



Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chief Executive Department of the Premier and Cabinet

Opinion

I have audited the financial report of the Department of the Premier and Cabinet 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 the Premier and Cabinet 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 policy information 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
- notes, comprising material accounting policy information and other explanatory information for administered items
- a Certificate from the Chief Executive and the Chief Operating 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 the Premier and Cabinet. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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 the Premier and Cabinet 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 the Premier and Cabinet's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- 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 the Premier and Cabinet

Financial Statements

For the year ended 30 June 2023

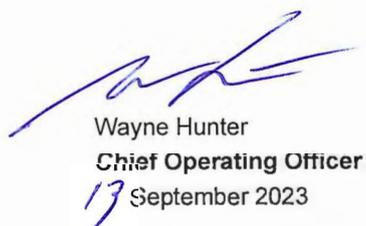
Department of the Premier and Cabinet
Certification of the Financial Statements
for the year ended 30 June 2023

We certify that the:

- financial statements of the Department of the Premier and Cabinet:
 - are in accordance with the accounts and records of the Department of the Premier and Cabinet;
 - 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 of the Premier and Cabinet at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Department of the Premier and Cabinet for the financial year over its financial reporting and its preparation of financial statements have been effective.



Damien Walker
Chief Executive
September 2023



Wayne Hunter
Chief Operating Officer
17 September 2023

Department of the Premier and Cabinet
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Appropriation	2.1	335 563	366 542
Sales of goods and services	2.2	24 665	29 055
Commonwealth-sourced grants and funding	2.3	11 199	15 912
SA Government grants, subsidies and transfers	2.4	9 134	25 946
Local government grants		350	342
Resources received free of charge	2.5	684	98 168
Other income	2.6	2 138	7 999
Total income		383 733	543 964
Expenses			
Employee benefits expenses	3.3	67 012	70 606
Supplies and services	4.1	122 902	106 916
Depreciation and amortisation	5.1, 5.4	10 140	15 859
Borrowing costs		6	5
Grants and subsidies	4.2	135 218	153 715
Net loss from the disposal of non-current assets	4.3	554	24
Cash transfer to the Consolidated Account		71 344	6 000
Other expenses	4.4	12 699	2 078
Resources provided free of charge	4.5	5 808	2 822
Total expenses		425 683	358 025
Net result		(41 950)	185 939
Total comprehensive result		(41 950)	185 939

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

Department of the Premier and Cabinet
Statement of Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash	6.1	87 274	128 733
Receivables	6.2	50 190	52 859
Inventories		173	238
Non-current assets classified as held for sale or transfer	5.5	199 162	202 083
Total current assets		336 799	383 913
Non-current assets			
Receivables	6.2	3 028	596
Property, plant and equipment	5.1	138 764	126 658
Intangible assets	5.4	7 460	16 615
Total non-current assets		149 252	143 869
Total assets		486 051	527 782
Current liabilities			
Payables	7.1	18 366	19 206
Employee benefits	3.4	6 655	7 117
Financial liabilities	7.2	165	134
Contract liabilities	7.3	1 009	1 794
Provisions	7.4	586	187
Total current liabilities		26 781	28 438
Non-current liabilities			
Payables	7.1	885	949
Employee benefits	3.4	8 897	9 860
Financial liabilities	7.2	184	140
Provisions	7.4	2 566	572
Total non-current liabilities		12 532	11 521
Total liabilities		39 313	39 959
Net assets		446 738	487 823
Equity			
Contributed capital		56 766	56 766
Asset revaluation surplus		25 609	28 079
Retained earnings		364 363	402 978
Total equity		446 738	487 823

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

Department of the Premier and Cabinet
Statement of Changes in Equity
for the year ended 30 June 2023

	Note	Asset revaluation		Retained earnings	Total equity
		Contributed capital	surplus		
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		56 766	33 530	177 866	268 162
Prior period adjustment		-	-	366	366
Prior period equity transfer on asset derecognition		-	(5 451)	5 451	-
Prior period gain on finance lease receivable recognition	5.1	-	-	33 356	33 356
Restated balance at 1 July 2021		56 766	28 079	217 039	301 884
Net result for 2021-22		-	-	185 939	185 939
Total comprehensive result for 2021-22		-	-	185 939	185 939
Balance at 30 June 2022		56 766	28 079	402 978	487 823
Net result for 2022-23		-	-	(41 950)	(41 950)
Total comprehensive result for 2022-23		-	-	(41 950)	(41 950)
Transactions with SA Government as owner:					
Equity transfer on asset transfer		-	(2 470)	2 470	-
Net assets transferred as a result of an administrative restructure		-	-	865	865
Balance at 30 June 2023		56 766	25 609	364 363	446 738

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

Department of the Premier and Cabinet
Statement of Cash Flows
for the year ended 30 June 2023

		2023	2022
		Inflows (Outflows)	Inflows (Outflows)
	Note	\$'000	\$'000
Cash flows from operating activities			
Cash inflows			
Appropriation		335 563	366 542
Sales of goods and services		28 469	29 383
Receipts from Commonwealth-sourced grants		10 400	16 300
SA Government grants, subsidies and transfers		9 488	25 934
Local government grants		385	342
GST recovered from the ATO		13 362	20 089
Other receipts		2 228	9 381
Cash generated from operations		399 895	467 971
Cash outflows			
Employee benefits payments		(65 258)	(71 403)
Payments for supplies and services		(138 059)	(120 827)
Payments of grants and subsidies		(139 912)	(163 104)
Cash transfer to the Consolidated Account		(71 344)	(6 000)
Other payments		(1 354)	(921)
Cash used in operations		(415 927)	(362 255)
Net cash (used in) / provided by operating activities	8.2	(16 032)	105 716
Cash flows from investing activities			
Cash inflows			
Proceeds from the sale of property, plant and equipment		635	-
Sale of financial asset		-	6 000
Cash generated from investing activities		635	6 000
Cash outflows			
Purchase of property, plant and equipment		(21 027)	(41 621)
Purchase of intangible assets		(4 886)	(4 379)
Cash used in investing activities		(25 913)	(46 000)
Net cash used in investing activities		(25 278)	(40 000)
Cash flows from financing activities			
Cash outflows			
Repayment of leases		(149)	(149)
Cash used in financing activities		(149)	(149)
Net cash used in financing activities		(149)	(149)
Net (decrease) / increase in cash		(41 459)	65 567
Cash at the beginning of the period		128 733	63 166
Cash at the end of the period	6.1	87 274	128 733
Non cash transactions	8.2		

The accompanying notes form part of these financial statements

Department of the Premier and Cabinet

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1 About the Department of the Premier and Cabinet

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

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

Administered financial statements relating to administered resources are presented separately as part of this report. Except as otherwise disclosed, administered items are accounted for on the same basis and using the same accounting policies as the department's transactions.

1.1 Basis of preparation

These financial statements are general purpose financial statements prepared in accordance 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 have been prepared based on a 12 month period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs. 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.

Significant accounting policies are set out throughout the notes.

The department is liable for fringe benefits tax (FBT) and goods and services tax (GST).

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 (ATO), 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.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

Department of the Premier and Cabinet

Notes to and forming part of the financial statements

For the year ended 30 June 2023

1.2 Objectives and programs

Objectives

The department delivers specialist policy advice to the Premier and ministers and supports the Cabinet process. It also has overarching responsibility for Commonwealth-state relations and manages the Premier's National Cabinet and Council for the Australian Federation agenda.

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

The department provides leadership in across government policy development on multicultural affairs and the arts.

The department provides the following programs:

Premier and Cabinet Policy and Support

Coordination and leadership of the strategic economic and policy priorities of the state. Support to the Premier and Cabinet through rigorous Cabinet process across government (including thorough analysis of the risks, costs and benefits of proposals), cross government policy, and communications activities.

Deliver protocol and international engagement programs promoting the state and its competitive advantages and offerings, showcasing South Australia's strategic industries, businesses, knowledge institutions, community and regions.

Information, Data Analytics and Communication Technology Services

Provision of specialised information and communication technology (ICT), digital, data and cyber security services, and support and information to government, citizens and industry.

Multicultural Affairs

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

Arts and Cultural Policy and Support

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

General / Not attributable

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

The schedules on the following pages present expenses, income, assets and liabilities attributable to each of the programs for the years ended 30 June 2023 and 30 June 2022.

The following has transferred to another government department prior to the current year but is disclosed in the comparative year: refer to note 1.4.

Aboriginal Affairs and Reconciliation

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

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

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
For the year ended 30 June 2023

Income and expenses by program

	Premier and Cabinet Policy and Support		Information, Data Analytics and Communication Technology Services		Multicultural Affairs		Arts and Cultural Policy and Support	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income								
Appropriation	335 563	366 542	-	-	-	-	-	-
Sales of goods and services	7 312	7 913	12 897	15 047	201	534	5 337	5 748
Commonwealth-sourced grants and funding	2 199	1 712	-	12 200	-	-	9 000	2 000
SA Government grants, subsidies and transfers	4 088	14 635	1 741	5 245	62	41	3 343	5 392
Local government grants	350	342	-	-	-	-	-	-
Resources received free of charge	288	235	299	271	18	17	79	97 599
Other income	702	422	767	94	275	172	416	7 186
Total income	350 502	391 801	15 704	32 857	556	764	18 175	117 925
Expenses								
Employee benefits expenses	31 913	30 584	23 346	24 247	3 578	2 306	8 175	7 976
Supplies and services	28 101	22 714	85 892	69 875	1 092	802	9 021	11 871
Depreciation and amortisation	1 133	1 021	6 163	6 562	55	56	2 789	7 987
Borrowing costs	5	2	1	2	-	-	-	1
Grants and subsidies	5 255	11 046	8 871	2 502	6 695	5 827	114 397	128 799
Net loss from the disposal of non-current assets	121	16	391	-	8	-	34	8
Cash transfer to the Consolidated Account	71 344	-	-	-	-	-	-	6 000
Other expenses	545	478	12 036	1 504	22	12	96	52
Resources provided free of charge	-	-	-	-	-	-	5 808	2 822
Total expenses	138 417	65 861	136 700	104 692	11 450	9 003	140 320	165 516
Net result	212 085	325 940	(120 996)	(71 835)	(10 894)	(8 239)	(122 145)	(47 591)

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
For the year ended 30 June 2023

	Aboriginal Affairs and Reconciliation		General / Not attributable		Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Appropriation	-	-	-	-	335 563	366 542
Sales of goods and services	-	800	(1 082)	(987)	24 665	29 055
Commonwealth-sourced grants and funding	-	-	-	-	11 199	15 912
SA Government grants, subsidies and transfers	-	633	(100)	-	9 134	25 946
Local government grants	-	-	-	-	350	342
Resources received free of charge	-	46	-	-	684	98 168
Other income	-	125	(22)	-	2 138	7 999
Total income	-	1 604	(1 204)	(987)	383 733	543 964
Expenses						
Employee benefits expenses	-	5 493	-	-	67 012	70 606
Supplies and services	-	2 541	(1 204)	(887)	122 902	106 916
Depreciation and amortisation	-	233	-	-	10 140	15 859
Borrowing costs	-	-	-	-	6	5
Grants and subsidies	-	5 641	-	(100)	135 218	153 715
Net loss from the disposal of non-current assets	-	-	-	-	554	24
Cash transfer to the Consolidated Account	-	-	-	-	71 344	6 000
Other expenses	-	32	-	-	12 699	2 078
Resources provided free of charge	-	-	-	-	5 808	2 822
Total expenses	-	13 940	(1 204)	(987)	425 683	358 025
Net result	-	(12 336)	-	-	(41 950)	185 939

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
For the year ended 30 June 2023

Assets and liabilities by program

	Premier and Cabinet Policy and Support		Information, Data Analytics and Communication Technology Services		Multicultural Affairs		Arts and Cultural Policy and Support	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Cash	87 274	128 733	-	-	-	-	-	-
Receivables	7 048	9 477	5 712	3 448	11	14	40 447	40 430
Inventories	-	-	173	238	-	-	-	-
Non-current assets classified as held for sale or transfer	-	-	-	-	-	-	199 162	202 083
Property, plant and equipment	12 246	8 525	16 424	15 881	-	-	110 094	101 750
Intangible assets	352	381	7 098	16 077	-	-	10	157
Total assets	106 920	147 116	29 407	35 644	11	14	349 713	344 420
Liabilities								
Payables	18 253	14 915	468	421	112	101	418	4 439
Employee benefits	9 536	9 941	3 872	3 800	874	851	1 270	1 286
Financial liabilities	349	261	-	-	-	-	-	-
Contract liabilities	971	1 749	-	42	-	-	38	3
Provisions	3 050	590	-	-	-	-	102	107
Total liabilities	32 159	27 456	4 340	4 263	986	952	1 828	5 835
Net assets	74 761	119 660	25 067	31 381	(975)	(938)	347 885	338 585

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
For the year ended 30 June 2023

	Aboriginal Affairs and		General / Not attributable		Total	
	Reconciliation					
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Cash	-	-	-	-	87 274	128 733
Receivables	-	88	-	(2)	53 218	53 455
Inventories	-	-	-	-	173	238
Non-current assets classified as held for sale or transfer	-	-	-	-	199 162	202 083
Property, plant and equipment	-	502	-	-	138 764	126 658
Intangible assets	-	-	-	-	7 460	16 615
Total assets	-	590	-	(2)	486 051	527 782
Liabilities						
Payables	-	281	-	(2)	19 251	20 155
Employee benefits	-	1 099	-	-	15 552	16 977
Financial liabilities	-	13	-	-	349	274
Contract liabilities	-	-	-	-	1 009	1 794
Provisions	-	62	-	-	3 152	759
Total liabilities	-	1 455	-	(2)	39 313	39 959
Net assets	-	(865)	-	-	446 738	487 823

All assets and liabilities for other activities that are not disclosed separately are included in Premier and Cabinet Policy Support.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.3 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	Note			
Income				
Appropriation		370 313	335 563	(34 750)
Sales of goods and services		15 942	24 665	8 723
Commonwealth-sourced grants and funding		13 669	11 199	(2 470)
SA Government grants, subsidies and transfers		4 458	9 134	4 676
Local government grants		351	350	(1)
Resources received free of charge		-	684	684
Other income		212	2 138	1 926
Total income		404 945	383 733	(21 212)
Expenses				
Employee benefits expenses		62 608	67 012	4 404
Supplies and services	a	70 761	122 902	52 141
Depreciation and amortisation		14 176	10 140	(4 036)
Borrowing costs		12	6	(6)
Grants and subsidies		138 363	135 218	(3 145)
Net loss from the disposal of non-current assets		-	554	554
Cash transfer to the Consolidated Account		-	71 344	71 344
Other expenses		700	12 699	11 999
Resources provided free of charge		-	5 808	5 808
Total expenses		286 620	425 683	139 063
Net result		118 325	(41 950)	(160 275)

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) The unfavourable variance is primarily due to additional expenditure relating to new events and to grow existing events in South Australia (\$31.0 million), reclassification of budget for events from grants and subsidies (\$10.0 million), transfer of the digital transformation project to Skills SA (\$3.6 million), public information activities (\$3.2 million), labour hire partially offset by employee vacancies and investing underspends (\$2.5 million).

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.3 Budget performance (continued)

	Note	Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Investing expenditure summary				
Total existing projects	b	123 454	20 784	(102 670)
Total annual program		10 808	5 462	(5 346)
Total leases		14 121	252	(13 869)
Total investing expenditure		148 383	26 498	(121 885)

- b) The favourable variance is primarily due to the timing of project expenditure for which carryover of budget to 2023-24 will be sought with the Department of Treasury and Finance.

1.4 Changes to the department

As a result of an administrative arrangements described in the Government Gazette on 30 June 2022, the Aboriginal Affairs and Reconciliation division transferred from the department to the Attorney-General's Department.

The effective date of the transfer was 1 July 2022.

The following assets and liabilities were transferred out of the department:

Effective Date	Aboriginal Affairs and Reconciliation 1 July 2022 \$'000	Total \$'000
Receivables	89	89
Property, plant and equipment	504	504
Total assets	593	593
Payables	284	284
Employee benefits	1 098	1 098
Provisions	62	62
Other liabilities	14	14
Total liabilities	1 458	1 458
Total net assets transferred	(865)	(865)

Net assets transferred by the department because of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a distribution to the government as owner.

1.5 Significant transactions with government related entities

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

- in 2021-22 donated assets received from DIT – refer to note 2.5;
- accommodation supplied by DIT is included in supplies and services – refer to note 4.1;
- grants payments to Major Arts entities – refer to Grants and subsidies note 4.2;
- in 2022-23 donated assets transferred to Renewal SA – refer to note 4.5;
- accommodation leases supplied by Renewal SA and leased motor vehicles supplied by the South Australian Government Financing Authority (SAFA) – refer to note 7.2.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1 Appropriation

	2023	2022
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	335 563	344 924
Appropriation from the Governor's Appropriation Fund	-	21 618
Total appropriation	335 563	366 542

Appropriation is recognised on receipt.

Appropriation pursuant to the *Appropriation Act* (the Act) consists of \$259.3 million (2022: \$261.6 million) for operational funding and \$76.3 million (2022: \$104.9 million) for capital projects. Appropriation comprises money issued and applied to the department as per Schedule 1 of the Act. Money appropriated for purposes other than the department's purposes and issued to special deposit accounts or deposit accounts of other public authorities is not reflected here.

2.2 Sales of goods and services

	2023	2022
	\$'000	\$'000
Service provision	18 800	20 325
Other	5 865	8 730
Total sales of goods and services	24 665	29 055

Service provision is the provision of specialised information and communication technology, digital and cyber security services, support and information to government and industry.

Other are sundry recoveries including salary on-charges.

2.3 Commonwealth-sourced grants and funding

	2023	2022
	\$'000	\$'000
Grants - special purpose	2 199	12 812
Specific Purpose Funding - Adelaide City Deal	9 000	3 100
Total Commonwealth-sourced grants and funding	11 199	15 912

The Commonwealth has provided funding to the State which has been recognised on receipt for the following purposes:

- Adelaide City Deal Agreement – funding to support growth in South Australia's innovation and tourism including Lot Fourteen, Tarrkarri – Centre for First Nations Cultures and Smart City \$10.4 million (\$3.1 million).

The Commonwealth has provided funding to the State for The Circle - First Nations Entrepreneur Hub at Lot Fourteen \$0.8 million. The department uses direct costs incurred to measure the completion of performance obligations.

In 2021-22 the development of a Home Quarantine Application for COVID-19 home quarantine trials (\$12.2 million).

Department of the Premier and Cabinet
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2.4 SA Government grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
Grants, subsidies and transfers provided by SA Government entities	3 927	19 858
Contingency funding provided by the Department of Treasury and Finance	4 557	3 526
Recoveries from Administered Items	250	2 162
Community Development Fund	400	400
Total SA Government grants, subsidies and transfers	9 134	25 946

SA Government grants, subsidies and transfers are recognised as income on receipt.

For 2022-23 grants, subsidies and transfers includes funding for Lot Fourteen marketing and communications activities, strategy and policy program and contributions to the Office for Data Analytics initiatives. 2021-22 included funding for the Arts Recovery Fund grant program, the population growth strategy and the small business support package.

2.5 Resources received free of charge

	2023	2022
	\$'000	\$'000
Donated assets	-	97 608
Shared Services SA	583	560
Other donated services	101	-
Total resources received free of charge	684	98 168

Contribution of services are recognised only when a fair value can be determined reliably, and the services would be purchased if they had not been donated. The department receives Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge, following Cabinet's approval to cease intra-government charging.

Other donated services received in 2022-23 were ICT and telecommunication services received through the Optus Innovation Fund and by Telstra.

Donated assets received in 2021-22 included Adelaide Festival Plaza Public Realm improvement transferred from DIT (\$91.524 million), the Adelaide Festival Centre Carpark financial asset transferred from DIT on completion of construction (\$6.0 million) and donated ICT and telecommunication devices (\$0.084 million).

2.6 Other income

	2023	2022
	\$'000	\$'000
Rental income	137	5 679
Sponsorship	-	1 440
Refunds	1 561	867
Other	440	13
Total other income	2 138	7 999

Rental income relates to rent charged to various arts entities, where arts and cultural buildings are provided by the department. Rental arrangements for the Adelaide Festival Centre assets ceased from 1 July 2022. (2022: \$5.519 million).

Sponsorship income relates to the TARNANTHI - Contemporary Aboriginal and Torres Strait Islander Art Festival from BHP Billiton for the Art Gallery of South Australia. This arrangement is now managed directly by the Art Gallery. (2022: \$1.4 million).

Department of the Premier and Cabinet
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3. Employees and committees

3.1 Key management personnel

Key management personnel of the department includes the Premier, the Minister for Multicultural Affairs, the Minister for Arts and the Executive Leadership Team who have responsibility for the strategic direction and management of the department.

The compensation disclosed in this note excludes salaries and other benefits received by the Premier, the Minister for Tourism and Multicultural Affairs and the Minister for Arts. The Premier's and 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 of the *Parliamentary Remuneration Act 1990*.

Refer to the department's Administered Financial Statements for disclosure of the remuneration paid to the Premier and Minister for Tourism and Multicultural Affairs and recovered from the Consolidated Account. The remuneration received by the Minister for Arts is reported by the Attorney-General's Department.

	2023	2022
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	3 921	2 836
Post-employment benefits	614	347
Termination benefits	-	938
Total compensation	4 535	4 121

Transactions with key management personnel and other related parties

The department did not enter into any transactions with key management personnel or their close family members during the reporting period.

3.2 Committee members

Members during the 2022-23 financial year were:

Risk and Performance Committee

Virginia Hickey (Chair)
 Eva Balan-Vnuk* (expired June 2023)
 Debra Contala
 Mike Diakomichalis* (appointed June 2023)
 Colin Dunsford
 Jon Gorvett* (appointed June 2023)
 Alison Lloyd-Wright*
 Steven Woolhouse* (expired July 2022)

Aboriginal Art and Cultures Centre Aboriginal Reference Group

David Rathman (Chair)
 Ali Baker
 Jessica Davies-Huynh
 Diane Dixon*
 Cara Kirkwood
 Lorraine Merrick (resigned September 2022)
 Mickey O'Brien*
 Craig Ritchie*
 Jeremy Sibbald*
 Keith Thomas

Department of the Premier and Cabinet
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3.2 Committee members (continued)

South Australian Multicultural Commission

Adriana Christopoulos (Chair)
Anna Cheung*
George Chin
Bruce Djite
Carmen Anne Garcia
Manju Khadka*
Maria Maglieri
Rajendra Pandey*
Shaza Ravaji
Hussain Razaiat
Reinhard Struve*
Khuyen (Quin) Tran
Eugenia Tsoulis (resigned April 2023)
Denis Yengi
Ahmad Zarikah

Aboriginal Art and Cultures Centre Tarrkarri Curatorial and Programming Group (all members appointed July 2022)

Lee-Ann Buckskin* (Chair)
John Carty*
Nici Cumpston*
Merindah Donnelly
Wesley Enoch AM
Nancia Guivarra*
Greg Mackie*
Lydia Miller
Anthony Peluso*
Jeremy Sibbald*
Geoff Stempel*
Jared Thomas*
Philip Watkins

Aboriginal and Torres Strait Islander Arts Advisory Panel (all members appointed March 2023)

Lee-Ann Buckskin* (Chair)
Kiah Buckskin-James
Celia Coulthard
Deborah Edwards
Dominic Guerrero
Jermaine Hampton
Dre Ngatokorua
Thomas Readett

Department of the Premier and Cabinet
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3.2 Committee members (continued)

Cultural Institutions Storage Facility Aboriginal Reference Group

Wayne Hunter* (Chair)

Fiona Singer

Les Wanganeen

Madge Wanganeen*

Christopher Wilson

Vicki Wilson (appointed February 2023)

Major Events Attraction Committee

Leon Bignell* (Chair) (appointed July 2022)

Nikki Govan (appointed July 2022)

Kiara Johnson (appointed February 2023)

Manuel Ortigosa (appointed July 2022)

Damien Walker* (appointed July 2022)

Nara Wilson* (appointed July 2022, resigned October 2022)

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

Committee remuneration

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

	2023	2022
\$0 - \$19 999	63	57
\$40 000 - \$59 999	1	1
Total number of members	64	58

The total remuneration received or receivable by members was \$98 000 (2022: \$144 000). Remuneration of members reflects all costs of performing committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related FBT paid.

Department of the Premier and Cabinet
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3.3 Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	46 894	49 806
Employment on-costs - superannuation	6 348	6 968
Annual leave	4 255	5 669
Workers compensation	3 075	279
Employment on-costs - other	2 940	3 246
Targeted voluntary separation packages	1 104	472
Long service leave	893	536
Skills and experience retention leave	259	265
Committee fees	93	135
Other employee related expenses	1 151	3 230
Total employee benefits expenses	67 012	70 606

Employment on-costs - superannuation

Departmental 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
	Number	Number
\$ 157 001 - \$ 160 000*	n/a	2
\$ 160 001 - \$ 180 000	10	7
\$ 180 001 - \$ 200 000	9	6
\$ 200 001 - \$ 220 000 #	8	6
\$ 220 001 - \$ 240 000 #	6	6
\$ 240 001 - \$ 260 000	3	4
\$ 260 001 - \$ 280 000 #	3	5
\$ 280 001 - \$ 300 000 #	4	6
\$ 300 001 - \$ 320 000	1	-
\$ 320 001 - \$ 340 000 **	2	1
\$ 340 001 - \$ 360 000	-	1
\$ 360 001 - \$ 380 000	2	2
\$ 400 001 - \$ 420 000	-	1
\$ 420 001 - \$ 440 000 #	-	1
\$ 700 001 - \$ 720 000	1	-
\$ 1 480 001 - \$ 1 500 000 #	-	1
Total	49	49

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

** The table above includes a targeted voluntary separation payment for an employee who left the department during the current financial year.

The table above includes eligible termination payments for employees who left the department during the previous financial year.

Department of the Premier and Cabinet
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, salary sacrifice benefits, fringe benefits and any FBT paid or payable in respect of those benefits as well as any termination benefits for employees who have left the department.

The total remuneration received by employees for the year, listed above, was \$11.6 million (2022: \$12.9 million).

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 12 (2022: 9).

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
Targeted Voluntary Separation Packages	1 104	472
Leave paid to separated employees	401	344
Recovery from the Department of Treasury and Finance	(1 114)	-
Net cost to the department	391	816

Recoveries from the Department of Treasury and Finance includes Shared Services SA processing fees and Payroll Tax components. Targeted voluntary separation packages provided in 2021-22 include payments made under the Public Sector Workforce Rejuvenation Scheme.

3.4 Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	5 194	5 393
Long service leave	1 049	1 116
Accrued salaries and wages	18	206
Skills and experience retention leave	394	402
Total current employee benefits	6 655	7 117
Non-current		
Long service leave	8 897	9 860
Total non-current employee benefits	8 897	9 860
Total employee benefits	15 552	16 977

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid. The salary inflation rate applied to the annual leave and SERL liabilities increased to 2% in 2023 from 1.5% in 2022.

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 the Premier and Cabinet
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3.4 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 using the projected unit credit method.

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

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported 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 of \$311 000 and employee benefits expense of \$311 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The salary inflation rate applied in the actuarial assessment performed by DTF for the long service leave liability is 3.5% (2022: 2.5%).

The current portion of long service leave reflects the department's 3-year average experience of long service leave which is expected to continue in the future.

Department of the Premier and Cabinet
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for the year ended 30 June 2023

4. Expenses

4.1 Supplies and services

	2023	2022
	\$'000	\$'000
Intra government transfers	41 359	6 582
Information technology and communication charges	26 199	37 618
Accommodation	9 342	8 890
Public information activities	8 166	8 528
Contractors	6 048	16 712
General administration and consumables	5 750	4 040
Managed network services	5 434	5 149
Temporary staff	4 051	6 090
Microsoft licence and support	2 570	3 201
Staff development and recruitment	2 479	1 298
Repairs, maintenance and minor equipment purchases	2 331	2 981
Consultants	2 269	1 745
Shared Services SA	583	560
Sponsorships and external contributions	430	60
Other supplies and services	5 891	3 462
Total supplies and services	122 902	106 916

Accommodation

A part of the department's accommodation is provided by DIT under Memoranda of Administrative Arrangements issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease and are expensed.

Consultants

The number of consultancies and the dollar amount paid/payable to consultants that fell within the following bands:

	No	2023	No	2022
		\$'000		\$'000
Below \$10 000	7	49	7	24
\$10 000 or above	30	2 220	16	1 721
Total	37	2 269	23	1 745

Contractors

The decrease in contractors is primarily due to ICT infrastructure projects, improvements to digital government services and the development of COVID-19 mobile applications in the prior financial year.

Department of the Premier and Cabinet
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4.2 Grants and subsidies

	2023	2022
	\$'000	\$'000
Grants and subsidies consists of the following		
Libraries Board of South Australia operating and capital funding	35 632	34 876
Adelaide Festival Centre Trust operating and capital funding	15 105	31 116
Museum Board operating and capital funding	11 813	11 052
Art Gallery Board operating and capital funding	9 824	10 494
Adelaide Festival Corporation operating funding	8 784	9 075
Multicultural grants	6 692	5 559
Convention Bid Fund	6 554	4 182
Minor Arts Organisations operating funding	6 203	5 021
Country Arts SA operating and capital funding	4 867	4 592
Adelaide Fringe operating funding	4 393	2 333
Arts grants for Individuals Groups & Organisations	3 390	2 674
Adelaide Symphony Orchestra operating funding	2 646	2 582
State Theatre Company of South Australia operating funding	2 547	2 469
Billion Dollar Benefit	1 674	1 250
Carrick Hill Trust operating and capital funding	1 670	1 135
State Opera of South Australia operating funding	1 631	1 535
Adelaide City Deal - Smart City	1 400	1 100
Local Economic Recovery	1 355	3 831
Australian Dance Theatre operating funding	1 261	1 231
Tandanya operating funding	845	770
Aboriginal Affairs and Reconciliation grants	-	5 191
Arts Recovery Fund	-	3 931
Other arts and cultural grants	3 765	3 182
Other grants and subsidies	3 167	4 534
Total grants and subsidies	135 218	153 715

Department of the Premier and Cabinet
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4.3 Net loss from the disposal of property, plant and equipment

	2023	2022
	\$'000	\$'000
Assets held for sale		
Proceeds from disposal	635	-
Less net book value of assets disposed	(635)	-
Net gain / (loss) from disposal of assets held for sale	<u>-</u>	<u>-</u>
Buildings and improvements		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(240)	-
Net loss from disposal of buildings and improvements	<u>(240)</u>	<u>-</u>
Plant and equipment		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	(314)	(8)
Net loss from disposal of plant and equipment	<u>(314)</u>	<u>(8)</u>
Intangible assets		
Proceeds from disposal	-	-
Less carrying amount of assets disposed	-	(16)
Net loss from disposal of intangible assets	<u>-</u>	<u>(16)</u>
Total property, plant and equipment		
Proceeds from disposal	635	-
Less carrying amount of assets disposed	(1 189)	(24)
Total net loss from disposal of non-current assets	<u>(554)</u>	<u>(24)</u>

4.4 Other expenses

	2023	2022
	\$'000	\$'000
Impairment losses on non-financial assets	2 938	848
Audit fees	372	440
Donations	196	313
Returned grant funds	-	98
Impairment loss on receivables (note 6.2)	848	39
Derecognition of assets	8 339	339
Other	6	1
Total other expenses	<u>12 699</u>	<u>2 078</u>

Derecognition of assets include ceased ICT infrastructure projects and incorrectly capitalised expenditure.

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Department of the Premier and Cabinet
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4.5 Resources provided free of charge

	2023	2022
	\$'000	\$'000
Artlab conservation services	2 797	2 766
Donated assets	3 011	56
Total resources provided free of charge	5 808	2 822

Artlab provides expert conservation services for the state's cultural collections.

A portion of Adelaide Festival Centre land was transferred to Renewal SA for nil consideration during 2022-23. A Safe Access System was donated to the SA Museum Board during 2021-22.

Department of the Premier and Cabinet
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5. Non-Financial assets

5.1 Property, plant and equipment

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

Reconciliation 2022-23	Land, buildings and improvements	Plant and equipment	Work in progress	Works of art	ROU Buildings	ROU Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the beginning of the period	92 401	13 145	20 816	32	233	31	126 658
Acquisitions	364	46	20 615	-	217	22	21 264
Assets reclassified to assets held for sale or transfer	-	-	(725)	-	-	-	(725)
Transfers between asset classes	311	1 189	(1 500)	-	-	-	-
Transfers from intangibles	-	-	263	-	-	-	263
Disposals	(240)	(313)	-	-	-	(1)	(554)
Impairment loss	(360)	-	-	-	-	-	(360)
Transfer out from restructure	(490)	-	-	-	-	(14)	(504)
Other movements	-	-	(87)	-	-	-	(87)
Subtotal	91 986	14 067	39 382	32	450	38	145 955
Losses for the period recognised in net result:							
Depreciation	(3 983)	(3 058)	-	-	(134)	(16)	(7 191)
Subtotal	(3 983)	(3 058)	-	-	(134)	(16)	(7 191)
Carrying amount at the end of the period	88 003	11 009	39 382	32	316	22	138 764
Gross carrying amount							
Gross carrying amount	182 661	41 516	39 382	32	592	82	264 265
Accumulated depreciation	(94 658)	(30 507)	-	-	(276)	(60)	(125 501)
Carrying amount at the end of the period	88 003	11 009	39 382	32	316	22	138 764

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$38.185 million (classified as level 2), works of art valued at \$32 000 (classified as level 2) and capital works in progress (not classified). Refer to note 5.5 for details about assets held for sale or transfer. Refer to note 7.2 for details about the lease liability for right-of-use assets.

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

	Land, buildings and improvements	Plant and equipment	Work in progress	Works of art	ROU Buildings	ROU Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reconciliation 2021-22							
Carrying amount at the beginning of the period	184 416	19 720	12 030	4 145	279	68	220 658
Acquisitions	4 200	-	30 939	-	61	7	35 207
Assets reclassified to assets held for sale	(106 242)	(4 537)	(1 676)	(4 113)	-	-	(116 568)
Transfers between asset classes	18 591	1 888	(20 479)	-	-	-	-
Disposals	-	(8)	-	-	-	-	(8)
Donated assets	(56)	-	-	-	-	-	(56)
Other movements	-	-	2	-	-	-	2
Subtotal	100 909	17 063	20 816	32	340	75	139 235
Losses for the period recognised in net result:							
Depreciation	(8 508)	(3 918)	-	-	(107)	(44)	(12 577)
Subtotal	(8 508)	(3 918)	-	-	(107)	(44)	(12 577)
Carrying amount at the end of the period	92 401	13 145	20 816	32	233	31	126 658
Gross carrying amount							
Gross carrying amount	184 662	48 483	20 816	32	437	122	254 552
Accumulated depreciation	(92 261)	(35 338)	-	-	(204)	(91)	(127 894)
Carrying amount at the end of the period	92 401	13 145	20 816	32	233	31	126 658

All property, plant and equipment are classified in the level 3 fair value hierarchy except for land valued at \$38.225 million (classified as level 2), works of art valued at \$32 000 (classified as level 2) and capital works in progress (not classified). Refer to note 7.2 for details about the lease liability for right-of-use assets.

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

Depreciation and amortisation

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

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

Useful life

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

Class of asset	Useful life (years)
Buildings and Improvements	1-100
Plant and equipment	1-40
Computer software	3-6
Other intangibles	3-25
Right-of-use buildings	4
Right-of-use motor vehicles	1-3

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

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

Review of accounting estimates

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

Correction of prior year asset held for transfer

During 2022-23 the department recognised finance lease arrangements as part of the Adelaide Festival Centre Precinct Redevelopment. Associated land, and asset revaluation reserve have been derecognised, and finance leases recognised upon commencement of building construction at 30 June 2020.

Department of the Premier and Cabinet
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5.2 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 10.1.

Lessor arrangements

The department is a lessor of various buildings, including Lion Arts Centre, Adelaide Studios and Queen's Theatre. The leases have been classified as operating leases as they do not transfer substantially all the risks and rewards incidental to the ownership of the buildings. The lease terms range from 3 years to 20 years.

Rental income is disclosed in note 2.6. A maturity analysis of rental payments is disclosed in note 9.3.

Impairment

Property, plant and equipment owned by the department have not been assessed for impairment, unless an impairment indicator has been identified, as they are non-cash generating assets, that are specialised in nature and held for continual use of their service capacity and are subject to regular revaluation.

Revaluation of property, plant and equipment is undertaken on a regular cycle as detailed in note 10.1. 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.

5.3 Property, plant and equipment leased by the Department

Right-of-use assets for property, plant and equipment leased by the department as lessee are measured at cost.

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:

- 4 motor vehicle leases with SAFA. Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. No variable lease payments are provided for the lease agreements and no options exist to renew the leases at the end of their term.
- Accommodation leases with Renewal SA. Accommodation leases are non-cancellable, with rental payments monthly in advance. No contingent rental provisions exist within these lease agreements and no options exist to renew the leases at the end of their terms.

The lease liabilities related to the right-of-use assets are disclosed in note 7.2. Cash outflows related to right-of-use assets are disclosed in note 8.2.

Impairment

Property, plant and equipment leased by the department has been assessed for impairment. No impairment loss or reversal of impairment loss was recognised.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5.4. Intangible assets

	Computer software	Other intangibles	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000
Reconciliation 2022-23				
Carrying amount at the beginning of the period	968	6 059	9 588	16 615
Acquisitions	-	-	5 218	5 218
Transfers between asset classes	68	312	(380)	-
Transfers to property, plant and equipment	-	-	(263)	(263)
Impairment loss	-	(2 578)	-	(2 578)
Other movements	-	-	(8 583)	(8 583)
Subtotal	1 036	3 793	5 580	10 409
Losses for the period recognised in net result:				
Amortisation	(617)	(2 332)	-	(2 949)
Subtotal	(617)	(2 332)	-	(2 949)
Carrying amount at the end of the period	419	1 461	5 580	7 460
Gross carrying amount				
Gross carrying amount	4 416	10 416	5 580	20 412
Accumulated amortisation	(3 997)	(8 955)	-	(12 952)
Carrying amount at the end of the period	419	1 461	5 580	7 460

	Computer software	Other intangibles	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000
Reconciliation 2021-22				
Carrying amount at the beginning of the period	1 788	9 085	4 149	15 022
Acquisitions	-	-	6 080	6 080
Transfers between asset classes	-	300	(300)	-
Disposals	(16)	-	-	(16)
Acquisition/ (disposal) through administrative restructuring	-	(848)	-	(848)
Other movements	-	-	(341)	(341)
Subtotal	1 772	8 537	9 588	19 897
Losses for the period recognised in net result:				
Amortisation	(804)	(2 478)	-	(3 282)
Subtotal	(804)	(2 478)	-	(3 282)
Carrying amount at the end of the period	968	6 059	9 588	16 615
Gross carrying amount				
Gross carrying amount	4 654	15 558	9 588	29 800
Accumulated amortisation	(3 686)	(9 499)	-	(13 185)
Carrying amount at the end of the period	968	6 059	9 588	16 615

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

The acquisition of or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$10 000.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

5.5 Non-current assets classified as held for sale or transfer

	2023	2022
	\$'000	\$'000
Land, buildings and improvements	188 111	191 757
Plant and equipment	4 537	4 537
Work in progress	2 401	1 676
Works of art	4 113	4 113
Total non-current assets classified as held for sale or transfer	199 162	202 083

Cabinet has approved the transfer of land, buildings and improvements, plant and equipment, works in progress and works of art relating to the Adelaide Festival Centre precinct. The transfer is to occur during 2023-24 at fair value.

Non-current assets classified as held for sale or transfer are classified as level 3 fair value hierarchy except for land valued at \$49.945 million (classified as level 2), works of art (classified as level 2), and capital works in progress (not classified).

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6 Financial assets

6.1 Cash

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer (Special deposit accounts)		
Department of the Premier and Cabinet Operating Account	81 986	122 559
Accrual Appropriation Excess Funds	5 288	6 174
Total cash and cash equivalents	87 274	128 733

Cash is measured at nominal amounts.

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

Some of the department's appropriation is deposited into the Accrual Appropriation Excess Funds account. Although the department controls the money reported above in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

6.2 Receivables

	2023	2022
	\$'000	\$'000
Current:		
Trade receivables	4 868	5 879
Less impairment loss on receivables	(865)	(17)
Finance lease receivable	40 000	40 000
Prepayments	3 353	3 891
GST input tax recoverable	2 834	3 106
Total current receivables	50 190	52 859
Non-current:		
Prepayments	2 960	585
Trade receivables	68	11
Total non-current receivables	3 028	596
Total receivables	53 218	53 455

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

6.2 Receivables (continued)

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued income are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the ATO is included as part of receivables.

The department has recognised a finance lease associated with the Adelaide Festival Centre precinct redevelopment, relating to building and surrounding plaza public realm currently under construction. Finance lease receivables are measured at the present value of minimum lease payments.

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. Refer to note 10.2 for further information on risk management.

The department has adopted the simplified impairment approach under AASB 9 and measured 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	17	9
Increase in allowance recognised in profit or loss	848	8
Carrying amount at the end of the period	865	17

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. Refer to note 10.2 for details regarding credit risk and the methodology for determining impairment.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7 Liabilities

7.1 Payables

	2023	2022
	\$'000	\$'000
Current		
Trade payables	16 932	17 801
Employment on-costs	1 030	1 029
Accrued expenses	384	370
Paid Parental Leave Scheme payable	20	6
Total current payables	18 366	19 206
Non-current		
Employment on-costs	885	949
Total non-current payables	885	949
Total payables	19 251	20 155

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 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 whether certain on-costs are recognised as a consequence of long service leave liabilities.

The department makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the superannuation schemes.

As a result of an actuarial assessment performed by DTF, the portion of long service leave taken as leave has increased to 43% (2022 42%) and the average factor for the calculation of employer superannuation on-costs has increased to 11.1% (2022: 10.6%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is a decrease in the employment on-cost of \$31 000 and employee benefits expense of \$31 000.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7.2 Financial liabilities

Financial liabilities are \$328 000 (2022: \$244 000) for building leases at Lot Fourteen and \$21 000 (2022: \$30 000) for motor vehicle leases.

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. Borrowing costs associated with leasing activities was \$6 000 (2022: \$5 000). There were no defaults or breaches on any of the financial liabilities throughout the year. All material cash outflows are reflected in the lease liabilities disclosed above.

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2023	2022
	\$'000	\$'000
Lease liabilities		
Within 1 year	175	142
Repayable in 1 to 5 years	188	143
Total lease liabilities (undiscounted)	<u>363</u>	<u>285</u>

7.3 Contract liabilities

	2023	2022
	\$'000	\$'000
The Circle - First Nations Entrepreneur Hub	950	1 749
Emergency management data strategy	45	42
Artlab restoration services	14	3
Total contract liabilities	<u>1 009</u>	<u>1 794</u>

Contract liabilities relate to revenues received in advance and are recognised as agreed milestones / service obligations are achieved. The department is contracted to design a service model, establish and deliver a First Nations Entrepreneur Hub as part of the broader innovation, incubation, start-up and growth hub being established through the Lot Fourteen Development under the Adelaide City Deal.

Revenue totalling \$752 000 was recognised during the year that was included in contract liabilities at 1 July 2022.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

7.4 Provisions

All provisions relate to workers compensation.

	2023	2022
	\$'000	\$'000
Reconciliation of workers compensation (statutory and non-statutory)		
Carrying amount at the beginning of the period	759	709
Additional provisions recognised	2 455	50
Net transfer from administrative restructures	(62)	-
Carrying amount at the end of the period	3 152	759

Provision for workers compensation

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 workers' compensation claims and the implementation and funding of preventive 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 for 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 non-serious 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 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.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

8 Other disclosures

8.1 Equity

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

8.2 Cash flow reconciliation

	2023	2022
	\$'000	\$'000
Reconciliation of cash at the end of the reporting period		
Cash disclosed in the Statement of Financial Position	87 274	128 733
Balance as per the Statement of Cash Flows	87 274	128 733
Reconciliation of net cash (used in) / provided by operating activities to net result		
Net cash (used in) / provided by operating activities	(16 032)	105 716
Add / (less) non-cash items		
Depreciation and amortisation expense of non-current assets	(10 140)	(15 859)
Impairment of non-financial assets	(2 938)	(848)
Resources received free of charge	-	97 524
Donated assets	(3 011)	(56)
Bad and doubtful debts expense	(848)	-
Loss on disposal of non-current assets	(554)	(24)
Derecognition of assets	(8 339)	(339)
Prior period adjustments	-	(366)
Movement in assets and liabilities		
Increase / (decrease) in receivables	700	(192)
(Decrease) / increase in inventories	(65)	142
Decrease / (increase) in payables	620	(830)
(Increase) in financial liabilities	-	(67)
Decrease in employee benefits	327	1 538
Decrease / (increase) in contract balances	785	(350)
(Increase) in provisions	(2 455)	(50)
Net result	(41 950)	185 939

Total cash outflows for leases were \$155 000 (2022: \$154 000).

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

9 Outlook

9.1 Unrecognised commitments

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

Contractual commitments to acquire property, plant and equipment

Capital expenditure 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	106 860	171 616
Later than one year but not longer than five years	119 865	102 344
Total capital commitments	226 725	273 960

2022-23 capital commitments include Tarrkarri - Centre for First Nations Cultures at Lot Fourteen (\$140.4 million) and the cultural institutions storage facility (\$82.4 million).

2021-22 capital commitments include Tarrkarri - Centre for First Nations Cultures at Lot Fourteen (\$184.5 million) and the cultural institutions storage facility (\$86.0 million).

Other contractual commitments

Expenditure 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	51 056	52 277
Later than one year but not longer than five years	47 622	46 023
Total expenditure commitments	98 678	98 300

Commitments as at 30 June 2023 include arts cultural institutions operational funding (\$23.565 million), Arts and Cultural Policy grants (\$20.158 million), contracted services for Information and Technology services (\$15.279 million), grants from the Convention Bid Fund (\$8.455 million), Multicultural Affairs grants (\$8.445 million), building rental commitments (\$8.375 million), construction of the Heysen Gallery (\$6.0 million), Adelaide City Deal grants to the City of Adelaide (\$2.9 million) media monitoring services to the SA Government (\$2.618 million) and construction of the Carrick Hill Pavilion (\$1.5 million).

Commitments as at 30 June 2022 include arts cultural institutions operational funding (\$34.476 million), contracted services for Information and Technology services (\$23.704 million), North Terrace arts cultural institutions security and cleaning (\$7.325 million), grants from the Convention Bid Fund (\$6.039 million), construction of the Heysen Gallery (\$6.0 million), media monitoring services to the SA Government (\$5.070 million), Multicultural Affairs grants (\$4.492 million), Arts and Cultural Policy grants (\$3.693 million), construction of the Carrick Hill Pavilion (\$1.5 million) and Local Economic Recovery grants (\$1.355 million).

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

9.2 Expected realisation of contract liabilities as revenue

	2023-24	Total
	\$'000	\$'000
The Circle - First Nations Entrepreneur Hub at Lot Fourteen	950	950
Emergency management data strategy	45	45
Artlab restoration services	14	14
Revenue expected to be realised	1 009	1 009

9.3 Expected rental income

Operating lease maturity analysis

The below table sets out a maturity analysis of operating lease payments receivable, showing the undiscounted lease payments to be received after the reporting date. The amounts are not recognised as assets.

See note 2.6 for information about buildings the department leases out under operating lease.

	2023	2022
	\$'000	\$'000
Within 1 year	135	97
1 to 5 years	310	81
Total operating lease income	445	178

Cabinet has approved the transfer of Adelaide Festival Centre assets to the Adelaide Festival Centre Trust. Rent ceased to be charged from 1 July 2022.

9.4 Contingent assets and liabilities

The department has received a bank guarantee for Queen's Theatre for an estimated value of \$50 000 and the recovery of costs associated with land sale contract for an estimated value of \$101 000. The department is not aware of any other contingent assets or liabilities.

9.5 Impact of standards and statements 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 department's statements.

9.6 Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10 Measurement and risk

10.1 Fair value

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

Initial recognition

Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

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

Revaluation

Property, plant and equipment, other than right of use assets, is subsequently measured at fair value after allowing for accumulated depreciation.

An independent valuation of artwork, land and buildings was conducted as at 30 June 2020 by Liquid Pacific Pty Ltd. The valuation at 30 June 2020 was prepared on a fair value basis in accordance with AASB 116 *Property, Plant and Equipment* and AASB 13 *Fair Value Measurement*.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when the fair value at the time of acquisition is greater than \$1.5 million and estimated useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.1 Fair value (continued)

Fair Value Hierarchy

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

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

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

During 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.

Land and buildings

Every six years, the department revalues its land, buildings and leasehold improvements via an independent Certified Practising Valuer.

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

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

Plant and equipment

All items of plant and equipment owned by the department that had a fair value at the time of acquisition less than \$1.5 million or had an estimated useful life less than three years have not been revalued. The carrying value of these items is deemed to approximate fair value.

10.2 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 a market risk) is low due to the nature of the financial instruments held.

Liquidity risk

The department is funded principally from appropriations by the SA Government. The department works with 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 7.1 and 7.2 for further information.

Credit risk

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

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

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.2 Financial instruments (continued)

Impairment of financial assets

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

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

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

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

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

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	263	0.01%	-
1 - 30 days past due	9	0.01%	-
31 – 60 days past due	-	0.02%	-
61 – 90 days past due	-	0.04%	-
More than 90 days past due	887	0.05%	-
Loss allowance	1 159		-

In addition, the department has provided for \$865 000 of known doubtful debts based upon assessment.

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

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

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

Cash

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.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

10.2 Financial instruments (continued)

Market risk

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

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

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

Categorisation of financial instruments

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

Classification of financial instruments

The department measures all financial instruments at amortised cost.

Department of the Premier and Cabinet

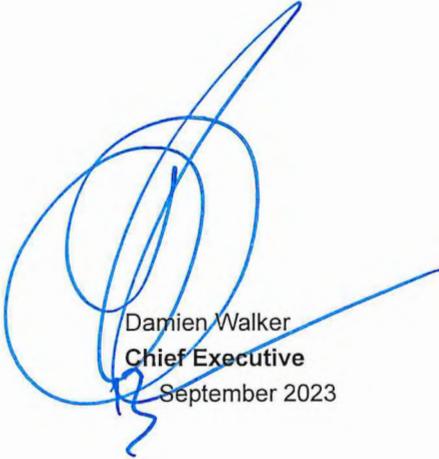
Administered Financial Statements

For the year ended 30 June 2023

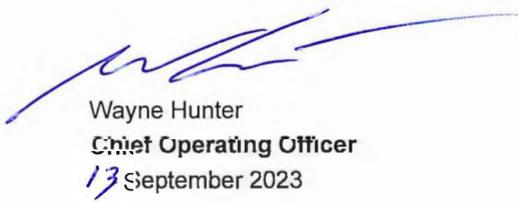
Department of the Premier and Cabinet
Certification of the Administered Financial Statements
for the year ended 30 June 2023

We certify that the:

- administered financial statements of the Department of the Premier and Cabinet:
 - are in accordance with the accounts and records of the Department of the Premier and Cabinet;
 - 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 of the Premier and Cabinet at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Department of the Premier and Cabinet for the financial year over its financial reporting and its preparation of financial statements have been effective.



Damien Walker
Chief Executive
September 2023



Wayne Hunter
Chief Operating Officer
13 September 2023

Department of the Premier and Cabinet
Statement of Administered Comprehensive Income
For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Administered income			
Appropriation	A2.1	37 734	9 832
Commonwealth-sourced grants and funding	A2.2	-	21
SA Government grants, subsidies and transfers	A2.3	135	-
Interest		2	-
Fees and charges		-	79
Other income		-	215
Total administered income		37 871	10 147
Administered expenses			
Employee benefits expenses	A3.1	996	679
Grants and subsidies	A4.1	620	1 648
Supplies and services	A4.2	33 558	7 647
Other expenses	A4.3	-	20
Total administered expenses		35 174	9 994
Net result		2 697	153
Total comprehensive result		2 697	153

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

Department of the Premier and Cabinet
Statement of Administered Financial Position
as at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Administered current assets			
Cash	A6.1	1 559	41 877
Receivables	A6.2	-	7
Total current assets		1 559	41 884
Total assets		1 559	41 884
Administered current liabilities			
Payables	A7.1	136	2 254
Contract liabilities	A7.2	-	29
Employee benefits	A3.2	-	35
Total current liabilities		136	2 318
Administered non-current liabilities			
Payables	A7.1	-	5
Employee benefits	A3.2	-	50
Total non-current liabilities		-	55
Total liabilities		136	2 373
Net assets		1 423	39 511
Administered equity			
Retained earnings		1 423	39 511
Total equity		1 423	39 511

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

Department of the Premier and Cabinet
Statement of Administered Cash Flows
for the year ended 30 June 2023

		2023 Inflows (Outflows) \$'000	2022 Inflows (Outflows) \$'000
Cash flows from operating activities	Note		
Cash inflows			
Appropriation		37 734	9 832
SA Government grants, subsidies and transfers		135	-
Interest		2	-
Fees and charges		979	78
Other receipts		817	215
Cash generated from operations		<u>39 667</u>	<u>10 125</u>
Cash outflows			
Employee benefits payments		(997)	(602)
Payments of grants and subsidies		(2 100)	(1 068)
Payments for supplies and services		(32 482)	(6 877)
Other payments		-	(20)
Cash used in operations		<u>(35 579)</u>	<u>(8 567)</u>
Net cash provided by operating activities	A8.1	<u>4 088</u>	<u>1 558</u>
Cash flows from investing activities			
Cash outflows			
Purchase of property, plant and equipment		(1 530)	-
Cash used in investing activities		<u>(1 530)</u>	<u>-</u>
Net cash used in investing activities		<u>(1 530)</u>	<u>-</u>
Cash flows from financing activities			
Cash outflows			
Cash transferred as a result of restructuring activities		(42 876)	-
Cash used in financing activities		<u>(42 876)</u>	<u>-</u>
Net cash used in financing activities		<u>(42 876)</u>	<u>-</u>
Net (decrease) / increase in cash		<u>(40 318)</u>	<u>1 558</u>
Cash at the beginning of the period		41 877	40 319
Cash at the end of the reporting period		<u>1 559</u>	<u>41 877</u>

The accompanying notes form part of these financial statements.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A1. Basis of preparation and accounting policies

A1.1 Basis of preparation

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

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

The following funds were administered by the department as at 30 June 2023. They do not represent controlled transactions of the department. As such, they are not recognised in the financial statements of the department.

Special Act Salaries and Allowances

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

Bank of Tokyo Cultural and Social Exchange

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

SA Okayama

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

Promotion of the State

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

SA Motor Sport

The department provides funding to the South Australian Motor Sport Board. The department commenced activities to re-establish the Adelaide 500 and the Motorsport Festival prior to the Board's establishment on 8 September 2022.

The following administered items were transferred by the department during the year, refer to note A1.4.

Aboriginal Heritage Fund

The Aboriginal Heritage Fund was established in accordance with the *Aboriginal Heritage Act 1988* for the purpose of providing protection and preservation of Aboriginal Heritage.

Aboriginal Affairs and Reconciliation

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

Stolen Generations Reparations Scheme

The South Australian Government established the Stolen Generations Reparations Scheme to recognise the grief, pain and loss experienced by Aboriginal communities, families and individuals; and to also support a range of proposals that can assist in the healing process.

Department of the Premier and Cabinet
Schedule of Income and Expenses Attributable to Administered Activities
for the year ended 30 June 2023

	Special Act Salaries and Allowances		Aboriginal Heritage Fund		Bank of Tokyo Cultural and Social Exchange		SA Okayama		Promotion of the State	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Administered income										
Appropriation	971	647	-	-	-	-	-	-	1 825	1 848
Commonwealth-sourced grants and funding	-	-	-	-	-	-	-	-	-	-
SA Government grants, subsidies and transfers	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	2	-	-	-	-	-
Fees and charges	-	-	-	79	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	6
Total administered income	971	647	-	79	2	-	-	-	1 825	1 854
Administered expenses										
Employee benefits expenses	817	503	-	-	-	-	-	-	-	-
Grants and subsidies	-	-	-	-	-	-	-	-	120	141
Supplies and services	276	186	-	-	-	-	-	-	418	1 640
Other expenses	-	-	-	-	-	-	-	-	-	-
Total administered expenses	1 093	689	-	-	-	-	-	-	538	1 781
Net result	(122)	(42)	-	79	2	-	-	-	1 287	73

Department of the Premier and Cabinet
Schedule of Income and Expenses Attributable to Administered Activities
for the year ended 30 June 2023

	Aboriginal Affairs and Reconciliation		Stolen Generations Reparations Scheme		SA Motor Sport		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Administered income								
Appropriation	-	7 337	-	-	34 938	-	37 734	9 832
Commonwealth-sourced grants and funding	-	21	-	-	-	-	-	21
SA Government grants, subsidies and transfers	-	-	-	-	135	-	135	-
Interest	-	-	-	-	-	-	2	-
Fees and charges	-	-	-	-	-	-	-	79
Other income	-	209	-	-	-	-	-	215
Total administered income	-	7 567	-	-	35 073	-	37 871	10 147
Administered expenses								
Employee benefits expenses	-	-	-	-	179	176	996	679
Grants and subsidies	-	1 507	-	-	500	-	620	1 648
Supplies and services	-	5 283	-	-	32 864	538	33 558	7 647
Other expenses	-	-	-	20	-	-	-	20
Total administered expenses	-	6 790	-	20	33 543	714	35 174	9 994
Net result	-	777	-	(20)	1 530	(714)	2 697	153

Department of the Premier and Cabinet
Schedule of Assets and Liabilities Attributable to Administered Activities
for the year ended 30 June 2023

	Special Act Salaries and		Aboriginal Heritage Fund				Bank of Tokyo Cultural and Social Exchange		SA Okayama		Promotion of the State	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administered assets												
Cash	(104)	(103)	-	1 354	97	95	48	48	2 231	943		
Receivables	-	3	-	2	-	-	-	-	-	-		
Total assets	(104)	(100)	-	1 356	97	95	48	48	2 231	943		
Administered liabilities												
Payables	136	17	-	-	-	-	-	-	-	-		
Contract liabilities	-	-	-	-	-	-	-	-	-	-		
Employee benefits	-	-	-	-	-	-	-	-	-	-		
Total liabilities	136	17	-	-	-	-	-	-	-	-		
Net assets	(240)	(117)	-	1 356	97	95	48	48	2 231	943		

Department of the Premier and Cabinet
Schedule of Assets and Liabilities Attributable to Administered Activities
for the year ended 30 June 2023

	Aboriginal Affairs and Reconciliation		Stolen Generations Reparations Scheme		SA Motor Sport		Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Administered assets								
Cash	-	39 570	-	58	(713)	(88)	1 559	41 877
Receivables	-	-	-	-	-	2	-	7
Total assets	-	39 570	-	58	(713)	(86)	1 559	41 884
Administered liabilities								
Payables	-	1 700	-	-	-	542	136	2 259
Contract liabilities	-	29	-	-	-	-	-	29
Employee benefits	-	-	-	-	-	85	-	85
Total liabilities	-	1 729	-	-	-	627	136	2 373
Net assets	-	37 841	-	58	(713)	(713)	1 423	39 511

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A1.3 Budget performance

		Original budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
Statement of Administered Comprehensive Income	Note			
Administered Income				
Appropriation	a	21 706	37 734	16 028
Intra-government transfers	b	4 000	-	(4 000)
SA Government grants, subsidies and transfers		-	135	135
Interest		-	2	2
Total administered income		25 706	37 871	12 165
Administered Expenses				
Employee benefits expenses		1 101	996	(105)
Grants and subsidies		73	620	547
Supplies and services	c	19 780	33 558	13 778
Other expenses		1 752	-	(1 752)
Total administered expenses		22 706	35 174	12 468
Net result		3 000	2 697	(303)
Total comprehensive result		3 000	2 697	(303)

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

- a The favourable variance is primarily due to additional funding for the Adelaide 500 (\$16.3 million).
- b The favourable variance is due to transfer of budget to SA Motor Sport for the Adelaide 500 (\$4.0 million).
- c The unfavourable variance is due to the re-establishment of the Adelaide 500 (\$13.7 million).

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A1.4 Changes to the department

As a result of an administrative arrangements described in the Government Gazette on 30 June 2022, the Aboriginal Affairs division transferred from the department to the Attorney-General's Department. The Aboriginal Affairs division is comprised of the following programs: Aboriginal Heritage Fund, APY Taskforce, Commonwealth Essential Services, AAR Administered Commonwealth Funding and the Stolen Generations Reparation Scheme.

The effective date of the transfer was 1 July 2022.

As a result of a proclamation outlined in the Government Gazette on 8 September 2022 the South Australian Motor Sport Board was established by the *South Australian Motor Sport (Miscellaneous) Amendment Act 2022*. Assets and Liabilities were transferred by the department.

The effective date of the transfer was 8 September 2022.

Transferred out

The following assets and liabilities were transferred out of the department:

	Aboriginal Heritage Fund	Aboriginal Affairs and Reconciliation	Stolen Generations Reparation Scheme	SA Motor Sport	Total
Effective Date	1 July 2022 \$'000	1 July 2022 \$'000	1 July 2022 \$'000	8 Sept 2022 \$'000	\$'000
Cash	1 354	39 570	58	1 894	42 876
Receivables	2	-	-	21	23
Property, plant and equipment	-	-	-	1 530	1 530
Total assets	1 356	39 570	58	3 445	44 429
Payables	-	1 700	-	10	1 710
Employee benefits	-	-	-	88	88
Contract liabilities	-	29	-	1 817	1 846
Total liabilities	-	1 729	-	1 915	3 644
Total net assets transferred	1 356	37 841	58	1 530	40 785

Net assets transferred by the department because of the administrative restructure were recognised at the carrying amount. The net assets transferred were treated as a distribution to the government as owner.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A2. Income

A2.1 Appropriation

	2023	2022
	\$'000	\$'000
Revenues from appropriation		
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	36 763	9 185
Special Acts	971	647
Total revenues from appropriation	37 734	9 832

Appropriations are recognised on receipt.

Appropriation pursuant to the *Appropriation Act* (the Act) comprises money issued and applied to the department as per Schedule 1 of the Act, varied pursuant to section 5 of the Act for changed functions and duties of the department.

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

A2.2 Commonwealth-sourced grants and funding

During 2021-22 the Commonwealth provided funding to the State for the Wardang Island Tourism Master Plan and the Wardang Island Revitalisation Project. Revenue was recognised as agreed milestones / service obligations were met.

A2.3 SA Government grants, subsidies and transfers

SA Government grants, subsidies and transfers relates to the transfer of funding for the Bridgestone World Solar Challenge from the South Australian Tourism Commission.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A3. Employees

A3.1 Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	964	573
Long service leave	5	55
Annual leave	3	27
Employment on-costs - superannuation	16	13
Employment on-costs - other	8	8
Skills and experience retention leave	-	3
Total employee benefits expenses	996	679

The employee on-costs of the Premier and the Minister for Tourism and Multicultural Affairs are included in the department's controlled financial statements.

Employee remuneration

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

	2023	2022
	Number	Number
\$340 001 to \$360 000	-	1
\$420 001 to \$440 000	1	-
\$520 001 to \$540 000	1	-
Total	2	1

The table includes all employees who received remuneration equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits.

The total remuneration received by the employees for the year, listed above, was \$974 000 (2022: \$348 000).

A3.2 Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	-	27
Long service leave	-	5
Skills and experience retention leave	-	3
Total current employee benefits	-	35
Non-current		
Long service leave	-	50
Total non-current employee benefits	-	50
Total employee benefits	-	85

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

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A4. Expenses

A4.1 Grants and subsidies

Grants and subsidies include funding for activities that promote the economic, social and cultural aspects of the state \$120 000 (2022: \$141 000), funding for motor sport activities \$500 000, and in 2021-22 contributions to projects on the APY lands and for Aboriginal communities (2022: \$1.507 million).

A4.2 Supplies and services

	2023	2022
	\$'000	\$'000
Intra-government transfers	31 114	7 039
Service level agreements	106	-
Contractors	6	16
Other	2 332	592
Total supplies and services	33 558	7 647

Intra-government transfers includes the transfer of funding from SA Government to the South Australian Motor Sport Board.

A4.3 Other expenses

Other expenses in 2021-22 were ex gratia payments made in association with the Stolen Generations Reparations Scheme.

A5. Non-Financial assets

A5.1 Property, plant and equipment

Reconciliation 2022-23	Work in progress	Total
	\$'000	\$'000
Carrying amount at the beginning of the period	-	-
Acquisitions	1 530	1 530
Transfer out from restructure	(1 530)	(1 530)
Carrying amount at the end of the period	-	-

Work in progress acquired during the year related to motor sport infrastructure for the Adelaide 500.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A6. Financial assets

A6.1 Cash

Cash consists of deposits with the Treasurer (Special deposit accounts). Cash is measured at nominal amounts.

A6.2 Receivables

	2023 \$'000	2022 \$'000
Current		
Trade receivables	-	2
Prepayments	-	5
Total receivables	<u>-</u>	<u>7</u>

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables and prepayments are non-interest bearing. Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

Prepayments in 2022 were for prepaid salaries and wages.

A7. Liabilities

A7.1 Payables

	2023 \$'000	2022 \$'000
Current		
Accrued expenses	136	2 250
Employment on-costs	-	4
Total current payables	<u>136</u>	<u>2 254</u>
Non-current payables		
Employment on-costs	-	5
Total non-current payables	<u>-</u>	<u>5</u>
Total payables	<u>136</u>	<u>2 259</u>

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

A7.2 Contract liabilities

Prior year contract liabilities related to the advance consideration received from the Commonwealth for the Wardang Island Tourism Master Plan, for which revenue was recognised as performance obligations were met.

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A8. Other Disclosures

A8.1 Cash flow reconciliation

	2023	2022
	\$'000	\$'000
Reconciliation of cash at the end of the reporting period		
Cash disclosed in the Statement of Financial Position	1 559	41 877
Balance as per the Statement of Cash Flows	1 559	41 877
Reconciliation of net cash provided by operating activities to net result		
Net cash provided by operating activities	4 088	1 558
Increase in receivables	16	6
Decrease / (increase) in payables	413	(1 359)
(Increase) / decrease in contract liabilities	(1 817)	21
(Increase) in employee benefits	(3)	(73)
Net result	2 697	153

Department of the Premier and Cabinet
Notes to and forming part of the financial statements
for the year ended 30 June 2023

A9. Outlook

A9.1 Unrecognised contractual commitments

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

Other contractual commitments

Expenditure contracted for at the reporting date but not yet recognised as liabilities in the financial report, are payable as follows:

	2023	2022
	\$'000	\$'000
Within one year	-	901
Later than one year but not longer than five years	-	805
Total other contractual commitments	-	1 706

Other contractual commitments as at 30 June 2022 related to costs for motor sport activities (\$1.596 million), Promotion of the State funding agreements (\$73 000) and Stolen Generations Reparations Payments (\$37 000).

A9.2 Contingent assets and liabilities

The department is not aware of any contingent assets or liabilities.

A9.3 Events after the reporting period

There were no events occurring after the end of the reporting period that had a material financial implication on these financial statements.