development Australia	3 315	3 305
Regional Development Fund	338	930
Adverse events recovery programs		
River Murray Recovery	7 999	-
Local Economic Recovery	4 258	5 722
Bushfire Recovery and Response	1 039	1 795
Future Drought Fund	421	2 347
State-wide Storm Recovery	361	7 636
Drought Support Package	71	2 468
Kangaroo Island Workforce Accommodation	-	1 000
On-farm Emergency Water Infrastructure Rebate Scheme	-	1 788
Cooperative Research projects ⁽¹⁾	6 068	4 866
National Biosecurity Contributions		
Red imported fire ants	1 545	1 508
Industry development and restructuring initiatives greater than \$ 1 million:		
National Water Infrastructure Development Fund	4 567	537
Dog Fence Rebuild Contribution	2 770	2 035
Horticultural Netting Program	2 683	4 018
Recreational Fishing & Camping Facilities Program	1 552	-
Agtech Adoption Rebate Program	172	1 437
Support for Regional Workforce Coordinators	120	1 080
Development of a No and Low Alcoholic Wine Sector	-	1 980
Northern Adelaide Food Park	-	1 450
Aggregate of all other individually low value payments less than \$1 million	7 173	9 664
Total grants and subsidies	59 528	86 976

⁽¹⁾ Research expenditure mainly incurred by the South Australian Research and Development Institute working with state, national and international collaborators. This includes funding of an operating nature assisting with the engagement of research staff or resources, or support with infrastructure development and renewal to improve research capability.

The grants given are usually subject to terms and conditions set out in the contract, correspondence or by legislation.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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4.4. Borrowing costs

	2023	2022
	\$'000	\$'000
Interest paid/payable on borrowings measured at amortised cost	699	537
Guarantee fees	121	-
Interest expense on lease liabilities	35	21
Interest paid to creditors on late payment of invoices	3	8
Total borrowing costs	858	566

The department does not capitalise borrowing costs.

4.5. Transfers to Consolidated Account

	2023	2022
	\$'000	\$'000
Other payment to Consolidated Account ⁽¹⁾	-	545
Total transfers to Consolidated Account	-	545

⁽¹⁾ Other payment relates to proceeds from land sale to the Department of Environment and Water in 2022-23.

4.6. Other expenses

	2023	2022
	\$'000	\$'000
Loss from changes in fair value of biological assets ⁽¹⁾	1 247	248
Royalty payments	642	690
Deemed cost of produce consumed ⁽²⁾	450	597
Other	204	159
Publications, seed and miscellaneous stocks - cost of sales	102	83
Impairment loss on receivables	44	32
Bad debts	-	2
Total other expenses	2 689	1 811

⁽¹⁾ The changes in fair values of livestock is reconciled along with the movement in inventory in note 5.4.

⁽²⁾ Publications, seed and other miscellaneous stocks are disclosed separately from the cost of sales of agricultural produce and livestock. This line predominantly represents the value of the inventory movement within the year and excludes the cost of crop harvesting from the use of internal resources. These amounts are included within the financial statements under the notes for 'employee benefit expenses' and 'supplies and services'.

5. Non-financial assets

Property, plant and equipment comprises owned and right-of-use (leased) tangible assets that do not meet the definition of investment property.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
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5.1. Property, plant and equipment owned by the department

Property, plant and equipment owned by the department with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the department is recorded at fair value. Detail about the department's approach to fair value is set out in note 10.2.

The following tables show the movement of property, plant and equipment during 2022-23 and 2021-22:

Reconciliation 2022-23

	Land \$'000	Buildings and infrastructure (specialised) \$'000	Buildings and infrastructure (non specialised) \$'000	Accommodation improvements \$'000	Plant and equipment \$'000
Carrying amount at 1 July 2022	25 437	59 554	7 150	638	16 449
Acquisitions	-	55	-	-	2 631
Disposals	-	-	(449)	-	(86)
Depreciation	-	(2 962)	(339)	(72)	(2 963)
Revaluation increment/(decrement)	39 356	13 742	2 624	-	-
Transfer between asset classes	-	-	247	55	1 472
Carrying amount at 30 June 2023	64 793	70 389	9 233	621	17 503

Carrying amount

Gross carrying amount	64 793	70 389	9 233	2 477	50 001
Accumulated depreciation	-	-	-	(1 856)	(32 498)
Total	64 793	70 389	9 233	621	17 503

	Bearer plants \$'000	Large vessels \$'000	Works in progress - Plant and equipment \$'000	Works in progress - Buildings \$'000	Total \$'000
Carrying amount at 1 July 2022	114	1 019	2 060	4 509	116 930
Acquisitions	-	-	1 086	12 172	15 944
Disposals	-	-	-	-	(535)
Depreciation	-	(124)	-	-	(6 460)
Revaluation increment/(decrement)	-	-	-	-	55 722
Transfer between asset classes	-	-	(1 578)	(260)	(64)
Biologicals - movements	(1)	-	-	-	(1)
Carrying amount at 30 June 2023	113	895	1 568	16 421	181 536

Carrying amount

Gross carrying amount	113	1 300	1 568	16 421	216 295
Accumulated depreciation	-	(405)	-	-	(34 759)
Total	113	895	1 568	16 421	181 536

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5.1. Property, plant and equipment owned by the department (continued)

Reconciliation 2021-22

	Land \$'000	Buildings and infrastructure (specialised) \$'000	Buildings and infrastructure (non specialised) \$'000	Accommodation improvements \$'000	Plant and equipment \$'000
Carrying amount at 1 July 2021	27 347	62 937	7 484	644	15 866
Acquisitions	-	-	-	-	2 748
Assets reclassified to held for sale	(600)	-	-	-	-
Disposals	(1 310)	-	-	-	(134)
Depreciation	-	(2 882)	(334)	(151)	(2 835)
Transfer between asset classes	-	(501)	-	145	803
Other movements	-	-	-	-	1
Carrying amount at 30 June 2022	25 437	59 554	7 150	638	16 449

Carrying amount

Gross carrying amount	25 437	70 920	8 488	2 393	46 771
Accumulated depreciation	-	(11 366)	(1 338)	(1 755)	(30 322)
Total	25 437	59 554	7 150	638	16 449

	Bearer plants \$'000	Large vessels \$'000	Works in progress - Plant and equipment \$'000	Works in progress - Buildings \$'000	Total \$'000
Carrying amount at 1 July 2021	105	1 143	622	1 145	117 293
Acquisitions	-	-	1 885	3 364	7 997
Assets reclassified to held for sale	-	-	-	-	(600)
Disposals	-	-	-	-	(1 444)
Depreciation	-	(124)	-	-	(6 326)
Transfer between asset classes	-	-	(447)	-	-
Other movements	9	-	-	-	10
Carrying amount at 30 June 2022	114	1 019	2 060	4 509	116 930

Carrying amount

Gross carrying amount	114	1 300	2 060	4 509	161 992
Accumulated depreciation	-	(281)	-	-	(45 062)
Total	114	1 019	2 060	4 509	116 930

A review of capital expenditure by the department in 2022-23 identified the amount of \$0.169 million should have been capitalised in previous years. A prior period adjustment to retained earnings has been made in 2022-23 and the comparatives have been restated.

Impairment

Property, plant and equipment owned by the department has not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity. Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in Note 10.2. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

Department of Primary Industries and Regions
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5.2. Property, plant and equipment leased by the department

	2023	2022
	\$'000	\$'000
Right-of-use plant and equipment		
Right-of-use plant and equipment at cost	4 894	4 622
Accumulated depreciation	(3 239)	(2 983)
Total right-of-use plant and equipment	<u>1 655</u>	<u>1 639</u>

Right-of-use assets for property, plant and equipment leased by the department as lessee are measured at cost. Additions to leased property, plant and equipment during 2022-23 were \$1.013 million (\$0.860 million).

Short-term leases of 12 months or less and low-value leases, where the underlying asset value is less than \$15 000, are not recognised as right-of-use assets. The associated lease payments are recognised as an expense and are disclosed in note 4.1.

The department has a limited number of leases:

- 170 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.
- 2 tractor leases and 1 storage facility lease with private sector providers.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. The department's maturity analysis of its lease liabilities is disclosed in note 10.4. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

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5.3. Intangible assets

The following tables show the movement of intangible assets during 2022-23 and 2021-22:

Reconciliation 2022-23

	Computer software \$'000	Computer software development \$'000	Water rights \$'000	Total \$'000
Carrying amount at 1 July 2022	3 423	1 054	188	4 665
Additions	24	1 397	-	1 421
Transfer between asset classes	613	(549)	-	64
Amortisation expense	(1 245)	-	-	(1 245)
Carrying amount at 30 June 2023	2 815	1 902	188	4 905
Carrying amount				
Gross carrying amount	19 062	1 902	188	21 152
Accumulated amortisation	(16 247)	-	-	(16 247)
Total	2 815	1 902	188	4 905

Reconciliation 2021-22

	Computer software \$'000	Computer software development \$'000	Water rights	Total \$'000
Carrying amount at 1 July 2021	4 156	171	188	4 515
Additions	221	1 151	-	1 372
Transfer between asset classes	268	(268)	-	-
Amortisation expense	(1 222)	-	-	(1 222)
Carrying amount at 30 June 2022	3 423	1 054	188	4 665
Carrying amount				
Gross carrying amount	18 425	1 054	188	19 667
Accumulated amortisation	(15 002)	-	-	(15 002)
Total	3 423	1 054	188	4 665

The department has no contractual commitments for the acquisition of intangible assets.

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

The acquisition or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000. All research and development costs that do not meet the capitalisation criteria in *AASB 138 Intangible Assets* are expensed.

Water rights are valued at cost determined from an infrastructure levy payable in instalments to the water provider.

The right grants access to a contracted fixed annual supply of water while PIRSA maintains a supply agreement and shares with the provider. Where water use restrictions apply within the year the value of the resource is diminished and an impairment allowance is recognised, conversely where there are no restrictions the impairment is removed.

An agreement secures access to water resources for the research farm operated by the South Australian Research and Development Institute at Nuriootpa. This provides a perpetual right to an annual water allocation. Water allowances are now at 100% (2022: 100%), with no rationing.

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5.4. Inventories

	2023	2022
	\$'000	\$'000
Biological assets		
Livestock	1 873	3 300
Agricultural produce	495	273
Total biological assets	<u>2 368</u>	<u>3 573</u>
Other inventories		
Chemicals and other	1 143	1 662
Fuel and related items	28	38
Publications	1	1
Total other inventories	<u>1 172</u>	<u>1 701</u>
Total inventories	<u><u>3 540</u></u>	<u><u>5 274</u></u>

Biological assets are livestock valued at fair value less estimated costs to sell. Agricultural produce, including wool, fruit and harvested crops is valued at fair value less estimated costs to sell, using level 2 inputs. Gains and losses resulting from measurement at fair value, and from changes in fair value, are recognised in the Other income of Statement of Comprehensive Income.

Fair value for biological assets and agricultural produce has been determined by reference to quoted prices in the markets in which the produce is ordinarily sold, reduced by estimated point of sale costs that include commissions, packing and handling, brokerage selling charges and levies from regulatory bodies.

Other inventories are measured at the lower of cost and net realisable value.

Inventories include chemicals, fuel, seed stocks and other goods held either for sale or distribution at no or nominal cost in the ordinary course of business. It excludes depreciable assets.

Inventories held for distribution, for no or nominal consideration, are measured at cost and adjusted when applicable for any loss of service potential.

Cost is measured on the basis of the first-in, first-out method or using the weighted average price of the stock purchased and on hand. Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

The amount of any inventory write-down to net realisable value/replacement cost or inventory losses are recognised as an expense in the period the write-down or loss occurred.

	Agricultural produce	Livestock
	\$'000	\$'000
Balance at the beginning of the period	273	3 300
Acquisitions	150	907
Sales	(797)	(2 118)
Used as feed stock	(843)	-
Harvests transferred to inventories	1 713	-
Increase due to natural accretion	-	1 018
Inventory changes (biological growth)	-	12
Change in fair value less estimated costs to sell	(1)	(1 246)
Balance at the end of the period	<u>495</u>	<u>1 873</u>

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5.4. Inventories (continued)

Agricultural activities are carried out to assist with research and are conducted on a commercial basis. At 30 June 2023 inventory included 8 300 sheep, 809 cattle and 1 748 tonnes of crops and grain.

Production for the year included 180 tonnes of grapes and fruit, 6 434 lambs, 143 calves and 4 793 tonnes of other grain crops.

5.5. Non-current assets classified as held for sale

	2023 \$'000	2022 \$'000
Land	600	600
Total non-current assets classified as held for sale	600	600

The department identified the asset surplus to requirements and is in the process of disposing of the asset. The asset held for sale is measured at carrying amount.

6. Financial assets

6.1. Cash and cash equivalents

	2023 \$'000	2022 \$'000
Deposits with the Treasurer	168 151	214 661
Deposits with SAFA (foreign currency)	-	407
Imprest account and cash on hand	1	1
Total cash and cash equivalents	168 152	215 069

Deposits with the Treasurer includes the following fund balances that have restricted conditions:

Funds held in the Accrual Appropriation Excess Funds Account. The balance of these funds is not available for general use (i.e. the funds can only be used in accordance with the Treasurer's/Under Treasurer's approval)	29 191	27 085
Funds held pursuant to the <i>Rural Industry Adjustment and Development Act 1985</i> and other State and Commonwealth Schemes for rural financial assistance	54 863	54 491
External funds held in the nature of grants or under cooperative agreements where unspent funds may be returned to the funder	5 326	13 453
Commonwealth funds held for the SARMS Program	-	999
Commonwealth funds held pursuant to the various Concessional Loans Schemes	211	62
Deposits with the Treasurer held as working capital, but subject to Department of Treasury and Finance budget and cash alignment policies	78 560	118 571
Total deposits with the Treasurer	168 151	214 661

Cash is measured at nominal values.

Deposits with the Treasurer

Deposits into interest earning accounts with the Treasurer, are at call and earn a floating interest rate.

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6.2. Receivables

	2023	2022
	\$'000	\$'000
Current		
Trade receivables		
From government entities	676	1 202
From non-government entities	6 617	7 421
Less: impairment loss on receivables	(59)	(70)
Total trade receivables	7 234	8 553
Current loans receivables		
Loans to cooperatives	13 979	9 158
Loans - Commonwealth concessional loan schemes	428	428
Total current loans receivables	14 407	9 586
Other receivables		
Workers compensation recoveries	4	5
GST input tax recoverable	2 987	2 819
Other accrued revenue	3 716	3 515
Accrued interest on loans and deposits	586	186
Prepayments	1 953	775
Total other receivables	9 246	7 300
Total current receivables	30 887	25 439
Non-Current		
Non-current loans receivables		
Loans to cooperatives	16 752	19 038
Loans - Commonwealth concessional loan schemes	7 489	9 082
Workers compensation recoveries	30	30
Total non-current receivables	24 271	28 150
Total receivables	55 158	53 589

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.

Trade receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Other than as recognised in the allowance for impairment loss on receivables, 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.

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6.2. Receivables (continued)

Loans receivables consist of:

Loans to cooperatives

Cooperative loans are agreements between the Treasurer, PIRSA and an approved loan applicant, whereby the principal borrowed by PIRSA from the Treasurer is on-lent to an approved loan applicant (refer note 7.2). Similarly, repayments of principal made by an approved loan applicant are returned to the Treasurer to reduce the level of borrowing made by PIRSA.

The legal agreement with the loan recipient provides for a set loan term, and that the client can set interest rate structures within that period from time to time. At the end of each negotiated interest period the client can elect to repay the principal in full or part or roll the entire balance for another interest period. The interest rate is determined by the Treasurer through SAFA at the time of settling the loan approval and remains fixed over the negotiated interest period. Interest periods can range between 30 days to 10 years subject to agreement through SAFA. The interest rate on-charged to loan applicants is at a market rate and a lending margin is added to the interest rate incurred by Cooperatives to cover related costs.

Loans to eligible applicants of various concessional loan schemes offered by the Commonwealth Government

Commonwealth loan programs administered by the department include the Drought Concessional Loans Scheme, Drought Recovery Concessional Loans Scheme, Dairy Recovery Concessional Loans Scheme and Farm Business Concessional Loans Scheme (which included Drought Assistance, Dairy Recovery and Business Improvement Concessional Loans).

All of the Commonwealth concessional loan programs are now closed but the department will continue to administer the outstanding loan agreements (including principal and interest repayments) until the end of the loan term or the loan is repaid or refinanced by another financier. Commencing 1 July 2018, the Regional Investment Corporation was established by the Commonwealth Government as a national administrator of future Concessional loan schemes.

The department's role with the Commonwealth Concessional Loan Schemes was to assess applications and offer to eligible applicants, loans under the terms, conditions and interest rates prescribed by the Commonwealth, and subsequently manage the administration of the loan facility over its offered term. Funding was received from the Commonwealth (through the State) for each scheme and all or part of that funding was on-lent by the department to eligible applicants meeting the requirements of the Commonwealth program. Uncommitted funds from the loan pool funds received were returned to the Commonwealth at the end of the program. In addition, any loan principal and interest repaid by eligible applicants to the department is returned on collection to the Commonwealth and the associated borrowing is reduced. Refer to Note 7.2 Financial liabilities – Borrowings.

In the provision of these loans the department operates as only a pass-through delivery agent and administrator for the Commonwealth Funds. Further, it bears no financial or credit risk, nor foregoes any resources from the concessional interest rate under the Commonwealth agreement.

Refer to note 10.4 for further information on risk management and impairment of financial assets.

Allowance for impairment loss on receivables

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	70	132
Amounts written off	(55)	(93)
Increase/(Decrease) in allowance recognised in profit or loss	44	31
Carrying amount at the end of the period	59	70

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 10.4 for details regarding credit risk and the methodology for determining impairment.

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6.3. Contract assets/liabilities

	2023	2022
	\$'000	\$'000
Contract assets		
Current		
Grants	11 163	6 862
Sale of services	17	558
Total current contract assets	<u>11 180</u>	<u>7 420</u>
Total contract assets	<u><u>11 180</u></u>	<u><u>7 420</u></u>
Contract liabilities		
Current		
Grants	13 277	13 788
Sale of services	1 634	2 230
Total current contract liabilities	<u>14 911</u>	<u>16 018</u>
Total contract liabilities	<u><u>14 911</u></u>	<u><u>16 018</u></u>

Contract assets primarily relate to the department's rights to consideration for work completed but not yet billed at the reporting date. The department has recognised for collaborative research projects and consultancy services. Amounts are billed in accordance with agreed upon contractual terms (i.e. periodic intervals). Contract assets are transferred to receivables when the rights become unconditional.

Contract assets have increased as the department provided more services ahead of contractual payment schedules. Based on assessment of historical invoice billing and collection data, the department did not recognise a loss allowance for contract assets in accordance with AASB 9.

Revenue totalling \$16.018 million was recognised in 2022-23 that was included in contract liabilities at 1 July 2022. No revenue related to adjustments to prices for performance obligations satisfied or partially satisfied in prior periods.

Contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised as performance obligations are satisfied based on direct project costs incurred.

6.4. Other financial assets

	2023	2022
	\$'000	\$'000
Investments in shares - unlisted public companies	30 694	30 304
Total other financial assets	<u><u>30 694</u></u>	<u><u>30 304</u></u>

The department measures equity instruments (shares) at fair value and the department has made an irrevocable election that the investments will be categorised as Fair Value through Other Comprehensive Income (FVOCI). As such, while the fair value will be recognised in the statement of financial position, changes in value will be recognised in other comprehensive income rather than profit and taken to the investment reserve.

On disposal of these equity investments, any related balance within the investment reserve will be reclassified to retained earnings. Dividends arising from these investments will be recognised in the statement of comprehensive income.

Investments are primarily held to secure long-term benefits from research partnerships and access to resources (water entitlements). The shares are not held for trading purposes.

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6.4. Other financial assets (continued)

The department's investments include:

- Ordinary shares in Australian Grain Technologies Pty Ltd (AGT), an entity involved in research to assist wheat breeding programs. The department is a shareholder along with the University of Adelaide, Grains Research and Development Corporation and Vilmorin & CIE SA.

The fair value of the AGT investment was \$30.664 million. An independent valuation was conducted in July 2023 for the year ended 30 June 2023 by Ernst & Young for the respective interests of shareholders. The valuation methodology consisted primarily of a discounted free cash flow applied to long range business and earnings forecasts provided by AGT.

The discounts applied in the valuation take into consideration both the size of AGT relative to reference markets and other comparative companies considered in the valuation approach, and specific risk premiums for uncertainties associated with market expansion. In assessing the value of the department's shareholding, further discounts were applied for minority shareholding and marketability of shareholder interests

Measurement uncertainty, valuation sensitivity and valuation risk mitigation -

The valuation approach considered long range forecast business and earnings data provided by AGT. The independent valuer, in their measurement approach, undertook a number of valuation cross checks including earnings and trading multiples and considered companies that operate in the same industry and geography or exposed to similar risks. The independent valuer noted that the investments value is most sensitive to changes in volume assumptions and discount rate. The discount rate range used by the valuer this year was between 13.3% and 14.9%, compared to last year's range between 13.2% and 14.8%.

Trading multiples were also considered to vary significantly with potential comparable companies being larger in size and/or more diversified than AGT. To mitigate these risks, the independent valuer provided a range of possible outcomes to allow for valuation sensitivities and used long term historical averages and harvest forecasts in its valuation methodology. The department considered the information presented and took a conservative approach in using the midpoint (\$30.664 million) of the low-high range of possible outcomes (between \$27.409 million and \$33.918 million) as the basis of measurement for the investment. Selecting a measurement point different to the midpoint will increase or reduce the fair value movement recognised through other comprehensive income.

Liquidation value of the investment -

As an unlisted public company there is no true active market for the disposal of these shares. The constitution of AGT outlines the process for the disposal or the transfer of shares, but this operates in a restrictive manner and may strongly influence share value. A liquidation value for the investment cannot be reliably forecast and may be considerably different to the fair value determined under AASB 9.

Assessment summary

The independent valuation provides assessment of the valuation of the investment, which can be periodically remeasured. The analysis and report were prepared in accordance with the requirements of AASB 9 and AASB 13, and in the judgement of the department the valuation represents a fair estimate of the value of the investment at 30 June 2023

- Shares in Barossa Infrastructure Limited (\$12 500) acquired in 2000-01 and a further investment in 2014-15 (\$17 500) to secure a water entitlement for the department's research farm located at Nuriootpa. All shares acquired in Barossa Infrastructure were at a transaction price of \$1.00 per unit. The market buy-in price for new subscribers to the company last published in financial statements of Barossa Infrastructure Ltd remains at \$1.00 per share. The valuation method is a market approach based on observable inputs of share market price available from the published financial statements of Barossa Infrastructure Ltd.

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6.4. Other financial assets (continued)

Impairment of financial assets is assessed by reviewing external or internal evidence for indicators of changes that occurred in the period, or are expected to occur in the near future, in the technological, market, economic or legal environment of the investee.

	2023	2022
	\$'000	\$'000
Movement in financial assets		
Carrying amount at the beginning of the period	30 304	25 238
Fair value movement	390	5 066
Carrying amount at the end of the period	30 694	30 304

For further information on risk management refer to note 10.4.

7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
Current		
Trade and other payables	-	6
Accrued expenses	22 389	30 441
Accrued interest on borrowings	433	218
Employment on-costs	2 289	2 364
Total current payables	25 111	33 029
Non-current		
Employment on-costs	1 424	1 513
Total non-current payables	1 424	1 513
Total payables	26 535	34 542

Payables are measured at nominal amounts.

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

Employment on costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects where certain on-costs are recognised as a consequence of long service leave liabilities.

The department contributes 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 dates relates to any contributions due but not yet paid to employee's superannuation funds.

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7.1. Payables (continued)

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave has increased from 2022 rate (42%) to 2023 rate (43%) and the average factor for the calculation of employer superannuation costs on-costs has increased from 2022 rate (10.6%) to 2023 rate (11%). These rates are used in the employment on-cost calculation.

The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$79 000 and employee benefits expense of \$79 000.

7.2. Financial liabilities

	2023 \$'000	2022 \$'000
Current		
Indebtedness to the Treasurer		
Borrowings for Commonwealth concessional loan schemes	428	428
Borrowings for loans to cooperatives	13 978	9 158
Lease liabilities	846	843
Total current financial liabilities	15 252	10 429
Non-current		
Indebtedness to the Treasurer		
Borrowings for Commonwealth concessional loan schemes	7 603	9 111
Borrowings for loans to cooperatives	16 780	19 037
Lease liabilities	797	812
Total non-current financial liabilities	25 180	28 960
Total financial liabilities	40 432	39 389

The department measures financial liabilities including borrowings/debt at amortised cost.

Note 10.3 describes possible cash outflows for leases the department is exposed to that are not included in lease liabilities.

Borrowings consist of loans to cooperatives and loans to eligible applicants of various concessional loan schemes offered by the Commonwealth Government. Refer to further details of the loan schemes in note 6.2.

In assessing the requirements of AASB 9 the department has taken the position that borrowings in respect of Commonwealth Concessional Loan schemes are a pass-through arrangement between the Commonwealth, State and department, with the department operating as a delivery agent and administrator for the Commonwealth Funds. Further, the department bears no financial or credit risk, nor foregoes any resources from the concessional interest rate under the Commonwealth agreement.

	2023 \$'000	2022 \$'000
Movement in indebtedness to the Treasurer		
Carrying amount at the beginning of the period	37 734	38 448
Additional borrowing during the year	5 580	5 900
Repayment of borrowings	(4 525)	(6 614)
Carrying amount at the end of the period	38 789	37 734

Lease liabilities have been measured via discounting lease payments using either the interest rate implicit in the lease (where it is readily determined) or DTF's incremental borrowing rate. For details of right-of-use assets, refer to note 5.2.

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7.3. Provisions

	2023	2022
	\$'000	\$'000
Current		
Provision for workers compensation	475	476
Total current provisions	475	476
Non-current		
Provision for workers compensation	1 704	1 538
Total non-current provisions	1 704	1 538
Total provisions	2 179	2 014
Carrying amount at the beginning of the period	2 014	1 234
Reductions arising from payments	(111)	(139)
Revaluation of liability ⁽¹⁾	(185)	421
Additional provisions recognised	461	498
Carrying amount at the end of the period	2 179	2 014

⁽¹⁾ Open seriously injured worker (SIW) claims decreased from one (at previous valuation) to zero.

The department is an exempt employer under the *Return to Work Act 2014*. Under a scheme arrangement, the department is responsible for the management of workers rehabilitation and compensation and is directly responsible for meeting the cost of worker's compensation claims and the implementation and funding of preventative programs.

Accordingly, a liability has been reported to reflect unsettled workers compensation claims (statutory and additional compensation schemes).

The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

The additional compensation scheme provides continuing benefits to workers who have suffered eligible work-related injuries and whose entitlements have ceased under the statutory workers compensation scheme. Eligible injuries are nonserious injuries sustained in circumstances which involved, or appeared to involve, the commission of a criminal offence, or which arose from a dangerous situation.

There is a significant degree of uncertainty associated with estimating future claim and expense payments and also around the timing of future payments due to the variety of factors involved. The liability is impacted by agency claim experience relative to other agencies, average claim sizes and other economic and actuarial assumptions.

In addition to these uncertainties, the additional compensation scheme \$0.129 million (2022: \$0.087 million) is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

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7.4. Other liabilities

	2023 \$'000	2022 \$'000
Current		
Accommodation incentive	73	73
Total current other liabilities	<u>73</u>	<u>73</u>
Non-current		
Accommodation incentive	257	330
Other liabilities	1	-
Total non-current other liabilities	<u>258</u>	<u>330</u>
Total other liabilities	<u><u>331</u></u>	<u><u>403</u></u>

Accommodation incentive liabilities relate to arrangements with DIT for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities. DIT has provided fit-out free of charge. The benefit of this incentive is spread over the accommodation term so that each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

8. Other disclosures

8.1. Equity

Asset Revaluation

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

Investment reserve

The reserve is used to record all changes in fair value of investments classified as fair value through other comprehensive income.

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8.2. Cash flow

Total cash outflows for leases was \$1.318 million (2022: \$1.470 million).

Reconciliation of net result to cash flows from operating activities

	2023	2022
	\$'000	\$'000
Reconciliation of cash at 30 June 2023		
Cash disclosed in the Statement of Financial Position	168 152	215 069
Balance as per the Statement of Cash Flows	168 152	215 069
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by / (used in) operating activities	(29 361)	18 307
Add / (less) non-cash items		
Depreciation and amortisation	(8 707)	(8 648)
Gain/(loss) on disposal of property, plant and equipment	(394)	214
Gain/(loss) on inventories	(1 247)	(248)
Accommodation incentive	73	73
Impairment loss on receivables movement	(44)	(32)
Asset write down	-	(2)
Net losses on foreign exchange		(16)
Movement in assets and liabilities		
(Decrease)/increase in receivables	1 339	(597)
(Decrease)/increase in inventories	(1 734)	1 946
(Decrease)/increase in contract assets	3 760	4 386
(Increase)/decrease in payables	10 116	(10 007)
(Increase)/decrease in provisions	(165)	(780)
(Increase)/decrease in contract liabilities	1 107	(4 792)
(Increase)/decrease in employee benefits	2 398	5 146
(Increase)/decrease in other liabilities	(72)	1
Net result	(22 931)	4 951

8.3. Trust funds

The department has received monies in a trustee capacity for the Pleura Pneumonia Fund. As the department performs only a custodial role in respect of these monies, and because the monies cannot be used for achievement of the department's objectives, the revenues and expenditures are only disclosed by way of note and are not brought to account in the department's financial statements.

Pleura Pneumonia Fund

This fund consists of monies belonging to all State Governments and the Federal Government. The fund is controlled by the Standing Committee of Agriculture and all expenditure is subject to the approval of the Chairman. Funds are to be used principally for publication of the history of the Pleura Pneumonia Eradication Campaign and are held in a Section 21 Deposit Account. The fund balance did not change during 2022-23 and remains at \$0.016 million as at 30 June 2023.

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9. Outlook

9.1. Unrecognised commitments

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

Contractual commitments to acquire property, plant and equipment

Contractual commitments to acquire property, plant and equipment, contracted for at the reporting date but not recognised as liabilities in the financial report, are payable as follows:

	2023	2022
	\$'000	\$'000
Within one year	1 388	12 123
Later than one year but not longer than five years	1 527	509
Total contractual commitments to purchase property, plant and equipment	2 915	12 632

Capital commitments relate to current contractual agreements for expansion of the Queensland Fruit Fly Sterile Insect Technology Facility in Port Augusta.

Other contractual commitments

	2023	2022
	\$'000	\$'000
Within one year	56 916	78 325
Later than one year but not longer than five years	13 759	13 046
Later than five years	3 375	3 408
Total expenditure commitments	74 050	94 779

The department's other contractual commitments include:

- MoAA with DIT for accommodation commitments of \$4.060 million (2022: \$6.535 million).
- amounts owing under fixed price contracts outstanding at the end of the reporting period and future amounts payable under approved grant and funding agreements where payment by the department is conditional on the grant applicant meeting any conditions precedent in the agreement. Non-performance by the applicant would result in a withdrawal of the grant offer.

Leases entered which have not yet commenced

- The department signed a new accommodation lease in June 2023. The lease commences on 3 July 2023 when the accommodation is made available to the department. The future lease payments for the lease contract are \$0.032 million within 1 year and \$0.064 million within 5 years.

9.2. Expected realisation of contract liabilities as revenue

All contract liabilities as at 30 June 2023 are expected to be recognised as revenue in 2023-24.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

9.3. 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

The department has lodged insurance claims as result of property, plant and equipment loss caused by fire damage in Struan Research Centre in 2022-23. While the department received interim insurance proceeds, approximate \$1m has not yet approved by the insurer.

Contingent liabilities

The department has some current and potential legal disputes in Fishery and Biosecurity areas. The financial impact cannot be reliably measured at this time.

The nature of activities that the department is involved in can create potential exposure to environmental matters, which the department may be required to remedy in the future.

9.4. Impact of standards not yet effective

The department has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact on the financial statements.

9.5. COVID-19 pandemic outlook for the department

The COVID-19 pandemic will continue to impact on the way in which the department operates and delivers services in 2023-24 to the primary industry sectors and regions of the state.

At this stage any potential significant on-going financial impacts on the department are still being determined and are not reliably measurable.

9.6. Events after the reporting period

No events have occurred after balance date that would affect the financial statements of PIRSA as at 30 June 2023.

10. Measurement and risk

10.1. Long service leave liability – measurement

AASB 119 *Employee Benefits* contains 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 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has increased from 2022 (3.5%) to 2023 (4.0%).

The actuarial assessment performed by DTF for the salary inflation rate has increased from 2022 (2.5%) to 2023 (3.5%) for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefit expense of \$0.497 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.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.1. Long service leave liability - measurement (continued)

The actuary determined that 84.39% (85.27%) of the total liability was unconditionally payable to employees as they had greater than 10 years of service. Leave analysis indicates that a significant amount of long service leave is accumulated and will not be taken in the next financial year. The current portion of the long service leave provision therefore reflects the unconditional amount expected to be paid within the next reporting period, calculated from a long-term average of recurrent long service leave payments.

10.2. Fair value

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

Initial recognition

Property, plant and equipment owned by the department assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

Revaluation

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

The revaluation process is reviewed by the department each year.

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

Revaluation is undertaken on a 5-year cycle. The independent valuation of land and buildings was performed by Liquid Pacific Pty Ltd, an independent valuer, as at 30 June 2023. The valuer arrived at the fair value based on recent market transactions for similar land and buildings in the area taking into account zoning and restricted use.

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

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

Equity instruments are re-measured to fair value at each reporting period.

Fair value hierarchy

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

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

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.2. Fair value (continued)

During 2023 and 2022, the department had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

	Note	2023 \$'000	Level 2 \$'000	Level 3 \$'000
Fair value classification - at 30 June 2023				
Recurring fair value measurements				
Land	5.1	64 793	64 793	-
Buildings and infrastructure specialised	5.1	70 389	-	70 389
Buildings and infrastructure non specialised	5.1	9 233	9 233	-
Accommodation improvements	5.1	621	-	621
Bearer plants	5.1	113	-	113
Plant and equipment	5.1	17 503	-	17 503
Large vessels	5.1	895	-	895
Other financial assets	6.4	30 694	-	30 694
Total recurring fair value measurements		194 241	74 026	120 215
Fair value classification - at 30 June 2022				
Recurring fair value measurements				
Land	5.1	25 437	25 437	-
Buildings and infrastructure specialised	5.1	59 554	-	59 554
Buildings and infrastructure non specialised	5.1	7 150	7 150	-
Accommodation improvements	5.1	638	-	638
Bearer plants	5.1	114	-	114
Plant and equipment	5.1	16 449	-	16 449
Large vessels	5.1	1 019	-	1 019
Other financial assets	6.4	30 304	-	30 304
Total recurring fair value measurements		140 665	32 587	108 078

Land, buildings and infrastructure

Land, buildings and infrastructure were independently reviewed and revalued to fair value as at 30 June 2023, by Liquid Pacific Pty Ltd, in accordance with AASB 116 *Property, Plant and Equipment*. The valuer arrived at fair value using the market approach based on recent market transactions for similar land and buildings in the area considering zoning and restricted use.

The valuer used depreciated replacement cost for specialised buildings, due to there not being an active market for such buildings. The depreciated replacement cost considered the need for ongoing provision of government services, specialised nature of the assets, including the restricted use of the assets; the size, condition, location. The valuation was based on a combination of internal records, specialised knowledge and the acquisition/transfer costs.

Large vessels

The department's purpose-built high-speed patrol vessel 'Southern Ranger' used for South Australia's Fisheries and Aquaculture operations was reviewed by an independent valuer and revalued to fair market value as at 31 March 2020.

The market value appraisal was arrived at from market research and recent market evidence through the independent valuer. This asset is classified at level 3.

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.2. Fair value (continued)

Other financial assets – investments in shares

The fair value of unlisted investments is based on expected cash flows discounted at a market interest rate and considering the risk premium specific to the investments. These investments are classified as Level 3 in the hierarchy. Refer to note 6.4.

Plant and equipment

All items of plant and equipment that had a fair value at the time of acquisition of less than \$1 million or had an estimated useful life that was less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

Reconciliation of level 3 recurring fair value measurements

There was no asset transfer between level 2 and level 3 in 2021-22 and 2022-23. Movements in Level 3 are the same as reflected in Note 5.1 and 6.4.

10.3. Possible lease cash outflows not reflected in lease liabilities

Variable lease payments are required where the department uses the tractors above specified levels. These are not reflected in the lease liability. The department did not incur such charges in 2022-23 and is not expected to incur such charges in 2023-24.

10.4 Financial instruments

Financial risk management

Risk management is managed by the department's corporate services section and departmental risk management policies are in accordance with the *SA Government Risk Management Guide* and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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

Liquidity risk

The department is funded principally from appropriation by the SA Government (refer note 2.1). The department works with DTF to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

Refer to notes 6.2 and 7.2 for information in relation to loans and borrowings.

The department's performance against budget is presented in note 1.5.

Credit risk

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

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.4. Financial instruments (continued)

Impairment of financial assets

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

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

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

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

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

Loans Receivables

There is no impairment allowance provided for the loans receivables. The department operates as only a pass-through delivery agent for loans under Commonwealth concessional loan schemes and bears no financial risks.

Under the arrangement with the Commonwealth, should a bad debt loss occur, the loss would be passed back to the Commonwealth. Loans to cooperatives are secured by bank guarantee for the total balance.

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

	Debtor gross carrying amount		Lifetime expected losses
	\$'000	Loss %	\$'000
Current	5,660	0.34%	19
1-30 days past due	598	0.65%	4
31 - 60 days past due	154	2.89%	4
61-90 days past due	23	6.12%	1
More than 90 days past due	182	16%	31
Loss allowance			59

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

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.4. Financial instruments (continued)

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

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

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

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

Market risk

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

Exposure to interest rate risk may arise through its interest-bearing liabilities, including borrowings. PIRSA's interest bearing liabilities are managed through the South Australian Government Financing Authority (SAFA) and any movement in interest rates are monitored on a daily basis. Except as noted at 6.1. there is no exposure to foreign currency or other price risks.

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

Categorisation of financial instruments

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

Maturity analysis of financial instruments

Category of financial asset and financial liability		2023 Carrying amount / fair value \$'000	2023 Contractual maturities*		
			Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets at amortised cost					
Cash	6.1	168 152	168 152	-	-
Receivables	6.2	11 536	11 536	-	-
Loans receivable	6.2	38 648	14 406	23 503	739
Financial assets at fair value through other comprehensive income					
Other financial assets	6.4	30 694	30 694	-	-
Total financial assets		249 030	224 788	23 503	739
Financial liabilities at amortised cost					
Payables	7.1	22 429	22 429	-	-
Borrowings	7.2	38 789	14 406	23 644	739
Lease liabilities*	7.2	1 704	874	830	-
Total financial liabilities		62 922	37 709	24 474	739

Department of Primary Industries and Regions
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.4. Financial instruments (continued)

Category of financial asset and financial liability		2022	2022 Contractual maturities*		
		Carrying amount / fair value \$'000	Within 1 year (\$'000)	1-5 years (\$'000)	More than 5 years (\$'000)
Financial assets at amortised cost					
Cash	6.1	215 069	215 069	-	-
Receivables	6.2	12 289	12 289	-	-
Loans receivable	6.2	37 706	9 587	19 037	9 082
Financial assets at fair value through other comprehensive income					
Other financial assets	6.4	30 304	30 304	-	-
Total financial assets		295 368	267 249	19 037	9 082
Financial liabilities at amortised cost					
Payables	7.1	30 398	30 398	-	-
Borrowings	7.2	37 734	9 586	19 037	9 111
Lease liabilities*	7.2	1 687	853	801	33
Total financial liabilities		69 819	40 837	19 838	9 144

* Maturities analysis is presented using the undiscounted cash flows and therefore may not total to equal the carrying amount/fair value of the financial instrument.

Receivables and payables

The receivables and payables amounts disclosed here exclude amounts relating to statutory receivables and payables. This includes Commonwealth, State and Local Government taxes and equivalents, fees and charges; Auditor-General's Department audit fees. This is in addition to employee related payables, such as payroll tax, Fringe Benefits Tax, Pay As You Go Withholding and ReturnToWorkSA levies. In government, certain rights to receive or pay cash may not be contractual but have their source in legislation and therefore in these situations, the disclosure requirements of AASB 7 will not apply. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.

**Department of Primary Industries and Regions
(PIRSA)**

Administered Financial Statements

For the year ended 30 June 2023

Department of Primary Industries and Regions
Statement of Administered Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Administered income			
Appropriation	A2.1	4 765	4 665
Fees and charges	A2.2	31 005	30 677
Interest	A2.3	467	-
Levies collections	A2.4	212	235
Other income	A2.5	111	5
Total administered income		36 560	35 582
Administered expenses			
Employee benefits expenses	A3.2	410	373
Supplies and services	A4.1	2 614	2 567
Grants and subsidies	A4.2	31 998	32 634
Levies payments	A4.3	195	259
Other expenses	A4.4	88	-
Total administered expenses		35 305	35 833
Net result		1 255	(251)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in property asset revaluation surplus		-	15 062
Total other comprehensive income		-	15 062
Total comprehensive result		1 255	14 811

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

Department of Primary Industries and Regions
Statement of Administered Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Administered current assets			
Cash and cash equivalents	A6.1	20 934	21 989
Receivables	A6.2	4 165	3 630
Total current assets		25 099	25 619
Administered non-current assets			
Property	A5.1	-	69 178
Total non-current assets		-	69 178
Total assets		25 099	94 797
Administered current liabilities			
Payables	A7.1	466	338
Other liabilities	A7.2	528	2 261
Total current liabilities		994	2 599
Total liabilities		994	2 599
Net assets		24 105	92 198
Administered equity			
Revaluation Reserve		-	15 062
Retained earnings		24 105	77 136
Total equity		24 105	92 198

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

Department of Primary Industries and Regions
Statement of Administered Cash Flows
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash inflows			
Appropriations		4 765	4 665
Fees and charges		28 763	31 384
Interest		413	-
Levies collections		212	235
Net GST recovered from PIRSA		660	633
Other income		122	1
Cash generated from operations		34 935	36 918
Cash outflows			
Employee benefit expenses		(410)	(373)
Supplies and services		(2 778)	(3 608)
Grants and subsidies		(32 437)	(32 925)
Levies payments		(195)	(131)
Cash used in operations		(35 820)	(37 037)
Net cash provided by / (used in) operations	A8.1	(885)	(119)
Cash outflows			
Cash transferred for administrative restructure		(170)	-
Cash used in financing activities		(170)	-
Net cash provided by / (used in) financing activities		(170)	-
Net increase / (decrease) in cash and cash equivalents		(1 055)	(119)
Cash and cash equivalents at the beginning of the period		21 989	22 108
Cash and cash equivalents at the end of the period	A6.1	20 934	21 989

The accompanying notes form part of these financial statements.

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2023

Administered programs - refer note A1.1	Adelaide Hills Wine		Barossa Wine Industry			
	Industry Fund		Aquaculture Fund		Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Administered income						
Fees and charges	364	316	2 346	1 718	1 318	1 077
Interest	6	-	75	-	11	-
Total administered income	370	316	2 421	1 718	1 329	1 077
Administered expenses						
Supplies and services	18	20	-	-	47	55
Grants and subsidies	400	285	2 215	1 741	1 015	1 168
Levies payments	-	-	-	-	-	-
Other expenses	-	-	47	-	-	-
Total administered expenses	418	305	2 262	1 741	1 062	1 223
Net result	(48)	11	159	(23)	267	(146)

	Citrus Growers Fund		Clare Valley Wine		Fisheries Research	
	Industry Fund		Industry Fund		and Development Fund	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Administered income						
Fees and charges	183	203	375	348	12 343	13 928
Interest	9	-	10	-	-	-
Other income	-	-	-	-	-	5
Total administered income	192	203	385	348	12 343	13 933
Administered expenses						
Supplies and services	12	13	49	28	1 791	1 756
Grants and subsidies	230	150	270	200	9 789	11 679
Other expenses	-	-	-	-	41	-
Total administered expenses	242	163	319	228	11 621	13 435
Net result	(50)	40	66	120	722	498

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2023

	ForestrySA Community		Grain Industry		Grain Industry Research and Development Fund	
	Service Obligations		Fund		Development Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	4 393	4 274	-	-	-	-
Fees and charges	-	-	3 147	2 207	3 046	2 170
Interest	-	-	57	-	10	-
Total administered income	4 393	4 274	3 204	2 207	3 056	2 170
Administered expenses						
Supplies and services	-	-	24	26	24	26
Grants and subsidies	4 393	4 274	2 326	2 237	2 922	2 207
Total administered expenses	4 393	4 274	2 350	2 263	2 946	2 233
Net result	-	-	854	(56)	110	(63)

	Langhorne Creek Wine		McLaren Vale Wine		Riverland Wine	
	Industry Fund		Industry Fund		Industry Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Fees and charges	242	311	591	735	770	1 091
Interest	3	-	9	-	11	-
Total administered income	245	311	600	735	781	1 091
Administered expenses						
Supplies and services	25	33	61	58	371	317
Grants and subsidies	300	441	675	660	790	1 102
Total administered expenses	325	474	736	718	1 161	1 419
Net result	(80)	(163)	(136)	17	(380)	(328)

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2023

	South Australian Apiary Industry Fund		South Australian Cattle Industry Fund		South Australian Grape Growers Industry Fund	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Fees and charges	66	61	933	807	711	811
Interest	12	-	29	-	13	-
Total administered income	78	61	962	807	724	811
Administered expenses						
Supplies and services	7	8	17	20	126	159
Grants and subsidies	33	45	668	747	650	450
Total administered expenses	40	53	685	767	776	609
Net result	38	8	277	40	(52)	202

	South Australian Pig Industry Fund		South Australian Sheep Industry Fund		Other Funds	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered income						
Appropriation	-	-	-	-	372	377
Fees and charges	178	176	4 392	4 718	-	-
Interest	81	-	131	-	-	-
Levies collections	-	-	-	-	212	235
Other income	-	-	111	-	-	-
Total administered income	259	176	4 634	4 718	584	612
Administered expenses						
Employee benefits expenses	-	-	-	-	410	373
Supplies and services	13	19	26	24	3	5
Grants and subsidies	285	1 006	5 037	4 242	-	-
Levies payments	-	-	-	-	195	259
Total administered expenses	298	1 025	5 063	4 266	608	637
Net result	(39)	(849)	(429)	452	(24)	(25)

Department of Primary Industries and Regions
Income and Expenses by Administered Programs
For the year ended 30 June 2023

	Pastoral Land Management			
	Fund		Total	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Administered income				
Appropriation	-	14	4 765	4 665
Fees and charges	-	-	31 005	30 677
Interest	-	-	467	-
Levies collections	-	-	212	235
Other income	-	-	111	5
Total administered income	-	14	36 560	35 582
Administered expenses				
Employee benefits expenses	-	-	410	373
Supplies and services	-	-	2 614	2 567
Grants and subsidies	-	-	31 998	32 634
Levies payments	-	-	195	259
Other expenses	-	-	88	-
Total administered expenses	-	-	35 305	35 833
Net result	-	14	1 255	(251)

Department of Primary Industries and Regions
Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2023

A1. Basis of preparation

The basis of preparation for administered financial statements is the same as the basis outlined in note 1.1. The Department of Primary Industries and Regions (PIRSA/the department) applies the same accounting policies to the administered financial statements as set out in the notes to PIRSA's Controlled financial statements.

A1.1. Administered funds of the department

The program schedule presents income and expenses by fund attributable to each program. A schedule of asset and liabilities by program has not been provided as they cannot be attributed to the programs reliably. Information about the PIRSA administered funds is set out below:

Adelaide Hills Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2003. The primary purposes of the fund are to promote the Adelaide Hills wine industry, undertake research and development and encourage communication and cooperation between participants in the Adelaide Hills wine industry.

Aquaculture Fund

This fund, established under the *Aquaculture Act 2001*, came into operation on 11 November 2002. Under the Act, fees are paid into the fund and are to be utilised primarily for the purpose of any investigation or other projects relating to the management of aquaculture resources.

Barossa Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the Barossa wine industry, undertake research and development and encourage communication and cooperation between participants in the Barossa wine industry.

Citrus Growers Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 20 October 2005. The primary purposes of the fund are to provide services to growers, promote the SA citrus industry, represent growers in regional, State or national citrus or horticulture industry forums and encourage communication and cooperation between participants in the citrus industry.

Clare Valley Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 21 February 2008. The primary purposes of the fund are to promote the Clare Valley wine industry, undertake research and development and encourage communication and cooperation between participants in the Clare Valley wine industry.

Fisheries Research and Development Fund

Under the *Fisheries Management Act 2007*, all commercial licence fees received by PIRSA are required to be paid into this fund. The primary purposes of the fund are to carry out research, exploration, experiments, works or operations for the conservation, management and enhancement of living resources found in waters to which the Act applies or promotion of any fishing, fish farming or fish processing activity.

Forestry SA Community Service Obligations

PIRSA receives appropriation to make payments to Forestry SA representing Community Service Obligations for the provision of: management of native forests for biodiversity conservation; community use of forest reserves; forest research programs; and provision of community fire protection services near forest reserves.

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A1.1. Administered funds of the department (continued)

Grain Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 March 2012. The primary purposes of the fund are to promote the grain industry through industry field days, conferences and other events; represent grain growers in regional, state or national grain or agriculture industry forums; collect and disseminate to grain growers information relevant to the grain industry; and undertake programs designed to encourage communication and cooperation between grain growers and other persons associated with the grain industry.

Grain Industry Research and Development Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 8 August 2013. The primary purposes of the fund are to collect industry funds and make payments to the South Australian Grain Industry Trust Fund and others; to undertake or facilitate research and development into the growing, harvesting, storage, processing and marketing of grain; and collect and disseminate to grain growers information relevant to research and development into grains.

Langhorne Creek Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001 with new Regulations assented to on 1 September 2016. The primary purposes of the fund are to promote the Langhorne Creek wine industry, undertake research and development and encourage communication and cooperation between participants in the Langhorne Creek wine industry.

McLaren Vale Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 5 June 2003. The primary purposes of the fund are to promote the McLaren Vale wine industry, undertake research and development and encourage communication and cooperation between participants in the McLaren Vale wine industry.

Pastoral Land Management Fund

This fund was established pursuant to section 9 of the *Pastoral Land Management and Conservation Act 1989*. The primary purposes of the fund are to provide funding for research into techniques for pastoral land management, for prevention or minimisation of pastoral land degradation and for rehabilitation of degraded pastoral land, and other purposes consistent with the management and conservation of pastoral land.

The Fund was transferred to the Department for Environment and Water on 1 July 2022 (see note A1.2).

Riverland Wine Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 14 June 2001 with new Regulations assented to on 1 September 2016. The primary purposes of the fund are to promote the Riverland wine industry, undertake research and development and encourage communication and cooperation between participants in the Riverland wine industry.

South Australian Apiary Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 31 January 2001 with new Regulations assented to on 1 September 2016. The primary purpose of the fund is to undertake programs relating to the apiary industry or apiary products or any other aspect of the apiary industry that is considered will benefit the apiary industry.

Department of Primary Industries and Regions
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A1.1. Administered funds of the department (continued)

South Australian Grape Growers Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 29 November 2007. The primary purposes of the fund are to promote the SA grape grower's industry, undertake research and development and encourage communication and cooperation between participants in the SA grape grower's industry.

South Australian Pig Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 1 October 2001 with new Regulations assented to on 1 September 2016. The primary purposes of the fund are to undertake research, investigations or other programs relating to pigs, pig products or any other aspect of the pig industry and payment of compensation in line with Regulations.

South Australian Sheep Industry Fund

This fund was established by Regulations under the *Primary Industry Funding Schemes Act 1998* on 28 October 1999 with new Regulations assented to on 14 August 2014. The purposes of the fund are to make financial assistance or ex gratia payments to farmers in line with the Regulations, undertake and provide contributions to the Dog Fence Board towards the maintenance and rebuild of the dog proof fence.

Other Funds

This is the total of all other administered funds including the payment of Ministerial salaries and allowances, and seed levies collected and remitted pursuant to the *Commonwealth Pasture Seed Levy Collection Act 1989* and amending Act *Primary Industries Levies and Charges Collection (Consequential Provisions) Act 1991*.

A1.2. Changes to the department

2022-23 Transferred Out

As result of *Administrative Arrangements (References to Ministers and Transfer of Assets) Proclamation 2022* which was published in SA Government Gazette on 30 June 2022, the assets, rights and liabilities of the Minister for Primary Industries and Regional Development relating to the administration of the *Pastoral Land Management and Conservation Act 1989* are transferred to the Minister for Climate, Environment and Water on 1 July 2022.

Net administered assets of \$69.348 million were transferred out of the department, consisting of cash (\$0.170 million) and pastoral lands (\$69.178 million). See the department's Controlled statements for details relating to the transfer of net controlled assets.

Department of Primary Industries and Regions
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A1.3 Budget performance

The budget performance table compares the departments outcomes against budget information presented to Parliament (2022-23 budget paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Administered Comprehensive Income			
Administered Income			
Appropriation	4 774	4 765	(9)
Fees and charges	30 427	31 005	578
Interest	-	467	467
Levies collections	166	212	46
Other income	-	111	111
Total administered income	35 367	36 560	1 193
Administered Expenses			
Employee benefits expenses	381	410	29
Supplies and services	2 911	2 614	(297)
Grants and subsidies	32 344	31 998	(346)
Levies payments	166	195	29
Other expenses	27	88	61
Total administered expenses	35 829	35 305	(524)
Net result	(462)	1 255	1 717
Total comprehensive result	(462)	1 255	1 717

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

A1.4. Significant transactions with government related entities

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

A2. Income

A2.1. Appropriations

	2023 \$'000	2022 \$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	4 393	4 288
Reimbursements received for Parliamentary salaries and expense allowances	372	377
Total appropriations	4 765	4 665

Appropriations are recognised upon receipt.

Department of Primary Industries and Regions
Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2023

A2.2. Fees and charges

	2023	2022
	\$'000	\$'000
Industry contributions	16 316	15 031
Aquaculture and fishing licences	11 083	13 197
Other fees and levies	3 546	2 431
Penalties and fines	60	18
Total fees and charges	31 005	30 677

Aquaculture and Fishing Licences

Revenue is recognised at the date of grant of a new licence and on any subsequent renewal, at the date of commencement of the new licence period. The operations of Fisheries and Aquaculture are largely cost recovered and annual licence fee revenue collections fund legislative compliance, research and other industry specific projects, in accordance with strategic plans developed by the industry.

Industry contributions

Under the *Primary Industry Funding Schemes Act 1998* certain administered industry funds may impose a levy on industry participants to raise funds for the conduct of approved projects to advance research or development in the industry sector. For each industry fund, regulations under the Act specify the amount and nature of levies payable. Contributions are recognised as an asset and income when the Fund 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).

A2.3. Interest

	2023	2022
	\$'000	\$'000
Interest on special deposit accounts	467	-
Total interest	467	-

A2.4. Levies collections

	2023	2022
	\$'000	\$'000
Seed levies	212	235
Total levies collections	212	235

Seed levies comprise amounts collected pursuant to the *Commonwealth Pasture Seed Levy Collection Act 1989* and amending Act *Primary Industries Levies and Charges Collection (Consequential Provisions) Act 1991* for certification of pasture seed by the State and fees charged by Australian Seed Authority Ltd (ASA) under licence by the Commonwealth Department of Agriculture and Water and Environment. ASA has undertaken the role of the National Designated Authority for the Organisation for Economic Cooperation and Development (OECD) seed schemes, and, at the request of the Australian seed industry, operates the Australian Seed Certification Scheme which is used principally for seed not destined for export. The department has an agreement with ASA to collect and remit the levy on their behalf.

Payments are recognised under note A4.3.

Department of Primary Industries and Regions
Notes to and forming part of the Administered Financial Statements
For the year ended 30 June 2023

A2.5. Other income

	2023	2022
	\$'000	\$'000
Return of unspent grants from industry	111	-
Reduction in impairment on receivables	-	4
Other	-	1
Total other income	111	5

A3. Board, committees and employees

A3.1. Key management personnel

The Minister for Primary Industries and Regional Development (the Minister) has responsibility for all the administered funds included under note A1.1 and discharges their duties in accordance with the governance arrangements in the legislation and regulations that underpin each fund. The Minister is deemed to be a key management person for the administered funds.

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 DTF) under section 6 the *Parliamentary Remuneration Act 1990*. Refer to note A3.2 for the Minister's remuneration.

A3.2. Employee benefit expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	388	362
Workers' compensation	22	11
Total employee benefit expenses	410	373

A4. Expenses

A4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Professional and technical services ⁽¹⁾	2 013	1 976
Administrative and operating costs	599	587
Other	2	4
Total supplies and services	2 614	2 567

⁽¹⁾ Includes audit fees paid/payable to the Auditor-General's Department of \$0.109 million (2022: \$0.107 million) relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

A4.2. Grants and subsidies

	2023	2022
	\$'000	\$'000
Recurrent grants to industry	14 517	13 869
Transfer to PIRSA for industry research and project delivery	12 000	13 383
Intra government transfers	5 481	5 382
Total grants and subsidies	31 998	32 634

Department of Primary Industries and Regions
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For the year ended 30 June 2023

A4.3. Levies payments

	2023	2022
	\$'000	\$'000
Seed levies	195	259
Total levies payments	195	259

Seed levies collected pursuant to the Commonwealth *Pasture Seed Levy Collection Act 1989* are paid to the Commonwealth Department of Agriculture and Water and Environment. Fees charged by ASA are by an agreement with the department, collected and remitted to ASA.

Income is recognised under note A2.4.

A4.4. Other expenses

	2023	2022
	\$'000	\$'000
Increase in impairment of receivables	88	-
Total other expenses	88	-

A5. Non-financial assets

A5.1. Property

	2023	2022
Land at fair value	-	69 178
Total land	-	69 178

Land relates to crown tenure over pastoral lands in South Australia covering the more arid lands north of, and immediately below, the dog fence. The unimproved value of the land is a value determined on 9 December 2021 by the Valuer-General. The Valuer-General conducts the valuation and the determination of pastoral lease rents in accordance with the *Pastoral Land Management and Conservation Act 1989 (Section 23 (1) and (2))*. The unimproved land value is determined using Level 2 inputs (refer the department's Controlled note 10.2). The unimproved land value is determined using Level 2 inputs (refer the department's Controlled note 10.2). The land recorded a valuation increment of \$15.062 million in 2021-22.

The land was transferred to Department for Environment and Water on 1 July 2022. Refer to note A1.2.

A6. Financial assets

A6.1. Cash and cash equivalents

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer	20 934	21 989
Total cash and cash equivalents	20 934	21 989

Deposits with the Treasurer

Deposits into interest earning accounts with the Treasurer, are at call and earn a floating interest rate.

Department of Primary Industries and Regions
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A6.2. Receivables

	2023	2022
	\$'000	\$'000
Current		
Trade receivables		
From non-government entities	1 097	939
Less impairment loss on receivables	(92)	(141)
Total trade receivables	<u>1 005</u>	<u>798</u>
Accrued interest on deposits	54	-
Other accrued revenue	3 106	2 832
Total current receivables	<u>4 165</u>	<u>3 630</u>
Total receivables	<u><u>4 165</u></u>	<u><u>3 630</u></u>

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

The department has adopted the simplified impairment approach under AASB 9 and measures lifetime expected credit losses on all trade receivables using an allowance matrix as a practical expedient to measure the impairment allowance.

Allowance for impairment loss on receivables

	2023	2022
	\$'000	\$'000
Carrying amount at the beginning of the period	141	145
Amounts written off	(137)	-
(Decrease) / increase in allowance recognised in profit and loss	88	(4)
Carrying amount at the end of the period	<u>92</u>	<u>141</u>

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note A10.1 for details regarding credit risk and the methodology for determining impairment.

A7. Liabilities

A7.1. Payables

	2023	2022
	\$'000	\$'000
Current		
Accrued expenses	466	338
Total current payables	<u>466</u>	<u>338</u>
Total payables	<u><u>466</u></u>	<u><u>338</u></u>

Department of Primary Industries and Regions
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A7.2. Other liabilities

	2023	2022
	\$'000	\$'000
Current		
Contract liabilities ⁽¹⁾	487	2 220
Other	41	41
Total current other liabilities	<u>528</u>	<u>2 261</u>
Total other liabilities	<u>528</u>	<u>2 261</u>

(1) License fees paid in advance of the license period start date.

A8. Other disclosures

A8.1. Cash flow

The department prepares the Business Activity Statement on behalf of the Administered funds under the grouping provisions of the GST legislation.

Under these provisions, the department is liable for payments and entitled to receipts associated with GST.

Reconciliation of net result to cash flows from operating activities

	2023	2022
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	20 934	21 989
Balance as per the Statement of Cash Flows	20 934	21 989
Reconciliation of net cash provided by / (used in) operating activities to net result		
Net cash provided by/(used in) operating activities	(885)	(119)
Add / (less) non-cash items		
Impairment of receivables	(88)	4
Movement in assets and liabilities		
Increase/(decrease) in receivables	623	(152)
(Increase)/decrease in other liabilities	1 733	(490)
(Increase)/decrease in payables	(128)	506
Net result	<u>1 255</u>	<u>(251)</u>

Department of Primary Industries and Regions
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For the year ended 30 June 2023

A9. Outlook

A9.1. Contingent assets and liabilities

The department is not aware of any contingent assets affecting the administered entities comprising the consolidated financial report as at 30 June 2023.

Contingent liabilities - refunds of contributions

Funds established by Regulations under the *Primary Industry Funding Schemes Act 1998* may enable contributors to claim a refund for contributions made in relation to a prescribed period. At the reporting date the possible emergence of valid refund requests within each fund is present. However, as uncertainty exists as to the number of refund requests that will be received, and their timing and amount, these potential obligations cannot be reliably estimated and therefore represent a contingent liability for the fund. Once a valid refund request has been received from a past contributor and it is approved by the Minister or delegate, a present obligation to pay the refund arises. The refund amount is then recognised as a liability and expense of the fund.

A9.2. Events after the reporting period

No events have occurred after balance date that would affect the consolidated administered financial statements of PIRSA as at 30 June 2023.

A10. Measurement and risk

A10.1. Financial instruments

Impairment of financial assets

Refer to note 10.4 in PIRSA Controlled statements for the department's accounting policy and calculation method for expected credit losses.

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

	Debtor gross carrying amount		Lifetime expected losses
	\$'000	Loss %	\$'000
Current (not past due)	396	0.40%	2
1-30 days past due	1	4.09%	-
31-60 days past due	2	8.37%	-
61-90 days past due	148	10.93%	16
More than 90 days past due	550	13.55%	74
Loss allowance			92

Maturity Analysis of financial assets and liabilities

Financial assets (cash) and financial liabilities (payables) are measured at amortised cost and have contractual maturities of less than one year. Payables of \$0.357 million (2022: \$0.230 million) have statutory audit fees payable excluded from this disclosure.