

# Department for Innovation and Skills

Financial report  
for the year ended  
30 June 2021



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## To the Chief Executive Department for Innovation and Skills

### Opinion

I have audited the financial report of the Department for Innovation and Skills for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Innovation and Skills as at 30 June 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Director, Financial and Business Services.

### 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 for Innovation and Skills. 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 for Innovation and Skills for the financial year ended 30 June 2021.

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.

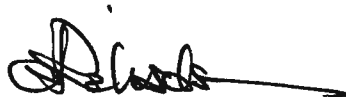
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 for Innovation and Skills'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**  
20 September 2021

**Department for Innovation and Skills  
(DIS)**

**Financial Statements  
for the year ended  
30 June 2021**

## Certification of the Financial Statements

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We certify that the:

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



Adam Reid  
Chief Executive

17 September 2021



Martin Smith  
Director, Financial and Business Services

17 September 2021

**Department for Innovation and Skills**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b><u>Income</u></b>			
Appropriations	2.1	379 363	412 851
Fees and charges	2.2	3 731	5 633
Commonwealth-sourced grants and funding	2.3	34 864	22 860
Infrastructure recharge - TAFE SA	2.4	-	13 851
SA Government grants, subsidies and transfers	2.5	29 169	9 967
Resources received free of charge	2.6	927	407
Interest on lease receivables		7	6
Other income	2.7	1 717	4 698
<b>Total income</b>		<b>449 778</b>	<b>470 273</b>
<b><u>Expenses</u></b>			
Employee benefits expenses	3.3	40 115	42 863
Supplies and services	4.1	18 118	38 998
Depreciation and amortisation	4.2	4 579	3 912
Grants and subsidies	4.3	378 643	364 734
Borrowing costs	4.4	22	27
Net loss from disposal of non-current assets	4.5	176	-
Other expenses	4.6	2 401	1 309
Payments to Consolidated Account	4.7	2 584	20 085
<b>Total expenses</b>		<b>446 638</b>	<b>471 928</b>
<b>Net result</b>		<b>3 140</b>	<b>(1 655)</b>
<b><u>Other comprehensive income</u></b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment asset revaluation surplus	5.1	-	1 574
<b>Total comprehensive result</b>		<b>3 140</b>	<b>(81)</b>

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 for Innovation and Skills**  
**Statement of Financial Position**  
*as at 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b><u>Current assets</u></b>			
Cash	6.1	50 250	35 258
Receivables	6.2	7 001	9 257
Non-current assets classified as held for sale	5.4	2 800	-
<b>Total current assets</b>		<b>60 051</b>	<b>44 515</b>
<b><u>Non-current assets</u></b>			
Receivables	6.2	438	480
Property, plant and equipment	5.1	18 432	13 298
Leased property, plant and equipment	5.2	10 717	1 183
Intangible assets	5.3	6 906	10 375
<b>Total non-current assets</b>		<b>36 493</b>	<b>25 336</b>
<b>Total assets</b>		<b>96 544</b>	<b>69 851</b>
<b><u>Current liabilities</u></b>			
Payables	7.1	11 877	10 736
Financial liabilities	7.2	2 345	705
Employee benefits liability	3.4	4 538	4 529
Provisions	7.3	181	160
Other current liabilities	7.4	358	427
<b>Total current liabilities</b>		<b>19 299</b>	<b>16 557</b>
<b><u>Non-current liabilities</u></b>			
Payables	7.1	763	808
Financial liabilities	7.2	10 229	1 289
Employee benefits liability	3.4	8 117	8 714
Provisions	7.3	442	329
Other non-current liabilities	7.4	1 677	2 029
<b>Total non-current liabilities</b>		<b>21 228</b>	<b>13 169</b>
<b>Total liabilities</b>		<b>40 527</b>	<b>29 726</b>
<b>Net assets</b>		<b>56 017</b>	<b>40 125</b>
<b><u>Equity</u></b>			
Contributed capital		40 617	36 781
Retained earnings		13 826	1 770
Asset revaluation surplus	8.1	1 574	1 574
<b>Total equity</b>		<b>56 017</b>	<b>40 125</b>

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



**Department for Innovation and Skills**  
**Statement of Changes in Equity**  
*as at 30 June 2021*

	Note	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		32 212	-	3 283	35 495
<b>Net result for 2019-20</b>		-	-	(1 655)	(1 655)
Gain on revaluation of property, plant and equipment during 2019-20	5.1	-	1 574	-	1 574
<b>Total comprehensive result for 2019-20</b>		-	1 574	(1 655)	(81)
Contributed capital increases		4 569	-	-	4 569
Net assets transferred as a result of an administrative restructure	1.4	-	-	142	142
<b>Balance at 30 June 2020</b>		<b>36 781</b>	<b>1 574</b>	<b>1 770</b>	<b>40 125</b>
<b>Net result for 2020-21</b>		-	-	3 140	3 140
<b>Total comprehensive result for 2020-21</b>		-	-	3 140	3 140
Contributed capital increases		3 836	-	-	3 836
Net assets transferred as a result of an administrative restructure	1.4	-	-	8 916	8 916
<b>Balance at 30 June 2021</b>		<b>40 617</b>	<b>1 574</b>	<b>13 826</b>	<b>56 017</b>

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

**Department for Innovation and Skills**  
**Statement of Cash Flows**  
*as at 30 June 2021*

	Note	2021 \$'000	2020 \$'000
<b><u>Cash flows from operating activities</u></b>			
<i>Cash inflows</i>			
Appropriations		379 363	412 851
Fees and charges		4 027	6 517
Receipts from Commonwealth-sourced grants		34 864	22 860
Infrastructure recharge - TAFE SA		-	16 017
SA Government grants, subsidies and transfers		29 169	9 967
GST recovered from the ATO		5 660	1 369
Net receipts from paid parental leave scheme		54	10
Interest received on lease receivables		7	6
Other receipts		7 536	8 240
<b>Cash generated from operations</b>		<b>460 680</b>	<b>477 837</b>
<i>Cash outflows</i>			
Employee benefits payments		(40 735)	(46 159)
Payments for supplies and services		(17 204)	(54 113)
Payments of grants and subsidies		(386 664)	(371 953)
Payments for paid parental leave scheme		(61)	(7)
Payments to Consolidated Account		(2 584)	(20 085)
Other payments		-	(804)
<b>Cash (used in) operations</b>		<b>(447 248)</b>	<b>(493 121)</b>
<b>Net cash provided by / (used in) operating activities</b>	8.2	<b>13 432</b>	<b>(15 284)</b>
<b><u>Cash flows from investing activities</u></b>			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		-	22 669
Repayment of principal portion of lease receivable		58	170
<b>Cash generated from investing activities</b>		<b>58</b>	<b>22 839</b>
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(2 526)	(5 621)
<b>Cash (used in) investing activities</b>		<b>(2 526)</b>	<b>(5 621)</b>
<b>Net cash (used in) / provided by investing activities</b>		<b>(2 468)</b>	<b>17 218</b>
<b><u>Cash flows from financing activities</u></b>			
<i>Cash inflows</i>			
Capital contributions from government		3 836	4 569
Cash received from restructuring activities		942	-
<b>Cash generated from financing activities</b>		<b>4 778</b>	<b>4 569</b>
<i>Cash outflows</i>			
Repayment of principal portion of lease liabilities		(750)	(585)
<b>Cash (used in) financing activities</b>		<b>(750)</b>	<b>(585)</b>
<b>Net cash provided by financing activities</b>		<b>4 028</b>	<b>3 984</b>
<b>Net increase in cash</b>		<b>14 992</b>	<b>5 918</b>
Cash at the beginning of the period		35 258	29 340
<b>Cash at the end of the period</b>	6.1	<b>50 250</b>	<b>35 258</b>

The accompanying notes form part of these financial statements.

# Department for Innovation and Skills

## Notes to and forming part of the financial statements

### for the year ended 30 June 2021

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#### 1. About the Department for Innovation and Skills

The Department for Innovation and Skills (the department) is a 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 Minister for Innovation and Skills has a 25% interest in SABRENet. SABRENet was registered on 28 September 2005 as a not-for-profit company limited by guarantee and has been recognised by the Australian Taxation Office as a tax exempt entity. The founding members are the three South Australian Universities and the South Australian Government. The objectives for which the company was established are to be a not-for-profit institution to further the use of advanced data networking for conducting research and education in South Australia, for the benefit of South Australia and for the purposes of economic and social advancement in Australia generally. While the Minister has significant influence over SABRENet, the Minister's interest in SABRENet is limited to the Minister's use of SABRENet's asset (the network). That is, the Minister receives no return for their interest in SABRENet.

The Australian Cyber Collaboration Centre (A3C) was incorporated on 16 January 2020 and was established as a not-for-profit company limited by guarantee. The Minister for Innovation and Skills was the sole founding member during the transitional period of the company from the date of incorporation to 30 June 2020. The objectives for which the company was established is to develop a national centre of excellence in Australia for the purpose of advancing cyber research, education and training and the cyber security and safety of the Australian Community. The constitution allowed the Minister to appoint five directors during the transitional period. The Minister has appointed five directors and does not have any rights to appoint any further directors. The Minister's interest in A3C was limited to the transitional period. Effective from 1 July 2020, the Minister has no voting rights and does not receive a return for their interest in A3C.

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

Administered items are disclosed separately in this report (refer note 11).

#### 1.1. Basis of preparation

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

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

For the purposes of preparing the financial statements, the department is a not-for-profit entity. The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

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

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.

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

## Department for Innovation and Skills

### Notes to and forming part of the financial statements

#### for the year ended 30 June 2021

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#### 1.2. Objectives and programs

The department supports the Government's Growth Agenda by ensuring that the growth plans for priority industry sectors in South Australia are underpinned by research, development and innovation capability and a skilled workforce.

The department's purpose is to support people and businesses succeed in a growing South Australian economy, which will be achieved by:

- collaborating with industry stakeholders and across government to enable relevant, outcome focused and efficient policy and program design and delivery,
- building the skills and migration systems to ensure that bright talented South Australians, no matter their background, location and gender will be equally equipped for success in the future workforce, and
- developing and investing in the research and innovation system to help entrepreneurs, creatives and business leaders commercialise ideas, deliver new products, services and processes and drive productivity improvement.

#### Programs

The department has identified three programs that reflect the nature of the services delivered to the South Australian community.

The programs of the department and their objectives are:

##### ***Innovation***

The purpose of the Innovation program is to support sustainable economic growth by developing and promoting the state's innovation system by:

- supporting entrepreneurs, start-ups and small businesses and attracting early stage investment and venture capital,
- encouraging commercialisation of research through industry, research and government collaboration,
- increasing South Australia's global standing in science and research, and
- developing and supporting our creative industries.

In 2021, the Innovation program includes assets and liabilities transferred from TechInSA to the department on 30 June 2021 (refer note 1.4).

##### ***Skills***

Through targeted investment in training, the Skills program ensures South Australians have the right skills to secure a job today and careers into the future and contribute to a growing economy by:

- partnering with industry, to align the investment of public funds with industry identified skills, workforce and training needs and economic priorities,
- assisting employers to take on and retain apprentices and trainees through responsive services and advice with a customer focus,
- regulating the apprenticeship and traineeship system to ensure compliance with the *Training and Skills Development Act 2008*, and
- enabling a responsive, contestable and high-quality vocational education and training (VET) system.

##### ***Migration***

The purpose of the Migration program is to implement strategies and programs that attract eligible skilled and business migrants to South Australia through state nominated and employer sponsored visa programs in support of economic growth and recovery.

The tables on the following pages presents expenses, income, assets and liabilities attributable to each program.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

**1.2. Objectives and programs (continued)**

	<b>Innovation</b>		<b>Skills</b>		<b>Migration</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Income</u></b>						
Appropriations	-	-	-	-	-	-
Fees and charges	349	817	967	2 751	2 415	2 065
Commonwealth-sourced grants and funding	-	-	34 864	22 860	-	-
Infrastructure recharge - TAFE SA	-	-	-	13 851	-	-
SA Government grants, subsidies and transfers	20 092	6 351	8 677	2 289	400	1 327
Resources received free of charge	223	86	617	286	87	35
Interest on lease receivables	7	6	-	-	-	-
Other income	422	2 531	1 209	2 055	86	112
<b>Total income</b>	<b>21 093</b>	<b>9 791</b>	<b>46 334</b>	<b>44 092</b>	<b>2 988</b>	<b>3 539</b>
<b><u>Expenses</u></b>						
Employee benefits expenses	9 638	9 062	26 726	30 078	3 751	3 723
Supplies and services	5 468	7 343	11 412	30 216	1 238	1 439
Depreciation and amortisation	641	393	3 773	3 478	165	41
Grants and subsidies	38 746	37 245	339 892	327 372	5	117
Borrowing costs	21	25	1	2	-	-
Net loss from disposal of non-current assets	42	-	118	-	16	-
Other expenses	568	103	1 723	1 206	110	-
Payments to Consolidated Account	-	-	2 584	20 085	-	-
<b>Total expenses</b>	<b>55 124</b>	<b>54 171</b>	<b>386 229</b>	<b>412 437</b>	<b>5 285</b>	<b>5 320</b>
<b>Net result</b>	<b>(34 031)</b>	<b>(44 380)</b>	<b>(339 895)</b>	<b>(368 345)</b>	<b>(2 297)</b>	<b>(1 781)</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

**1.2. Objectives and programs (continued)**

	<b>General / Unattributed</b>		<b>Activity Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Income</u></b>				
Appropriations	379 363	412 851	379 363	412 851
Fees and charges	-	-	3 731	5 633
Commonwealth-sourced grants and funding	-	-	34 864	22 860
Infrastructure recharge - TAFE SA	-	-	-	13 851
SA Government grants, subsidies and transfers	-	-	29 169	9 967
Resources received free of charge	-	-	927	407
Interest	-	-	7	6
Other income	-	-	1 717	4 698
<b>Total income</b>	<b>379 363</b>	<b>412 851</b>	<b>449 778</b>	<b>470 273</b>
<b><u>Expenses</u></b>				
Employee benefits expenses	-	-	40 115	42 863
Supplies and services	-	-	18 118	38 998
Depreciation and amortisation	-	-	4 579	3 912
Grants and subsidies	-	-	378 643	364 734
Borrowing costs	-	-	22	27
Net loss from disposal of non-current assets	-	-	176	-
Other expenses	-	-	2 401	1 309
Payments to Consolidated Account	-	-	2 584	20 085
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>446 638</b>	<b>471 928</b>
<b>Net result</b>	<b>379 363</b>	<b>412 851</b>	<b>3 140</b>	<b>(1 655)</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**1.2. Objectives and programs (continued)**

	<b>Innovation</b>		<b>Skills</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Assets</u></b>				
Cash	4 577	3 967	45 364	31 132
Receivables	2 097	4 473	5 066	4 722
Non-current assets classified as held for sale	2 800	-	-	-
Property, plant and equipment	7 740	1 336	10 244	11 823
Leased property, plant and equipment	10 717	1 183	-	-
Intangible assets	967	1 042	5 690	9 224
<b>Total assets</b>	<b>28 898</b>	<b>12 001</b>	<b>66 364</b>	<b>56 901</b>
<b><u>Liabilities</u></b>				
Payables	7 241	4 155	4 899	6 892
Financial liabilities	12 574	1 994	-	-
Employee benefits liability	3 040	2 800	8 432	9 293
Provisions	150	103	415	344
Other liabilities	251	282	1 760	2 146
<b>Total liabilities</b>	<b>23 256</b>	<b>9 334</b>	<b>15 506</b>	<b>18 675</b>

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**1.2. Objectives and programs (continued)**

	<b>Migration</b>		<b>Activity Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b><u>Assets</u></b>				
Cash	309	159	50 250	35 258
Receivables	276	542	7 439	9 737
Non-current assets classified as held for sale	-	-	2 800	-
Property, plant and equipment	448	139	18 432	13 298
Leased property, plant and equipment	-	-	10 717	1 183
Intangible assets	249	109	6 906	10 375
<b>Total assets</b>	<b>1 282</b>	<b>949</b>	<b>96 544</b>	<b>69 851</b>
<b><u>Liabilities</u></b>				
Payables	500	497	12 640	11 544
Financial liabilities	-	-	12 574	1 994
Employee benefits liability	1 183	1 150	12 655	13 243
Provisions	58	42	623	489
Other liabilities	24	28	2 035	2 456
<b>Total liabilities</b>	<b>1 765</b>	<b>1 717</b>	<b>40 527</b>	<b>29 726</b>



**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
*for the year ended 30 June 2021*

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**1.3. Impact of COVID-19 pandemic on the department**

The COVID-19 pandemic has impacted on the operations of the department and the impacts are included under the relevant disclosure notes. The key impacts in 2020-21 were:

- commencement of the JobTrainer National Partnership Agreement, jointly funded by the Commonwealth Government and the Government of South Australia, to deliver additional training as the economy rebuilds. It will ensure job seekers can reskill and upskill for in-demand jobs, school leavers are provided a pathway into their careers, and businesses are able to get the skilled workers they need. Funding of \$13.8 million was provided by the Commonwealth (refer note 2.3) and a contribution of \$2.8 million from the Business and Jobs Support Fund (refer note 2.5). Associated expenditure of \$11.8 million is primarily reported in note 4.3.
- once-off funding provided by the Business and Jobs Support Fund of \$5.0 million for the Small to Medium Enterprise Business Advisory Services Scheme to support eligible small and medium businesses seeking to access professional services to improve and transform their businesses (refer note 2.5). Associated expenditure of \$2.7 million is reported in note 4.3.
- additional funding from the Community and Jobs Support Fund of \$2.9 million for critical workforce mobility measures in response to COVID-19 to support the development and pilot of micro-credential training in priority sectors (refer note 2.5). Associated expenditure of \$2.7 million is reported in note 4.3.
- additional funding from the Business and Jobs Support Fund for the commencement of the Regional Jobs Support and Incentive Program of \$1.7 million as part of the Mobilising Seasonal and Regional Workforce Support Package to help boost and fill seasonal and regional workforce vacancies across South Australia, in response to the impacts of COVID-19 (refer note 2.5). Expenditure of \$1.5 million was transferred to the Department of Primary Industries and Regions for the establishment of a Seasonal Worker's Regional Quarantine Facility and is reported in note 4.3.

Refer to note 9.5 for COVID-19 impacts from 2021-22.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**1.4. Changes to the department**

***Transferred in 2020-21***

The *Public Corporations (TechInSA) (Dissolution and Revocation) Regulations 2021* (dated 17 June 2021) proclaimed that effective from 1 July 2021, TechInSA is dissolved and immediately before its dissolution all assets and liabilities are transferred to the Department for Innovation and Skills on 30 June 2021.

**The following assets and liabilities for TechInSA were transferred to the department:**

	<b>\$'000</b>
Cash	942
Receivables	806
Non-current assets classified as held for sale	2 800
Property, plant and equipment	6 000
Leased property, plant and equipment	9 448
<b>Total assets</b>	<b>19 996</b>
Payables	129
Financial liabilities	10 865
Other liabilities	86
<b>Total liabilities</b>	<b>11 080</b>
<b>Total net assets transferred</b>	<b>8 916</b>

Net assets assumed by the department as a result of the dissolution of TechInSA were recognised at their carrying amount. Net assets transferred were treated as a contribution by the government as owner.

***Transferred out 2019-20***

The Chief Executive of the department (dated 08 October 2019) approved the transfer of five employees to TAFE SA to undertake the property management function effective from 31 October 2019.

**On transfer of five employees the department transferred the following liabilities:**

	<b>\$'000</b>
Payables	19
Employee benefits liability	123
<b>Total liabilities</b>	<b>142</b>

Total liabilities transferred by the department due to the administrative restructure were recognised at the carrying amount. Total liabilities transferred were treated as a distribution to the government as owner.

**Department for Innovation and Skills**  
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**1.5. Budget performance**

The budget performance table compares the department's outcomes against budget information presented to Parliament (2020-21 Budget Paper 4). Appropriations reflects appropriations issued to special deposit accounts and 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.

<b>Statement of Comprehensive Income</b>	<b>Note</b>	<b>Original Budget 2021 \$'000</b>	<b>Actual 2021 \$'000</b>	<b>Variance 2021 \$'000</b>
<b><u>Income</u></b>				
Appropriations		395 399	379 363	(16 036)
Fees and charges		3 359	3 731	372
Commonwealth-sourced grants and funding		50 791	34 864	(15 927)
SA Government grants, subsidies and transfers		17 608	29 169	11 561
Resources received free of charge		-	927	927
Interest on lease receivables		8	7	(1)
Other income		555	1 717	1 162
<b>Total income</b>		<b>467 720</b>	<b>449 778</b>	<b>(17 942)</b>
<b><u>Expenses</u></b>				
Employee benefits expenses		38 373	40 115	1 742
Supplies and services		18 272	18 118	(154)
Depreciation and amortisation		4 539	4 579	40
Grants and subsidies	(a)	426 398	378 643	(47 755)
Borrowing costs		24	22	(2)
Net loss from disposal of non-current assets		-	176	176
Other expenses		-	2 401	2 401
Payments to Consolidated Account		2 584	2 584	-
<b>Total expenses</b>		<b>490 190</b>	<b>446 638</b>	<b>(43 552)</b>
<b>Net result</b>		<b>(22 470)</b>	<b>3 140</b>	<b>25 610</b>
<b>Total comprehensive result</b>		<b>(22 470)</b>	<b>3 140</b>	<b>25 610</b>

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 or total expenditure.

**Operating expenditure**

(a) Grants and subsidies expenditure was \$47.8 million lower than original budget primarily due to:

- delays in timing of expenditure of \$29.9 million primarily related to the following programs and initiatives JobTrainer (\$18.7 million), Infection Control (\$2.4 million), Small to Medium Enterprise Business Advisory Services Scheme (\$2.3 million), Research Commercialisation and Start up Fund (\$2.2 million) and Skilling South Australia (\$1.8 million).
- return of \$12.7 million to the Department of Treasury and Finance following the finalisation and closure of Bushfire Recovery Grant programs funded jointly with the Commonwealth Government under Disaster Recovery Funding Arrangements.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**1.5. Budget performance (continued)**

		<b>Original Budget 2021 \$'000</b>	<b>Actual 2021 \$'000</b>	<b>Variance 2021 \$'000</b>
	<b>Note</b>			
<b>Investing expenditure summary</b>				
Total new projects	(a)	3 505	191	(3 314)
Total annual programs	(b)	5 394	2 034	(3 360)
Total leases		106	466	360
<b>Total investing expenditure</b>		<b>9 005</b>	<b>2 691</b>	<b>(6 314)</b>

**Investing expenditure**

- (a) Expenditure on new projects is \$3.3 million lower than original budget primarily due to delays in commencement of the Digital Transformation project.
- (b) Expenditure on annual programs is \$3.4 million lower than original budget primarily due to:
- information technology related expenditure for the maintenance of legacy systems for intangible assets which did not meet the capitalisation criteria (\$1.8 million).
  - transfer of \$1.6 million to the SACE Board to support required fit-out costs associated with the transfer of one and a half floors of office accommodation from DIS under Memoranda of Administrative Arrangement effective from 1 May 2021.

**1.6. Significant transactions with government related entities**

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

- accommodation expenses are primarily related to accommodation provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement (refer note 4.1).
- grant payments of \$231.3 million were made to TAFE SA.
- grant payments of \$7.2 million to Creative Industries statutory authorities, South Australian Film Corporation (\$6.1 million) and Adelaide Film Festival (\$1.1 million).
- grant payments of \$1.5 million to the Department of Primary Industries and Regions for the establishment of a Seasonal Worker's Regional Quarantine Facility.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**2. Income**

The department's primary income is provided by the Department of Treasury and Finance as either appropriations or on-passing of Commonwealth grants.

**2.1. Appropriations**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	379 363	327 513
Appropriations under other Acts	-	85 338
<b>Total appropriations</b>	<b>379 363</b>	<b>412 851</b>

Appropriations are recognised on receipt.

Total appropriations consist of \$379.4 million (2020: \$327.5 million) for capital and operational funding. In 2020 the original amount appropriated to the department under the annual *Appropriation Act* was adjusted for monies received from the Treasurer via the Governor's Appropriation Fund for \$85.3 million pursuant to the *Public Finance and Audit Act 1987*.

**2.2. Fees and charges**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Immigration application fees	2 279	1 729
Service level agreement fees	1 452	3 904
<b>Total fees and charges</b>	<b>3 731</b>	<b>5 633</b>

Fees and charges are intended to recover costs and are recognised when services are performed.

The department collects fees to assess skilled and business migrant applications. In 2019-20, fees were established by the *Fees Regulation (Immigration SA) Regulations 2019* under the *Fees Regulation Act 1927 (SA)*. Effective from 1 July 2020, the *Fees Regulation Act 1927 (SA)* was repealed, and the application fees became unregulated. Fees for 2020-21 were set out in the *South Australian Migration Fees 2020* Notice, published in the SA Government Gazette on 13 August 2020.

Service level agreements relate to corporate services provided to the Department for Trade and Investment \$0.2 million (2020: \$2.5 million) and the Department for Energy and Mining \$1.2 million (2020: \$1.3 million).

**Department for Innovation and Skills**  
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**2.3. Commonwealth-sourced grants and funding**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
National Partnership - Skilling Australians Fund	21 076	20 100
National Partnership - JobTrainer Fund	13 788	-
National Partnership - Infection Control Training Fund	-	2 760
<b>Total Commonwealth-sourced grants and funding</b>	<b>34 864</b>	<b>22 860</b>

Commonwealth-sourced grants and funding are recognised in accordance with AASB 1058 *Income of Not-for-Profit Entities* as income on receipt.

Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia. For accounting purposes, the obligations under the funding arrangements do not sit with the department. The Commonwealth has provided funding to the State for the following purposes:

- National Partnership – Skilling Australians Fund contributes to improved employment outcomes by supporting Australians to obtain the skills and training they need for jobs in demand through increasing the uptake of apprenticeships and traineeships and other relevant employment-related training.
- National Partnership – JobTrainer Fund supports a rapid increase in low or no fee training places for job seekers, school leavers and young people in areas of identified skills need and / or employment growth, to support them into employment as Australia emerges from the COVID-19 pandemic.
- National Partnership – Infection Control Training Fund supports the accelerated uptake of the new nationally accredited Infection Prevention and Control Training skills sets or equivalent nationally accredited training. The training is intended to support Australian businesses to re-open safely following the COVID-19 health and economic crisis.

The above grants were originally received by the State and then paid from Department of Treasury and Finance Administered Items to the department.

**2.4. Infrastructure recharge - TAFE SA**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Infrastructure recharge - TAFE SA	-	13 851
<b>Total infrastructure recharge - TAFE SA</b>	<b>-</b>	<b>13 851</b>

The reduction in Infrastructure recharge from TAFE SA is due to the termination of sub-lease arrangements relating to the transfer of ownership of key TAFE SA properties from Renewal SA to TAFE SA effective from 1 November 2019.

**Department for Innovation and Skills**  
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**2.5. SA Government grants, subsidies and transfers**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Business and Jobs Support Fund	10 301	104
Economic and Business Growth Fund	8 848	5 929
Transfers from the Treasurer's Contingency Fund	5 675	-
Community and Jobs Support Fund	2 915	315
Community Development Fund	850	850
Arts Recovery Fund	500	-
TVSP reimbursements	-	2 050
Executive termination payment reimbursements	-	314
Other	80	405
<b>Total SA Government grants, subsidies and transfers</b>	<b>29 169</b>	<b>9 967</b>

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

The Business and Jobs Support Fund provided once-off funding in 2021 of \$5.0 million to support the Small to Medium Enterprise Business Advisory Services Scheme, and \$2.8 million for the commencement of the jointly funded Commonwealth Government and South Australian Government JobTrainer initiative and \$1.7 million for the Regional Jobs Support and Incentive Program.

Once-off transfers were provided by the Treasurer's Contingency Fund in 2021 to support the expansion of the Post-production, Digital and Visual Effects Rebate Scheme of \$2.7 million and Adelaide City Deal funding for TAFE SA for the International Centre for Food, Hospitality and Tourism Studies in 2020-21 of \$3.0 million.

TVSP reimbursements from the Department of Treasury and Finance were only available for separation payments made prior to 31 December 2019.

**2.6. Resources received free of charge**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Services received free of charge - Department of the Premier and Cabinet	489	-
Services received free of charge - Shared Services SA	438	407
<b>Total resources received free of charge</b>	<b>927</b>	<b>407</b>

Financial reporting services were provided free of charge by Shared Services SA as the department is a non-billable client. ICT services were provided free of charge by the ICT and Digital Government division of the Department of the Premier and Cabinet. The fair value of these services can be reliably measured, and the services would have been purchased if they had not been donated. This is the first year that the ICT and Digital Government division provided services free of charge to the department and is the result of a revised billing model across the South Australian Government. Corresponding expenses are recognised (refer note 4.1).

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**2.7. Other income**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Recoveries	1 468	4 463
Gain on accommodation incentive	120	-
Operating rent from sub-leases	80	37
Sponsorship revenues	38	164
Other	11	34
<b>Total other income</b>	<b>1 717</b>	<b>4 698</b>

The reduction in recoveries is primarily due to the recovery of fit-out costs from the Australian Cyber Collaboration Centre of \$1.8 million in 2019-20.



**Department for Innovation and Skills**  
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**3. Boards, committees and employees**

The department's boards, committees and employees support the delivery of the department's programs to support the Government's Growth Agenda by ensuring that the growth plans for priority industry sectors in South Australia are underpinned by research, development and innovation capability and a skilled workforce.

**3.1. Key management personnel**

Key management personnel of the department include the Minister, the Chief Executive Officer and six (2020: seven) members of the Executive Team who have responsibility for the strategic direction and management of the department.

Total compensation for key management personnel was \$1.8 million (2020: \$2.2 million).

Post-employment benefits relate to superannuation.

The compensation disclosed in this note excludes salaries and other benefits the Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 the *Parliamentary Remuneration Act 1990*. Minister's remuneration paid and recovered from the Consolidated Account are disclosed in Administered items (refer note 11).

<u>Compensation</u>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short term employee benefits	1 622	2 004
Post-employment benefits	155	201
<b>Total</b>	<b>1 777</b>	<b>2 205</b>

***Transactions with key management personnel and other related parties***

There were no transactions with key management personnel and other related parties.

**Department for Innovation and Skills**  
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*for the year ended 30 June 2021*

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**3.2. Board and committee members**

Members during the 2021 financial year were:

**Training and Skills Commission #**

R Hindmarsh \* (Chair) (appointed March 2021) (term expired June 2021)  
A Nieuwenhuis (term expired June 2021)  
E Cohen (term expired June 2021)  
A Curtis (Deputy Member) (term expired June 2021)  
S De Bruyn (Deputy Member) (term expired June 2021)  
A Downs (Deputy Member) (term expired June 2021)  
J Godwin (Deputy Member) (term expired June 2021)  
S Griffiths (term expired December 2020)  
A Keough (term expired June 2021)  
M Boyce (term expired June 2021)  
A Clarke (term expired June 2021)  
D Rossi (term expired June 2021)  
S Shearer (term expired June 2021)  
A Williams (term expired June 2021)  
N Govan (term expired June 2021)  
P Williams (term expired June 2021)  
A Watt (Deputy Member) (term expired June 2021)  
A Penney (Deputy Member) (term expired June 2021)  
A Coker (Deputy Member) (term expired June 2021)  
R Bonner (Deputy Member) (term expired June 2021)  
J Walker (term expired December 2020)  
R Potter (term expired December 2020)

**Risk and Performance Committee**

C Dunsford (Chair)  
J Hill  
S Adlaf \*  
J Cirson \*  
N Morris \*

**Entrepreneurship Advisory Board**

A Nunn ^ (Chair) (appointed February 2021)  
J Whalley ^ (Chair) (term expired January 2021)  
A Andreacchio ^ (term expired June 2021)  
P Edginton ^ (appointed December 2020)  
W Freney ^ (resigned October 2020)  
T Barton ^ (appointed May 2021)  
M Gauvin ^ (appointed December 2020)  
S Liu ^ (appointed December 2020)  
T Nardini ^ (term expired June 2021)  
A Paradiso ^ (term expired June 2021)  
M Were ^ (term expired June 2021)  
R Wessels ^ (appointed May 2021)

**Premier's Science and Innovation Council**

I McMillen ^ (Chair)  
P Clark ^ (term expired January 2021)  
M Gilliam ^  
S Harmer-Bassell ^  
E Hilder ^  
A Luiten ^  
S Mazumdar ^  
J Phillips ^  
S Wesselingh ^  
B Worrell ^

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

^ Indicates a member that is entitled to remuneration but has elected not to receive payment.

# The Training and Skills Commission was dissolved on 30 June 2021 and will be replaced by the South Australian Skills Commission from 1 July 2021.

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

	2021	2020
\$1 - \$19 999	14	12
\$20 000 - \$39 999	8	10
\$40 000 - \$59 999	1	1
<b>Total number of paid members</b>	<b>23</b>	<b>23</b>

The total remuneration received or receivable by members was \$0.4 million (2020: \$0.4 million). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

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**3.3. Employee benefits expenses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	31 589	31 805
Employment on-costs - superannuation	3 431	3 401
Annual leave	2 766	2 950
Employment on-costs - other	1 936	1 921
Board and committee fees - excluding on-costs	346	369
Skills and experience retention leave	181	182
Targeted voluntary separation packages	180	2 117
Workers compensation	165	154
Long service leave	(479)	(36)
<b>Total employee benefits expenses</b>	<b>40 115</b>	<b>42 863</b>

***Employment on-costs – superannuation***

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

***Employee remuneration***

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
\$154 001 to \$174 000	6	6
\$174 001 to \$194 000	5	5
\$194 001 to \$214 000	5	3
\$214 001 to \$234 000	4	3
\$234 001 to \$254 000	-	2
\$254 001 to \$274 000	3	2
\$274 001 to \$294 000	-	1
\$294 001 to \$314 000 ^	4	2
\$314 001 to \$334 000	1	2
\$334 001 to \$354 000 ^	-	2
\$354 001 to \$374 000	-	1
\$374 001 to \$394 000	1	-
<b>Total number of employees</b>	<b>29</b>	<b>29</b>

^ This band includes employees that have received TVSP and / or termination payments in 2019-20.

The total remuneration received by those employees for the year was \$6.5 million (2020: \$6.8 million). No employees received TVSP and / or termination payments in 2020-21.

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 and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left the department.

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**3.3. Employee benefits expenses (continued)**

*Targeted voluntary separation packages (TVSPs)*

The number of employees who received a TVSP during the reporting period was 2 (2020: 23).

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Amount paid to separated employees:		
Targeted voluntary separation packages	180	2 117
Leave paid to separated employees	30	887
Recovery from the Department of Treasury and Finance	-	(2 050)
<b>Net cost to the department</b>	<b>210</b>	<b>954</b>

The net cost to the department after accounting for employment on-costs (payroll tax and Shared Services SA processing fees) was \$0.2 million (2020: \$1.0 million).

**3.4. Employee benefits liability**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Annual leave	2 933	2 878
Accrued salaries and wages	1 020	894
Long service leave	306	513
Skills and experience retention leave	279	244
<b>Total current employee benefits liability</b>	<b>4 538</b>	<b>4 529</b>
<b><u>Non-current</u></b>		
Long service leave	8 117	8 714
<b>Total non-current employee benefits liability</b>	<b>8 117</b>	<b>8 714</b>
<b>Total employee benefits liability</b>	<b>12 655</b>	<b>13 243</b>

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

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

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

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

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

***Long service leave***

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

**Department for Innovation and Skills**  
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**4. Expenses**

The department's expenses are primarily composed of grant and subsidy expenses to TAFE SA, private training organisations, and grants under innovation initiatives.

Employee benefits expenses are disclosed in note 3.3.

**4.1. Supplies and services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Accommodation	4 409	4 951
Information technology and communication charges <sup>(1)</sup>	3 671	4 139
Contractors	3 595	3 315
Marketing	2 855	1 827
Office administration expenses	1 633	3 619
Staff related expenses	728	727
Consultancies	545	452
Shared services fees <sup>(2)</sup>	483	477
Travel and related expenses	282	531
Accounting and audit fees *	164	141
Service recoveries	85	58
Short term leases	16	19 060
Accommodation incentive amortisation	(348)	(299)
<b>Total supplies and services</b>	<b>18 118</b>	<b>38 998</b>

<sup>(1)</sup> Resources provided free of charge by the Department of the Premier and Cabinet were \$0.5 million (2020: \$nil) and were expensed at fair value (refer note 2.6).

<sup>(2)</sup> Resources provided free of charge by Shared Services SA were \$0.4 million (2020: \$0.4 million) and were expensed at fair value (refer note 2.6).

\* Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.15 million (2020: \$0.14 million). No other services were provided by the Auditor-General's Department.

The reduction in short term leases is primarily due to the cessation of leasing arrangements with Renewal SA for TAFE SA VET Infrastructure, following the transfer of ownership from Renewal SA to TAFE SA effective 1 November 2019.

**Accommodation**

Most of the department's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease set out in AASB 16 *Leases*.

Information about accommodation incentives relating to this arrangement is shown at note 7.4.

**Department for Innovation and Skills**  
**Notes to and forming part of the financial statements**  
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**4.2. Depreciation and amortisation**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Intangible assets	3 189	2 936
Buildings, accommodation and leasehold improvements	818	574
Right-of-use buildings	328	214
Plant and equipment	192	123
Right-of-use vehicles	52	65
<b>Total depreciation and amortisation</b>	<b>4 579</b>	<b>3 912</b>

All non-current assets, having a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential.

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

Land, works of art and non-current assets classified as held for sale are not depreciated.

***Useful life***

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Buildings	2-61
Accommodation and leasehold improvements	Life of lease
Right-of-use vehicles	Life of lease
Right-of-use buildings	Life of lease
Plant and equipment	2-7
Intangible assets	3-8

***Review of accounting estimates***

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

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**4.3. Grants and subsidies**

	2021 \$'000	2020 \$'000
TAFE SA	231 329	246 260
Skills and Employment - VET subsidies	64 989	56 597
Skills and Employment - Other	43 536	24 457
Innovation and Science	28 268	28 187
Creative Industries	10 265	8 840
Migration	-	110
Other	256	283
<b>Total grants and subsidies</b>	<b>378 643</b>	<b>364 734</b>

In 2021, the department provided TAFE SA with funding of \$231.3 million (2020: \$246.3 million) including capital grant funding of \$19.2 million (2020: \$14.8 million) and \$nil (2020: \$10.3 million) to mitigate the impacts of COVID-19 on external revenue. The increase in capital grant funding in 2021 primarily relates to additional funding for the International Centre for Food, Hospitality and Tourism Studies (\$3.0 million).

**4.4. Borrowing costs**

	2021 \$'000	2020 \$'000
Interest expense on lease liabilities	22	27
<b>Total borrowing costs</b>	<b>22</b>	<b>27</b>

The department does not capitalise borrowing costs.

**4.5. Net loss from disposal of non-current assets**

	2021 \$'000	2020 \$'000
<b>Land and buildings</b>		
Proceeds from disposal	-	(22 669)
Less net book value of assets disposed	-	22 669
<b>Net (loss) / gain from disposal of land and buildings</b>	<b>-</b>	<b>-</b>
<b>Intangible assets</b>		
Proceeds from disposal	-	-
Less net book value of assets disposed	176	-
<b>Net (loss) from disposal of intangible assets</b>	<b>(176)</b>	<b>-</b>
<b>Total assets</b>		
Proceeds from disposal	-	(22 669)
Less net book value of assets disposed	176	22 669
<b>Total net (loss) from disposal of non-current assets</b>	<b>(176)</b>	<b>-</b>

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**4.6. Other expenses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Asset derecognition	2 185	-
Rent relief	279	101
Loss on accommodation incentive	12	-
Land tax equivalents	-	1 211
Bad and doubtful debts	(75)	(3)
<b>Total other expenses</b>	<b>2 401</b>	<b>1 309</b>

Asset derecognition includes work in progress for intangible assets transferred to expenses for items that do not satisfy the definition of an asset.

Rent relief relates to the sub-lease of accommodation at Lot Fourteen in response to the COVID-19 pandemic for the period 23 March 2020 to 31 March 2021. Rent relief was funded by the Department of Treasury and Finance through the Business and Jobs Support Fund (refer note 2.5). Finance lease receivables are presented in note 6.2.

Land tax equivalents relate to payments made to Renewal SA to cover land tax and local government rates equivalent expenses relating to TAFE SA VET Infrastructure. The reduction in expenditure in 2021 is due to the transfer of ownership of key TAFE SA properties from Renewal SA to TAFE SA effective 1 November 2019.

**4.7. Payments to Consolidated Account**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Proceeds paid to Consolidated Account	2 584	20 085
<b>Total payments to Consolidated Account</b>	<b>2 584</b>	<b>20 085</b>

In 2021, proceeds paid to the Consolidated Account primarily relate to the sale of VET Infrastructure to the Department for Education in 2019-20. In 2020, payments to the Consolidated Account related to the sale of VET Infrastructure to TAFE SA.



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**5. Non-financial assets**

**5.1. Property, plant and equipment**

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 with the exception of works of art. Works of art are capitalised irrespective of their value.

Property, plant and equipment is recorded at fair value. Detail about the department's approach to fair value is set out in note 10.2.

Plant and equipment includes \$68 000 of fully depreciated plant and equipment still in use.

***Impairment***

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

***Reconciliation of property, plant and equipment***

Property, plant and equipment comprises tangible assets owned by the department. The assets presented below do not meet the definition of investment property.

The following table shows the movement of property, plant and equipment during 2020-21:

	<b>Plant and equipment</b>	<b>Buildings, accommodation and leasehold improvements</b>	<b>Land</b>	<b>Works of art</b>	<b>Capital works in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2020</b>	648	6 888	5 460	37	265	13 298
Additions	32	-	-	-	728	760
Capitalisation	-	382	-	-	(382)	-
Asset derecognition	-	(616)	-	-	-	(616)
Acquisition through administrative restructuring	-	-	6 000	-	-	6 000
Depreciation	(192)	(818)	-	-	-	(1 010)
<b>Carrying amount at 30 June 2021</b>	<b>488</b>	<b>5 836</b>	<b>11 460</b>	<b>37</b>	<b>611</b>	<b>18 432</b>
<b>Gross carrying amount</b>						
Gross carrying amount	919	18 214	11 460	37	611	31 241
Accumulated depreciation	(431)	(12 378)	-	-	-	(12 809)
<b>Carrying amount at 30 June 2021</b>	<b>488</b>	<b>5 836</b>	<b>11 460</b>	<b>37</b>	<b>611</b>	<b>18 432</b>

Land of \$6.0 million was transferred to the department from TechInSA on 30 June 2021 (refer note 1.4).

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**5.1. Property, plant and equipment (continued)**

The following table shows the movement of property, plant and equipment during 2019-20:

	Plant and equipment	Buildings, accommodation and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2019</b>	563	16 386	4 960	37	10 310	32 256
Additions	208	375	-	-	1 799	2 382
Capitalisation	-	1 534	-	-	(1 534)	-
Disposals	-	(11 687)	(220)	-	(10 310)	(22 217)
Revaluation increment	-	854	720	-	-	1 574
Depreciation	(123)	(574)	-	-	-	(697)
<b>Carrying amount at 30 June 2020</b>	<b>648</b>	<b>6 888</b>	<b>5 460</b>	<b>37</b>	<b>265</b>	<b>13 298</b>
<b>Gross carrying amount</b>						
Gross carrying amount	945	18 881	5 460	37	265	25 588
Accumulated depreciation	(297)	(11 993)	-	-	-	(12 290)
<b>Carrying amount at 30 June 2020</b>	<b>648</b>	<b>6 888</b>	<b>5 460</b>	<b>37</b>	<b>265</b>	<b>13 298</b>

Property plant and equipment relating to TAFE SA VET Infrastructure including buildings and leasehold improvements (\$9.1 million), land (\$0.2 million) and capital works in progress (\$10.3 million) were sold to TAFE SA in 2019-20.

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**5.2. Leased property, plant and equipment**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Right-of-use buildings</u></b>		
Right-of-use buildings at cost (deemed fair value)	11 247	1 333
Accumulated depreciation at the end of the period	<u>(542)</u>	<u>(214)</u>
<b>Total right-of-use buildings</b>	<b><u>10 705</u></b>	<b><u>1 119</u></b>
<b><u>Right-of-use vehicles</u></b>		
Right-of-use vehicles at cost (deemed fair value)	71	125
Accumulated depreciation at the end of the period	<u>(59)</u>	<u>(61)</u>
<b>Total right-of-use vehicles</b>	<b><u>12</u></b>	<b><u>64</u></b>
<b>Total leased property, plant and equipment</b>	<b><u>10 717</u></b>	<b><u>1 183</u></b>

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.

Additions to leased property, plant and equipment during 2020-21 were \$9.9 million (2020: \$2.5 million). In 2021, the additions primarily related to the transfer of building lease agreements to the department for the TechHub and Incubator from TechInSA on 30 June 2021.

Disposals of \$54 000 (2020: \$1.1 million) were processed to recognise a reduction of seven right-of-use vehicles leased by the department. In 2020, disposals related to the reduction in right-of-use buildings for the sub-lease of accommodation for the Allied Health Building at Lot Fourteen.

The department has a limited number of leases:

- as at 30 June 2021, the department has five (2020: 12) motor vehicle leases with the South Australian Government Financing Authority. Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from three years (60 000km) up to five years (100 000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.
- the department entered into a three year building lease agreement for the St Pauls Creative Centre in September 2019. No contingent rental provisions exist within the lease agreement, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be five years. Sub-leases associated with the St Pauls Creative Centre have been disclosed as operating leases. Income from operating sub-leases is disclosed in note 2.7.
- in September 2019 the department entered into a three year building lease agreement for the Allied Health Building at Lot Fourteen with Renewal SA. No contingent rental provisions exist within the lease agreements, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be three years. The department has also entered into a three year sub-lease from 1 October 2019. The sub-lease is disclosed as a finance lease and the right-of-use asset has been reduced to account for the sub-lease.
- in February 2021 the department entered into an 18 month building lease agreement for the McEwin Building at Lot Fourteen with Renewal SA. No contingent rental provisions exist within the lease agreement, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be three years and six months.

**Department for Innovation and Skills**  
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**5.2. Leased property, plant and equipment (continued)**

- on 30 June 2021 a building lease for the TechHub was transferred to the department from TechInSA. The lease term ends on 2 June 2033, and there is an option to renew the lease for an additional five years at the end of the lease term. The department does not intend to take up the options within the lease, and the lease is currently assumed to end on 30 June 2033. Sub-leases associated with the TechHub have been disclosed as operating leases (refer note 9.2). Income from operating sub-leases was recognised by TechInSA in 2020-21.
- on 30 June 2021 a building lease with Renewal SA for the Incubator was transferred to the department from TechInSA. The lease term ends on 30 June 2023, and there are four options to renew the lease for an additional five years at the end of lease term. The department does not intend to take up the options within the lease, and the lease is currently assumed to end on 30 June 2023. Two sub-leases associated with the head-lease are disclosed as finance leases and the right-of-use asset has been reduced to account for the sub-leases.

Lease liabilities related to the right-of-use assets are disclosed in note 7.2. The department's maturity, analysis of its lease liabilities is disclosed in note 10.3. Expenses related to leases, including depreciation and interest expenses, are disclosed in note 4. Cash outflows related to leases are disclosed in note 8.2.

Finance lease receivables related to finance sub-leases are disclosed in note 6.2. The department's maturity analysis of its finance lease receivables is disclosed in note 9.2.

***Impairment***

Leased property, plant and equipment has been assessed for impairment. There was no indication of impairment at 30 June 2021. No impairment loss or reversal of impairment loss was recognised.

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**5.3. Intangible assets**

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 internally developed 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.

Internally developed computer software primarily relates to the department's intangible VET systems. These systems have an average useful life of six years and carrying amount of \$4.0 million.

**Reconciliation of intangible assets**

The following table shows the movement of intangible assets during 2020-21:

	<b>Intangible software</b>	<b>Intangible work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2020</b>	7 936	2 439	10 375
Additions	-	1 465	1 465
Capitalisation	551	(551)	-
Disposals	(176)	-	(176)
Amortisation	(3 189)	-	(3 189)
Asset derecognition	(255)	(1 314)	(1 569)
<b>Carrying amount at 30 June 2021</b>	<b>4 867</b>	<b>2 039</b>	<b>6 906</b>
<b>Gross carrying amount</b>			
Gross carrying amount	20 795	2 039	22 834
Accumulated amortisation	(15 928)	-	(15 928)
<b>Carrying amount at 30 June 2021</b>	<b>4 867</b>	<b>2 039</b>	<b>6 906</b>

The following table shows the movement of intangible assets during 2019-20:

	<b>Intangible software</b>	<b>Intangible work in progress</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2019</b>	9 603	94	9 697
Additions	-	3 614	3 614
Capitalisation	1 269	(1 269)	-
Amortisation	(2 936)	-	(2 936)
<b>Carrying amount at 30 June 2020</b>	<b>7 936</b>	<b>2 439</b>	<b>10 375</b>
<b>Gross carrying amount</b>			
Gross carrying amount	21 141	2 439	23 580
Accumulated amortisation	(13 205)	-	(13 205)
<b>Carrying amount at 30 June 2020</b>	<b>7 936</b>	<b>2 439</b>	<b>10 375</b>

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**5.4. Non-current assets classified as held for sale**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Land	2 800	-
<b>Total non-current assets classified as held for sale</b>	<b>2 800</b>	<b>-</b>

Land held for sale transferred from TechInSA to the department on 30 June 2021 (refer note 1.4). On 29 July 2020 the Minister for Innovation and Skills entered into a contract of sale with Leasecorp Group Pty Ltd for the purchase of Lot 2000 located in the Thebarton Hi-Tech Precinct. The sale was settled on 2 August 2021.

Land held for sale is measured at fair value less costs to sell. Details about the department's approach to fair value is set out in note 10.2.

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**6. Financial assets**

**6.1. Cash**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Deposits with the Treasurer - Operating Account	38 899	35 258
Accrual Appropriation Excess Funds	10 409	-
Section 21 Deposit Account - TechInSA	942	-
<b>Total cash</b>	<b>50 250</b>	<b>35 258</b>

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.

On 30 June 2021, a special deposit account established pursuant to section 21 of the *Public Finance and Audit Act 1987* was transferred from TechInSA to the department (refer note 1.4). The deposit account includes \$86 000 in bonds held for tenants with accommodation leased with TechInSA to 30 June 2021 (refer note 7.4).

**6.2. Receivables**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
<b>Trade receivables</b>		
From government entities	1 345	4 261
From non-government entities	98	3 581
Less impairment loss on receivables	(3)	(1 365)
<b>Total trade receivables</b>	<b>1 440</b>	<b>6 477</b>
GST input tax recoverable	1 563	1 308
Prepayments	67	11
Accrued revenues	3 167	1 027
Finance lease receivables	712	366
Other receivables	52	68
<b>Total current receivables</b>	<b>7 001</b>	<b>9 257</b>
<b><u>Non-current</u></b>		
Finance lease receivables	438	480
<b>Total non-current receivables</b>	<b>438</b>	<b>480</b>
<b>Total receivables</b>	<b>7 439</b>	<b>9 737</b>

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after the issue of an invoice or the goods / services have been provided under a contractual arrangement.

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 10.3 for further information on risk management.

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**6.2. Receivables (continued)**

The net amount of GST recoverable from the ATO is included as part of receivables.

Receivables, prepayments and accrued revenues are non-interest bearing other than finance lease receivables.

Receivables are held with the objective of collecting the contractual cash flows and they are measured at amortised cost.

***Allowance for impairment loss on receivables***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying amount at 1 July 2020</b>	(1 365)	(1 418)
Amounts written off	1 287	50
Decrease / (increase) in the allowance	75	(97)
Amounts recovered during the year	-	100
<b>Carrying amount at 30 June 2021</b>	<b>(3)</b>	<b>(1 365)</b>

Impairment losses relate to contracts with customers external to SA Government.

Refer to note 10.3 for details regarding credit risk and the methodology for determining impairment.



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**7. Liabilities**

Employee benefits liabilities are disclosed in note 3.4.

**7.1. Payables**

	2021	2020
	\$'000	\$'000
<b><u>Current</u></b>		
Accrued expenses and trade payables	10 977	9 858
Employment on-costs	900	878
<b>Total current payables</b>	<b>11 877</b>	<b>10 736</b>
<b><u>Non-current</u></b>		
Employment on-costs	763	808
<b>Total non-current payables</b>	<b>763</b>	<b>808</b>
<b>Total payables</b>	<b>12 640</b>	<b>11 544</b>

Payables and accruals are raised 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.

***Employment on-costs***

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has remained unchanged from the 2020 rate 42% and the average factor for the calculation of employer superannuation cost on-costs has changed to 10.1% (2020: 9.8%). These rates are used in the employment on-cost calculation. The impact on 2021 is immaterial and cannot be reliably estimated for future years.

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**7.2. Financial liabilities**

	2021	2020
	\$'000	\$'000
<b><u>Current</u></b>		
Lease liabilities	2 345	705
<b>Total current financial liabilities</b>	<b>2 345</b>	<b>705</b>
<b><u>Non-current</u></b>		
Lease liabilities	10 229	1 289
<b>Total non-current financial liabilities</b>	<b>10 229</b>	<b>1 289</b>
<b>Total financial liabilities</b>	<b>12 574</b>	<b>1 994</b>

All material cash outflows are reflected in the lease liabilities disclosed above.

On 30 June 2021, lease liabilities were transferred to the department from TechInSA (refer note 1.4).

**7.3. Provisions**

	2021	2020
	\$'000	\$'000
<b><u>Current</u></b>		
Provision for workers compensation	181	160
<b>Total current provisions</b>	<b>181</b>	<b>160</b>
<b><u>Non-current</u></b>		
Provision for workers compensation	442	329
<b>Total non-current provisions</b>	<b>442</b>	<b>329</b>
<b>Total provisions</b>	<b>623</b>	<b>489</b>
<b><i>Movement in provisions</i></b>		
<b>Carrying amount at 1 July 2020</b>	489	411
Increase in provisions recognised	134	78
<b>Carrying amount at 30 June 2021</b>	<b>623</b>	<b>489</b>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2021 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The department is responsible for the payment of workers compensation claims.

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**7.4. Other liabilities**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Current</u></b>		
Accommodation incentive	333	350
Contract liabilities	25	77
<b>Total current other liabilities</b>	<b>358</b>	<b>427</b>
<b><u>Non-current</u></b>		
Accommodation incentive	1 591	2 029
Rental bonds from tenants	86	-
<b>Total non-current other liabilities</b>	<b>1 677</b>	<b>2 029</b>
<b>Total other liabilities</b>	<b>2 035</b>	<b>2 456</b>

Accommodation incentive liabilities relate to arrangements with the Department for Infrastructure and Transport for office accommodation. These arrangements do not comprise leases and the accommodation incentives do not comprise financial liabilities under AASB 16 *Leases*. The Department for Infrastructure and Transport has provided a range of incentives relating to the fit-out of accommodation. The benefit of these incentives is spread over the accommodation term so that each year reported accommodation expenses reflect the economic substance of the office accommodation arrangements and related benefits provided.

Rental bonds are recognised as a liability on receipt.

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**8. Other disclosures**

**8.1. Equity**

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

**8.2. Cash flow**

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.

Total cash outflows for leases are \$750 000 (2020: \$585 000).

***Reconciliation of net result to cash flows from operating activities***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Reconciliation of cash at 30 June 2021</u></b>		
Cash disclosed in the Statement of Financial Position	50 250	35 258
<b>Balance as per the Statement of Cash Flows</b>	<b>50 250</b>	<b>35 258</b>
<b><u>Reconciliation of net cash provided by / (used in) operating activities to net result</u></b>		
Net cash provided by / (used in) operating activities	13 432	(15 284)
<b><u>Add / (less) non-cash items</u></b>		
Depreciation and amortisation expense of non-current assets	(4 579)	(3 912)
Amortisation of accommodation incentive	348	299
Net gain on accommodation incentive	108	-
Asset derecognition	(2 185)	-
Bad and doubtful debts expense	1 362	53
Borrowing costs	(22)	(27)
Resources received free of charge	927	407
Resources provided free of charge	(927)	(407)
Transfer in for administrative restructure	10 274	-
Transfer out for administrative restructure	-	(142)
Loss from disposal of non-current assets	(176)	-
<b><u>Movement in assets and liabilities</u></b>		
(Decrease) in receivables	(3 897)	(720)
(Increase) / decrease in payables	(1 199)	15 534
(Increase) in financial liabilities	(10 746)	-
(Increase) / decrease in other liabilities	(34)	91
(Increase) in provisions	(134)	(78)
Decrease in employee benefits	588	2 531
<b>Net result</b>	<b>3 140</b>	<b>(1 655)</b>

**Department for Innovation and Skills**  
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**9. Outlook**

**9.1. Unrecognised contractual commitments**

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

***Capital commitments***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	3 890	634
Later than one year but not longer than five years	5 911	79
<b>Total capital commitments</b>	<b>9 801</b>	<b>713</b>

The department's capital commitments primarily relate to intangible systems development. The increase in capital commitments is primarily due to the commencement of the Digital Transformation project in 2020-21.

***Expenditure commitments***

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	29 192	34 560
Later than one year but not longer than five years	19 797	37 879
Later than five years	2 592	8 925
<b>Total expenditure commitments</b>	<b>51 581</b>	<b>81 364</b>

The department's expenditure commitments are for agreements for Memoranda of Administrative Arrangements with the Department for Infrastructure and Transport for accommodation and agreements with contractors, consultants, information and technology contracts and grant recipients. The reduction in expenditure commitments is primarily due to reduced floor space for accommodation with the Department for Infrastructure and Transport and a general reduction in grant commitments outstanding on 30 June 2021.

***Leases entered into which have not yet commenced***

The department has not entered into any leases on or prior to 30 June 2021, that have not yet commenced.

**9.2. Expected rental income**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Operating lease maturity analysis</u></b>		
Within one year	697	-
<b>Total operating lease income</b>	<b>697</b>	<b>-</b>

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

Refer to note 5.2 for information about equipment the department leases out under operating leases.

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**9.2. Expected rental income (continued)**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Finance lease maturity analysis</u></b>		
Within one year	742	366
Later than one year but not longer than two years	438	385
Later than two years but not longer than three years	-	95
<b>Total undiscounted lease payments receivable</b>	<b>1 180</b>	<b>846</b>
<b>Net investment in the lease</b>	<b>1 180</b>	<b>846</b>

The above table sets out a maturity analysis of finance lease payments, showing the undiscounted lease payments to be received after reporting date, reconciled to the net investment in lease the lease presented as a lease receivable (refer note 6.2).

**9.3. Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

***Contingent assets***

The department pays subsidies to Registered Training Organisations (RTOs) for the delivery of VET services. As at 30 June 2021, the department has a contingent asset relating to the potential partial recovery of subsidies paid to one RTO. The amount is subject to further information being provided by the RTO to validate the total value of subsidies earned by the RTO compared with subsidies paid by the department.

Where specific conditions relating to a financial assistance grant are not met, the department may request the amount granted be repaid by the grantee. There are no known contingent assets arising from these present obligations as at 30 June 2021.

***Contingent liabilities***

The Minister for Innovation and Skills has entered an agreement to provide Le Cordon Bleu with an interest free loan of \$7.0 million conditional upon Le Cordon Bleu entering into a building contract for the development of Le Cordon Bleu's city training facility.

**9.4. Impact of standards and statements not yet effective**

The department has assessed the impact of new and amended Australian Accounting Standards and Interpretations not yet implemented and changes to the Accounting Policy Statements issued by the Treasurer. There are no Accounting Policy Statements that are not yet in effect.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. This standard amends AASB 101 *Presentation of Financial Statements* to clarify the classification of liabilities in the Statement of Financial Position as current and non-current and promote consistency in financial reporting. The amending standard may result in the reclassification of some liabilities from current to non-current or vice versa.

**Department for Innovation and Skills**  
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**9.4. Impact of standards and statements not yet effective (continued)**

Amending Standard AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023 and amends:

- AASB 7 *Financial Instruments: Disclosures*, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
- AASB 101 *Presentation of Financial Statements*, to require entities to disclose their material accounting policy information rather than their significant accounting policies.
- AASB 108 *Accounting Policies, Changes to Accounting Estimates and Errors*, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates.
- AASB 134 *Interim Financial Reporting*, to identify material accounting policy information as a component of a complete set of financial statements.
- AASB *Practice Statement 2*, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

This amending standard is not expected to impact on the department's general purpose financial statements. The department's internal policies and procedures will be updated to reflect the additional clarification requirements, where required.

**9.5. COVID-19 pandemic outlook for the department**

The COVID-19 pandemic is not expected to significantly impact the operations of the department in 2021-22.

Through programs and initiatives including JobTrainer and the SME Business Advisory Services Scheme, which have been funded by the Business and Jobs Support Fund and Community Jobs Support Fund, the department will continue to provide support to those impacted by COVID-19 restrictions. From 1 July 2021, the Business and Jobs Support Fund and Community Jobs Support Fund have been combined and renamed to create the COVID-19 Support Fund.

The department is not expecting there to be any significant credit losses, grant agreements that cannot be satisfied, contingent assets / liabilities or any significant increase of risks in the internal control environment due to the COVID-19 pandemic.

Refer to note 1.3 for COVID-19 impacts in 2020-21.

**9.6. Events after the reporting period**

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2021 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2021.

Note disclosure is made about events between 30 June 2021 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2021 and which may have a material impact on the results of subsequent years as set out below.

There are no known events after the reporting period that would materially impact on the department's financial statements.

**Department for Innovation and Skills**  
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**10. Measurement and risk**

**10.1. Long service leave liability - measurement**

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

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions 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 long service leave liability. The yield on long-term Commonwealth Government bonds has increased to 1.25% (2020: 0.75%).

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 actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 2.5% for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$1.0 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on previous experience.

**10.2. Fair value**

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

***Initial recognition***

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, are subsequently measured at fair value after allowing for accumulated depreciation.

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 every six years in accordance with APS 116.E. 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.



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**10.2. 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 2021 and 2020, 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 techniques.

**Fair value classification – non-financial assets at 30 June 2021**

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.1	11 460	-	11 460
Plant and equipment	5.1	-	488	488
Buildings, accommodation and leasehold improvements	5.1	-	5 836	5 836
Works of art	5.1	-	37	37
<b>Total recurring fair value measurements</b>		<b>11 460</b>	<b>6 361</b>	<b>17 821</b>
<b>Total</b>		<b>11 460</b>	<b>6 361</b>	<b>17 821</b>

**Fair value classification – non-financial assets at 30 June 2020**

	Note	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b><u>Recurring fair value measurements</u></b>				
Land	5.1	5 460	-	5 460
Plant and equipment	5.1	-	648	648
Buildings, accommodation and leasehold improvements	5.1	-	6 888	6 888
Works of art	5.1	-	37	37
<b>Total recurring fair value measurements</b>		<b>5 460</b>	<b>7 573</b>	<b>13 033</b>
<b>Total</b>		<b>5 460</b>	<b>7 573</b>	<b>13 033</b>

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**10.2. Fair value (continued)**

***Land and buildings***

The valuation of land and buildings was performed by an independent Certified Practising Valuer from Liquid Pacific Pty Ltd, as at 30 June 2020.

The fair value of land was determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, adjustments were applied to reflect the restriction when determining fair value.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of the assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings. Information about current construction costs were derived from a combination of internal records, specialised knowledge, the acquisition / transfer costs and the estimated useful life due to age and condition of the building.

***Plant and equipment***

All items of plant and equipment had a fair value at the time of acquisition less than \$1.5 million and had an estimated useful life that was less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items is deemed to approximate fair value.

***Works of art***

These assets are classified in level 3 as there is no active market. An independent valuation of works of art was performed by Theodore Bruce, an independent Certified Practising Valuer, as at 1 June 2018. Fair value was determined by estimating the current replacement cost based on the limited market information available for similar works of art assets and reproduction materials.

**Reconciliation of level 3 recurring fair value measurement as at 30 June 2021**

The following table is a reconciliation of fair value measurement using significant unobservable inputs (level 3).

	<b>Plant and equipment</b>	<b>Buildings, accommodation and leasehold improvements</b>	<b>Works of art</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Opening balance at 1 July 2020</b>	648	6 888	37	7 573
Acquisitions	32	-	-	32
Capitalisation	-	382	-	382
Asset derecognition		(616)	-	(616)
<b>Closing balance at 30 June 2021</b>	<b>680</b>	<b>6 654</b>	<b>37</b>	<b>7 371</b>
<b><u>Losses for the period recognised in net result:</u></b>				
Depreciation	(192)	(818)	-	(1 010)
<b>Total losses recognised in net result</b>	<b>(192)</b>	<b>(818)</b>	<b>-</b>	<b>(1 010)</b>
<b>Carrying amount at 30 June 2021</b>	<b>488</b>	<b>5 836</b>	<b>37</b>	<b>6 361</b>

**Department for Innovation and Skills**  
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**10.2. Fair value (continued)**

**Reconciliation of level 3 recurring fair value measurement as at 30 June 2020**

The following table is a reconciliation of fair value measurement using significant unobservable inputs (level 3).

	<b>Plant and equipment</b>	<b>Buildings, accommodation and leasehold improvements</b>	<b>Works of art</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Opening balance at 1 July 2019</b>	563	16 386	37	16 986
Acquisitions	208	375	-	583
Capitalisation	-	1 534	-	1 534
Revaluation increment	-	854	-	854
Disposals	-	(11 687)	-	(11 687)
<b>Closing balance at 30 June 2020</b>	<b>771</b>	<b>7 462</b>	<b>37</b>	<b>8 270</b>
<b><u>Losses for the period recognised in net result:</u></b>				
Depreciation	(123)	(574)	-	(697)
<b>Total losses recognised in net result</b>	<b>(123)</b>	<b>(574)</b>	<b>-</b>	<b>(697)</b>
<b>Carrying amount at 30 June 2020</b>	<b>648</b>	<b>6 888</b>	<b>37</b>	<b>7 573</b>

**10.3. Financial instruments**

***Financial risk management***

Risk management is managed by the department's Risk and Performance team. Departmental risk management policies are in accordance with the SA Government Risk Management Guide and the principles established in the Australian Standard Risk Management Principles and Guidelines.

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

***Liquidity risk***

The department is funded principally from appropriation by the SA Government. The department works with the Department of Treasury and Finance to determine the cash flows associated with its Government approved program of work and to ensure funding is provided through SA Government budgetary processes to meet the expected cash flows.

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.

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**10.3. Financial instruments (continued)**

***Impairment of financial assets***

Loss allowances for receivables are measured at an amount equal to lifetime expected credit loss using the simplified approach in AASB 9 *Financial Instruments*. 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 risk characteristics and the number of 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 expected credit loss for non-government debtors.

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	15	1	-
1 - 30 days past due	1	1	-
31 - 60 days past due	6	4	-
61 - 90 days past due	-	7	-
91 - 180 days past due	19	13	3
<b>Loss allowance</b>	<b>41</b>		<b>3</b>

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 into a payment plan with the department and a failure to make contractual payments for a period of greater than 180 days past due.

There were no receivables written off during the year that are still subject to enforcement activity.

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**10.3. Financial instruments (continued)**

***Cash***

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

***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 may arise through its interest bearing liabilities, including borrowings. The department's interest bearing liabilities are managed through the South Australian Government Financing Authority and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

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

***Categorisation of financial instruments***

Details of 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.

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**10.3. Financial instruments (continued)**

***Maturity analysis of financial instruments***

Category of financial asset and financial liability	Note	2021	2020	2021 Contractual maturities*		
		Carrying amount / fair value \$'000	Carrying amount / fair value \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
<b><u>Financial assets</u></b>						
Cash	6.1	50 250	35 258	50 250	-	-
<b>Financial assets at amortised cost</b>						
Receivables	6.2	4 662	7 572	4 662	-	-
Finance lease receivable	6.2	1 150	846	712	438	-
<b>Total financial assets</b>		<b>56 062</b>	<b>43 676</b>	<b>55 624</b>	<b>438</b>	<b>-</b>
<b><u>Financial liabilities</u></b>						
<b>Financial liabilities at amortised cost</b>						
Payables	7.1	10 833	9 717	10 833	-	-
Lease liabilities	7.2	12 574	1 994	2 345	4 455	5 774
<b>Total financial liabilities</b>		<b>23 407</b>	<b>11 711</b>	<b>13 178</b>	<b>4 455</b>	<b>5 774</b>

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

***Receivables and payables***

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

Receivable amounts disclosed here exclude prepayments as they are not financial assets. Prepayments are presented in note 6.2.

A maturity analysis of finance lease receivables is presented in note 9.2.

**Department for Innovation and Skills**  
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**11. Disclosure of Administered Items**

**11.1. Disclosure of administered items as at 30 June 2021**

The department's administered items are structured to contribute to two main activities:

***Student Transport Concessions***

Payments provided to the Department for Infrastructure and Transport to support student travel concessions for all VET and higher education students within metropolitan and regional South Australia.

***Ministers' Salary***

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

***Administered income and expenses***

	Student Transport Concessions		Ministers' Salary		Total	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Administered Income</u></b>						
Appropriations	16 145	14 472	368	368	16 513	14 840
<b>Total administered income</b>	<b>16 145</b>	<b>14 472</b>	<b>368</b>	<b>368</b>	<b>16 513</b>	<b>14 840</b>
<b><u>Administered Expenses</u></b>						
Employee benefits expenses	-	-	368	368	368	368
Grants and subsidies	15 590	13 998	-	-	15 590	13 998
<b>Total administered expenses</b>	<b>15 590</b>	<b>13 998</b>	<b>368</b>	<b>368</b>	<b>15 958</b>	<b>14 366</b>
<b>Net result</b>	<b>555</b>	<b>474</b>	<b>-</b>	<b>-</b>	<b>555</b>	<b>474</b>

***Administered assets and liabilities***

	2021	2020
	\$'000	\$'000
<b><u>Administered current assets</u></b>		
Cash	1 398	739
<b>Total current assets</b>	<b>1 398</b>	<b>739</b>
<b>Total assets</b>	<b>1 398</b>	<b>739</b>
<b><u>Administered current liabilities</u></b>		
Payables	171	66
<b>Total current liabilities</b>	<b>171</b>	<b>66</b>
<b>Net assets</b>	<b>1 227</b>	<b>673</b>
<b><u>Administered equity</u></b>		
Retained earnings	1 227	673
<b>Total equity</b>	<b>1 227</b>	<b>673</b>

**Department for Innovation and Skills**  
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**11.1. Disclosure of administered items as at 30 June 2021 (continued)**

***Budget performance***

The budget performance table compares the department's administered outcomes against budget information presented to Parliament (2020-21 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	<b>Original budget 2021 \$'000</b>	<b>Actual 2021 \$'000</b>	<b>Variance \$'000</b>
<b><u>Administered Income</u></b>			
Appropriations	16 513	16 513	-
<b>Total administered income</b>	<b>16 513</b>	<b>16 513</b>	<b>-</b>
<b><u>Administered Expenses</u></b>			
Employee benefits expenses	368	368	-
Grants and subsidies	16 145	15 590	(555)
<b>Total administered expenses</b>	<b>16 513</b>	<b>15 958</b>	<b>(555)</b>
<b>Net result</b>	<b>-</b>	<b>555</b>	<b>555</b>

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.