

Report 13 of 2020

Annual report

for the year ended 30 June 2020

Part A: Executive summary



Report of the Auditor-General

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for the year ended 30 June 2020

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30 September 2020

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Speaker
House of Assembly
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Dear President and Speaker

**Report of the Auditor-General:
Report 13 of 2020 *Annual Report for the year ended 30 June 2020***

As required by the *Public Finance and Audit Act 1987* (PFAA), I present to you my 2020 Annual Report.

Content of this Report

This report is in three parts – Part A, Part B and Part C.

Part A: Executive summary contains this letter of transmittal, which provides the opinions I am required to give under section 36 of the PFAA, and identifies any examinations I have made under section 32. It also summarises some key matters that should, in my opinion, be brought to the attention of the Parliament and the SA Government from our 2019-20 audits of public sector agencies.

This includes significant financial outcomes, events and control matters communicated to agencies and small scale specific reviews.

Part B: Controls opinion reports our approach to the controls opinion and the outcomes from our work.

Part C: Agency audit reports is a summary of the audit outcomes for each agency included in this report. It has more detailed commentary on many of the matters in Part A and Part B. It features a snapshot of key agency information covering financial statistics, significant events and transactions, and whether the financial report opinion is unmodified or modified (qualified). If modified, the key matters causing the modification are noted. The snapshot also lists the controls opinion findings and any other audit findings for each agency. It is followed

by commentary on financial administration matters for each agency that, in my opinion, are important to the Parliament and the SA Government. This commentary also contains selected financial ratios and information for assessing the agency's financial performance and significant financial transactions.

Agency financial reports not included in this Report

Not every public sector agency I am required to audit is included in this report. Some audits are continuing at the time of preparation, and some I have used my discretion to exclude. I give priority to areas I assess as important enough to be published in this report.

To strengthen accountability for the activities of these agencies I also prepare a report to Parliament annually that provides a summary of the audit outcomes for the agencies not included in my Annual Report, with a particular focus on agencies with:

- a modified Independent Auditor's Report
- significant matters raised through the audit
- other matters that, in my opinion, need to be brought to the attention of the Parliament and the SA Government.

I expect this report will be completed in early 2021.

In addition, all financial reports are published on the Auditor-General's Department website once the audit of the agency is finalised.

A list of the agencies not included in my Annual Report is provided in the Annexure to Part A.

Auditor-General's opinions

Section 36(1)(a) of the PFAA sets out three opinions I must state in my Annual Report. I deal with each of them in this section.

In my opinion, the Treasurer's statements reflect the financial transactions of the Treasurer as shown in the accounts and records of the Treasurer for the preceding financial year.

The Treasurer's statements for the year ended 30 June 2020 will be published on the Auditor-General's Department website after this Report is tabled in Parliament.

In my opinion, the financial statements of each public authority reflect the financial position of the authority at the end of the preceding financial year and the results of its operations and cash flows for that financial year.

I give this opinion for each of the public sector agencies included in this Report except the University of South Australia, for which I have issued a modified opinion. This modification is for the 2018 comparative information in the current year's financial report.

In addition, without modifying my opinion on the financial reports of the Lifetime Support Authority and the Return to Work Corporation of South Australia, I drew attention to the inherent uncertainty in certain liabilities reported for those entities at 30 June 2020.

In all cases where a modified opinion is given, or I draw attention to something like an inherent uncertainty, the Independent Auditor's Report explains my reason(s). This is also explained in the commentary on each of those agencies in Part C of this report.

In my opinion, the controls exercised by the Treasurer and public authorities in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities is sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.

My controls opinion is not modified. We did, however, identify a range of issues from the work we performed this year. Some matters are recurring from year to year. The reported matters, are in my opinion, areas in need of significant improvement for the public sector agencies we reviewed to meet the standards of financial probity, propriety and process expected of them and, at all times, to discharge their responsibilities within the letter and spirit of the law as instrumentalities of government discharging public functions.

Part B reports our approach to the controls opinion and the outcomes from this work. Part C explains any control opinion findings made at individual agencies.

Section 32 examinations

Section 36(1)(ab) of the PFAA requires me to report on any section 32 examinations that were completed during the year and briefly describe the outcome. In 2019-20 we completed and reported on the following:

- *Examination of credit card use and management: City of Charles Sturt, Report 2 of 2020* (Published on 3 March 2020). I concluded that the Council did not always use and manage its credit cards efficiently and economically during the period I examined.
- *Examination of credit card use and management: City of Playford, Report 3 of 2020* (Published on 3 March 2020). I concluded that the Council did not always use and manage its credit cards efficiently and economically during the period I examined.
- *Examination of credit card use and management: The Coorong District Council, Report 4 of 2020* (Published on 3 March 2020). I concluded that the Council did not always use and manage its credit cards efficiently and economically during the period I examined.
- *Examination of the management of road asset maintenance: Northern Areas Council, Report 8 of 2020* (Published on 21 July 2020). I concluded that overall the Council effectively managed the maintenance of its road assets to enable it to meet the service delivery requirements of its community. I also concluded that there are important improvements needed to ensure information is included in key documents to help make asset management decisions and keep the community better informed.

Acknowledgments

I have great pleasure in recognising and thanking my professional and dedicated staff for their complete commitment and efforts in 2019-20. The high standard of their work and commitment to their responsibilities throughout an extraordinary year disrupted by the COVID-19 pandemic, while contributing to our various internal change projects, is evidenced in the timely production and quality content of this and our other reports.

I am grateful for the professional services provided by contractors who have assisted with this year's audit program, and for the cooperation all public sector agencies gave to my staff.

I also extend my thanks to the Chief Executive of the Department of Treasury and Finance, Government Publishing SA and their staff for their part in producing this report.

Yours sincerely

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

Andrew Richardson
Auditor-General

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1 Overview

This Annual Report represents the principal part of our 2019-20 audits. Its content is designed to meet the Auditor-General's annual reporting requirement in the *Public Finance and Audit Act 1987* (PFAA). Part A is our executive summary giving an overview of our work for 2019-20. It refers to Parts B and C of this Report and other reports we have delivered for the year. Part B reports our approach and the summary outcomes for our controls opinion work. Agency audit reports are in Part C.

1.1 Introduction

2019-20 will be always known for the early and devastating bushfires that began at the end of 2019 and the global health and economic crisis caused by the coronavirus (COVID-19) pandemic that emerged in early 2020. The pandemic followed immediately on the heels of the bushfires, inevitably becoming the overwhelming priority both for our community and for the world's communities. Thanks to early actions and decisions by the Commonwealth and State Governments, the excellent ongoing work by health, police and other supporting officers and the response by the community, at the time of this Report South Australia had not experienced the direct health consequences of the virus to the extent of some other communities. Sadly, however, many South Australians were still deeply affected by these two events, losing homes, livelihoods, becoming ill and, in some cases, losing their lives.

The bushfires and the pandemic continue to have major consequences for South Australians because of the effect on our lives, health, economy and public finances. It seems clear that these effects will take some years to work through.

The bushfires again highlighted the significance of this threat here, throughout Australia and internationally. Such was the devastation from the 2019-20 fires and other natural disasters in Australia, that a Royal Commission is now in progress. It has acknowledged Australia's history of natural disasters. Notably, it has also acknowledged advice it has received that climate changes are projected to increase the frequency and intensity of natural disasters in Australia in the future.

The COVID-19 pandemic continues globally. Citizens remain concerned that their health and wellbeing is protected. COVID-19 seems to have changed many aspects of life we took for granted less than a year ago and created economic effects yet to be fully understood and felt. Commonwealth and State Governments have the unenviable responsibility of seeking to balance health and wellbeing with economic issues as they emerge or are foreseen. In September 2020, economic data confirmed Australia was in a recession for the first time since 1991. The upcoming Commonwealth and State budgets are key elements of the next responses of the respective governments. They were not presented at the time of this Report.

Our role is to audit and report on the public finances and whether reasonable controls were exercised over the use of public money. 2019-20 was essentially divided in two. The early part of the year was largely business as usual. Bushfires began in November 2019 and COVID-19 emerged in early 2020, and the SA Government made specific financial responses to the emerging consequences. The extent of those responses was relatively small compared

the usual business of government that continued through 2019-20. Our work remained primarily about this usual business, because it made up the largest part of 2019-20 activity. Nonetheless, that business was conducted under the duress of the COVID-19 effects.

Overall, our work showed that agencies successfully maintained their priority financial responsibilities to a reasonable standard through 2019-20 under the adverse circumstances of COVID-19. We have reported on the most significant themes and issues we found that required improvement for good public financial administration.

Our practice is now to issue reports on our work throughout the year. We have published fifteen reports since my 2018-19 Annual Report. This 2019-20 Annual Report marks the conclusion of the major agency financial audits we did for the year. We also publish an annual report update for the audits not included in this annual report. We expect the update report for 2019-20 audits to be tabled in early 2021.

The rest of this introductory section gives a snapshot of some of the significant public sector matters we considered in our 2019-20 audits. They substantially influenced our audit plans and work for the year. The other sections of Part A report on matters we wish to bring to Parliament's attention, or they summarise and introduce matters that are reported on in Parts B and C.

We did focus on aspects of both the bushfires and COVID-19 this year. This is explained in this introduction, in two specific sections later in Part A and in relevant individual agency discussion in Part C.

I first want to take the opportunity to briefly reflect on aspects of the bushfires and COVID-19 in 2019-20. This is to acknowledge all who were affected. It is also to reflect on the context in which all South Australians lived and worked for a large part of 2019-20. This is the most disrupted environment in recent experience and for a large part of the population, the biggest challenge they have faced.

1.1.1 The bushfires in 2019-20

From November 2019 through to the end of February 2020, South Australians experienced or witnessed the devastating effects of local bushfires. Only those who were immediately affected know the emotion, grief, loss and physical impact they experienced. We were concerned and compassionate for them. We admired and respected the efforts of volunteer and professional firefighters and all in the community who responded to the fires and supported those affected. We know the consequences could have been worse but for their efforts.

Daily news showed the ferocity and tragedy of the fires. It was also a national tragedy, with extensive bushfires occurring concurrently around Australia. For many Australians and for people here in Adelaide, smoke haze over cities brought home the reality and smothering effects of the fires to the metropolitan population.

The SA Government began announcing relief measures in December 2019. An Independent Review into South Australia's 2019-20 Bushfire Season was announced in January 2020 and reported in June 2020, making over 70 findings and 15 recommendations.

Federally, the Royal Commission into National Natural Disaster Arrangements was established on 20 February 2020 in response to the extreme bushfire season of 2019-20 which resulted in devastating loss of life, property and wildlife, and environmental destruction across the nation.

The Royal Commission published its interim observations paper on 31 August 2020. Among its many observations it reported:

12. Australia has a long history of natural disasters. The causes of natural disasters have been shown to be many and complex. Australia's weather and climate agencies have told us that changes to the climate are projected to increase the frequency and intensity of natural disasters in Australia. Further warming over the next 20 years appears to be inevitable. Sea-levels are projected to continue to rise. Tropical cyclones are projected to decrease in number, but increase in intensity. Floods and bushfires are expected to become more frequent and more intense.

Even as this Report was being prepared, wildfires consumed areas in the United States and similar opinions were emerging to reports we heard here from November 2019 to March 2020 that these are fires that we have never seen before.

Among their many governance responsibilities, public authorities are expected to use risk management techniques to identify and mitigate foreseeable risks. In risk management, a risk rating is a product of assessing the likelihood and consequence of a risk occurring. The higher the risk rating, the more urgent the need to prepare responses to the risk.

The bushfires experienced here, nationally and internationally have shown the devastating consequences they have on communities. The State's June 2020 report and the ongoing Royal Commission are drawing together these experiences and making recommendations for future bushfire seasons and other natural disasters. We are well informed, and we are being warned that the frequency and intensity of such disasters is projected to increase.

These combine to demonstrate the urgency of taking actions to be as well prepared as we can for the coming 2020-21 fire season and beyond, and for other foreseeable natural disasters.

1.1.2 COVID-19 in 2019-20

In December 2019, the first reports occurred about the virus designated COVID-19. On 28 January 2020, the Minister for Health and Wellbeing declared the human coronavirus with pandemic potential to be a notifiable and a controlled notifiable condition under the *Public Health Act 2011*.

By February 2020 worldwide effects were apparent. In Australia, the news soon affected our financial markets. The ASX peaked on 21 February 2020 and began a steep fall, dropping 32% to a low on 23 March 2020 before recovering. Households began to prepare and react, and in early March 2020 we heard the first news of panic buying. Soon, bewilderingly, items like toilet paper, soap, flour and rice disappeared from supermarket shelves.

On 15 March 2020, the Chief Executive of the Department for Health and Wellbeing (DHW), under the *Public Health Act 2011*, declared that an emergency threatening to cause death, injury or other damage to health was occurring or about to occur in relation to the transmission of COVID-19, and declared it to be a public health emergency.

On 18 March 2020, the Prime Minister announced measures and restrictions to protect the health and wellbeing of the Australian community from the spread of COVID-19.

On 22 March 2020, the South Australian Commissioner of Police declared a major emergency under the *Emergency Management Act 2004* to reduce the spread of COVID-19 within South Australia.

Social distancing was a key part of the response. To achieve this, our businesses and lives were disrupted in ways that were unimaginable and unforeseen only days or weeks before. Many businesses closed or operated under restrictions. Workforces went home and stayed home for some months. My staff mainly worked from home from mid-March 2020 through to August 2020. Working from home became the norm for much of the public and private workforce and is now likely to change workplaces in the future.

The community has now experienced widespread restrictions, and this continues to varying degrees at the time of this Report. In a matter of months, apart from the direct health consequences, our way of life changed. So many things we took for granted are limited or stopped temporarily. Who can forget the sight of empty shelves in our supermarkets and stores, the closed businesses, shopfronts and empty streets during lockdowns and the lines of vehicles at COVID-19 testing stations? There were so few planes in the sky, it was something to take notice of when one appeared.

There are too many consequences of COVID-19 to try to list them all. The cancellation of iconic events in South Australian life have been among the stark markers of COVID-19's effects. That list includes Anzac Day memorials, the Royal Adelaide Show, Carols by Candlelight, New Year fireworks and many more.

Commonwealth and State Governments quickly announced economic measures aimed to counter the sudden and enormous downturn in economic activity.

In this environment, on 25 March 2020 the South Australian Parliament debated the Supply Bill 2020. This granted the SA Government unprecedented funding of \$15.3 billion for the 2020-21 year, recognising the usual budget cycle was delayed to 10 November 2020. The Bill passed in the Legislative Council in about 10 minutes and in the House of Assembly in about 35 minutes.

We are grateful for the public health success achieved through the COVID-19 health response measures in South Australia. The leadership and efforts of the Chief Public Health Officer and our health workers, the Commissioner of Police and our police officers, and many others has been instrumental in that. It is clear to us all that, gauging by what has happened elsewhere in the world, South Australia is a great and safe place to be at this time.

We now need to take advantage of the opportunity to maintain that safety while recovering as best we can from the disruption.

As time has passed, it is evident that great pressure is mounting to resume economic activity and prevent other consequences from the economic downturn and disruption, including mental and other health issues.

The COVID-19 pandemic is far from over. Much needs to happen for life to approach past norms. Clearly, local and international efforts are being made to achieve this goal. In the meantime, resuming local economic and social activity and maintaining public health are the community priorities.

This was the environment in which we worked for much of 2019-20 and is the environment we enter 2020-21 in.

1.1.3 *COVID-19 Emergency Response Act 2020*

In early April 2020, Parliament debated the COVID-19 Emergency Response Bill 2020. The purpose of the Bill was to make various temporary modifications to State law in response to the COVID-19 pandemic.

Included in the amendments were various provisions to provide flexibility in financial reporting and auditing for 2019-20. When passed, the Act provided the Treasurer with the authority, after consultation with the Auditor-General, to issue instructions under section 41 of the PFAA that suspend or modify laws relating to financial reporting or auditing.

It is important to note that none of these flexibility provisions were exercised in 2019-20, and all financial reporting and auditing has occurred as usual.

We were consulted in the drafting of the Bill. We gave advice as to how we might achieve reasonable audit outcomes for accountability if COVID-19 caused significant disruption to financial administration and reporting in 2019-20. We agreed that it was prudent to provide for such a contingency. Indeed, this occurred in other jurisdictions.

A key part of the flexibility was to empower the Auditor-General to decide to conduct a review, in such manner as the Auditor-General thinks fit, instead of any audit that would otherwise be required.

In the professional auditing standards, audits and reviews are differentiated by the amount of work required of the auditor to complete the work. A review remains an assurance engagement, although to a lower standard of evidence. Because of its reduced scope, the result of a review is an audit conclusion rather than an opinion.

We made it clear that in our view, a review rather than an audit would occur only if circumstances meant this was the only course available to enable timely accountability to the Parliament. In the event that a review was chosen and significant issues were found consistent with the professional auditing standards, we would either perform additional work to resolve the matter or report the issues we identified.

After the *COVID-19 Emergency Response Act 2020* was passed, I wrote to all public authorities in early May 2020, advising that we were focused on meeting our statutory responsibilities as much as possible in normal time frames.

We advised that although the Act provided the Auditor-General with discretion to carry out a review instead of an audit, we did not intend to exercise this discretion unless it was absolutely required.

I report that no changes occurred to financial reporting and auditing for 2019-20. Again, thanks to the success of the response to COVID-19 in this State, our work was able to continue within the changed working arrangements. We received all agency financial statements in the usual time frames and we are on track to complete audits as we have in other years. We maintained close consultation with Department of Treasury and Finance (DTF) staff to be able to respond to emerging issues and possible instructions from the Treasurer. None were ultimately needed. Accordingly, I have no report to make under section 12(5) of the *COVID-19 Emergency Response Act 2020*.

Before concluding this section, I note there was debate as to whether the Auditor-General could do catch-up audits when circumstances permitted.

We did not support this. This was because the resources available to my Department are very closely tied to completing the annual obligations under the PFAA. There is very little resource capacity for discretionary and additional work. What there is has been dedicated to progressing further performance auditing and local government examinations, and developing audit techniques such as data analytics, all with the goal of better meeting our responsibilities to the Parliament. We will do some audit work in the health sector because some COVID-19 response spending occurred late in 2019-20 and we can include this in our 2020-21 program. Catch-up auditing beyond some selected areas like this would certainly have required budget supplementation if it were required by Parliament.

I think the *COVID-19 Emergency Response Act 2020* was a prudent response in the circumstances. It allowed some contingency for responsible parties, including the Auditor-General, to exercise judgement about how best to meet statutory responsibilities and accountability expectations.

In my view, in the normal course of events, it is essential that the Parliament set its fundamental requirements of the Auditor-General. Parliament establishes whether the Auditor-General is to complete an examination, an audit or some other scope of work and the related reporting.

Having done so, it is also appropriate that, as the PFAA rightly provides, the Auditor-General must have independence as to how to complete the work that Parliament requires.

1.1.4 Financial management responsibilities during the COVID-19 pandemic responses

As mentioned, after the *COVID-19 Emergency Response Act 2020* was passed, I wrote to all public authorities in May 2020. The overall purpose was to raise various matters about financial control environments during COVID-19.

By May 2020, many discussions had occurred around the world about financial control and accountability in the COVID-19 environment.

In Australia, the Auditors-General for all Australian jurisdictions and New Zealand discussed these issues several times. Some jurisdictions published guidance about audit experiences and good financial management practices.

We have previously reported the importance of setting clear control expectations and having the basics in place in organisations to manage both unusual and usual business.¹

Part B of my 2018-19 Annual Report explained our approach to auditing controls and the key areas we found needed attention that year. 2018-19 was, however a typical year.

The circumstances in 2019-20 were far from usual.

Using our own experiences and those of public sector auditors in other jurisdictions, we referred agencies to the reports and guidance available and highlighted areas for attention to ensure controls were maintained or where additional monitoring should occur, including information systems, monitoring of manual controls, record keeping, changes to staff roles and responsibilities, supervising roles performed remotely, and the risk of external system attacks.

1.1.5 Governance changes

New governance arrangements operated in various agencies in 2019-20, including SA Health. SA Health activities make up the largest part of the public sector. Because of the COVID-19 pandemic, we focused our work primarily on financial reporting this year. An overview of SA Health governance arrangements is provided in Part C of this Report in the Health sector overview and in the sections for each of the health authorities.

1.1.6 Health budget risks

We have reviewed and reported on financial management in SA Health for several years. The 2019-20 State Budget set out the various goals for the Health sector. Operating expenditure initiatives over the period 2019-20 to 2022-23 included \$356 million for DHW towards establishing a sustainable, efficient health system.

The COVID-19 pandemic significantly affected health services and the SA Government's goal was to do all things necessary for the health and wellbeing of South Australians. Accordingly, this year our work was limited to reviewing outcomes against budgets. We have reported briefly about this in Part C of this Report in the Health sector overview under the heading Financial sustainability and budget.

¹ For example, Auditor-General's Report 5 of 2018 *Annual report for the year ended 30 June 2018 Part A: Executive summary*, section 1.10.2 'Avoiding control issues by properly exercising responsibility, authority and accountability', page 16.

1.1.7 Information technology and system changes

IT received considerable public attention again this year. Changes in work practices for some public servants occurred with greatly increased use of working from home, and other work arrangements were interrupted by the changes needed to respond to COVID-19. Change is generally associated with heightened risk as new practices are bedded down.

The media has widely reported on attacks to infiltrate computer systems, including public systems, and other threats like scams. Accordingly, it is essential that appropriate IT security practices are always maintained in the public sector.

One of our goals is to review and report on aspects of IT system operations, controls and changes every year. This is because IT systems are such a fundamental part of delivering public services. There is enormous reliance on them being reliable, secure and accurate.

Each year we focus on some fundamental elements of general IT controls. We also look at developments that have occurred or are planned across the public sector and report on those systems that we consider are high risk or otherwise representative of activity for the year.

This year we again published a separate report on work we completed. Our recently tabled Report 12 of 2020 *Information and communications technology reviews* communicates the results of IT general controls and legacy system reviews we conducted in 2019-20.

In this Annual Report we also summarise other work that we performed in individual agency audits.

1.1.8 Assets

In the last two years we have put concerted effort into reviewing various aspects of public asset management. This is because the public sector uses and is responsible for an enormous stock of assets. Public hospitals, schools, utility and roads infrastructure and public housing are among the assets citizens use every day. Our theatres, stadiums, convention facilities and other public places are essential elements of public infrastructure.

Non-financial assets were valued at around \$75 billion as at 30 June 2019.² Billions of dollars are spent each year investing in new assets and maintaining existing ones.

Our work over the past two years has focussed on understanding how well assets are planned for, acquired and maintained. We have published several reports on this, covering such topics as the Adelaide Oval redevelopment, country health property maintenance, the Darlington Upgrade and Flinders Link projects, council road asset maintenance, Education capital works and bus and light rail contracting.

² Auditor-General's Report 5 of 2020 *Consolidated financial report review*.

Parts B and C of this Report summarise other work we have done in this important area of our responsibility to Parliament

1.1.9 Procurement and contract management

Spending on goods and services for the whole of government exceeded \$5.4 billion in 2018-19. Of this, more than \$1 billion was for contract services. While there is centralised guidance for good procurement and contract management practice in the public sector, individual agencies are responsible for managing much of the spending practice. We have consistently found areas needing improvement in our annual audits.

As it remains integral to public spending, we have again given significant attention to procurement and contract management.

1.1.10 New accounting standards applied in 2019-20

Accounting standards affecting lease, revenue and income reporting in financial reports applied for the first time in 2019-20. They were the most significant changes seen in many years. My officers worked with agencies over two years preparing for these changes. This required the commitment of considerable resources again in 2019-20. Our work is summarised in Part C of this Report. Agencies recognise and disclose the effects of the changes in their financial reports.

1.2 What we do

The purpose of this section is to give an overview of our annual audit work. I trust this will help to assure the Parliament of the breadth of our work for the Parliament.

We perform several types of audits annually to meet our responsibilities under the PFAA. These reviews and where the outcomes will generally be reported is summarised in figure 1.1.

Figure 1.1: Our audits and how we report on them

<p>Annual financial statement audits</p>	<ul style="list-style-type: none">• The PFAA requires the Auditor-General to provide opinions on whether public authorities' financial statements reflect the financial position, results and cash flows of that financial year.• We perform this work in line with Australian Auditing Standards. This requires us to identify and assess the risks of material misstatement to a public authority's financial report and design an audit program addressing these risks, inclusive of controls and other procedures to gather sufficient audit evidence to form our opinion.• Findings of our 2019-20 audits are detailed in Part C of this Report. A separate report on the agencies not included in this Report will be issued early in 2021.
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Annual controls opinion audit

- The PFAA requires the Auditor-General to provide an opinion on whether the controls exercised by the Treasurer and public authorities are sufficient to provide reasonable assurance that the financial transactions of the Treasurer and public authorities have been conducted properly and in accordance with law.
- Annually we use the criteria reported in **Part B** of this Report to identify a program of work that informs the opinion. This criteria is based on quantitative and qualitative considerations across all public authorities we audit.
- Our 2019-20 program and significant outcomes are reported in **Part B** of this Report. Individual agency matters are then further detailed in Part C.

Performance audits

- The PFAA enables the Auditor-General to conduct performance audits which involve examining the efficiency, economy and effectiveness with which a public authority uses its resources.
- These are in-depth reviews performed with the objectives of contributing to public accountability and improvement in public sector governance.
- Each year we identify a range of topics for potential review and prioritise them based on criteria such as the significance and risk, potential benefits and impact, auditability and previous audit findings relating to the topic.
- Our performance audits are reported in individual reports to Parliament throughout the year.

Local government examinations

- The PFAA authorises the Auditor-General to conduct examinations of the accounts and activities of a publicly funded body, project or local government indemnity scheme.
- There is a broad scope and discretionary power of examination by the Auditor-General.
- Each year we identify a range of topics for potential review and prioritise them based on a set criteria such as the significance and risk, potential benefits and impact, auditability and previous audit findings relating to the topic.
- Our local government examinations are reported in individual reports to Parliament throughout the year.

We also perform examinations at the request of the Treasurer or the Independent Commissioner Against Corruption.

1.2.1 Financial controls are considered in all our work

Our controls opinion approach involves planning our program from a whole of government perspective. Our 2019-20 audit program and its outcomes are reported in Part B of this Report.

This audit program focuses our attention on controls over areas of importance across the whole of government based on the criteria explained in Part B. This means we can focus our resources on the areas we consider most significant.

This approach means we are likely to mainly focus our annual controls program on similar areas in similar agencies from year to year. This is because in most years the level of activity and spending for the largest parts of government activity, like payroll and goods and services, do not change. It does not mean we do not look at controls across all public authorities. We also review them through our focus on selected areas each year and through our financial report and performance audits.

1.2.1.1 Financial report audits

The PFAA requires the Auditor-General to provide opinions on whether public authorities' financial statements reflect the financial position, results and cash flows of that financial year.

To meet this mandate and our professional auditing obligations, we identify and assess the risk of material misstatement of a financial report.

To do this, we are interested in controls relevant to identifying and assessing the risks of material misstatement, whether due to fraud or error, in the financial report. Controls may provide a means for us when designing and implementing audit responses to the assessed risks.

As professional auditors, we are required to understand the agency and its environment, including its internal controls. We are also expected to take a controls reliance approach where possible to gathering sufficient and appropriate evidence to form our opinion. This is regarded as the most efficient and effective audit approach.

Auditors are required to understand internal controls relevant to the audit. Not all controls that relate to financial reporting are relevant to the audit. It is a matter of the auditor's professional judgement whether a control, individually or in combination with others, is relevant.

Indeed, we have found that many controls that are vital to whether a transaction is conducted properly and lawfully, may not affect whether the transaction is materially misstated in a financial report.

Any findings we identify from our review of controls are communicated to the agency through a procedural fairness process which confirms the factual accuracy of the finding. The more significant findings from these audits and any agency responses are detailed in Part C of this Report.

For those agencies not included in this Report, a separate update to the Annual Report will be issued in early 2021.

1.2.1.2 Performance audits

The PFAA authorises the Auditor-General to conduct performance audits, which involve examining the efficiency, economy and effectiveness with which a public authority uses its resources.

These are in-depth reviews and may involve reviewing controls as part of a review of the performance of an activity, IT system or other area of importance identified at the Auditor-General's discretion.

Any controls findings we identify from our performance audits are communicated to the agency through a procedural fairness process which confirms the factual accuracy of the finding. Our findings and the agency's response are detailed in separate reports to Parliament throughout the year.

1.3 Outline of the next sections and changes since last year

Sections 1.4 to 1.10 contain the specific matters I wish to bring to the attention of Parliament and the SA Government.

Sections 2 and 3 summarise work we performed for the bushfires and COVID-19 in 2019-20.

Section 4 summarises the more significant financial outcomes and events for individual agencies in 2019-20.

Section 5 provides commentary and findings on the progress of the Adelaide Festival Plaza precinct upgrade.

Section 6 has a brief summary of key items in the Treasurer's statements for 2019-20.

Beyond this Annual Report, we also have individual performance audits and examinations in progress and will report on them as soon as the work is complete. They are:

- the State finances and related matters (expected to be tabled in 2021)
- an examination of the management of road asset maintenance – City of Salisbury
- information and communication technology projects reviews
- examinations of cyber security in three councils.

1.3.1 Changes in the report from last year

Section 4 summarises the more significant financial outcomes and events for individual agencies in 2019-20. We have reduced the information in this section compared to previous years, focussing on the matters we consider to be of most significance. We have also continued to adjust our presentation of Part C to make that as useful and relevant as we can for the Parliament.

This year we changed some of the work we had planned to do so that we could respond to and report on emerging issues from the bushfires and COVID-19. Accordingly, section 5 which usually summarises our small-scale audits is limited to one review.

We have reported on financial reporting issues like accounting standard changes in Part A in past years. We now provide that commentary in Part C of this Report.

In past years we have also given a snapshot of selected agency financial disclosures taken from their financial reports. This year we will include this type of analysis in either our State finances report or our report on the consolidated financial report for 2019-20.

1.4 Recovering from COVID-19: upholding reasonable controls and properly exercising responsibility, authority and accountability

We have reported many significant areas for improvement in 2019-20. In my view, most significant matters we identify are quite readily avoidable. They often involve failure in one or more of the concepts of responsibility, authority and accountability.

In 2019-20, it was evident that agencies prioritised efforts to the areas that best responded to how COVID-19 affected their responsibilities and services to the community. Similarly, we adapted our focus to what we considered the most important matters.

Overall, as acknowledged previously, agencies maintained reasonable controls over their priority financial services through 2019-20 under the adverse circumstances.

Events elsewhere tell us that COVID-19 is far from over. Our Commonwealth and State Governments have indicated further recovery initiatives for 2020-21. Pre-budget comments suggest this will include further economic stimulus measures.

To the extent that such measures involve spending public money, there follows the continued expectation that reasonable financial administrative practices will operate throughout the period and money will be spent properly and in line with the law.

It is foreseeable that a heightened risk environment will continue through 2020-21. The continuing effects of COVID-19 may increase pressure across the public sector on delivering services and ensuring that financial stimulus moves into the private sector as quickly as possible.

Accordingly, I take this opportunity to mention some principles we have found to be essential in keeping the foundations for a good control environment in place. They are:

- a clear understanding of the requirements of relevant laws, regulations and instructions through up-to-date policies, procedures and processes that are communicated, readily available and supported by relevant training
- a clear and measurable purpose and objectives
- establishing governance and planning arrangements that are fit for purpose and that help the agency to achieve its purpose, objectives and responsibilities
- clear allocation of responsibility and lines of accountability
- clear allocation of authority to act, records of decisions and limits of that authority, for reasonable accountability of decision makers
- sufficient information for decision makers

- access to necessary skills, resources and systems and early resolution of capability risks
- accountability for actions demonstrated by regular reporting and monitoring of events and exceptions, and active management of that information by those responsible for governance to efficiently and effectively achieve objectives
- sound record keeping, maintaining documentation as is appropriate for the matter and risks at hand without involving excessive effort
- secure information systems.

As the initial impact and effects of COVID-19 have passed, it will be important for all agencies to review what happened in their agency, what worked well and what did not and to prepare appropriate responses for their circumstances in 2020-21.

1.5 Risk and performance/audit committees and risk management in 2020-21

Most agencies have risk and performance/audit committees which are typically established to oversee and advise either boards (for statutory authorities) or chief executives (for administrative units) about risk management and internal controls in their agency. There are other responsibilities that vary according to agency terms of reference.

Auditors attend most committee meetings as observers, and in recent years we have had up to twice yearly briefings with all available chairs of committees to share and discuss contemporary issues.

The priority for 2019-20 became for agencies to adapt to their immediate circumstances. Agencies have now encountered risks and challenges including service delivery, staffing arrangements, delivering urgent programs and financial sustainability. For some agencies, some of these changes were fundamental to their activities.

With the COVID-19 experience we now all have, and as the government settles and announces its priorities for the coming budget, it is likely that many committees will need to reconsider their past risk assessments and related programs. We will be discussing with committees when and how they will bring their agency risk management strategy up to date, having considered the emerging risks associated with COVID-19 or other factors. Committee members need relevant information to consider how such changes affect their responsibilities in the short and longer term.

We will relate with committees having regard to our experience in this State and information available from other jurisdictions, so that we adopt the best approach for the circumstances the next year brings.

Among the matters we believe are likely to be important for committees to work through are those discussed in section 1.4 about upholding reasonable controls and properly exercising responsibility, authority and accountability in the continuing COVID-19 environment.

We will also consider matters such as:

- whether information available to the committee is up to date and relevant
- the likelihood and consequence of existing risks and the emergence of new risks
- whether there is a need for a change in risk appetite to allow for services to operate effectively and respond to issues in a timely manner if the effects of COVID-19 remain significant for an agency
- whether there are new expenditure or procurement activities, or service/funding initiatives, that introduce new risk
- whether there are clear and measurable objectives and indicators to support informed decisions and advice on risk, and ensuring reliable and timely data is available.

While the effects of COVID-19 on 2020-21 are uncertain at this time, we expect to continue to focus some of our enquiries on risks directly associated with COVID-19.

The nature and purpose of risk and performance/audit committees is such that they are ideally placed to play an important role in monitoring and advising on risk management through 2020-21.

1.6 Repeal of the *State Procurement Act 2004*

The State Procurement Repeal Bill 2020 was introduced into the Parliament on 2 July 2020.

The Bill repeals the *State Procurement Act 2004*. The SA Government accepted most of the recommendations made by the South Australian Productivity Commission and the Statutory Authorities Review Committee from their inquiries into public sector procurement.

The SA Government has also stated its commitment to enhancing the efficiency and effectiveness of policies and practices for procurement, maximising value for money and improving local industry and social outcomes.

Procurement practice is the basis for controlling about a third of government recurrent spending. Seeking ways to continually improve it offers the chance for considerable benefits, even for small improvements in practice.

We note that the procurement objectives set out in section 3 of the *State Procurement Act 2004* had a strong theme about good principles of financial probity and propriety when using public money. The objectives were:

- obtaining value in the expenditure of public money
- providing for ethical and fair treatment of participants
- ensuring probity, accountability and transparency in procurement operations.

Agencies must be clear on the rules within which they must operate and for which they are held accountable. The State Procurement Board had issued a wide range of practice statements which formed the rules up to now.

Our role as auditors is to give an annual opinion about whether the Treasurer and public authorities use controls to reasonably assure that transactions are conducted properly and lawfully. We assess the design, implementation and application of controls.

All our work must have a reference point from which to form an opinion. Parliament will see frequent reference to State Procurement Board rules throughout our procurement and contract management work to date.

We understand the SA Government will have guidance to replace the State Procurement Board rules when the Act is repealed. We have not yet related with any agency about the succession arrangements.

I take this opportunity to highlight a few matters of interest. They are:

- which agencies will be subject to the guidance and whether there will be exclusions of all or elements of the guidance
- how prescriptive the guidance will be and how much latitude agencies will have to use practices relevant to their activities. In the latter case, agencies will be responsible for designing practices that provide reasonable assurance that transactions are conducted properly and lawfully
- the State Procurement Board ran a program of inspecting agency procurement practice. The Auditor-General may also conduct audits. The Auditor-General's work is independent and at the discretion of the Auditor-General to meet responsibilities set out in the PFAA. It does not replace the executive's and management's responsibility to have appropriate control activities, including internal checking processes.

We will adapt our future audit processes to the relevant guidance bearing in mind our responsibility to consider the design of controls. To that end, we will have regard to State Procurement Act objectives as sound public administrative principles.

In doing so, we are mindful that the procurement approach taken and practices used should be commensurate with the risks and benefits inherent in the procurement.

1.7 Financial reporting outcome in 2019-20

As noted, thanks to the success of the response to COVID-19 in this State, work was able to continue within the changed working arrangements. We received all agency financial statements in the usual time frames and are on track to complete audits as we have in other years. However there were some matters that arose late in the reporting process. New accounting standards applied in 2019-20:

- AASB 16 *Leases*
- AASB 15 *Revenue from Contracts with Customers*
- AASB 1058 *Income of Not-for-Profit Entities*.

Some key decisions about applying the leasing changes were not concluded until the last quarter of the financial year. Similarly, some large valuation exercises were not completed

and available for audit until late in the year. This resulted in time pressures to resolve matters and complete audit work. This is undesirable for all involved.

We will continue to relate with agencies about ensuring accounting changes or other large reporting events like valuations are completed as early as possible to ensure a smooth, efficient and effective reporting and auditing process proceeds.

1.8 Replacing our financial auditing methodology in 2019-20 and 2020-21

One of our goals is to ensure we adopt or maintain modern audit practices so that we will remain relevant to the Parliament and the general public and sit comfortably beside other compliance agencies, ensuring high standards of integrity and accountability across the South Australian public sector.

The PFAA is silent about how audits are to be conducted. Consistent with the principle of the statutory independence of the position, it is left to the Auditor-General to determine the most appropriate audit methodology to use.

I have previously reported to Parliament about changes we have made to how we perform our controls opinion work. I have also reported how we have adopted performance auditing in line with the practice used by all other Auditors-General in Australia and New Zealand.

In 2019-20 we piloted a new financial audit methodology for some audits.

The financial audit is the work we do to issue an independent auditor's report for every agency financial report.

In deciding the appropriate audit methodology to use, we ensure it meets all requirements of Australian Auditing Standards and contributes to the overall efficiency and effectiveness of the audits we conduct.

Access to our current audit methodology/software and, a public sector methodology licenced from and designed by the Victorian and Queensland Audit Offices, is lapsing.

In 2020-21 all our financial audits will be performed using the new methodology we piloted this year. We have acquired it from a private sector auditing software firm, and it is also being adopted or trialled by other audit offices in Australia.

1.9 Public finances

The State Budget for 2020-21 is expected to be tabled on 10 November 2020. Accordingly, we did not have the estimated Budget result for 2019-20 available for this Report.

The Treasurer's statements for 2019-20 were completed as required under the PFAA.

1.9.1 Treasurer's statements for 2019-20

The Treasurer's statements reflect the financial transactions of the Treasurer as shown in the accounts and records of the Treasurer. The main public accounts are the Consolidated Account, special deposit accounts and deposit accounts established under the PFAA.

The Consolidated Account is credited with all revenue of the Crown that is not authorised by law to be credited to any other account. Money must not be issued or applied from the Consolidated Account except under the authority of Parliamentary appropriation. There is significant financial activity outside of the Consolidated Account in approved special deposit accounts and deposit accounts.

The Consolidated Account result for 2019-20 was a deficit of \$3.9 billion, \$972 million higher than the budgeted deficit of \$2.889 billion. The higher deficit was mainly due to higher expenditure, with total payments \$691 million higher than budgeted. Total receipts were also lower than budgeted by \$282 million, primarily due to a range of COVID-19 relief measures.

Total payments from the Consolidated Account of \$16.145 billion were within appropriation authority of \$16.903 billion (refer Statement K of the Treasurer's statements).

The balance of funds on hand in special deposit accounts (\$7.995 billion) and deposit accounts (\$1.133 billion) collectively decreased by \$155 million.

The SA Government's indebtedness to the South Australian Government Financing Authority (SAFA) increased to \$16.9 billion in 2019-20 from \$13 billion. This was mainly due to the \$3.9 billion Consolidated Account deficit for 2019-20.

The Treasurer's statements are available on the Auditor-General's Department website (www.audit.sa.gov.au) and a summary of key items is provided in section 6 of this Report.

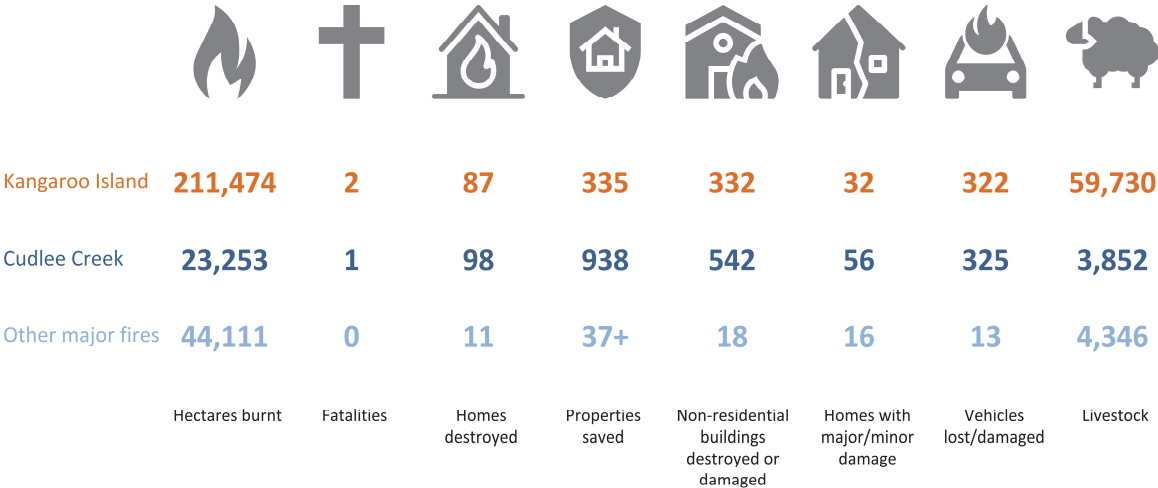
2 2019-20 Bushfires

2.1 Overview

The South Australian 2019-20 bushfire season was one of the worst on record. The personal, health, financial and economic effects are still continuing and will be felt for many years to come. Numerous SA Government agencies were involved in the immediate response and are continuing to respond to ongoing impacts from the fires.

The impact of the 2019-20 bushfire season can be seen in the figure 2.1.

Figure 2.1: Impact of 2019-20 bushfire season



Source: *Independent Review into South Australia’s 2019-20 Bushfire Season*, Mick Keelty AO.

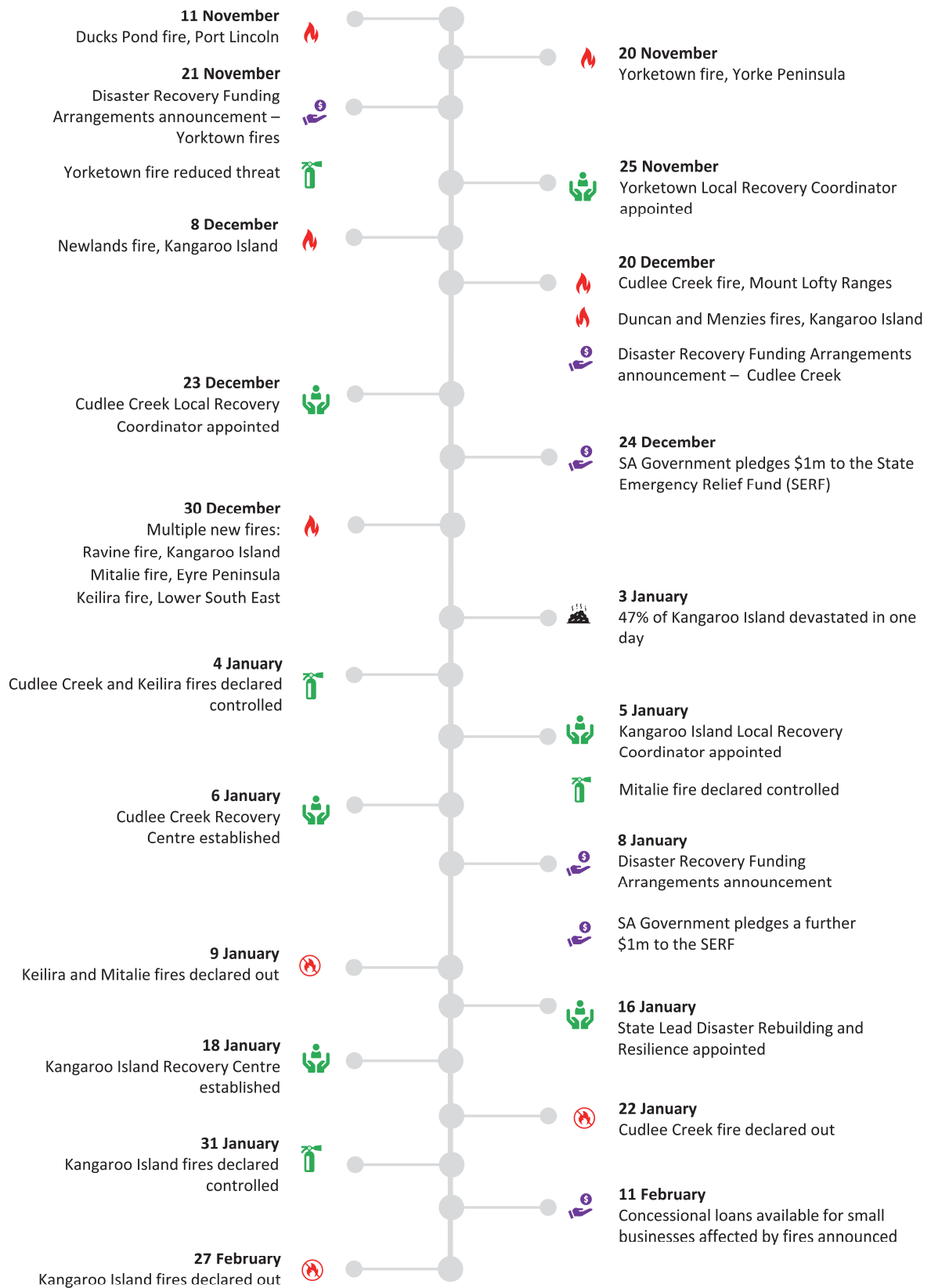
A report on the independent review of the bushfire season by former Federal Police Commissioner Mick Keelty AO, with support from the South Australian Fire and Emergency Services Commission (SAFECOM) and others, was released in June 2020. It made 15 recommendations. The SA Government’s initial response to the recommendations was the announcement in July 2020 of funding to address a number of immediate areas, with a further response to the recommendations expected by the end of September 2020.

In this section we highlight the key events in the 2019-20 bushfire season, and discuss the more significant financial assistance provided, the additional costs incurred by SAFECOM and the insurance impacts to SAFA.

2.2 Summary of events

Figure 2.2 provides a timeline of the key events in the 2019-20 bushfire season.

Figure 2.2: Key events in the 2019-20 bushfire season

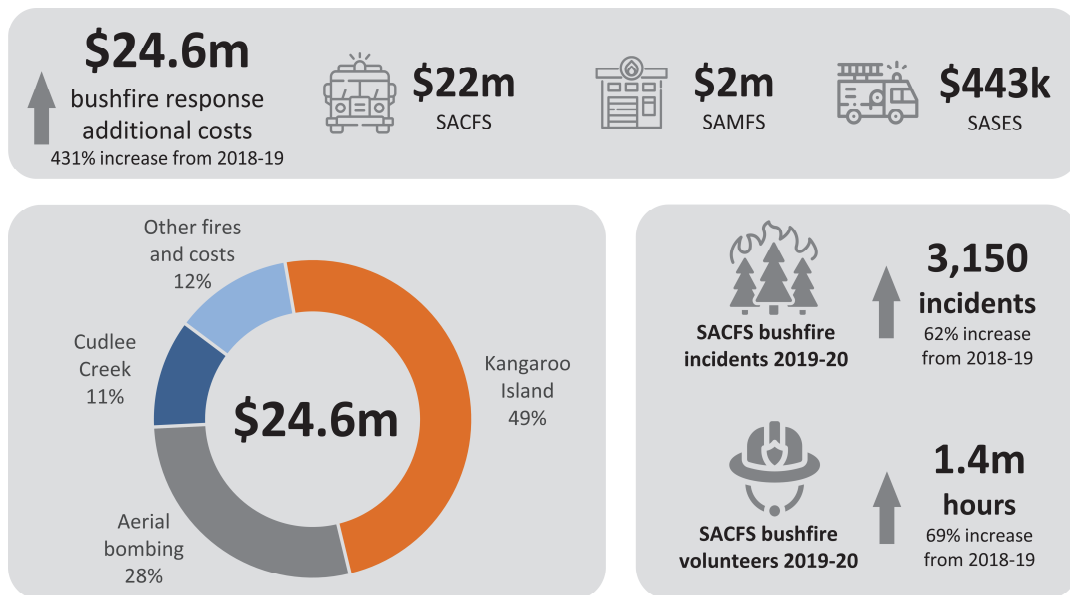


2.3 Direct effort in responding to the bushfires

The emergency service response effort to the 2019-20 bushfire season was significant. There were additional direct costs incurred and increases in the number of hours volunteer firefighters provided to respond.

Data on SAFECOM's additional costs and the additional volunteer hours for the 2019-20 bushfire season is presented in figure 2.3.

Figure 2.3: Additional costs and volunteer hours for the 2019-20 bushfire season



Source: Data provided by SAFECOM and unaudited.

For further commentary on SAFECOM refer to Part C of this Report under 'South Australian Fire and Emergency Services Commission'.

2.4 Significant financial assistance initiatives

This section outlines some of the significant financial assistance offered in response to the 2019-20 bushfires and our review of these initiatives.

2.4.1 Financial assistance offered through the Disaster Recovery Funding Arrangements

The Disaster Recovery Funding Arrangements are cost sharing arrangements between the Commonwealth and State Governments to assist in funding the provision of relief and recovery to those affected by natural disasters. These arrangements were used to provide assistance during the 2019-20 bushfire season for those impacted. Eligible disasters under these arrangements were the bushfires that occurred from November 2019 onwards in the Adelaide Hills, Kangaroo Island, Kingston, Lower Eyre Peninsula, Mount Barker, Playford and Yorke Peninsula local government areas.

As at 30 June 2020 the Commonwealth had paid the SA Government \$33.7 million under these arrangements to support the initiatives. The SA Government is responsible for completing a claim, to be submitted to the Commonwealth, for expenditure incurred under these arrangements for the financial year. I am responsible for auditing the SA Government claims under these arrangements. We will audit the natural disaster relief and recovery commonwealth claim for the 2019-20 financial year in coming months, once the required data has been collated from State and Local Government agencies.

The three most significant assistance packages provided under these arrangements up to 30 June 2020 in response to South Australia’s 2019-20 bushfire season are shown in figure 2.4.

Figure 2.4: Significant assistance packages



Source: Information provided by Department for Innovation and Skills (DIS) and Department of Primary Industries and Regions (PIRSA) and unaudited.

The primary producer grants aim to assist producers directly impacted by eligible bushfire events with costs associated with immediate recovery activities needed to rebuild their primary production enterprises. The maximum grant amount for clean-up, reinstatement activities and emergency measures is \$75 000. The application period for these grants closes on 31 December 2020.

The small business recovery grants aim to assist small businesses directly damaged by eligible bushfire events with the costs of clean-up and reinstatement. The maximum grant amount is \$50 000. The application period for these grants has been extended to 31 December 2020.

The small business loss of income grants support small businesses significantly affected by eligible bushfire events in defined disaster areas. The maximum grant amount is \$10 000. The application period for these grants closes on 31 December 2020.

For each of these grants the agency responsible, either PIRSA or DIS, issued application guidelines covering eligibility criteria, the evidence required to support a claim and what the funds could be used for.

We reviewed PIRSA and DIS processes for administering these grants in 2019-20. This included ensuring there were clear criteria for assessing grants and policies assigning responsibilities and outlining key processes. We also tested a sample of applications to ensure the guidelines were followed. We did not identify any significant issues from our testing.

2.4.1.1 Other support under these arrangements

Concessional loan recovery package

A concessional loan package was also announced to support recovery from the bushfires.

Eligible South Australian organisations impacted by the bushfires can apply for concessional loans to help them rebuild or continue operating while the regions affected recover. Loans are available for up to \$50 000 for working capital loans or \$500 000 for recovery loans and can be used to restore and replace assets and property that were significantly impacted by the fires.

SAFA is responsible for administering these loans and has engaged a third party to assist with due-diligence assessments of the applications.

As at 30 June 2020 seven applications had been approved with \$630 000 in loans advanced.

We reviewed SAFA's process for administering the loans including that the eligibility criteria were applied for a sample of loans, that there was evidence supporting the loan application and that approval for the loans was obtained.

Personal hardship and re-establishment grants

The South Australian Housing Trust (SAHT) is the lead agency responsible for the emergency relief functional support group at the direction of the SA Government, under the State emergency management arrangements. The group delivers relief and recovery services for affected communities during and after an emergency/disaster. In 2019-20 this activity included providing emergency relief support to those affected by the bushfires at Kangaroo Island, Cudlee Creek and Yorketown.

The SAHT administered personal hardship grants and re-establishment grants to affected individuals and families. These grants provided immediate financial assistance to those directly affected. As at 30 June 2020 SAHT data showed that 3000 personal hardship grants had been approved, with total payments of \$1.7 million. There were also 26 re-establishment grants approved for a total of \$334 500.

2.4.2 Other financial assistance

The SA Government has also provided assistance outside of the disaster recovery arrangements. Some of this financial assistance includes the following.

2.4.2.1 SA Bushfire Appeal

The State Emergency Relief Fund (SERF) is established by the *Emergency Management Act 2004* and is used for money received for the relief of people who have suffered injury, loss or damage as a result of a declared emergency or proclaimed situation. In 2019-20, the Cudlee Creek and Kangaroo Island bushfires were proclaimed situations.

The SA Government launched the SA Bushfire Appeal to raise funds for people directly affected by the bushfires in Cudlee Creek and on Kangaroo Island. It closed on 31 July 2020.

The SERF received \$7 million in donations in 2019-20 and \$2 million from the SA Government. As at 30 June 2020, \$5.8 million in relief payments had been made. \$3.4 million in relief payments were made to applicants impacted by the Cudlee Creek fires and \$2.4 million was paid to applicants impacted by the Kangaroo Island bushfires. \$3.2 million remains in the SERF to be distributed.

2.4.2.2 Tax relief

Other financial assistance available to those impacted by the 2019-20 South Australian bushfires included:

- stamp duty relief on the purchase of replacement motor vehicles and homes for those in local government areas impacted by bushfires
- land tax relief for the 2019-20 and 2020-21 years for properties destroyed or substantially damaged in local government areas impacted by bushfires
- Emergency Services levy relief for the active registration period for motor vehicles destroyed in the bushfires.

2.5 Insurance impact

Several SA Government agencies were directly impacted by the bushfires in 2019-20. SAFA provides insurance to these agencies as the SA Government's self-insurer.

As at 30 June 2020 SAFA had received seven claims, with an initial estimated total of \$49.5 million. It is important to note, however, that agencies were still submitting costs for assessment. A significant portion of these amounts relates to the estimated costs to rebuild infrastructure at Flinders Chase on Kangaroo Island.

\$2.7 million was paid before 30 June 2020 mainly to the Department for Environment and Water for partial losses incurred in the fires on Kangaroo Island and at Cudlee Creek.

The SA Government will make its first claim under its catastrophe reinsurance program as a result of these losses. The catastrophe cover is to limit the State's response to such events. Details of the extent of the reinsurance program are included in Part C under 'South Australian Government Financing Authority'.

Reinsurance recoveries may be claimed for costs of claims of more than \$17 million across the combined losses in both the Cudlee Creek and Kangaroo Island fires.

2.6 Other government responses

Other responses to the 2019-20 bushfires included:

- an independent review conducted by Mick Keelty AO
- a Disaster Small Business Transformation and Growth program being announced, aiming to establish a new business hub on Kangaroo Island and provide financial support and mentoring, among other measures.

On 8 March 2020 the SA Government announced its new Parks 2025 plan, which includes a collection of infrastructure initiatives designed to build the capacity of parks across South Australia. The plan provides for funding of \$22 million, including \$7 million for a range of capital projects on Kangaroo Island.

Further expenditure will be incurred in 2020-21 in response to the recovery and rebuilding effort across a number of SA Government agencies.

3 COVID-19

3.1 Overview

The COVID-19 pandemic began to impact globally in early 2020. In response to the emerging risk and to limit the spread of infection, various restrictions were implemented by the Commonwealth Government, SA Government and other states and territories in Australia.

Globally, other countries also implemented various restrictions and responses.

While responses varied according to jurisdiction and assessed levels of risk, common responses included restrictions on social gatherings, border controls and restrictions and limits on the types of business that could continue trading. The broad purpose of these responses has generally been to limit COVID-19 infection and transmission rates to enable health systems to build capacity to respond, to research vaccinations, and to implement other measures to deal with the pandemic.

There have been a number of broader economic impacts as a result of the measures introduced in Australia and globally, including:

- increased unemployment levels
- decreased overall spending
- reduced access to international markets
- some sectors including aviation, tourism, hospitality and retail experiencing drastic reductions in activity, with some businesses devastated.

Restrictions on social gatherings were implemented to allow health systems to respond and have the capacity to treat patients, but the consequent economic and predicted mental health impacts are also significant.

In response to these restrictions we have changed how we interact with each other, how we work, how we spend our money – how we live. There are likely to be lasting impacts from these changes on the way our society operates.

The nature of the COVID-19 pandemic and the scale of the responses to it were not something that was foreseeable 12 months ago.

In South Australia, the SA Government announced stimulus packages in March 2020 worth an estimated \$1 billion. Also in March 2020, the South Australian Parliament approved a Supply Bill for an unprecedented \$15.3 billion to provide appropriation funding to the public service in recognition of the delay in the State Budget until November 2020, as a result of a delayed Commonwealth budget.

The SA Government also announced further measures in response to the economic impact of COVID-19, some of which are discussed below. They included deferrals of land and payroll tax, gaming machine and casino duty deferrals and bringing forward \$180 million in payments to non-government schools.

As at 30 June 2020 the South Australian and Australian COVID-19 statistics were as shown in figure 3.1.

Figure 3.1: COVID-19 statistics as at 30 June 2020



Source: South Australian data sourced from covid-19.sa.gov.au and unaudited. Australian figures sourced from the Australian Government Department of Health website and also unaudited.

Since 30 June 2020, events have continued to evolve and Commonwealth and State Governments have continued to respond. The re-emergence of large numbers of COVID-19 cases in Victoria resulted in strict border controls between South Australia and Victoria, requiring an increased response from public sector agencies and impacting on, in particular, border communities.

Restrictions in some form will continue to impact in 2020-21 and there will be continuing impacts on economies and public sector agencies. Australia has entered its first recession in almost three decades as a result of the pandemic. The nature of COVID-19 and the uncertainty about the length of its impact is heavily influencing the economy as a whole. The Commonwealth and State Governments have said they will take targeted actions to stimulate economic activity. Their budgets are due in early October and November 2020.

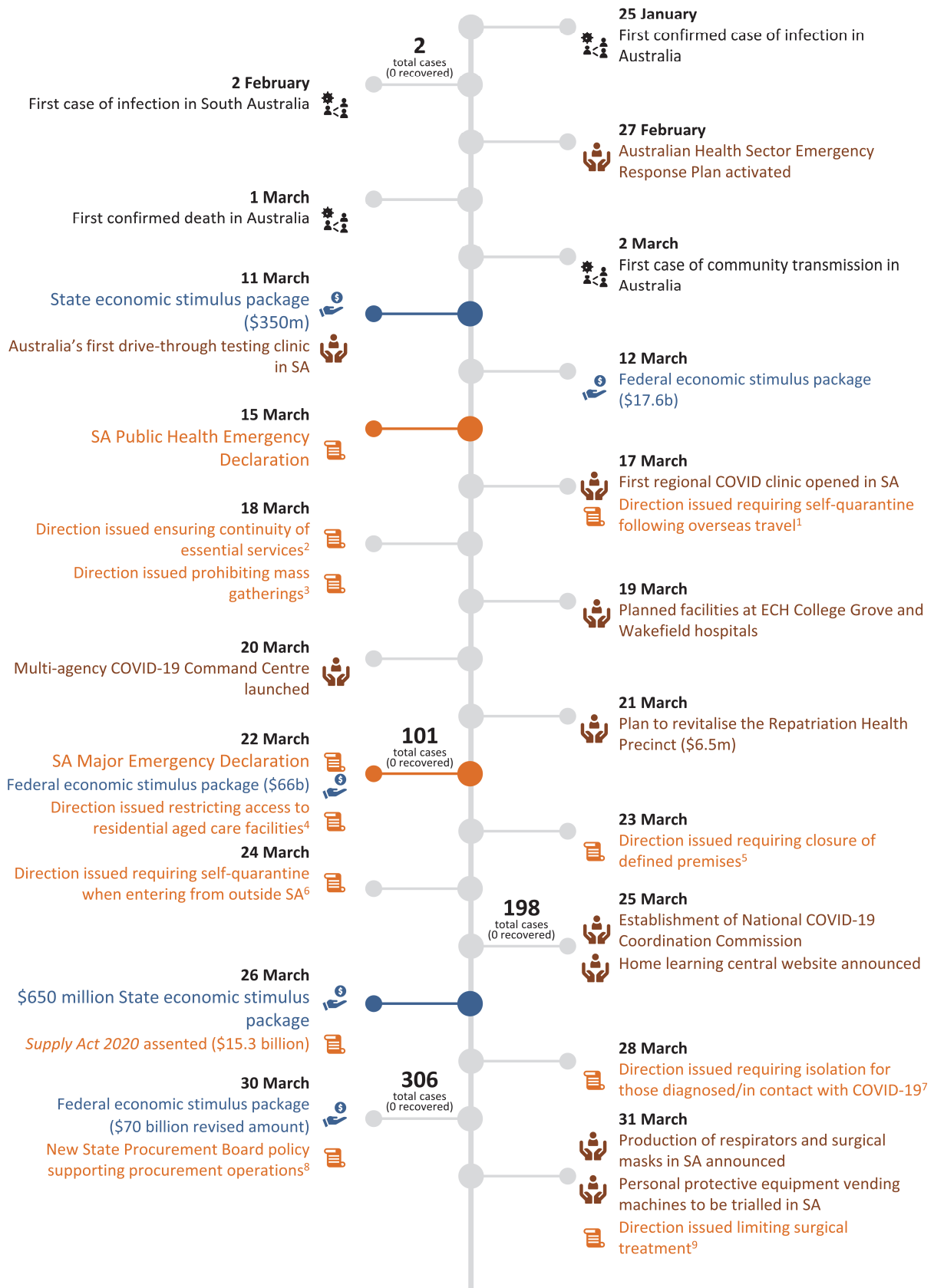
We will conduct further work on the specific SA Government responses to COVID-19, including the ongoing implementation of measures that have already been announced, and the outcomes from this work will be reported in future reports to Parliament.

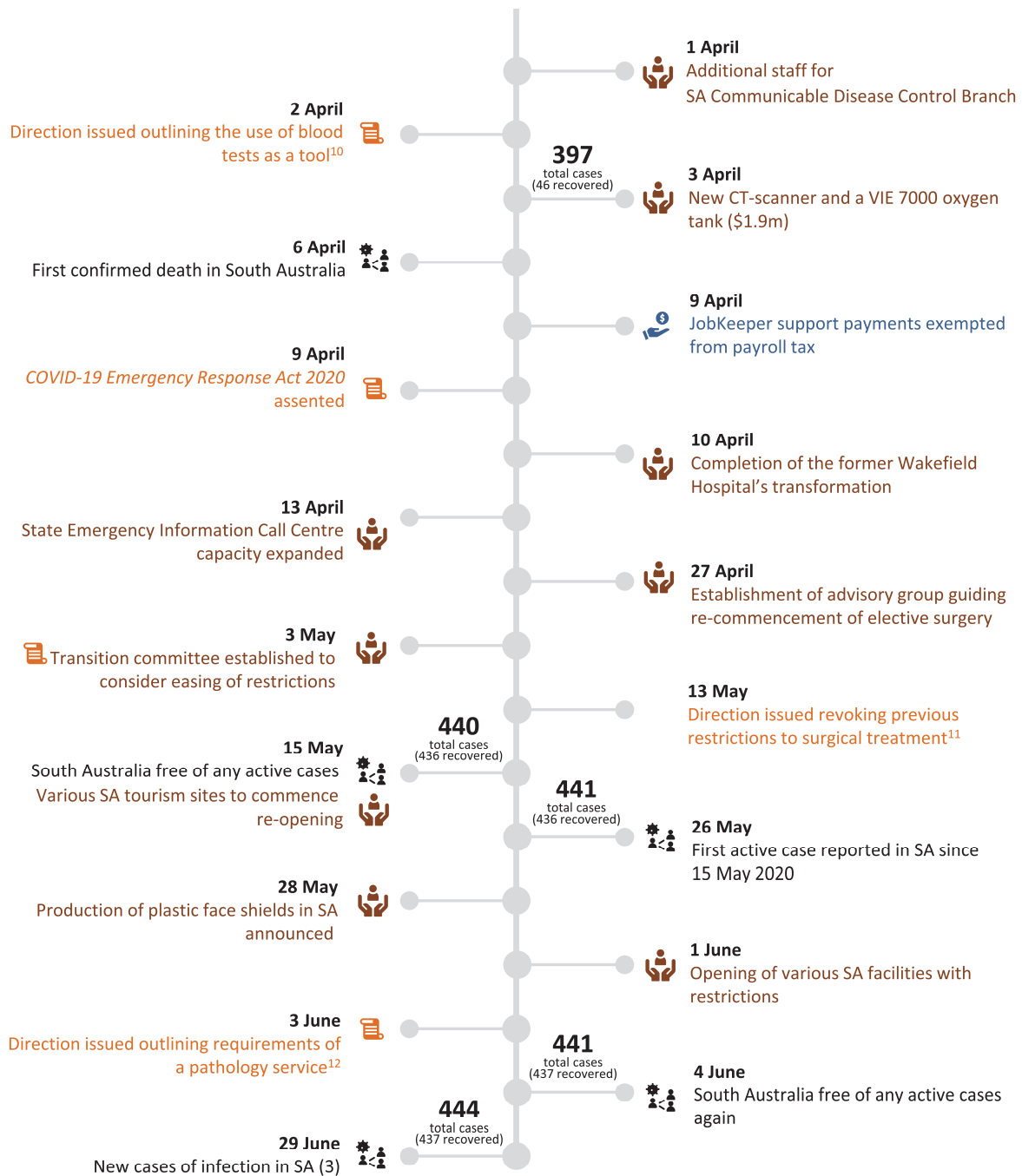
3.2 Summary of events

The COVID-19 pandemic resulted in Commonwealth and State Governments taking immediate action in response to the evolving health and economic crisis over the second half of 2019-20. This response is ongoing and the continuing uncertainty of the pandemic will continue to impact the economy in future.

Figure 3.2 shows the significant events related to COVID-19 in South Australia. It includes key declarations made, significant funding announcements and SA Health’s response.

Figure 3.2: Significant COVID-19 events in South Australia in 2020





¹ Direction of the Chief Executive of the Department for Health and Wellbeing: Self-Quarantine Following Overseas Travel.

² Direction of the Premier 'Determination of the Commissioner for Public Sector Employment: 3.1: Employment Conditions - Hours of work, Overtime and Leave: Supplementary Provisions for COVID-19'.

³ Direction of the Chief Executive of the Department for Health and Wellbeing: In Relation to Mass Gatherings.

⁴ Direction of the Chief Executive of the Department for Health and Wellbeing: Visitors To Residential Aged Care Facilities.

⁵ Direction of the State Co-Ordinator: Non-Essential Business (And Other Gatherings) Closure Direction.

⁶ Direction of the State Co-Ordinator: Cross Border Travel Direction.

⁷ Emergency Management (COVID-19) (Isolation Following Diagnosis or Close Contact) Direction 2020.

⁸ COVID-19 Major Emergency Procurement Policy.

⁹ Emergency Management (Appropriate Surgery During COVID-19 Pandemic) Direction 2020.

¹⁰ Emergency Management (Prohibition of Point of Care Serology Tests) (COVID-19) Direction 2020.

¹¹ Emergency Management (Appropriate Surgery During COVID-19 Pandemic No 4) (Revocation) Direction 2020.

¹² Emergency Management (Reporting on COVID-19 Testing) Direction 2020.

3.3 SA Health response

SA Health has played a lead role in South Australia's response to the COVID-19 pandemic.

The Chief Executive of the Department for Health and Wellbeing declared a public health emergency under the *South Australian Public Health Act 2011* on 15 March 2020.

As the situation continued to change, there was a subsequent declaration on 22 March 2020 of a major emergency under the *Emergency Management Act 2004*. SA Health is the control agency for human disease under the State Emergency Management Plan and, as a result, is a critical agency in the State's response.

In this section we discuss key elements of SA Health's response to COVID-19. Further details are included in Part C under 'Health sector overview'.

SA Health established a governance process for its COVID-19 response organised by a number of workstreams, with six initial workstreams changing to five later in the year. These workstreams focussed on particular areas of the response and reported to the DHW leadership team.

To help coordinate the response a State Control Centre was established on 18 March 2020 and is staffed by a combination of SA Health, emergency services, State and Commonwealth agency personnel. It provides a single point of contact for COVID-19 issues, including coordinating SA Health's resources and response.

SA Health reported \$55 million in directly identified costs as a result of COVID-19 up to 30 June 2020. These costs are split across spending on equipment and supplies and staff-related costs.

3.3.1 Initiatives in response to COVID-19

The nature of the COVID-19 pandemic was such that, as shown in other countries, health systems would need to adapt their processes to respond.

To help build the capacity of the South Australian health system to respond to COVID-19, the Commonwealth provided the State with \$115 million under national health funding arrangements.

SA Health will need to complete an acquittal of COVID-19 related costs for the Commonwealth, which will be audited by private auditors to confirm the actual expenditure incurred.

At the time of this Report, the process to collate and audit this information was just starting. As a result, final costs funded by the Commonwealth for the State's response to COVID-19 are not yet confirmed.

3.3.1.1 Increased capacity to treat

In response to the escalating pandemic in the first half of 2020, SA Health implemented

initiatives to increase its capacity to treat people infected with COVID-19, consistent with other State health systems.

SA Health advised that it implemented a range of initiatives which included:

- ceasing non-urgent elective surgeries, consistent with emergency management directions
- closing dental and breast screening services
- increased use of Hospital at Home services, including chemotherapy
- moving some long-stay patients to regional sites
- establishing potential new facilities including College Grove, the former Wakefield Hospital and the Repat Health Precinct. College Grove and the former Wakefield Hospital were initially leased for six months
- working with private hospitals to provide additional capacity
- workforce initiatives including upskilling nurses, reskilling staff and recruiting.

3.3.1.2 Managing medical supplies

SA Health implemented specific management strategies for certain medical supplies, including personal protective equipment (PPE) and items critical to treating COVID-19.

SA Health advised that its specific actions in this area included:

- coordinating of a whole of government procurement strategy to source essential supplies without competition between agencies
- establishing a COVID-19 PPE clinical advisory group and a separate PPE procurement taskforce, both of which had subject matter experts to share data, monitor stock levels and coordinate. The taskforce also helped to develop a PPE matrix to identify which PPE was required in each situation
- identifying the appropriate levels of PPE for various types of workers including fire, police and housing staff
- introducing PPE vending machines to manage the supply of PPE.

Arrangements to source locally manufactured and tested face masks and face shields were also coordinated with other agencies and the private sector.

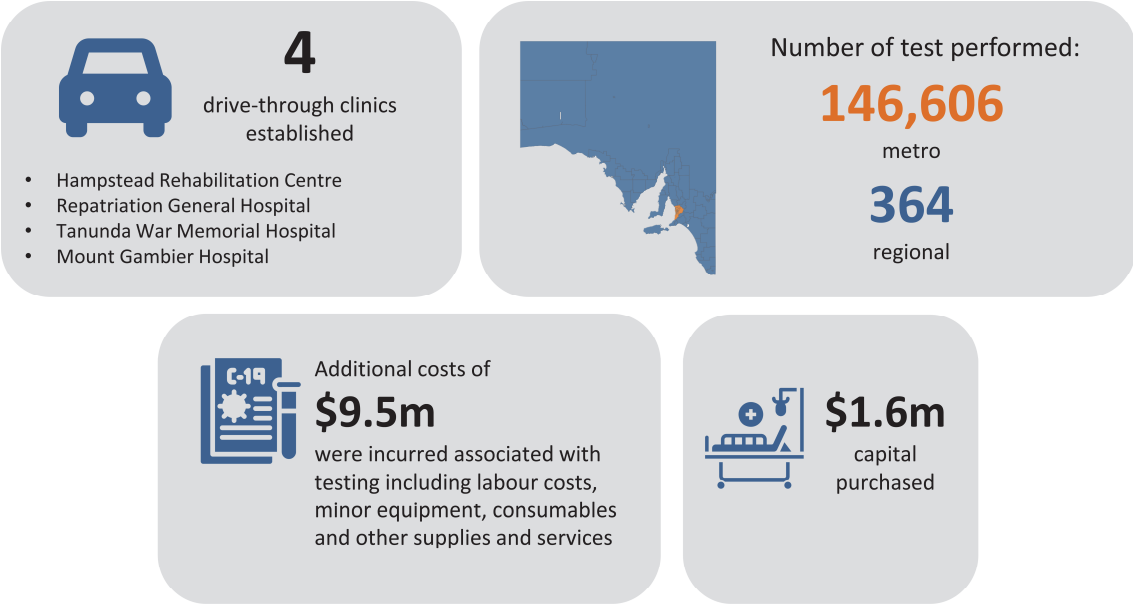
3.3.1.3 Testing

A key component of the COVID-19 response was ensuring there was sufficient testing available. SA Pathology was primarily responsible for this, establishing a range of testing sites across metropolitan and regional areas. These sites included an Australian-first drive-through testing clinic at the Repat Health Precinct, and then more drive-through facilities.

Testing sites were established at major hospitals and in key regional areas, with mobile testing capability also developed.

SA Pathology provided us with testing statistics up to 30 June 2020.

Figure 3.3: Testing statistics up to 30 June 2020



Source: Data provided by SA Pathology and unaudited.

3.3.1.4 Public health

SA Health also coordinated other key elements of the public health response to COVID-19, including managing contact tracing capability, isolation and hotel isolation.

Contact tracing was identified as a critical element in controlling the pandemic by the World Health Organisation. In South Australia, contact tracing is led by the Communicable Disease Control Branch. An extra 130 staff were provided to the branch to help with contact tracing and it is expected that the number of staff working in the branch will vary depending on need.

It is also expected that contact tracing capability will continue to be critical in the continuing response to COVID-19.

SA Health had the lead responsibility for managing quarantine requirements in South Australia, with support from South Australia Police and other agencies. SA Health established supervised quarantine hotels for international arrivals that have an around-the-clock police presence, along with private security resources to manage hotel security and monitor guest movements.

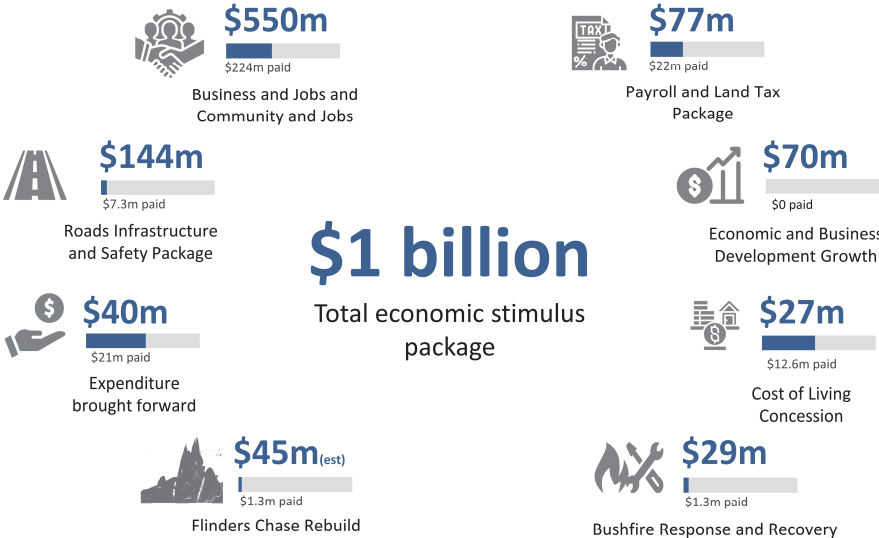
SA Health also established medi-hotel services which provide testing and support for the small number of patients who developed COVID-19 in quarantine.

3.4 SA Government financial assistance response

On 11 March 2020 the SA Government announced a \$350 million immediate economic stimulus package, followed by a \$650 million Jobs Rescue package on 26 March 2020.

The significant initiatives included in the \$1 billion package, their actual expenditure and the amount committed as at 30 June 2020 are shown in figure 3.4.

Figure 3.4: Economic stimulus package expenditure and commitments as at 30 June 2020



Source: Data provided by DTF and unaudited.

Most expenditure in 2019-20 related to the Business and Jobs and Community and Jobs Support Funds.

We discuss some of the main components of the \$1 billion package below.

3.4.1 Business and Jobs and Community and Jobs Support Funds

These two funds combined account for \$550 million of the \$650 million Jobs Rescue package announced by the SA Government in March 2020. The top priority for using these funds is the ongoing survival of entities and minimising job losses.

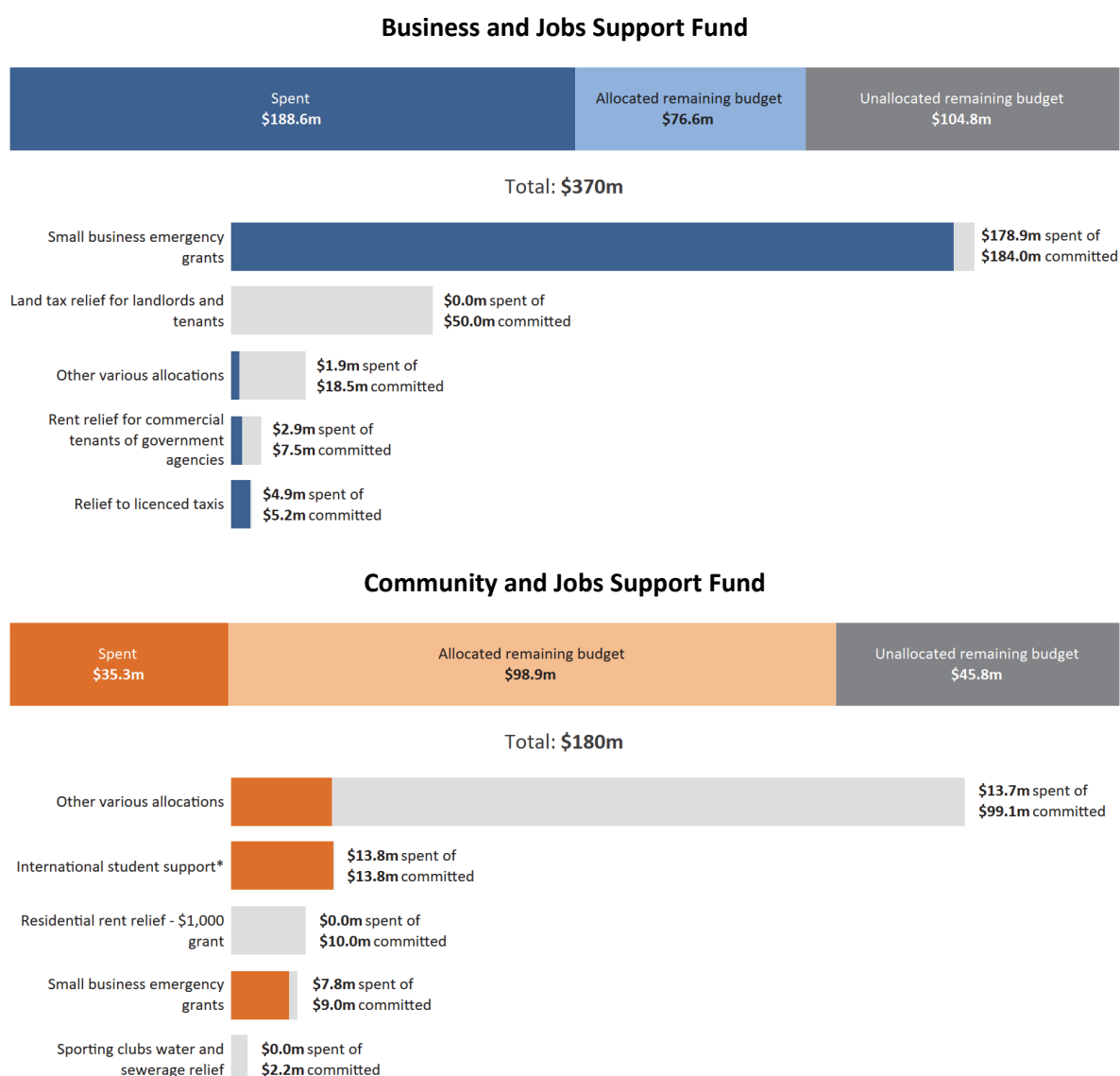
The Business and Jobs Support Fund was established to support individual businesses and industry sectors directly affected by COVID-19 and the associated restrictions. The Community and Jobs Support Fund supports sporting, arts and recreational bodies, non-profit organisations and some other industry sectors facing potential collapse and the loss of jobs. DTF is responsible for managing these funds.

To access these funds, businesses and industries had to apply through a DTF website established for that purpose.

According to DTF’s data, as at 30 June 2020 around \$224 million had been spent from the funds. A further \$176 million was allocated but not yet spent. There was a remaining unallocated balance of \$150 million as at 30 June 2020.

Details of the significant initiatives funded under these programs, and the actual and estimated expenditure as at 30 June 2020 are shown in figure 3.5.

Figure 3.5: Business and Jobs and Community and Jobs Support Funds initiatives as at 30 June 2020



* Includes grants and funding provided to agencies and external entities that may not have been fully expended by them at 30 June 2020.

Source: Data provided by DTF and unaudited.

In both programs, there are amounts shown as ‘Other various allocations’. These relate to smaller components of the whole support package.

For the Business and Jobs Support Fund, smaller allocations relate to rent relief for some tourism operators, waivers of some operator fees, support for regional airlines, support for bus operators and other measures.

For the Community and Jobs Support Fund, smaller allocations include amounts to support council owned childcare services, various sporting associations, the SAHT for homelessness, Return to Country and Street to Home schemes, and a range of other initiatives.

In 2019-20, we reviewed controls over the emergency small business grants initiative which was the most significant area of spending from these funds in 2019-20. The findings are discussed below.

3.4.1.1 \$10 000 emergency small business grants

On 9 April 2020, as part of the \$650 million Jobs Rescue package, the SA Government announced that small businesses and not-for-profit entities employing South Australians who have been highly impacted by the COVID-19 pandemic may be eligible to receive a once-off \$10 000 grant to support the operation of their business.

The application period was from 21 April 2020 to 1 June 2020. Eligibility criteria included having a turnover of more than \$75 000 (GST exclusive) a year, total payroll of less than \$1.5 million, being subject to closure or highly adversely impacted (any business eligible for the Commonwealth JobKeeper payment would meet this criteria) and employing people in South Australia as at 1 March 2020. If eligible businesses had received other South Australian grants provided in response to COVID-19 impacts these values would be deducted from the \$10 000.

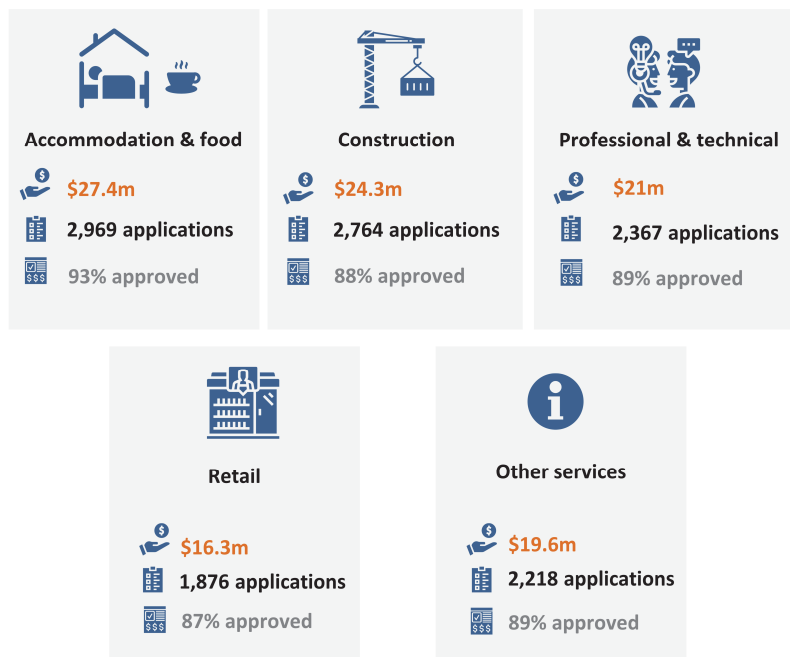
Businesses that had registered for and received the payroll tax waiver were not eligible for the grant.

The actual expenditure as at 30 June 2020 is shown in figure 3.6, along with the industries that received the most payments.

Figure 3.6: Emergency small business grants as at 30 June 2020



Top five industries receiving grants



Source: Data provided by DTF and unaudited.

The guidelines supporting the grant also highlighted that applicants could be subject to audit by the SA Government or its representatives and would be required to produce evidence on request for a period of two years after the grant was approved.

Our 2020-21 work program will include a review of DTF’s approach to confirming grant compliance through its audit processes.

In 2019-20 we reviewed DTF’s process for administering the grants, including that there were clear criteria established to assess applications and policies in place assigning responsibilities and outlining key processes. We also tested a sample of grants paid to ensure the guidelines were followed and approval was given.

Our testing did not identify any significant issues.

3.4.2 Significant tax relief packages

The SA Government provided tax relief under various arrangements in response to COVID-19. The two largest packages related to payroll tax and land tax relief.

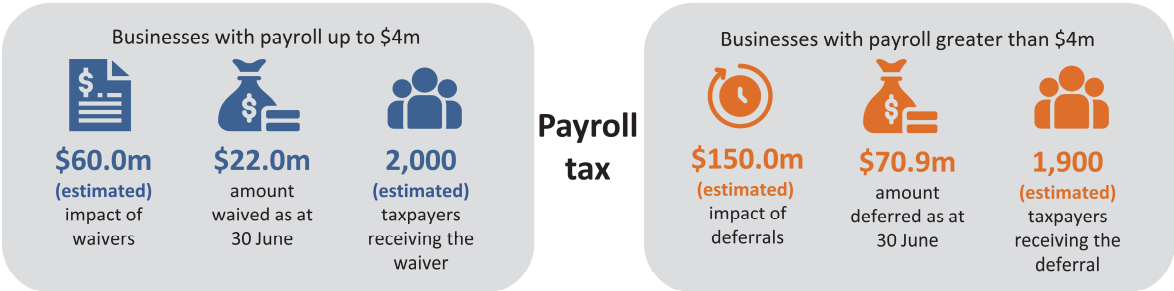
3.4.2.1 Payroll tax relief measures

The measures applied to payroll tax as part of the \$1 billion economic response included:

- a six-month payroll tax waiver from April 2020 to September 2020, for return periods from March to August 2020, for businesses with Australian grouped wages of up to \$4 million
- a six-month payroll tax deferral, from April 2020 to September 2020, for businesses with Australian grouped wages of over \$4 million.

The actual and estimated impact of the payroll tax initiative up to 30 June 2020 is shown in figure 3.7.

Figure 3.7: Payroll tax relief measures as at 30 June 2020



Source: Data provided by DTF and unaudited.

DTF advised that payroll tax information is on a cash collection basis, based on payments made or due by businesses in April, May and June 2020. The estimates relate to activity that occurred in the return period March to May 2020 and no allowance has been made for any adjustments made as part of annual reconciliation in the information.

In addition, the COVID-19 Emergency Response Bill 2020, passed on 9 April 2020, included an amendment to the *Payroll Tax Act 2009* exempting the Commonwealth's JobKeeper support payments from payroll tax.

In 2020-21 we will review the processes supporting the collection of deferred tax relating to the 2019-20 year as part of our usual financial and controls audit programs. We will also review the relief measures with a particular focus on whether they were provided to those who met the eligibility criteria.

3.4.2.2 Land tax relief measures

The relief measures applied to land tax as part of the \$1 billion economic response included:

- up to 25% land tax relief, on 2019-20 liabilities, for landlords who provide eligible tenants impacted by COVID-19 with rent relief (funded from the Business and Jobs Support Fund discussed in section 3.4.1)
- deferral of land tax payments for the 2019-20 third and fourth quarter instalments for up to six months.

Applications for the 25% relief opened in June 2020, with payments to taxpayers expected in 2020-21.

The value of the land tax deferral was estimated to be up to \$180 million based on the value of 2019-20 land tax payments outstanding at the time the deferral was announced. The value of the tax deferred will vary based on the timing of bills being issued and when taxpayers elected to pay their liability.

In 2020-21 we will review the processes supporting the collection of deferred tax relating to the 2019-20 year as part of our usual financial and controls audit programs. We will also review the relief measures with a particular focus on whether they were provided to those who met the eligibility criteria.

3.4.3 Once-off boost and bringing forward of cost of living concessions

Cost of living concessions are given to help those on low or fixed incomes with their cost of living expenses such as council rates, electricity costs, water rates, gas charges and medical bills. They are managed by the Department of Human Services.

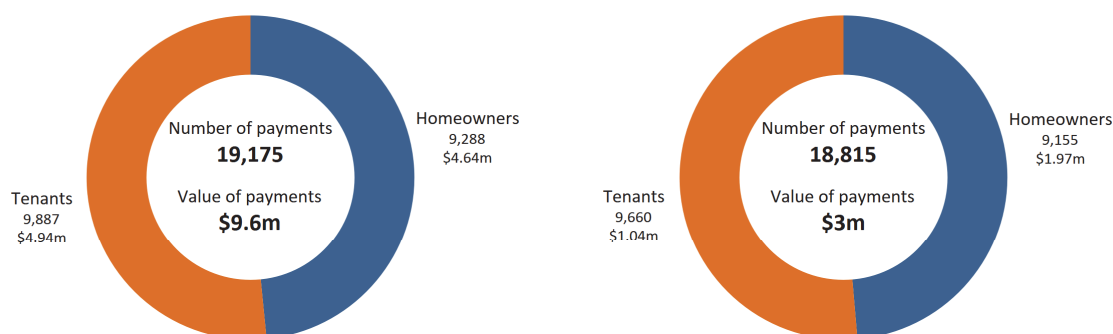
As part of the stimulus package, South Australian households who receive Centrelink JobSeeker payments received their 2020-21 cost of living concessions in 2019-20 and an additional once-off \$500 payment. The purpose of this initiative was to help those people who are unemployed or lose their jobs as a result of COVID-19.

The financial assistance provided through the cost of living boost and bringing forward of 2020-21 payments was \$12.6 million as at 30 June 2020. Figure 3.8 shows what it is made up of.

Figure 3.8: Cost of living boost and brought forward concession payments as at 30 June 2020

Once off \$500 cost of living concession payments made overall

2020-21 cost of living concession payments brought forward



Source: Data provided by the Department of Human Services.

Our review of concessions paid in 2019-20 is further discussed in Part C under ‘Department of Human Services’.

Each year we audit the payment of concessions as part of our financial statement audit. We did not find any significant matters in relation to these once-off and brought forward payments. There were other findings relating to other concessions, reported in Part C under ‘Department of Human Services’.

3.4.4 Other initiatives

3.4.4.1 Expenditure brought forward

As part of the \$1 billion package the SA Government announced that it was bringing forward a range of expenditure including:

- SAHT maintenance of \$10 million into 2019-20 and 2020-21
- \$15 million in Planning and Development Fund grant payments into 2019-20
- maintenance for country hospitals of \$15 million into 2020-21.

As part of our 2019-20 audit work we noted significant increases in SAHT maintenance spending in May and June 2020. Data provided by SAHT indicates that around \$7.8 million in additional maintenance spending had occurred by 30 June 2020. For further discussion of maintenance expenditure and our review of controls and financial statements for the SAHT see Part C under ‘SA Housing Trust’.

The Department of Planning, Transport and Infrastructure (DPTI) administered financial statements show an increase in Planning and Development Fund grant payments when compared to the prior year, consistent with the initiative to bring forward these grants.

3.4.5 Additional funding for the Economic and Business Growth Fund

The SA Government has previously committed \$100 million to the Economic and Business Growth Fund over four years. The purpose of the fund is to promote economic growth in

South Australia by encouraging growth of existing industries, developing new industries, building international connections and attracting foreign and national direct investment.

As part of the \$1 billion stimulus package the SA Government announced additional funding to the Economic and Business Growth Fund of \$70 million across the four years from 2020-21 to 2023-24.

3.4.6 New and fast-tracked new infrastructure projects

A range of infrastructure packages have been announced by the SA Government to stimulate economic activity in response to the impact of COVID-19.

On 29 March 2020 the SA Government announced a \$120 million road infrastructure and road safety package to fund a range of projects. In late June 2020, the total value these projects was updated to \$145 million. The costs of them would be shared between the Commonwealth and SA Governments. Significant individual elements relate to:

- refitting the Heysen Tunnel systems and safety upgrade
- a regional North-South freight route, bypassing the South Eastern Freeway
- a package of works on the regional road network
- sealing part of the Adventure Way and Innamincka Airport access roads.

This amount also covers road safety upgrades including safety barrier installations, shoulder sealing and tactile line marking on selected roads, road lighting improvements at critical junctions and other safety improvements.

DTF advised that around \$7 million of the \$145 million total had been spent by the end of June 2020, reflecting that significant infrastructure works need lead time to commence.

The SA Government also announced SA Health infrastructure changes in April 2020, fast-tracking the redevelopment of a new surgical unit at the Modbury Hospital, shortening the project time frame.

Spending for these infrastructure projects is projected to occur mainly in 2020-21, reflecting the need for planning, procurement and coordination to occur for large projects of this type.

We will consider ongoing spending under these programs in our 2020-21 audit program.

3.5 Insurance

Many SA Government agencies were impacted by COVID-19 and the restrictions put in place. SAFA provides insurance to these agencies, including business interruption insurance. While most private sector insurers would not provide insurance cover in the event of a pandemic, SAFA's insurance provides coverage in the event that businesses are forced to close or reduce their business as a result of a regulatory order, such as those issued in South Australia to restrict social gatherings and the operations of certain types of businesses.

As at 30 June 2020 SAFA had received eight claims. The estimated total of those claims at that date was more than \$120 million. Agencies were, however, still submitting costs for assessment.

Two interim payments with a combined total of \$5 million had been paid before 30 June 2020 to businesses that needed interim payments to support their operations.

In early July 2020 a further four claims were received. Claims and their associated values will continue to increase while restrictions remain in place.

While, as mentioned above, the SA Government will claim reinsurance amounts in relation to the significant bushfires in 2019-20, once claims are above the relevant threshold the business interruption insurance SAFA provides is not subject to reinsurance as it is not generally available on the commercial market.

3.6 Other impacts

The COVID-19 pandemic has impacted almost all public authorities in one way or another, from changes to public sector working arrangements to the impact on business operations. Some of the impacts to the agencies included in this Report have been:

- a decrease in events held by the Adelaide Venue Management Corporation and Adelaide Festival Centre Trust, having an impact on the overall revenue generated and staff employed to run events
- a 15% decrease in public transport revenue as a result of reduced patronage
- a Premier's Direction under the *Public Sector Act 2009* directing public sector agencies to comply with the South Australian Public Sector Mobilisation Policy, allowing additional resources to be made available to respond to emergency situations
- the State Procurement Board issuing a COVID-19 Major Emergency Procurement Policy to allow more streamlined procurement
- SAFA and HomeStart Finance have allowed loan repayments to be deferred
- Super SA processing more than 5000 applications for early access to superannuation, as allowed under the Australian Government Early Release of Superannuation Scheme
- South Australia Police initiating a recruiting expansion program, aimed to increase the number of Protective Security Officers by 54 and the number of police recruits by 72. South Australia Police intends to recruit and deploy the additional Protective Security Officers by the end of 2020. The additional police, recruited across three intakes between October 2020 and January 2021, will become available for deployment from August 2021.

In addition to the measures and impacts outlined in previous sections:

- DIS provided funding assistance to TAFE SA (\$10 million) and the private vocational education sector (\$16 million)
- the Department for Education brought forward \$180 million in payments of non-government school funding
- PIRSA brought forward applications for round three of the Regional Growth Fund
- the SA Government announced an additional \$5 million in funding for cleaning at schools

- the Department for Education launched the *Our Learning SA* website to support home-based learning
- the SA Government announced it would bring forward additional priority maintenance works at schools worth \$32 million.

3.7 Information and communication technology (ICT) challenges

As well as the broader challenges of COVID-19, there were immediate challenges to the SA Government's own operations.

One challenge COVID-19 created within SA Government agencies was ensuring its ICT systems continued to operate and provide the expected levels of service to the community. There was also an urgent requirement to enable many public sector employees to effectively and securely perform their day-to-day duties while working from home or in alternative locations. This meant purchasing ICT equipment and increasing capacity for staff to connect to the SA Government's data network (StateNet).

The following are some of the initiatives, risks and challenges we noted in monitoring the SA Government's ICT response to the COVID-19 pandemic.

3.7.1 Remote access by employees to government systems

The Department of the Premier and Cabinet (DPC) has been working with other agencies to provide the necessary ICT guidance and services to agency staff to ensure minimal disruption to business operations during the COVID-19 pandemic.

The number of employees working from home or from alternative locations increased dramatically as a result of COVID-19. As a consequence, DPC initiated the following to help accommodate agency needs:

- increasing Virtual Private Network (VPN) bandwidth to allow employees to log in remotely to their agency network to perform their day-to-day work. This included increasing available internet gateway bandwidth to StateNet from 2Gb to 3Gb, adding additional VPN appliances and increasing the concurrent network bandwidth from 1Gb to 10Gb to allow agencies greater levels of remote access
- increasing the available number of remote authentication devices/tokens³ and licences used to remotely connect to agency networks. The SA Government is currently using more than 2350 tokens to accommodate agency working from home needs.

3.7.2 Computer/Laptop procurement

As agency staff started working remotely, the stocks of available ICT services and hardware such as computers and other peripheral devices were quickly reducing.

³ A VPN token is a type of security authentication mechanism used to provide an additional layer of security for users or devices when trying to gain access to agency infrastructure and/or data.

DPC confirmed that some computer suppliers were experiencing delays in the delivery of devices due to the pandemic. In response, DPC established a COVID-19 ICT requirements working group to assist agencies with their procurement requirements and to guard against the risk of having insufficient computer stock.

The working group, through DTF, engaged directly with suppliers and procured an additional 1817 laptops to supplement its stock. We were advised that current stock is now sufficient to manage the needs of all agencies.

As at 10 August 2020, of the 1817 procured devices, 410 (23%) were unallocated and still available for use by agencies. It is expected that these remaining devices will be absorbed by agencies as required.

3.7.3 ICT challenges and security controls

While agencies rapidly moved to new ways of working remotely, there was a potential for this to lead to ICT security control compromises that could leave agencies vulnerable to internal and external threats. The following are some of the ICT challenges and risks experienced by the SA Government and individual agencies.

3.7.3.1 Use of private/personal computers and devices

With more employees working from home there was a need to ensure that certain basic security controls were established. Some agency employees used private computers or devices to work from home, accessing SA Government systems remotely.

DPC provided agencies with general advice to initially reduce and/or eliminate possible areas of ICT risk.

ICT security controls that needed to be considered at the agency level included:

- ensuring sufficient compatibility between operating systems and other associated software between agency and home computer environments to allow employees to work effectively
- having the latest security updates (system patches) and antivirus software installed on all computers. This helps to protect against malicious software, viruses and any other potentially harmful spyware or ransomware
- enforcing strong passwords and other authentication protocols
- ensuring employees were not using personal data storage devices to share and store agency data
- when creating files on home computers, saving them to a secure location that is regularly backed up automatically. This also helps to guard against critical data loss or potential ransomware attacks
- employees receiving some level of training before working remotely to ensure that they understand the dangers of cyber attack.

Where possible agencies were encouraged to consider issuing their employees with a work computer before allowing them to connect to StateNet and access business applications while working from home.

3.7.3.2 Emails with attachments

Many agency employees can access their work email accounts, which may contain sensitive document attachments, from their personal home computer or mobile device using their home/public network. Without appropriate controls this increases the potential risk that sensitive data may be exposed, compromised or lost.

DPC recommended that agencies and staff follow good cyber security practices while accessing their emails. These include:

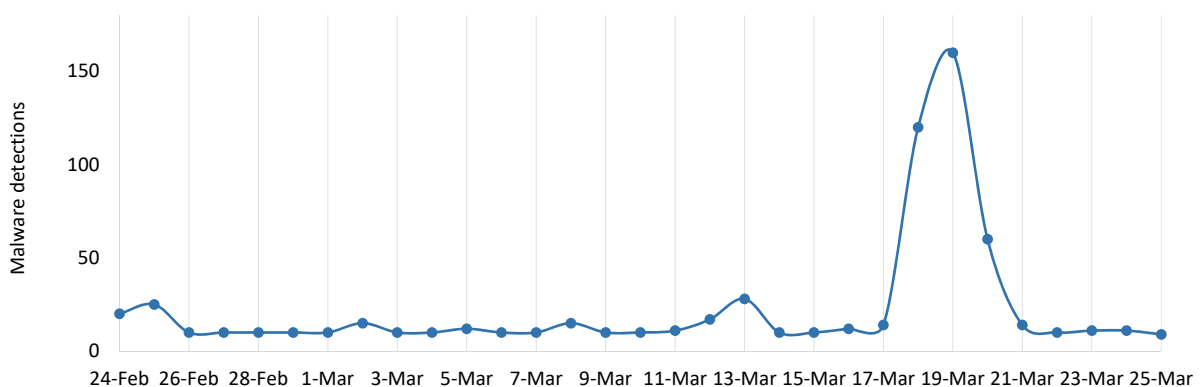
- sharing/transferring sensitive information using secure file transfer portals rather than sending it through emails
- avoiding the use of unsecure private or public Wi-Fi
- maintaining current anti-virus software and ensuring that operating software is up to date
- using multi-factor authentication
- enforcing strong passwords.

3.7.4 Increased cyber security monitoring of COVID-19 cyber attacks

Cyber attackers have increasingly tried to take advantage of agencies that were transitioning their staff to working remotely. These attacks include ransomware, malware and phishing attacks.

Figure 3.9 highlights a dramatic spike (600%) in malware detection, just for DPC, between 17 and 21 March 2020 targeting its employees.

Figure 3.9: DPC malware detections – 17-21 March 2020



Source: Data provided by DPC and unaudited.

While there is no single solution that can defend all agencies from these threats, agencies continue to adopt multi-layered security approaches that may help to protect them from future threats.

3.7.5 Telecommunication and video conferencing

Agencies have been urged to follow DPC guidance to help accommodate the increase in working remotely either from home or an alternative location.

During the COVID-19 pandemic, SA Government agencies have dramatically increased their use of video conferencing for training and meetings while staff are working remotely. The video conferencing software used includes Microsoft Teams, Zoom, WebEx-On-Premise and Skype for Business.

DPC has identified that some video conferencing software has been subject to security vulnerabilities and privacy concerns. These issues were communicated to all SA Government agencies for their consideration.

In the interim, agencies were encouraged to continually assess their telecommunication needs as staff continue to work remotely, to ensure that any risks to their environments, privacy and reputation are suitably managed.

3.7.6 Other ICT challenges

There are a number of ICT challenges that agencies need to address as they try to balance their operational and employee safety requirements:

- improving strategic planning and security policies to assist with current and future business operations, balancing productivity and ICT security
- potentially tightened ICT budgets due to the impact of the COVID-19 pandemic on the State Budget
- potential impacts on employee performance and mental health from continued remote working
- urgent delivery of improved technical solutions to help protect agency data
- the need to develop and implement improved multi-factor authentication
- increased focus on securing ICT environments and guarding against insider threats
- updating systems and testing ICT continuity and cyber security incident plans to meet agency general operational needs
- developing and implementing 'bring-your-own device' policies and procedures at agency and State levels to accommodate future working from home scenarios
- use of legacy systems and devices by agencies that may increase the potential for security vulnerabilities.

We have reported on ICT audit risks, findings and recommendations in the following reports:

- Report 9 of 2019 *Information and communications technology reviews*
- Report 12 of 2020 *Information and communications technology reviews*
- Part C of this Report under individual agency sections.

4 Significant financial outcomes and events in 2019-20

4.1 Key findings

The key findings in this section are as follows:

- Return to Work Corporation of South Australia (RTWSA) – the outstanding claims liability was \$3.5 billion and inherent uncertainty associated with the Return to Work (RTW) Scheme remains high.
- Lifetime Support Authority of South Australia (LSA) – Lifetime Support Scheme participants and liabilities continued to increase and inherent uncertainty associated with the Scheme remains high.
- South Australian Water Corporation (SA Water) – system infrastructure assets were revalued downwards by \$1.18 billion.
- Urban Renewal Authority (URA) – recorded a loss before income tax equivalent of \$112 million.
- DPTI – network assets were revalued upwards by \$6.1 billion
- Actual Health expenses exceed the 2019-20 State Budget by \$547 million, while total income excluding revenue from SA Government exceeded the 2019-20 State Budget by \$138 million.

Commentary is also provided on several other matters in this section. Part C of this Report provides more information on these matters and our other agency audits.

4.2 Insurance agencies

4.2.1 Return to Work Corporation of South Australia liabilities increased

The *Return to Work Act 2014* came into full operation on 1 July 2015. The legislative changes to entitlements, coupled with RTWSA's initiatives to get claimants back to work more promptly, have had a significant impact on the RTW Scheme.

The outstanding claims liability increased to \$3.5 billion

The liability for outstanding claims as at 30 June 2020 was \$3.5 billion, an increase of \$270 million from the previous year. The RTW Scheme actuary's projections are reviewed by an independent professional actuary engaged by the Auditor-General. Our audit did not identify any issues or variations from expected practice that required the estimate for 30 June 2020 to be adjusted in any material way.

Inherent uncertainty associated with the new RTW Scheme remains high

There is still inherent uncertainty associated with the new RTW Scheme arrangements, which may impact the liability for outstanding claims. In particular, the independent actuary noted the uncertainty regarding serious injury claims, the importance of maintaining the robustness of the Whole Person Impairment assessments and the outcome of any legal challenges I included an emphasis of matter in RTWSA's unmodified financial report opinion, drawing attention to the uncertainty associated with the outstanding claims liability reported as at 30 June 2020.

The actuarial estimation is primarily based on the anticipated impact of the new legislation. If the RTW Scheme does not operate as intended, the cost implications may be significant.

The RTW Scheme continues to be fully funded

RTWSA had a net asset position as at 30 June 2020 of \$70 million (\$373 million) and a funding ratio of 102% (111.5%), which means that the RTW Scheme continues to be fully funded. The average premium rate in 2019-20 was 1.65% and is unchanged for 2020-21.

The total comprehensive result for 2019-20 was a loss of \$303 million

In 2019-20 the underwriting result was a loss of \$256 million, after the net liability for outstanding claims increased by \$258 million and premium income increased by \$9 million. The net investment result decreased by \$274 million to a loss of \$2 million. Other operating expenses decreased slightly to \$57 million.

4.2.2 Lifetime Support Scheme is growing and liabilities are sensitive to change

The LSA administers the Lifetime Support Scheme and Fund for people who suffer very serious injuries in motor vehicle accidents. The Scheme started on 1 July 2014 and 2019-20 is its sixth full year of operation. It is mainly funded by a levy on South Australian motor vehicle registrations.

Lifetime Support Scheme is growing

The Lifetime Support Scheme is growing, with the total number of participants increasing from 209 in 2018-19 to 231 in 2019-20. The related estimated future cost of caring for current participants increased by \$104 million to \$606 million.

LSA made an operating loss of \$9 million

The LSA's operating loss for 2019-20 was \$9 million. The levy raised during the year of \$161 million was sufficient to cover its operating expenses. A loss of \$11 million was incurred on investment activities. Expenses included \$22 million in direct expenses for participant care and a \$103.8 million increase in the provision for the estimated future costs of caring for current participants.

Lifetime Support Scheme is fully funded

The LSA had net assets of \$248 million, which means the Lifetime Support Scheme is fully funded as at 30 June 2020.

Significant uncertainty around provision for future treatment, care and support costs

The value of the provision for participant treatment, care and support is pivotal to the LSA's financial position and operating outcome. The Board of the LSA determined the value of the provision after considering a report from an independent actuary. The LSA engaged a reviewing actuary to provide additional comfort about the sufficiency of the amount provided.

The liability estimate is measured as the present value of the expected future payments for claims incurred up to 30 June 2020, including claims incurred but not yet reported. Sensitivity analysis illustrates that relatively small changes to key assumptions in the estimate can result in changes in the order of millions of dollars.

Given the limited participants' experience to date and the long-term nature of the claims, there is still significant uncertainty surrounding the estimate of the provision for participant treatment, care and support services. I included an emphasis of matter in LSA's financial report opinion to draw attention to this uncertainty.

4.3 Other statutory corporations

4.3.1 South Australian Water Corporation's system infrastructure was revalued downwards by \$1.18 billion

SA Water's system infrastructure assets include water and sewer pipes, treatment plants, pumping stations and buildings. They deliver water, sewerage and recycled water to and from the customer through SA Water's integrated network of assets.

At 30 June 2020 these system infrastructure assets were revalued downwards by \$1.18 billion to \$12 billion.

System infrastructure was revalued using an income approach, which is sensitive to changes in key assumptions

In 2019-20 SA Water changed from a cost approach to an income approach for valuing its system infrastructure assets.

Under the income approach, SA Water measures the fair value of its system infrastructure by estimating the net future cash flows generated by all of its assets, discounted to present value using a weighted average cost of capital, and then deducting the fair value of assets that have been valued using a market or cost approach (eg land).

The discounted cash flow model SA Water uses is highly sensitive to changes in key assumptions and inputs. The following variables have the greatest impact on value:

- the nominal post-tax weighted average cost of capital used to discount future expected cash flows to present values, reflecting the relative risk of the business and the time value of money. SA Water estimates that a 0.1% increase in the discount rate would decrease the fair value of system infrastructure by \$687 million
- the perpetual nominal growth rate used to determine the future growth in net cash flows, which is based on long-term inflation estimates. A 0.1% increase in the growth rates is estimated to increase the fair value of system infrastructure by \$722 million
- estimates of future sustainable capital expenditure (depreciation charged on new assets) using the Essential Services Commission of South Australia's (ESCOSA's) final determination as a base. If this estimate increased by \$10 million the fair value of system infrastructure would decrease by \$638 million.

The Chief Executive of DTF approved SA Water's use of an income approach in March 2020. System infrastructure was previously valued using a depreciated replacement cost approach. Factors contributing to this approval included the following:

- The regulatory process governing water pricing is now well established, with ESCOSA completing its revenue determination in May 2020 for the third regulatory period beginning 1 July 2020. Predictability and transparency in future revenue expectations is an important factor for a reliable measure of value.
- The income generating potential of SA Water's assets, as compared to their replacement cost, is of key importance to the State and other users of its financial report.
- All other for-profit water authorities in Australia use an income approach when valuing infrastructure assets.

4.3.2 Urban Renewal Authority continues to operate at a loss

URA records a loss before income tax equivalent of \$112 million

The URA recorded a loss before income tax equivalent in 2019-20 of \$112 million, a \$94 million improvement from its 2018-19 result.

While it has made a profit once in the last five years, its financial performance over this period has been significant influenced by government policy.

For 2019-20 the URA's loss before income tax equivalent was driven by the following government policy decisions:

- a \$34 million decrease in rental income following the sale of its TAFE SA properties to TAFE SA at their carrying amount of \$601 million
- additional borrowing costs of \$69 million to compensate the Treasurer for the market value of debt that was repaid early. The debt repaid was initially incurred to finance the initial purchase of TAFE SA property in 2016-17

- a \$27 million write down in investment property values following revised leasing arrangements for areas of the Adelaide Railway Station occupied by DPTI on behalf of the Minister for Infrastructure and Transport. The area is now leased long-term to DPTI for a peppercorn rent, which reduces its value to the URA as an investment. The SA Government's decision for the URA to lease the site to the Minister at no cost achieves the broad intent of the 2013 decision.

TAFE SA properties transferred back to the general government sector

In November 2019, the URA sold a portfolio of TAFE SA properties to TAFE SA for their carrying amount of \$601 million. These properties were initially purchased from the former Department of State Development in March 2017, with the URA borrowing \$400 million and receiving equity contributions of \$219 million from the Treasurer to fund the purchase.

While proceeds from the sale to TAFE SA were used to repay the debt acquired, the URA was not required to repay the equity contributions.

The URA was required, however, to pay additional borrowing costs of \$69 million because of the early repayment of its debt. The Treasurer provided an equity contribution of \$60 million to ensure the URA's approved gearing ratio was maintained.

4.4 Other agencies

4.4.1 Department of Planning, Transport and Infrastructure

Network assets revalued upwards by \$6.1 billion

DPTI's network assets comprise its road, rail and bus track network. In 2019-20 this network was revalued upwards by \$6.1 billion to \$28.5 billion. \$5.9 billion of this increase related to the revaluation of roads and structures, which was driven by several factors, notably:

- changes in key cost assumptions impacting unit rates, including:
 - using a 'design and construct' contract model rather than a 'construct' only contract approach for some road types. This results in the inclusion of the contractor's design, overheads and profit margin in the estimated unit rates
 - including DPTI's overhead charges for the first time
 - allocating overheads to road components based on time rather than construction cost, resulting in more overhead costs allocated to non-depreciating road components (such as earthworks)
 - more ancillary assets (such as drains) being included in the road revaluation due to improved road data
 - improved standards for safety management and worker protection resulting in higher costs
 - the inclusion of retaining walls as a separate asset category in the valuation of structures, due to their increased use in road projects

- an increase in the cost of road and structure making materials
- increases in labour costs for road construction.

Recognising the significance of this increase in the value of roads and structures, and to ensure the reasonableness of its valuation approach, DPTI engaged a range of external experts to estimate construction costs and component construction time, review its model for predicting useful life and review valuation work compliance with accounting principles.

4.4.2 SA Health

4.4.2.1 Financial outcome

DHW's financial report provides some budgetary reporting information, including explanations of major variances between DHW's original budget provided to Parliament and actuals reported in its financial statements. Total actual expenses exceeded the 2019-20 State Budget allocation to Health by \$547 million, while total income excluding revenue from SA Government exceeded the 2019-20 State Budget by \$138 million. It is important to note that the budget data is not subject to audit.

4.4.2.2 Governance changes

From 1 July 2019 the SA Government devolved governance and responsibility for delivering public health services to new local health network governing boards which took effect from that date. Amendments to the *Health Care Act 2008* also changed the role of the Chief Executive, DHW from 1 July 2019 to remove direct responsibility for administering local health networks.

The SA Government also established six new regional incorporated hospitals (local health networks) which, from 1 July 2019, took over from the then dissolved Country Health SA Local Health Network Incorporated the responsibility to provide health services in their regions.

5 Other reviews in 2019-20

We gave specific attention this year to getting an update on progress with the Adelaide Festival Plaza (AFP) project.

Other small-scale audits we had planned were displaced by the work we did on the bushfires and COVID-19, reported in previous sections.

5.1 Adelaide Festival Plaza precinct upgrade

5.1.1 Follow-up of Adelaide Festival Plaza precinct upgrade status

The AFP precinct upgrade is a significant long-term project and our focus in 2019-20 was to get an update on its status following commentary in our previous reports.⁴

5.1.2 Background

The AFP precinct upgrade comprises multiple components being delivered in stages, including:

- an Adelaide Festival Centre (AFC) car park, an office tower and a retail area development delivered by the Walker Corporation⁵
- a new hotel and expanded Casino delivered by SkyCity
- upgrades to the AFC
- the redevelopment of the Festival Plaza public realm
- precinct integration works.

DPTI is the lead agency responsible for delivering the AFP precinct upgrade and has engaged Mott MacDonald to assist with project management and project controller services.

The URA is responsible for administering certain aspects of the Development Agreement with the Walker Corporation (DA), including the leasing arrangements for the car park, office tower and retail area.

5.1.3 Key developments in 2019-20

Key developments for the AFP precinct upgrade in 2019-20 were:

- design changes for the Festival Plaza public realm and the Walker Corporation's office tower and retail area were approved by the SA Government in December 2019, including an additional \$31.2 million funding for public realm works

⁴ Our previous commentary on the AFP precinct upgrade is detailed in Auditor-General's Report 13 of 2017 *Adelaide Riverbank (Festival Plaza) Development*, section 4.6 in Auditor-General's Report 9 of 2017 *Annual Report for the year ended 30 June 2017, Part A: Executive summary* and section 4.4 in Auditor-General's Report 6 of 2019 *Annual Report for the year ended 30 June 2019, Part A: Executive summary*.

⁵ The Minister for the Arts and the Walker Corporation entered into a development agreement in May 2016 for the redevelopment of the AFC car park and integrated development above the car park comprising the Festival Plaza public realm, office tower and retail area.

- there were significant delays in the latest forecast delivery dates for the car park, public realm, office tower and retail space compared to the final program dates in the DA
- the current total budgeted net cost to the SA Government of the project is \$213.5 million and total project expenditure incurred to 30 June 2020 is \$116.4 million.

5.1.4 Governance

The governance committees established to oversee the upgrade of the precinct are:

- Festival Plaza Delivery steering committee
- Festival Plaza project control group
- Adelaide Festival Centre redevelopment project control group
- Interface Management Group.

The Riverbank Entertainment Precinct Advisory Committee advises the Minister for Transport, Infrastructure and Local Government on the development and activation of the core entertainment precinct within the Adelaide Riverbank.

DPTI advised that there were no changes to the governance committee structure or individual government agency roles and responsibilities for the project in 2019-20.

In July 2020, the project team for the AFP precinct upgrade developed a DA tracking tool to help identify and monitor key items requiring action.

A project governance plan and a project management plan were finalised and approved in August 2020.

5.1.5 Changes to design of public realm and Walker Corporation's office tower and retail area in 2019-20

Changes to the original design concept plans in the DA for both the Festival Plaza public realm and the Walker Corporation's office tower and retail area were approved by the SA Government in December 2019.

The design changes made to the Festival Plaza public realm were proposed by the SA Government following stakeholder consultation and included:

- constructing dual escalators from the Adelaide Railway Station entry to the Festival Plaza
- providing infrastructure to support the activation of the public realm for events, including power and feature lighting
- realigning and reducing the number of arbour structures and reducing the size of the water feature to increase event space capacity on the public realm
- additional paving and relandscaping around the AFC and Dunstan Playhouse shells
- security bollards.

The changes proposed by the Walker Corporation to the office tower and retail area involved:

- changes in office tower setbacks to surrounding buildings, streets and laneways
- creating a publicly accessible laneway between Parliament House and Walker Corporation’s retail area development (Parliament Lane)
- increasing the footprint of Walker Corporation’s retail area development.

The SA Government’s planned design changes to the Festival Plaza public realm were approved by the State Commission Assessment Panel in June 2020.

DPTI advised that the Walker Corporation submitted an updated design for the office tower and retail area including a new pedestrian lane for consideration by the State Commission Assessment Panel in September 2020.

5.1.6 Significant delays compared to final program dates in the Development Agreement

Figure 5.1 summarises the status of key project milestones as advised by DPTI.

Figure 5.1: Progress against key milestones in the DA

Milestone	Commencement date	Completion date in DA final program	Current forecast delivery date
Car park construction	July 2017	25 November 2019	Mid-2021
Festival Plaza public realm construction	July 2020	14 April 2021	2023
Office tower and retail area	Scheduled following completion of car park (forecast mid-2021)	23 June 2021	Late 2022/ Early 2023

There are significant delays in the current forecast delivery dates compared to the final program dates agreed in the DA. DPTI advised that these delays were mainly due to:

- the grade separation works being completed around five months later than anticipated due to latent conditions discovered during construction including old piles, walls and heritage arches
- the time needed to review and approve the Walker Corporation’s proposed changes to the original DA concept plans for the car park.

DPTI advised that the SA Government has asked the Walker Corporation to provide its updated final program for the car park and public realm but this remains outstanding. In June 2020, DPTI and the Walker Corporation decided to develop a schedule of key milestones so that the timing of construction of DPTI works that interface with the car park can be planned and coordinated with the car park.

The DA requires the Walker Corporation to substantially commence construction of the office tower and retail area six years after the commencement date of the car park lease, which was 2 June 2017.

5.1.7 AFC precinct upgrade financial position

The SA Government approved additional funding of \$31.2 million for the public realm works in December 2019 to implement the design changes recommended by its design team (refer section 5.1.5 for details) and to address unbudgeted project cost pressures. These cost pressures included:

- escalation costs owing to the project budget being originally based on a delivery time frame of 2015 to 2018 and project time frames then being extended
- increases in consultant fees based on the extended program and ongoing change to the project design
- the purchase of local pavers
- Parliament House retaining wall works
- the extended duration of Parliament House temporary car parking arrangements pending completion of the redeveloped AFC car park
- Station Road and AFC slab structural strengthening works.

The current total budget for the AFP precinct upgrade is \$253.5 million. This comprises the net cost to the SA Government of \$213.5 million and the \$40 million 'in-kind' contribution to be made by the Walker Corporation to the public realm as consideration for the development rights. The budget does provide for the ongoing maintenance of the public realm.

DPTI advised that the Walker Corporation had made no in-kind contributions to the public realm at 30 June 2020.

Total expenditure for the AFC precinct upgrade to 30 June 2020 was \$116.4 million.

Project status reporting for July 2020 highlights that further cost pressures have emerged since the additional funding was approved by the SA Government in December 2019. They mainly relate to additional scope items including Festival Plaza slab strengthening and King William Street intersection works.

DPTI advised that the cost impacts for these areas and corresponding value management strategies were being assessed at the time of this Report.

5.1.8 Future challenges

The SA Government will face challenges in ensuring that the AFC precinct upgrade meets forecast delivery time frames if there are further design changes to the car park, office tower, retail area and/or public realm.

Further delays may also result in additional cost pressures and budget revisions arising from cost escalations, ongoing consultant fees and extended temporary car parking arrangements for Parliament House.

The SA Government will also need to continue to exercise sound oversight of the DA to ensure that contractual obligations are satisfied. This includes ensuring it receives value for money for the Walker Corporation's in-kind contribution of \$40 million to the public realm works.

6 Summary of key items in the Treasurer's statements

Under section 36(1)(4) of the PFAA I will publish the Treasurer's statements for the year ended 30 June 2020 on the Auditor-General's Department website (www.audit.sa.gov.au).

The Consolidated Account outcome is summarised below.

6.1 Summary of the Consolidated Account for the year ended 30 June 2020

	Budget \$	Actual \$
Receipts		
Taxation	4 092 037 000	3 828 519 756
Commonwealth general purpose grants	6 757 961 000	6 579 562 472
Commonwealth specific purpose grants	214 192 000	214 657 738
Commonwealth National Partnership payments	25 848 000	7 748 000
Contributions from state undertakings	379 814 000	402 704 170
Fees and charges	582 074 000	546 627 737
Recoveries	73 438 000	303 271 894
Royalties	301 228 000	311 996 763
Other receipts	138 688 000	88 615 997
Total receipts	12 565 280 000	12 283 704 527
Payments		
Appropriation Act	15 335 660 000	16 019 846 571
Specific appropriation authorised in various Acts	118 498 000	125 102 321
Total payments	15 454 158 000	16 144 948 892
Consolidated Account deficit	2 888 878 000	3 861 244 365

Annexure 1 – Agencies audited whose financial statements will be published on the Auditor-General’s Department website

The PFAA requires me to publish on a website the audited financial statements of all public authorities. This is a significant accountability measure that ensures they will all be available centrally.

In addition, the PFAA allows me to publish other documents on that website. Other documents include the financial statements of agencies that are not public authorities.

Under section 36(1)(4) of the PFAA I will publish the financial statements of all agencies audited by me on the Auditor-General’s Department website (www.audit.sa.gov.au).

A.1 Agency financial statements included in this Annual Report to be published immediately after this Report is tabled

The following agencies are included in Part C and their financial statements will be published on our website immediately after this Annual Report is tabled.

Adelaide Festival Centre Trust
Adelaide Oval SMA Limited
Adelaide Venue Management Corporation
Attorney-General’s Department
Auditor-General’s Department
Barossa Hills Fleurieu Local Health Network Incorporated
Central Adelaide Local Health Network Incorporated
Child Protection – Department for
Commission on Excellence and Innovation in Health
Correctional Services – Department for
Courts Administration Authority
Education – Department for
Energy and Mining – Department for
Environment and Water – Department for
Environment Protection Authority
Eyre and Far North Local Health Network Incorporated
Flinders and Upper North Local Health Network Incorporated
Flinders University
Health and Wellbeing – Department for
HomeStart Finance
Human Services – Department of
Independent Commissioner Against Corruption
Innovation and Skills – Department for
Lifetime Support Authority of South Australia

Limestone Coast Local Health Network Incorporated
Motor Accident Commission
Northern Adelaide Local Health Network Incorporated
Planning, Transport and Infrastructure – Department of
Premier and Cabinet – Department of the
Primary Industries and Regions – Department of
Public Trustee
Return to Work Corporation of South Australia
Riverland Mallee Coorong Local Health Network Incorporated
SA Ambulance Service Inc
South Australia Police
South Australian Fire and Emergency Services Commission
South Australian Government Financing Authority
South Australian Housing Trust
South Australian Superannuation Board
South Australian Superannuation Scheme
South Australian Tourism Commission
South Australian Water Corporation
Southern Adelaide Local Health Network Incorporated
Southern State Superannuation Scheme
Super SA Retirement Investment Fund
Superannuation Funds Management Corporation of South Australia
TAFE SA
Treasury and Finance – Department of
Treasurer’s statements
University of Adelaide
University of South Australia
Urban Renewal Authority
Wellbeing SA
Women’s and Children’s Health Network Incorporated
Yorke and Northern Local Health Network Incorporated

A.2 Agency financial statements to be published after the audit is completed

The financial statements of the following agencies that are not reported in Part C of my Annual Report will be published as soon as reasonably practicable on our website after their audit is completed.

Aboriginal Lands Trust
Adelaide and Mount Lofty Ranges Natural Resources Management Board
Adelaide Cemeteries Authority
Adelaide Festival Corporation
Adelaide Film Festival
Agents Indemnity Fund

Alinytjara Wilurara Natural Resources Management Board
Art Gallery Board
Australian Children's Performing Arts Company
Australian Energy Market Commission
Board of the Botanic Gardens and State Herbarium
Carrick Hill Trust
Coast Protection Board
Construction Industry Training Board
CTP Regulator
Dairy Authority of South Australia
Defence SA
Distribution Lessor Corporation
Dog and Cat Management Board
Dog Fence Board
Electoral Commission of South Australia
Essential Services Commission of South Australia
Eyre Peninsula Natural Resources Management Board
Generation Lessor Corporation
Governors' Pensions Scheme
Health Services Charitable Gifts Board
History Trust of South Australia
House of Assembly
Independent Gaming Corporation Ltd
Industry Advocate
Infrastructure SA
International Koala Centre of Excellence
Joint Parliamentary Service Council
Judges' Pensions Scheme
Judicial Conduct Commissioner
Kangaroo Island Natural Resources Management Board
Legal Services Commission
Legislative Council
Libraries Board of South Australia
Local Government Finance Authority of South Australia
Lotteries Commission of South Australia
Mamungari Conservation Park Co-management Board
Minister for Primary Industries and Regional Development – Adelaide Hills Wine Industry Fund
Minister for Primary Industries and Regional Development – Barossa Wine Industry Fund
Minister for Primary Industries and Regional Development – Citrus Growers Fund
Minister for Primary Industries and Regional Development – Clare Valley Wine Industry Fund
Minister for Primary Industries and Regional Development – Eyre Peninsula Grain Growers Rail Fund
Minister for Primary Industries and Regional Development – Grain Industry Fund
Minister for Primary Industries and Regional Development – Grain Industry Research and Development Fund

Minister for Primary Industries and Regional Development – Langhorne Creek Wine Industry Fund
Minister for Primary Industries and Regional Development – McLaren Vale Wine Industry Fund
Minister for Primary Industries and Regional Development – Riverland Wine Industry Fund
Minister for Primary Industries and Regional Development – South Australian Apiary Industry Fund
Minister for Primary Industries and Regional Development – South Australian Cattle Industry Fund
Minister for Primary Industries and Regional Development – South Australian Grape Growers Industry Fund
Minister for Primary Industries and Regional Development – South Australian Pig Industry Fund
Minister for Primary Industries and Regional Development – South Australian Sheep Industry Fund
Museum Board
Native Vegetation Fund
Northern and Yorke Natural Resources Management Board
Office for Recreation, Sport and Racing
Office of Green Industries SA
Office of the Commissioner for Public Sector Employment
Office of the National Rail Safety Regulator
Office of the South Australian Productivity Commission
Outback Communities Authority
Parliamentary Superannuation Scheme
Planning and Development Fund
Police Superannuation Scheme
Professional Standards Council
Rail Commissioner
Residential Tenancies Fund
Retail Shop Leases Fund
Rural Industry Adjustment and Development Fund
SACE Board of South Australia
Second-hand Vehicles Compensation Fund
Small Business Commissioner
South Australian Ambulance Service Superannuation Scheme
South Australian Arid Lands Natural Resources Management Board
South Australian Country Arts Trust
South Australian Country Fire Service
South Australian Film Corporation
South Australian Forestry Corporation
South Australian Local Government Grants Commission
South Australian Mental Health Commission
South Australian Metropolitan Fire Service
South Australian Murray-Darling Basin Natural Resources Management Board
South Australian State Emergency Service

South East Natural Resources Management Board
South Eastern Water Conservation and Drainage Board
State Opera of South Australia
State Owned Generators Leasing Co Pty Ltd
State Planning Commission
State Procurement Board
State Theatre Company of South Australia
Stormwater Management Authority
StudyAdelaide
Super SA Select Fund
Teachers Registration Board of South Australia
TechInSA
Trade and Investment – Department for
Transmission Lessor Corporation
West Beach Trust

Annexure 2 – Abbreviations used in this report

A number of acronyms and abbreviations are used throughout this report. Most are summarised here.

AFC	Adelaide Festival Centre
AFP	Adelaide Festival Plaza
DA	Development agreement
DHW	Department for Health and Wellbeing
DIS	Department for Innovation and Skills
DPC	Department of the Premier and Cabinet
DPTI	Department of Planning, Transport and Infrastructure
DTF	Department of Treasury and Finance
ESCOSA	Essential Services Commission of South Australia
FTE	Full-time equivalent
LSA	Lifetime Support Authority of South Australia
PFAA	<i>Public Finance and Audit Act 1987</i>
PIRSA	Department of Primary Industries and Regions
RTWSA	Return to Work Corporation of South Australia
RTW Scheme	Return to Work Scheme
SA Water	South Australian Water Corporation
SAFA	South Australian Government Financing Authority
SAFECOM	South Australian Fire and Emergency Services Commission
SAHT	South Australian Housing Trust
SPB	State Procurement Board
URA	Urban Renewal Authority

