

Office of Green Industries SA

Financial report
for the year ended
30 June 2021



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To the Presiding Member Green Industries SA

Opinion

I have audited the financial report of Green Industries SA for the financial year ended 30 June 2021.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of Green Industries SA as at 30 June 2021, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Chief Executive and Associate Director, Governance and Business.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of Green Industries SA. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive and the Board for the financial report

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

The Board are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Green Industries SA for the financial year ended 30 June 2021.

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

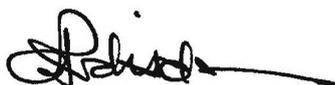
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Andrew Richardson
Auditor-General
28 September 2021

**Green Industries SA
(GISA)**

Financial Statements

For the year ended 30 June 2021

Green Industries SA
Certification of Financial Statements
for the year ended 30 June 2021

We certify that the:

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



Ian Overton
Chief Executive

28 September 2021



Josh Wheeler
**Associate Director, Governance and
Business**

28 September 2021



Kevin McGuinness
Presiding Member
Board of Green Industries SA

28 September 2021

Green Industries SA
Statement of Comprehensive Income
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Solid waste levies	1.5	48 346	37 036
Revenues from SA Government	2.1	7 731	12 020
Appropriation	2.2	2 000	-
Interest	2.3	142	703
Resources received free of charge	2.4	36	29
Other income	2.5	58	1
Total income		58 313	49 789
Expenses			
Employee benefits expenses	3.3	3 254	2 906
Supplies and services	4.1	8 279	17 431
Depreciation	5.1	54	54
Grants and subsidies	4.2	72 786	50 153
Other expenses	4.3	18	22
Total expenses		84 391	70 566
Net result		(26 078)	(20 777)
Total comprehensive result		(26 078)	(20 777)

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

Green Industries SA
Statement of Financial Position
as at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	6.1	89 835	114 122
Receivables	6.2	104	142
Loans	6.3	906	-
Total current assets		90 845	114 264
Non-current assets			
Property, plant and equipment	5.1	374	428
Loans	6.3	3 000	3 866
Total non-current assets		3 374	4 294
Total assets		94 219	118 558
Current liabilities			
Payables	7.1	7 147	5 382
Employee benefits	3.4	441	330
Other liabilities	7.3	69	64
Provisions	7.2	5	3
Total current liabilities		7 662	5 779
Non-current liabilities			
Payables	7.1	79	88
Employee benefits	3.4	842	942
Other liabilities	7.3	372	411
Provisions	7.2	11	7
Total non-current liabilities		1 304	1 448
Total liabilities		8 966	7 227
Net assets		85 253	111 331
Equity			
Retained earnings		85 253	111 331
Total equity		85 253	111 331

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

Green Industries SA
Statement of Changes in Equity
for the year ended 30 June 2021

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019	132 108	132 108
Net result for 2019-20	(20 777)	(20 777)
Total comprehensive result for 2019-20	(20 777)	(20 777)
Balance at 30 June 2020	111 331	111 331
Net result for 2020-21	(26 078)	(26 078)
Total comprehensive result for 2020-21	(26 078)	(26 078)
Balance at 30 June 2021	85 253	85 253

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

Green Industries SA
Statement of Cash flows
for the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
<i>Cash inflows</i>			
Waste levies received		48 403	37 123
Receipts from SA Government		9 731	12 020
Interest received		111	780
Other receipts		58	1
Cash generated from operations		58 303	49 924
<i>Cash outflows</i>			
Employee benefits payments		(3 246)	(2 746)
Payments for supplies and services		(10 518)	(15 409)
Payments of grants and subsidies		(68 808)	(49 428)
Other payments		(18)	(22)
Cash used in operations		(82 590)	(67 605)
Net cash used in operating activities	8.1	(24 287)	(17 681)
Net decrease in cash and cash equivalents		(24 287)	(17 681)
Cash and cash equivalents at the beginning of the reporting period		114 122	131 803
Cash and cash equivalents at the end of the reporting period	6.1	89 835	114 122

The accompanying notes form part of these financial statements.

Green Industries SA

Notes to and forming part of the financial statements

for the year ended 30 June 2021

1. About Green Industries SA

The reporting entity is referred to throughout these statements as Green Industries SA (GISA), is a not-for-profit entity and comprises the following:

- GISA – a statutory corporation with an appointed governing board established by the *Green Industries Act 2004*
- an administrative unit named the Office of Green Industries SA established under the *Public Sector Act 2009*
- the Green Industry Fund established under the *Green Industries SA Act 2004*.

The Chief Executive of the statutory corporation is subject to the control and direction of the Board in giving effect to its policies and decisions. The *Green Industries SA Act 2004* permits the statutory corporation to make use of the services of the administrative unit's employees and facilities.

1.1. Basis of preparation

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

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

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

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

Income, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable

The Department for Environment and Water (DEW) prepares a Business Activity Statement on behalf of GISA under the grouping provisions of the GST legislation. Under these provisions, DEW is liable for the payments and entitled to the receipts associated with GST. Therefore, GISA's net GST receivable/payable is recorded in DEW's Statement of Financial Position. GST cash flows applicable to GISA are recorded in DEW's Statement of Cash Flows.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.2. Objectives and programs

Objectives

GISA promotes waste management practices that, as far as possible, eliminate waste or its consignment to landfill; and promotes innovation and business activity in the waste management, resource recovery and green industry sectors, recognising these areas present a valuable opportunity to contribute to the state's economic growth.

To achieve its objectives, GISA undertakes programs and projects according to *South Australia's Waste Strategy 2020-25* and its strategic plan and annual business plan which include:

- developing and implementing government policy objectives in waste management, resource recovery, single-use plastics, green industry development and the circular economy
- encouraging innovation and economic growth through the circular economy and achieving environmental and community wellbeing gains
- helping businesses to be more productive with resources and reduce their costs through more efficiencies in materials, water and energy
- administering grants to local government and industry to drive innovation and best practice in waste management, resource recovery and circular economy
- developing, administering and monitoring the State's Waste Strategy and first food waste strategy
- reporting against landfill diversion targets and recycling outcomes
- developing behaviour change programs for schools and householders to improve recycling and waste avoidance practices for households, schools and businesses
- leading in implementation of the Government of South Australia's Disaster Waste Management Capability Plan.

Programs

To achieve its objectives, GISA undertakes its services through a single program, 'Waste reduction, resource recovery, circular economy and green industry development'.

1.3. Impact of COVID-19 pandemic on GISA

The COVID-19 pandemic has not had a material impact on the operations of GISA in the 2020-21 financial year. Waste management services are identified as an essential service and continue to operate during restrictions.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

1.4. Budget performance

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

	Original Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000
Note			
Statement of Comprehensive Income			
Income			
Solid waste levies	49 570	48 346	(1 224)
Revenues from SA Government	7 540	7 731	191
Appropriation	2 000	2 000	-
Interest	139	142	3
Revenues received free of charge	-	36	36
Other income	-	58	58
Total income	59 249	58 313	(936)
Expenses			
Employee benefits expenses	3 655	3 254	(401)
Supplies and services	13 590	8 279	(5 311)
Depreciation	54	54	-
Grants and subsidies	65 427	72 786	7 359
Other expenses	12	18	6
Total expenses	82 738	84 391	1 653
Net result	(23 489)	(26 078)	(2 589)

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

a Grants and subsidies is \$7.359 million higher than the original budget primarily due to:

- Climate Change Initiatives administered by the Department for Energy and Mining (DEM) where some funding was pulled forward from future years to 2020-21 (budget was increased by \$11.239 million in 2020-21).
- Partially offset by \$3.88 million underspending for several GISA grant programs due to the timing of works, for which funds have been committed and will be carried over from 2020-21 to 2021-22.

1.5. Significant transactions with government related entities

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

- GISA had significant transactions with the EPA during the 2020-21 financial year. The receipts of \$48.346 million (\$37.036 million) from the EPA are associated with the transfer of 50% of solid waste levy revenue collected in accordance with the *Environment Protection Act 1993* and transferred to GISA in accordance with section 17 of the *Green Industries SA Act 2004*.
- GISA also made significant intra government transfer payments to DEW (\$10.027 million) and, DEM (\$53.333 million) for climate change initiatives. In addition, GISA also made payments of \$177 000 to Department for Infrastructure and Transport (DIT) for rent.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2. Income

2.1. Revenues from SA Government

	2021	2020
	\$'000	\$'000
Intra-government transfers	7 731	12 020
Total revenues from SA Government	7 731	12 020

Revenues from SA Government are recognised as income on receipt.

Funding of \$7.475 million received from DTF and \$150 000 from DIT in 2020-21 relates to clean-up, management and resource recovery of waste and debris, resulting from the 2019-20 bushfires in the Adelaide Hills, Kangaroo Island, Yorketown and Keilira.

Funding of \$106 000 received from the EPA for administration of the Charitable Recyclers Subsidy Program.

2.2. Appropriation

	2021	2020
	\$'000	\$'000
Appropriation from Consolidated Account pursuant to the <i>Appropriation Act</i>	2 000	-
Total appropriation	2 000	-

Appropriation pursuant to the Appropriation Act consists of \$2.0 million for operational funding. This appropriation comprises money issued and applied to the department as per Schedule 1 of the act.

2.3. Interest

	2021	2020
	\$'000	\$'000
Interest from the Green Industry Fund*	37	600
Interest on loan receivable	105	103
Total interest revenues	142	703

* Interest rate is determined by the DTF.

2.4. Resources received free of charge

	2021	2020
	\$'000	\$'000
Services received free of charge - Shared Services SA	36	29
Total resources received free of charge	36	29

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

2.5. Other income

	2021	2020
	\$'000	\$'000
Grant refund *	53	-
Reimbursement of expenses incurred	5	1
Total other income	58	1

* Return of unspent funds to the Green Industry Fund related to two trade waste initiatives that did not proceed in 2019-20.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of GISA include the Minister for Environment and Water, Board Members, the Chief Executive, Deputy Chief Executive and two Directors, comprising key responsibility for the strategic direction and management of the Agency.

The compensation detailed in the table below excludes salaries and other benefits received by the Minister. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remuneration Act 1990*.

	2021	2020
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	776	767
Post-employment benefits	170	72
Total	946	839

Transactions with key management personnel and other related parties

GISA is wholly owned and controlled by the Crown.

Related parties of GISA include all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the government.

No transactions with key management personnel or related parties have occurred throughout the 2020-21 financial year, other than those disclosed in note 1.5.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.2. Board and committee members

Members during the 2020-21 financial year were:

Green Industries SA Board

K P McGuinness (Presiding Member)	V J Levitzke* (Ex Officio, retired March 2021)
J L Conduit	I Overton* (Ex Officio, appointed March 2021)
T Dodd	P P Sandercock
L I Henderson	V Tremaine

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

Board and committee remuneration

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

	2021	2020
\$0 - \$19 999	7	8
\$20 000 - \$39 999	1	1
Total number of members	8	9

The total remuneration received or receivable by members was \$87 000 (2020: \$88 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

3.3. Employee benefits expenses

	2021	2020
	\$'000	\$'000
Salaries and wages	2 380	2 089
Employment on-costs - superannuation	389	341
Annual leave	246	211
Employment on-costs - other	128	98
Board and committees fees	80	84
Long service leave	13	63
Skills and experience retention leave	14	16
Other employment related expenses	4	4
Total employee benefits expenses	3 254	2 906

Employment on-costs – superannuation

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.3. Employee benefits expenses (continued)

Executive remuneration

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

	2021	2020
	No	No
\$174 001 to \$194 000	1	2
\$194 001 to \$214 000	1	-
\$234 001 to \$254 000	1	-
\$274 001 to \$294 000	-	1
\$314 001 to \$334 000	1	-
Total	4	3

The total remuneration received by those employees for the years was \$0.946 million (\$0.644 million).

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

3.4. Employee benefits liability

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Accrued salaries and wages	75	68
Annual leave	278	219
Long service leave	71	28
Skills and experience retention leave	17	15
Total current employee benefits	441	330
<u>Non-current</u>		
Long service leave	842	942
Total non-current employee benefits	842	942
Total employee benefits	1 283	1 272

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

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

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

The annual leave liability and the SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

3.4. Employee benefits liability (continued)

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 10.1.

4. Expenses

Employee benefits expenses are disclosed in note 3.3.

4.1. Supplies and services

	2021	2020
	\$'000	\$'000
Fee for service - bushfire clean-up	5 038	13 960
Fee for service - community education programs	626	696
Fee for service - circular economy	436	300
Fee for service - waste strategy and policy including single-use plastics	421	249
Waste disposal	368	284
Advertising	195	251
General administration	180	120
Accommodation	177	164
Fee for service - recycling and waste activities	101	196
Information technology and communication charges	93	75
Fee for service - DEW	87	85
Fee for service - other	59	17
Minor works, maintenance and equipment	55	33
Consultants	52	-
Contractors	46	-
Fee for service - light globes collection	43	688
Staff development	42	23
Other	260	290
Total supplies and services	8 279	17 431

Accommodation

GISA's accommodation is provided by the DIT under Memoranda of Administrative Arrangement (MoAA) issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of lease set out in AASB 16. Information about accommodation incentives relating to this arrangement is shown at note 7.3.

Consultants

The number of consultancies and the dollar amount paid/payable (included in supplies and services expense) to consultants fell within the following bands:

	2021	2021	2020	2020
	Number	\$'000	Number	\$'000
\$10 000 or above	1	52	-	-
Total	1	52	-	-

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

4.2. Grants and subsidies

	2021	2020
	\$'000	\$'000
Climate change initiatives *	63 360	40 204
Recycling Modernisation Grant Program ^	3 110	-
Recycling Infrastructure Grants Program - Industry and Local Government	2 782	4 900
Local Government Program	1 231	2 305
Council Transition and Regional Transport Subsidies Program	1 169	1 233
Trade Waste Initiative	423	761
Circular Economy Market Development Grant Program	289	240
Circular Economy Business Sustainability Program	271	244
Charitable Recyclers Subsidy Program	106	-
Commercialisation of Innovation Grant Program	-	150
Other contributions	45	116
Total grants and subsidies	72 786	50 153

* Intra government transfers for climate change projects as approved by the Minister under the *Green Industries SA Act 2004*, independent of the Board of Green Industries SA

^ A joint funded grant program by the Commonwealth and State governments to South Australia's resource recovery sector under the National Partnership on Recycling Infrastructure over 2020-21 to 2023-24.

4.3. Other expenses

Audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$18 000 (2020: \$22 000). No other services were provided by the Auditor-General's Department.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

5. Non-financial assets

5.1. Property, plant and equipment owned by GISA

Property, plant and equipment owned by GISA with a value of \$10 000 or greater are capitalised, otherwise it is expensed.

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

Depreciation on leasehold improvements is calculated on a straight line basis over the estimated useful life of 12 years.

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

Reconciliation 2020-21

	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	428	428
Depreciation	(54)	(54)
Carrying amount at the end of the period	374	374
Gross carrying amount		
Gross carrying amount	652	652
Accumulated depreciation	(278)	(278)
Carrying amount at the end of the period	374	374

Reconciliation 2019-20

	Leasehold improvements \$'000	Total \$'000
Carrying amount at the beginning of the period	482	482
Depreciation	(54)	(54)
Carrying amount at the end of the period	428	428
Gross carrying amount		
Gross carrying amount	652	652
Accumulated depreciation	(224)	(224)
Carrying amount at the end of the period	428	428

Review of accounting estimates

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

6. Financial assets

6.1. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
Green Industry Fund	89 835	114 122
Total cash and cash equivalents	89 835	114 122

Cash is measured at nominal amounts. In accordance with section 17(5) of the *Green Industries SA Act 2004*, the Green Industry Fund may be applied by GISA or by the Minister for Environment and Water. In 2020-21, the Fund was used in accordance with the GISA 2020-21 business plan approved by the Board of GISA and Minister; and the Fund was also applied by the Minister towards the costs of climate change initiatives.

6.2. Receivables

	2021	2020
<u>Current</u>	\$'000	\$'000
Solid waste levy	-	57
Accrued revenues	65	74
Prepayments	39	11
Total current receivables	104	142

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

It is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk.

Refer to note 10.3 for further information on risk management.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2021

6.3. Loans

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Commercialisation of Innovation loan [^]	906	-
Total current loans	906	-
<u>Non-current</u>		
Recycling Infrastructure loan*	3 000	3 000
Commercialisation of Innovation loan [^]	-	866
Total loans	3 906	3 866

* This loan provided by GISA in 2018-19 supported a plastic recycling business to invest in advanced manufacturing equipment to sort and process plastic waste into high quality material for sale into local and export markets. It created 40 ongoing new jobs. The loan is managed by South Australian Government Financing Authority (SAFA). The term of the loan is 7 years and commenced on 14 February 2019. It is interest only at a rate of 2.17% for 3 years, payable monthly, then principal and interest for 4 years (interest rate to be determined on the day before the interest-only converts to principal and interest).

[^] This is an investment loan initiated by GISA in 2016-17, to commercialise innovative waste and recycling technologies and ideas. A partnership between GISA and Innovyz Pty Ltd (a South Australian based company) was established to facilitate the loan scheme with the aim of commercialising research in waste management, recycling and related areas. The loan operates under a maximum of a 5 year period and a commercial annual interest rate (4.5% p.a.) is applied daily on the loan which is due for repayment by June 2022.

GISA has recognised the inherent risks associated with funding a commercialisation of innovation policy initiative due to the uncertainty and timing to achieve positive commercial outcomes. Controls to mitigate against these risks are set out in the Secured Loan Facility Agreement (loan agreement) and comprise:

- Milestone payments to Innovyz (the borrower) were subject to certain conditions and obligations;
- GISA will have first call and precedence on repayment of the loan over equity investors in the distribution of moneys;
- GISA is a member of the Innovyz program selection committee; and
- Innovyz' Management Agreement in the loan documentation is regarded as a "Material Document".

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7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

7.1. Payables

	2021	2020
	\$'000	\$'000
<u>Current</u>		
Trade payables*	7 034	4 682
Accrued expenses	18	630
Employment on-costs	95	70
Total current payables	7 147	5 382
<u>Non-current</u>		
Employment on-costs	79	88
Total non-current payables	79	88
Total payables	7 226	5 470

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

* The increase in trade payables primarily relates to payments towards the Recycling Infrastructure Grant Program, Recycling Modernisation Grant Program and Local Government Food Waste Program.

Employment on-costs

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

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

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave remained unchanged from the 2020 rate (42%). The average factor for the calculation of employer superannuation cost on-costs has increased from the 2020 rate (9.8%) to 2021 (10.1%). These rates are used in the employment on-cost calculation.

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7.2. Provisions

	2021 \$'000	2020 \$'000
<u>Current</u>		
Provision for workers compensation	5	3
Total current provisions	5	3
<u>Non-current</u>		
Provision for workers compensation	11	7
Total non-current provisions	11	7
Total provisions	16	10
<u>Movement in provisions</u>		
Carrying amount at the beginning of the period	10	7
Additional provisions recognised	6	3
Carrying amount at the end of the period	16	10

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

GISA is responsible for the payment of workers compensation claims.

7.3. Other liabilities

	2021 \$'000	2020 \$'000
<u>Current</u>		
Accommodation incentive	69	64
Total current other liabilities	69	64
<u>Non-current</u>		
Accommodation incentive	372	411
Total non-current other liabilities	372	411
Total other liabilities	441	475

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8. Other disclosures

8.1. Cash flow

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

Reconciliation of net result to cash flows from operating activities

	2021	2020
	\$'000	\$'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	89 835	114 122
Balance as per the Statement of Cash Flows	89 835	114 122
Reconciliation of net cash provided by/(used in) operating activities to net result from providing services		
Net cash used in operating activities	(24 287)	(17 681)
Add / less non-cash items		
Depreciation	(54)	(54)
Loan interest capitalised	40	38
Movement in assets and liabilities		
(Decrease) in receivables	(38)	(191)
(Increase) in payables	(1 756)	(2 786)
(Increase) in employee benefits	(11)	(134)
Decrease in other liabilities	34	34
Decrease in provisions	(6)	(3)
Net result	(26 078)	(20 777)

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9. Outlook

9.1. Unrecognised commitments

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

Expenditure commitments

Expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

	2021	2020
	\$'000	\$'000
Within one year	20 956	53 498
Later than one year but not longer than five years	34 996	51 075
Later than five years	8 553	13 428
Total expenditure commitments	64 505	118 001

GISA's expenditure commitments are for:

- agreements for memoranda of administrative arrangements with the DIT for accommodation; and
- funding to DEM for climate change initiatives approved by the Minister for Environment and Water.

9.2. Contingent assets and liabilities

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

GISA is not aware of any contingent assets or contingent liabilities.

9.3. Impact of standards and statements not yet effective

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

Amending Standard AASB 2021 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* will apply from 1 July 2023. Although applicable to GISA, this amending standard is not expected to have an impact on GISA's general purpose financial statements. GISA will update its policies, procedures and work instructions, where required, to reflect the additional clarification requirements.

Amending Standard AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* will apply from 1 July 2023. GISA continues to assess liabilities e.g. LSL and whether or not GISA has a substantive right to defer settlement. Where applicable these liabilities will be classified as current.

9.4. COVID-19 pandemic outlook for GISA

The COVID-19 pandemic is not expected to have a material impact on the operations of GISA. Waste management services are identified as an essential service and will continue to operate during restrictions.

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9.5. Events after the reporting period

GISA is not aware of any event occurring after balance date that would materially affect the financial statements.

10. Measurement and risk

10.1. Long service leave liability - measurement

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

The actuarial assessment performed by DTF has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth bonds has increased from 2020 (0.75%) to 2021 (1.25%).

Following the actuarial assessment performed by DTF the salary inflation rate remained unchanged from 2020 (2.5%) for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability remained unchanged from 2020 (2.0%).

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service liability of \$79 000. The impact on future periods is impracticable to estimate as the long service liability is calculated using a number of demographic and financial assumptions – including the long-term discount rate.

The unconditional portion of the long service leave provision is classified as current as GISA does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of the long service leave relates to an unconditional legal entitlement to payment arising after 10 years of service.

10.2. Fair value

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

Initial recognition

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

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

Revaluation

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

The revaluation process is reviewed by the Chief Finance Officer and audit committee each year.

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

GISA does not hold assets that meet this criteria.

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10.2 Fair value (continued)

Fair value hierarchy

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

Level 1: traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date

Level 2: not traded in an active market and derived from inputs (inputs other than quoted prices included within level 1) that are observable for the asset, either directly or indirectly

Level 3: not traded in an active market and are derived from unobservable inputs.

GISA categorises non-financial assets measured at fair value at level 3 which are all recurring. There are no non-recurring fair value measurements.

GISA's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. During 2021, GISA had no valuations categorised into level 1 or 2.

10.3. Financial instruments

Financial risk management

Risk management is managed by GISA's corporate services section. GISA's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines*.

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

Liquidity risk

GISA is funded principally from waste levies received under the *Green Industries SA Act 2004* (refer to note 1.5). GISA's expenditure authority is approved by the Treasurer each year, based on budgeted revenues and expenditures outlined in an annual Business Plan.

Refer to note 7.1 for further information.

Credit risk

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

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

Impairment of financial assets

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

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10.3. Financial instruments (continued)

Market risk

GISA does not trade in foreign currency, enter into transactions for speculative purposes, nor for hedging. GISA does not undertake any hedging in relation to interest or foreign currency risk and manages its risk as per the Government's risk management strategy articulated in *T1 23 Management of Foreign Currency Exposures*.

GISA has no interest bearing liabilities as at the end of the reporting period. There is no exposure to foreign currency or other price risks.

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

Categorisation of financial instruments

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

Classification of Financial Instruments

Financial assets and financial liabilities are measured at amortised cost.

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10.3. Financial instruments (continued)

Category of financial asset and financial liability	Note	2021 Carrying amount / fair value \$'000	2021 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents		89 835	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables	(1), (2)	65	65	-	-
Loans		3 906	906	3 000	-
Total financial assets		93 806	971	3 000	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	(1)	7 034	7 034	-	-
Total financial liabilities		7 034	7 034	-	-

Category of financial asset and financial liability	Note	2020 Carrying amount / fair value \$'000	2020 Contractual maturities		
			Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents		114 122	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables	(1), (2)	74	74	-	-
Loans		3 866	-	866	3 000
Total financial assets		118 062	74	866	3 000
Financial liabilities					
Financial liabilities at amortised cost					
Payables	(1)	5 295	5 295	-	-
Total financial liabilities		5 295	5 295	-	-

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (for example, Commonwealth, State and Local Government taxes, fees and charges; Auditor-General's Department audit fees). In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levies, tax and equivalents, they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at amortised cost.

(2) Receivables amount disclosed here excludes prepayments as they are not financial assets. Prepayments are presented in note 6.2.