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To the Under Treasurer Department of Treasury and Finance

Opinion

I have audited the financial report of the Department of Treasury and Finance for the financial year ended 30 June 2022.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department of Treasury and Finance as at 30 June 2022, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2022
- a Statement of Financial Position as at 30 June 2022
- a Statement of Changes in Equity for the year ended 30 June 2022
- a Statement of Cash Flows for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information
- a Statement of Administered Comprehensive Income for the year ended 30 June 2022
- a Statement of Administered Financial Position as at 30 June 2022
- a Statement of Administered Cash Flows for the year ended 30 June 2022
- a Schedule of Expenses and Income attributable to administered activities for the year ended 30 June 2022
- notes, comprising material accounting policies and other explanatory information for administered items
- a Certificate from the Under Treasurer and the Acting Director, Financial Services, Organisation and Governance.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial report’ section of my report. I am independent of the Department of Treasury and Finance. 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 Under Treasurer for the financial report

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

In preparing the financial report, the Under Treasurer 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 Under Treasurer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor’s responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department of Treasury and Finance for the financial year ended 30 June 2022.

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

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

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

23 September 2022

Department of Treasury and Finance

Financial Statements

for the year ended 30 June 2022

Department of Treasury and Finance
Statement of Certification
For the year ended 30 June 2022

We certify that the:

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



Rick Persse
Under Treasurer

19 September 2022



Terry Crowe
Acting Director, Financial Services, Organisation and Governance

19 September 2022

Department of Treasury and Finance
Statement of Comprehensive Income
for the year ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|------|----------------|-----------------|
| Income | | | |
| Appropriation | 2.1 | 177 366 | 148 367 |
| SA Government grants subsidies and transfers | 2.2 | 4 300 | 452 |
| Fees and charges | 2.3 | 116 595 | 104 947 |
| Resources received free of charge | 2.4 | 2 134 | 1 716 |
| Other income | 2.5 | 2 534 | 2 442 |
| Total income | | 302 929 | 257 924 |
| Expenses | | | |
| Employee benefits expenses | 3.3 | 177 720 | 163 569 |
| Supplies and services | 4.1 | 100 539 | 83 747 |
| Depreciation and amortisation | 5.3 | 11 738 | 9 521 |
| Cash alignment transfers to Consolidated Account | | - | 7 647 |
| Borrowing costs | | 10 | 14 |
| Grants subsidies and transfers | 4.2 | 836 | 1 608 |
| Other expenses | 4.3 | 48 | 1 950 |
| Total expenses | | 290 891 | 268 056 |
| Net result | | 12 038 | (10 132) |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified to net result</i> | | | |
| Changes in property, plant and equipment assets revaluation surplus | | - | 827 |
| Total other comprehensive income | | - | 827 |
| Total comprehensive result | | 12 038 | (9 305) |

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

Department of Treasury and Finance
Statement of Financial Position
as at 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|--------------------------------------|------|----------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 6.1 | 23 842 | 14 140 |
| Receivables | 6.2 | 24 728 | 20 242 |
| Total current assets | | 48 570 | 34 382 |
| Non-current assets | | | |
| Receivables | 6.2 | 249 | 275 |
| Property, plant and equipment | 5.1 | 31 825 | 26 801 |
| Intangible assets | 5.4 | 33 562 | 37 183 |
| Total non-current assets | | 65 636 | 64 259 |
| Total assets | | 114 206 | 98 641 |
| Current liabilities | | | |
| Payables | 7.1 | 20 248 | 12 551 |
| Financial liabilities | 7.2 | 751 | 751 |
| Employee benefits | 3.4 | 19 624 | 23 452 |
| Provisions | 7.3 | 1 055 | 1 346 |
| Other liabilities | 7.4 | 653 | - |
| Total current liabilities | | 42 331 | 38 100 |
| Non-current liabilities | | | |
| Payables | 7.1 | 3 055 | 3 294 |
| Financial liabilities | 7.2 | 273 | 458 |
| Employee benefits | 3.4 | 30 872 | 34 564 |
| Provisions | 7.3 | 8 822 | 10 225 |
| Other liabilities | 7.4 | 5 227 | - |
| Total non-current liabilities | | 48 249 | 48 541 |
| Total liabilities | | 90 580 | 86 641 |
| Net assets | | 23 626 | 12 000 |
| Equity | | | |
| Contributed capital | | 5 344 | 5 344 |
| Asset revaluation surplus | | 827 | 827 |
| Retained earnings | | 17 455 | 5 829 |
| Total equity | | 23 626 | 12 000 |

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

Department of Treasury and Finance
Statement of Changes in Equity
for the year ended 30 June 2022

| | Note | Contributed Capital \$'000 | Asset revaluation surplus \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|--|------|----------------------------------|---|--------------------------------|---------------------------|
| Balance at 1 July 2020 | | 5 344 | - | 15 323 | 20 667 |
| Net result for 2020-21 | | - | - | (10 132) | (10 132) |
| Gain on revaluation of property, plant and equipment | | - | 827 | - | 827 |
| Total comprehensive result for 2020-21 | | - | 827 | (10 132) | (9 305) |
| Net assets transferred as a result of an administrative restructure | | - | - | 638 | 638 |
| Balance at 30 June 2021 | | 5 344 | 827 | 5 829 | 12 000 |
| Net result for 2021-22 | | - | - | 12 038 | 12 038 |
| Total comprehensive result for 2021-22 | | - | - | 12 038 | 12 038 |
| Net assets transferred as a result of an administrative restructure | 1.4 | - | - | (412) | (412) |
| Balance at 30 June 2022 | | 5 344 | 827 | 17 455 | 23 626 |

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

Department of Treasury and Finance
Statement of Cash Flows
for the year ended 30 June 2022

| | | 2022 | 2021 |
|---|------|-----------------------|-----------------------|
| | | Inflows (Outflows) | Inflows (Outflows) |
| | Note | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Cash inflows | | | |
| Appropriation | | 177 366 | 148 367 |
| SA Government grants subsidies and transfers | | 4 300 | 519 |
| Fees and charges | | 119 344 | 111 371 |
| GST recovered from the ATO | | 5 220 | 4 862 |
| Other receipts | | 2 536 | 2 375 |
| Receipts for Paid Parental Leave Scheme | | 329 | 243 |
| Cash generated from operations | | <u>309 095</u> | <u>267 737</u> |
| Cash (outflows) | | | |
| Employee benefit payments | | (187 367) | (162 941) |
| Payments for supplies and services | | (103 620) | (98 893) |
| Grants subsidies and transfers | | (836) | (1 618) |
| Payments for Paid Parental Leave Scheme | | (337) | (257) |
| Return of cash to Consolidated Account - cash alignment policy | | - | (7 647) |
| Cash (used in) operations | | <u>(292 160)</u> | <u>(271 356)</u> |
| Net cash provided by / (used in) operating activities | 8.2 | <u>16 935</u> | <u>(3 619)</u> |
| Cash flows from investing activities | | | |
| Cash (outflows) | | | |
| Purchase of property, plant and equipment | | (3 218) | (3 097) |
| Purchase of intangible assets | | (2 592) | (2 271) |
| Cash (used in) investing activities | | <u>(5 810)</u> | <u>(5 368)</u> |
| Net cash provided by / (used in) investing activities | | <u>(5 810)</u> | <u>(5 368)</u> |
| Cash flows from financing activities | | | |
| Cash (outflows) | | | |
| Repayment of principal portion of lease liabilities | | (1 423) | (1 001) |
| Cash (used in) financing activities | | <u>(1 423)</u> | <u>(1 001)</u> |
| Net cash provided by / (used in) financing activities | | <u>(1 423)</u> | <u>(1 001)</u> |
| Net increase / (decrease) in cash and cash equivalents | | <u>9 702</u> | <u>(9 988)</u> |
| Cash and cash equivalents at the beginning of the period | | 14 140 | 24 128 |
| Cash and cash equivalents at the end of the period | 6.1 | <u>23 842</u> | <u>14 140</u> |
| Non-cash transactions | 8.2 | | |

The accompanying notes form part of these financial statements.

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1. About the Department of Treasury and Finance

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

The department does not control any other entity and has no interests in unconsolidated structured entities.

The financial statements and accompanying notes include all the controlled activities of the department.

Administered financial statements relating to administered resources are presented separately.

1.1. Basis of preparation

The financial statements are general purpose financial statements prepared to comply 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 on a 12 month reporting period and presented in Australian currency. All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000). Any transactions in foreign currency are translated into Australian dollars at the exchange rate at the date the transaction occurs. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

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

Significant accounting policies are set out throughout the notes.

The department is not subject to income tax. The department is liable for fringe benefits tax (FBT) and goods and services tax (GST).

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

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

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

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

The department has early adopted AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which clarifies the requirements for disclosure of material accounting policy information and clarifies the distinction between accounting policies and accounting estimates. There has been no impact on the department's financial statements.

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and programs

Objectives

The department's objectives are to:

- promote sustainable state finances
- support responsible budget and financial management
- deliver timely high-quality services to meet the needs of our clients
- collaborate to deliver high-quality advice on economic, social and environmental issues
- improve safety in South Australian workplaces
- provide industrial relations and procurement services.

During the year, the department administered a range of programs and services to support the prosperity and wellbeing of all South Australians.

Programs

In achieving its objectives for 2021-22, the department undertook the following programs:

Accountability for Public Sector Resources

The department ensures accountability for public sector resources through providing policy, economic, and financial advice to the government and coordinating resource allocations for Government programs and priorities at the whole-of-government level.

The department supports delivery of a range of key projects aimed at maximising commercial outcomes for government. These projects progress policy reforms and commercial initiatives for the economic benefit of the state.

Treasury Services

The department managed the government's financial assets and liabilities and provided certainty of funding to the state.

These services included:

- Administration of taxation legislation through the management of revenue and compliance systems, processes, policy advice and taxpayer education
- Administration of various government grant and subsidy schemes
- Provision of insurance cover to government agencies and advice and management of government risks
- Provision of fleet management services to agencies and vehicle disposal services to government
- Administration of various public sector superannuation schemes and provision of superannuation policy and legislative advice.

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and programs (continued)

Industrial Relations

The department provided services to ensure the rights and obligations of employees and employers are protected and the relevant law applied to prevent and resolve workplace disputes.

These services included:

- Leading and managing enterprise bargaining negotiations and managing the conduct of employment-related litigation
- Providing industrial relations advice to public sector agencies
- Providing efficient and cost-effective processes for the resolution of employment disputes
- Providing work health and safety and workplace relations education and compliance services to promote safe, fair, productive working lives and high standards of public safety for all South Australians

Government Services

The department delivered a comprehensive range of services to various government agencies and the community.

These services included:

- Delivery of corporate services to various government agencies in the areas of accounts payable, accounts receivable, payroll, work injury services and finance
- Providing across government contracts for goods, services and information communications technology and specialist procurement advice and assistance
- Providing support services to members of parliament to assist them in meeting their responsibilities to the parliament and the broader community
- Providing a range of information and communication services to members of parliament, their staff and parliamentary support staff
- Management of overdue fines and expiations issued by authorities across South Australia, including court imposed pecuniary sums. The department also administers the recovery of Victims of Crime and Criminal Injury Compensation debts and recovery of civil (state) debts referred from state government entities.

General/not attributable: Certain activities of the department are not allocated to programs.

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and programs (continued)

| Income and expenses by program | Accountability for Public Sector | | | | | | | |
|---|----------------------------------|-----------------|-------------------|-----------------|----------------------|----------------|---------------------|-----------------|
| | Resources | | Treasury Services | | Industrial Relations | | Government Services | |
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Income | | | | | | | | |
| Appropriation | | - | - | - | - | - | - | - |
| SA Government grants, subsidies and transfers | 345 | | 1 218 | - | 693 | 68 | 2 044 | - |
| Fees and charges | 520 | 285 | 64 463 | 55 877 | 37 146 | 35 660 | 14 466 | 13 125 |
| Resources received free of charge | 174 | 173 | 614 | 247 | 314 | 327 | 1 032 | 970 |
| Other income | 838 | 475 | 541 | 635 | 346 | 412 | 809 | 920 |
| Total income | 1 877 | 933 | 66 836 | 56 759 | 38 499 | 36 467 | 18 351 | 15 015 |
| Expenses | | | | | | | | |
| Employee benefits expenses | 13 233 | 15 123 | 60 920 | 61 072 | 26 831 | 26 685 | 76 736 | 60 689 |
| Supplies and services | 5 924 | 4 977 | 43 372 | 37 794 | 10 094 | 11 347 | 41 149 | 29 630 |
| Depreciation and amortisation | 384 | 413 | 7 545 | 6 400 | 1 156 | 1 238 | 2 653 | 1 470 |
| Cash alignment transfer to Consolidated Account | - | - | - | - | - | - | - | - |
| Borrowing costs | 1 | 1 | 2 | 2 | 1 | 2 | 6 | 9 |
| Grants subsidies and transfers | 6 | 86 | 20 | 120 | 776 | 929 | 34 | 473 |
| Other expenses | 1 | 27 | 7 | 303 | 6 | 140 | 34 | 1 480 |
| Total expenses | 19 549 | 20 627 | 111 866 | 105 691 | 38 864 | 40 341 | 120 612 | 93 751 |
| Net result | (17 672) | (19 694) | (45 030) | (48 932) | (365) | (3 874) | (102 261) | (78 736) |

Department of Treasury and Finance
Notes to and forming part of the financial statements
For the year ended 30 June 2022

1.2. Objectives and programs (continued)

Income and expenses by program

| | General / Not attributable | | Total | |
|---|----------------------------|----------------|----------------|-----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Income | | | | |
| Appropriation | 177 366 | 148 367 | 177 366 | 148 367 |
| SA Government grants, subsidies and transfers | - | 384 | 4 300 | 452 |
| Fees and charges | - | - | 116 595 | 104 947 |
| Resources received free of charge | - | - | 2 134 | 1 717 |
| Other income | - | - | 2 534 | 2 442 |
| Total income | 177 366 | 148 751 | 302 929 | 257 925 |
| Expenses | | | | |
| Employee benefits expenses | - | - | 177 720 | 163 569 |
| Supplies and services | - | - | 100 539 | 83 748 |
| Depreciation and amortisation | - | - | 11 738 | 9 521 |
| Cash alignment transfer to Consolidated Account | - | 7 647 | - | 7 647 |
| Borrowing costs | - | - | 10 | 14 |
| Grants subsidies and transfers | - | - | 836 | 1 608 |
| Other expenses | - | - | 48 | 1 950 |
| Total expenses | - | 7 647 | 290 891 | 268 057 |
| Net result | 177 366 | 141 104 | 12 038 | (10 132) |

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and programs (continued)

| Assets and liabilities by program | Accountability for Public Sector | | | | | | | |
|-----------------------------------|----------------------------------|----------------|-------------------|----------------|----------------------|----------------|---------------------|----------------|
| | Resources | | Treasury Services | | Industrial Relations | | Government Services | |
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Assets | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | 43 | 35 | - | - |
| Receivables | - | - | - | 320 | - | - | 16 | - |
| Property, plant and equipment | 497 | 604 | 2 802 | 3 685 | 8 067 | 8 689 | 4 240 | 3 136 |
| Intangible assets | 334 | 409 | 32 111 | 35 304 | 1 301 | 1 299 | 1 102 | 90 |
| Total assets | 831 | 1 013 | 34 913 | 39 309 | 9 411 | 10 023 | 5 358 | 3 226 |
| Liabilities | | | | | | | | |
| Payables | - | - | - | - | - | - | 187 | - |
| Financial liabilities | - | - | - | - | - | - | 753 | - |
| Employee benefits | - | - | - | - | - | - | - | - |
| Provisions | - | - | - | - | - | - | - | - |
| Other liabilities | - | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | - | 940 | - |
| Net assets | 831 | 1 013 | 34 913 | 39 309 | 9 411 | 10 023 | 4 418 | 3 226 |

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.2. Objectives and programs (continued)

| Assets and liabilities by program | General / Not attributable | | Total | |
|-----------------------------------|----------------------------|-----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Assets | | | | |
| Cash and cash equivalents | 23 799 | 14 105 | 23 842 | 14 140 |
| Receivables | 24 961 | 20 197 | 24 977 | 20 517 |
| Property, plant and equipment | 16 219 | 10 687 | 31 825 | 26 801 |
| Intangible assets | (1 286) | 81 | 33 562 | 37 183 |
| Total assets | 63 693 | 45 070 | 114 206 | 98 641 |
| Liabilities | | | | |
| Payables | 23 116 | 15 845 | 23 303 | 15 845 |
| Financial liabilities | 271 | 1 209 | 1 024 | 1 209 |
| Contract liabilities | - | - | - | - |
| Employee benefits | 50 496 | 58 016 | 50 496 | 58 016 |
| Provisions | 9 877 | 11 571 | 9 877 | 11 571 |
| Other liabilities | 5 880 | - | 5 880 | - |
| Total liabilities | 89 640 | 86 641 | 90 580 | 86 641 |
| Net assets | (25 947) | (41 571) | 23 626 | 12 000 |

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has impacted on the operations of the department. The impacts are included under the relevant disclosure note 9.4. The key impacts in 2021-22 related to:

- Administrative support for the government's economic stimulus initiatives
- Continued flexible working arrangements for staff

1.4. Changes to the Department of Treasury and Finance

Transferred in

As a result of an administrative arrangements described in the Government Gazette on 10 June 2021, the Fines Enforcement and Recovery Unit (Fines Unit) became a business unit of the department. Assets and liabilities relating to this business unit were transferred to the department from the Attorney-General's Department.

The effective date of the transfer was 1 July 2021.

On transfer of the Fines Unit, the department recognised the following assets and liabilities:

| | <u>\$'000</u> |
|-------------------------------------|---------------------|
| Receivables | 54 |
| Property, plant and equipment | 1 051 |
| Intangible assets | <u>2 119</u> |
| Total assets | <u>3 224</u> |
| Payables | 1 171 |
| Employee benefits | 1 981 |
| Financial liabilities | 439 |
| Other liabilities | <u>45</u> |
| Total liabilities | <u>3 636</u> |
| Total net assets transferred | <u>(412)</u> |

Net assets transferred at carrying amounts.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.5. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2021-22 Budget Paper 4). Appropriation reflects appropriation to special deposit accounts and deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit by the Auditor-General's Department.

| | Original budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 |
|--|--------------------------------------|--------------------------|--------------------|
| Statement of Comprehensive Income | | | |
| Income | | | |
| Appropriation | 170 727 | 177 366 | 6 639 |
| SA Government grants subsidies and transfers | 2 406 | 4 300 | 1 894 |
| Fees and charges | 105 499 | 116 595 | 11 096 |
| Resources received free of charge | - | 2 134 | 2 134 |
| Other income | 3 390 | 2 534 | (856) |
| Total income | 282 022 | 302 929 | 20 907 |
| Expenses | | | |
| Employee benefits expenses | 187 153 | 177 720 | (9 433) |
| Supplies and services | 77 641 | 100 539 | 22 898 |
| Depreciation and amortisation | 12 445 | 11 738 | (707) |
| Borrowing costs | 440 | 10 | (430) |
| Grants Subsidies and transfers | 866 | 836 | (30) |
| Other expenses | 3 474 | 48 | (3 426) |
| Total expenses | 282 019 | 290 891 | 8 872 |
| Net result | 3 | 12 038 | 12 035 |
| Total comprehensive result | 3 | 12 038 | 12 035 |

| | Original budget 2022 \$'000 | Actual 2022 \$'000 | Variance \$'000 |
|--------------------------------------|--------------------------------------|--------------------------|--------------------|
| Investing expenditure summary | | | |
| Total existing projects | 5 234 | 5 873 | 639 |
| Total leases | 733 | 540 | (193) |
| Total investing expenditure | 5 967 | 6 413 | 446 |

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

1.5. Budget performance (continued)

Supplies and services

The \$22.9 million variation against the original budget mainly reflects higher costs associated with engaging temporary staff to backfill vacant positions and to assist processing backlogs in data processing due to COVID-19 absences. Further contributing to the variation to budget was higher than budgeted expenditure associated with several Super SA strategic transformation projects funded by higher cost recovery from public sector superannuation schemes, information and technology resources received free of charge from the Department of the Premier and Cabinet, costs associated with the administration of grants to small business introduced in response to the COVID-19 pandemic, and higher than budgeted software licence fees for system security upgrades.

1.6. Significant transactions with government related entities

Significant transactions with government related entities are identifiable throughout this financial report. All lease payments relate to motor vehicles supplied by Fleet SA.

2. Income

2.1. Appropriation

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Appropriation from the Consolidated Account pursuant to the <i>Appropriation Act</i> | 177 366 | 148 367 |
| Total appropriation | 177 366 | 148 367 |

Appropriations are recognised on receipt.

This table does not show appropriations in the form of a loan or an equity contribution.

Appropriation pursuant to the *Appropriation Act* consist of \$175 million (2021: \$145 million) for operational funding and \$1.8 million (2021: \$3.4 million) for capital projects. This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act, varied pursuant to section 5 of the Act for changed functions and duties of the department (refer to note 1.4 for details of these transferred functions).

2.2. SA Government grants, subsidies and transfers

| | 2022 | 2021 |
|---|--------------|------------|
| | \$'000 | \$'000 |
| Grants subsidies and transfers provided by SA Government entities | 2 350 | 452 |
| Funding for administration of COVID -19 relief schemes | 1 950 | - |
| Total SA Government grants subsidies and transfers | 4 300 | 452 |

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

Department of Treasury and Finance
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2.3. Fees and charges

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| South Australian Superannuation Board | 41 343 | 33 952 |
| Safework - ReturnToWorkSA prescribed fee | 23 190 | 21 367 |
| South Australian Government Financing Authority | 13 838 | 13 352 |
| Service provision | 14 461 | 13 037 |
| Administration fee - Community Emergency Services Fund | 7 040 | 6 849 |
| Regulatory fees | 6 047 | 5 708 |
| South Australian Employment Tribunal | 7 768 | 9 504 |
| Land Tax certificates | 441 | 404 |
| Other recoveries | 2 467 | 774 |
| Total fees and charges | 116 595 | 104 947 |

All revenue from fees and charges is revenue recognised from contracts with customers except for the ReturnToWorkSA prescribed fee, South Australian Superannuation Board recoveries, South Australian Government Financing Authority recoveries, and other recoveries.

The department measures revenue based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. All revenue is recognised at a point in time.

The department recognises revenue from the following major sources:

Regulatory fees: Safework SA issues licences and registrations to businesses and members of the public. Licence and registration fees and charges are subject to the government's annual review of regulatory fees and charges, and are of low value. Accordingly, the department has elected to recognise the revenue at the point in time the licence/registration is issued and paid.

ReturnToWorkSA – prescribed fee: ReturnToWorkSA collects the Workplace Health and Safety fee on SafeWork SA's behalf. This fee is added to the ReturnToWorkSA premium and contributes to costs associated with the government's work health and safety activities.

Services are provided to South Australian government agencies. This includes whole of government contract management (e.g. electricity, banking) and non-service level agreement transactional services provided by Shared Services SA (e.g. targeted voluntary separation package calculations). Revenue from these services is recognised on a time-and-material basis as services are provided. Any amounts remaining unpaid at the end of the reporting period are treated as accounts receivable.

Administration fee – Community Emergency Services Fund (CESF): Revenue SA charges the CESF an administration fee to administer the fixed property component of the emergency services levy. Administration fee revenue is recognised at the point in time as the performance obligation is discharged, which is once the services are provided.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

2.4. Resources received free of charge

| | 2022 | 2021 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Services received free of charge | 2 134 | 1 716 |
| Total resources received free of charge | 2 134 | 1 716 |

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

Information and technology services are received from the Department of the Premier and Cabinet following Cabinet's approval to cease intra-government charges.

A corresponding expense is recognised in the financial statements refer note 4.1.

2.5. Other income

| | 2022 | 2021 |
|---------------------------|--------------|--------------|
| | \$'000 | \$'000 |
| Commissions | 8 | 9 |
| Cost recovery - laptops | - | 333 |
| Other income | 2 526 | 2 100 |
| Total other income | 2 534 | 2 442 |

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of the department include the Treasurer, the Chief Executive Officer and other directors/members of the Executive Leadership Group who have responsibility for the strategic direction and management of the department.

The compensation detailed below excludes salaries and other benefits the Treasurer receives. The Treasurer's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of South Australia respectively and are payable from the Consolidated Account under section 6 the *Parliamentary Remuneration Act 1990*. See administered items for disclosures of the Treasurer's remuneration paid and recovered from the consolidated account.

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Compensation | | |
| Salaries and other short term employee benefits | 3 744 | 3 767 |
| Post-employment benefits | 746 | 356 |
| Total compensation | 4 490 | 4 123 |

Transaction with key management personnel and other related parties

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.2. Board and committee members

SAFA Advisory Board

Rick Persse*(Presiding Member, appointed April 2022)
David Reynolds* (Presiding Member, resigned April 2022)
David Russell
Kathryn Presser (retired July 2021)
Susan Crago (appointed July 2021)
Mark Day
Jacqueline Guerin*

SAFA Risk and Performance Committee

Susan Crago (appointed Chair July 2021)
Gianna Giannopoulos*
Mark Day

Mining and Quarrying Occupational Health and Safety Committee

Charlie Condo (Presiding Member, re-appointed October 2021)
Peter Lamps (re-appointed October 2021)
Marcus Pare (appointed May 2022)
Rebecca Knol
Alexandra Russell (resigned March 2022)
Martyn Campbell* (resigned July 2021)
Erryn Munchenberg (resigned October 2021)
Keith George
Christopher Spinks

Super SA Board Members Outcome and Insurance Committee

Dr Bill Griggs (Convenor)

Leah York
Gregory Boulton
Dascia Bennett*(resigned May 2022)
Alison Kimber

Super SA Audit, Risk and Finance Committee

Virginia Deegan (Convenor)
Richard Dennis
Gregory Boulton
John Wright

DTF Risk and Performance Committee

Kathryn Presser (Independent chair)

Stuart Hocking* (resigned November 2021)
Mark Carey*
Andrew Armour - Independent Member
Chris Oerman - Independent Member
Julie-Anne Burgess*(resigned June 2022)
Anna Huges*(appointed February 2022)

Super SA Board

Gregory Boulton (Presiding Member)
Virginia Deegan
Alison Kimber
Dr Bill Griggs
Richard Dennis

Construction Industry Long Service Leave Board

Steven Minuzzo
Laurence Moore
Erin Hennessy
Marie Boland
Peter Bauer
Peter Russell
Stephen Knight

Industrial Relations Consultative Council

Hon Kyam Maher* MLC (appointed Chair March 2022)
Hon Robert Lucas* MLC (Chair, resigned March 2022)
Natasha Brown
Monique Gillespie
Owen Webb
Peter Lamps
Erma Ranieri*
Jessica Rogers
Charlie Condo
Christopher Morey
William Frogley
Angas Story
Leah York
Kendall Crowe
Amanda Green (appointed March 2022)
Blythe Ormesher (appointed June 2022)
Dale Beasley (appointed March 2022)

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.2. Board and committee members (continued)

* In accordance with the Department of Premier and Cabinet Circular Number 016, Government employees did not receive any remuneration for board/committee duties during the financial year.

Board and committee remuneration

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

| | 2022 | 2021 |
|--------------------------------|---------------|---------------|
| | Number | Number |
| \$0 - \$19 999 | 32 | 35 |
| \$20 000 - \$39 999 | 4 | 4 |
| \$40 000 - \$59 999 | 4 | 3 |
| \$60 000 - \$79 999 | - | 1 |
| Total number of members | 40 | 43 |

The total remuneration received or receivable by members was \$374 000 (2021: \$406 000). Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefit tax paid. Where a board or committee member has, during the year, been appointed, resigned, retired or term ceased, this has been disclosed, as illustrated above.

3.3. Employee benefits expenses

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Salaries and wages | 135 710 | 124 096 |
| Employment on-costs - superannuation | 16 648 | 15 446 |
| Annual leave | 13 072 | 11 542 |
| Employment on-costs - other | 8 262 | 7 465 |
| Long service leave | (1 874) | (771) |
| Rejuvenation Scheme | 2 643 | - |
| Targeted voluntary separation packages | 862 | 477 |
| Skills and experience retention leave | 779 | 782 |
| Board and committee fees | 557 | 570 |
| Other employee related expenses | 1 061 | 3 962 |
| Total employee benefits expenses | 177 720 | 163 569 |

Employment on-costs - superannuation

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

Department of Treasury and Finance
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3.3. Employee benefits expenses (continued)

Employees remuneration

| The number of employees whose remuneration received or receivable falls within the following bands: | 2022 | 2021 |
|---|---------------|---------------|
| | Number | Number |
| \$154 001 - \$157 000 | N/A | 3 |
| \$157 001 - \$177 000 | 19 | 12 |
| \$177 001 - \$197 000 | 6 | 12 |
| \$197 001 - \$217 000 | 9 | 13 |
| \$217 001 - \$237 000 | 12 | 6 |
| \$237 001 - \$257 000 | 7 | 4 |
| \$257 001 - \$277 000 | 4 | 2 |
| \$277 001 - \$297 000 | 2 | 5 |
| \$297 001 - \$317 000 | 5 | - |
| \$317 001 - \$337 000 | 2 | 4 |
| \$337 001 - \$357 000 | 2 | 3 |
| \$357 001 - \$377 000 | 3 | 1 |
| \$417 001 - \$437 000 | 1 | - |
| \$477 001 - \$497 000 | - | 1 |
| \$557 001 - \$577 000 | - | 2 |
| \$577 001 - \$597 000 | 1 | - |
| \$597 001 - \$617 000 | 1 | - |
| Total number of employees | 74 | 68 |

The total remuneration received by those employees for the year was \$17.9 million (2021: \$16.1 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 any related fringe benefits tax paid.

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 70 (2021:5).

In 2022, TVSP's also included separation payments resulting from the Public Sector Workforce Rejuvenation scheme.

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Amounts paid to separated employees: | | |
| Targeted Voluntary Separation Packages | 3 321 | 399 |
| Leave paid to those employees | 1 880 | 166 |
| Net cost to the department | 5 201 | 565 |

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

3.4. Employee benefits liability

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Accrued salaries and wages | 194 | 4 396 |
| Annual leave | 15 131 | 14 003 |
| Long service leave | 3 135 | 3 894 |
| Skills and experience retention leave | 1 164 | 1 159 |
| Total current employee benefits | 19 624 | 23 452 |
| Non-current | | |
| Long service leave | 30 872 | 34 564 |
| Total non-current employee benefits | 30 872 | 34 564 |
| Total employee benefits | 50 496 | 58 016 |

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 is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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

Long service leave liability – measurement

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

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

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

AASB 119 requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has changed from 1.25% for 2021 to 3.5% for 2022.

Department of Treasury and Finance
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3.4. Employee benefits liability (continued)

The net financial effect of the bond yield changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$5.160 million and employee benefits expense of \$5.160 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by the department left the salary inflation rate at 2.5% for long service leave liability.

4. Expenses

4.1. Supplies and services

| | 2022 | 2021 |
|--|----------------|---------------|
| | \$'000 | \$'000 |
| Information technology and communication | 30 106 | 25 349 |
| Accommodation | 15 994 | 15 587 |
| Contractors and temporary staff | 24 068 | 15 531 |
| Valuation fees | 5 572 | 5 348 |
| General administration and consumables | 10 084 | 7 767 |
| Legal costs | 1 858 | 1 737 |
| Corporate recharge expense | 993 | 3 639 |
| Consultants | 3 135 | 1 808 |
| Minor works, maintenance and equipment | 1 100 | 1 490 |
| Other* | 7 629 | 5 491 |
| Total supplies and services | 100 539 | 83 747 |

* Includes \$0.877 million (2021: \$0.853 million) of audit fees paid/payable to the Auditor-General's Department relating to work performed under the *Public Finance Audit Act 1987*. No other services were provided by the Auditor-General's Department.

Accommodation

Most of the department's accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangements issued in accordance with government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly associated rental costs are expensed (included within 'accommodation expense').

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

4.2. Grants subsidies and transfers

| | 2022 | 2021 |
|---|------------|--------------|
| | \$'000 | \$'000 |
| Grants subsidies and transfers | 836 | 1 608 |
| Total grants subsidies and transfers | 836 | 1 608 |

4.3. Other expenses

| | 2022 | 2021 |
|-------------------------------|-----------|--------------|
| | \$'000 | \$'000 |
| Donated assets | - | 1 361 |
| Plant and equipment write-off | 6 | 273 |
| Loss on Disposal of Inventory | - | 213 |
| WIP write-off | 30 | - |
| Buildings fitouts write-off | 5 | 103 |
| Salary overpayments write-off | 7 | - |
| Total other expenses | 48 | 1 950 |

Department of Treasury and Finance
Notes to and forming part of the financial statements
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5. Non-financial assets

5.1. Property, plant and equipment owned by the Department

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

| Reconciliation 2021-22 | Land and Buildings | Building fitouts | Plant and equipment | Work in Progress | ROU Buildings | ROU Vehicles | Total |
|--|--------------------|------------------|---------------------|------------------|---------------|--------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 5 951 | 15 600 | 2 531 | 1 515 | - | 1 204 | 26 801 |
| Additions | - | 5 170 | 220 | 3 204 | - | 540 | 9 134 |
| Capital transfers from work in progress | 21 | 1 751 | 1 016 | (2 788) | - | - | - |
| Transfer through administrative restructure | - | 571 | - | - | 480 | - | 1 051 |
| Depreciation and amortisation | (140) | (2 805) | (1 035) | - | (191) | (881) | (5 052) |
| Write offs | - | (5) | (6) | (30) | - | (68) | (109) |
| Carrying amount at end of the period | 5 832 | 20 282 | 2 726 | 1 901 | 289 | 795 | 31 825 |
| Gross carrying amount | | | | | | | |
| Gross carrying amount | 5 972 | 25 331 | 7 580 | 1 901 | 864 | 1 772 | 43 420 |
| Accumulated depreciation | (140) | (5 049) | (4 854) | - | (575) | (977) | (11 595) |
| Carrying amount at end of the period | 5 832 | 20 282 | 2 726 | 1 901 | 289 | 795 | 31 825 |

Department of Treasury and Finance
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5.1. Property, plant and equipment owned by the Department (continued)

| Reconciliation 2020-21 | Land and Buildings | | Plant and equipment | Work in progress | ROU | | Total |
|--|--------------------|------------------|---------------------|------------------|-----------|--------------|---------------|
| | Buildings | Building fitouts | | | Buildings | ROU Vehicles | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 5 405 | 16 547 | 2 304 | 64 | 1 | 1 216 | 25 537 |
| Additions | - | - | 238 | 2 713 | - | 1 013 | 3 964 |
| Capital transfers from work in progress | - | 905 | 387 | (1 292) | - | - | - |
| Transfer through administrative restructure | - | - | 910 | 30 | 1 | (1) | 940 |
| Depreciation and amortisation | (153) | (1 876) | (1 035) | - | (2) | (982) | (4 048) |
| Write offs | - | (104) | (273) | - | - | - | (377) |
| Revaluation increment/(decrement) | 699 | 128 | - | - | - | - | 827 |
| Disposals | - | - | - | - | - | (42) | (42) |
| Carrying amount at end of the period | 5 951 | 15 600 | 2 531 | 1 515 | - | 1 204 | 26 801 |
| Gross carrying amount | | | | | | | |
| Gross carrying amount | 5 951 | 18 586 | 6 450 | 1 515 | 2 | 2 261 | 34 765 |
| Accumulated depreciation | - | (2 986) | (3 919) | - | (2) | (1 057) | (7 964) |
| Carrying amount at end of the period | 5 951 | 15 600 | 2 531 | 1 515 | - | 1 204 | 26 801 |

Department of Treasury and Finance
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for the year ended 30 June 2022

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

Property, plant and equipment with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed. Property, plant and equipment is recorded at fair value. Note 10.1 describes the department's approach to fair value.

\$4.550 million of fully depreciated plant and equipment is still in use.

Impairment

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

Revaluation of property, plant and equipment is undertaken on a regular cycle as described in note 10.1. If at any time management considers the carrying amount of an asset materiality differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place.

5.2. Property, plant and equipment leased by the department

Right-of-use assets for property, plant and equipment leased by the department as lessee are measured at cost and there were no indications of impairment.

The department has 183 motor vehicle leases with the South Australian Government Financing Authority (SAFA). Motor vehicle leases are non-cancellable, with rental payments monthly in arrears. Motor vehicle lease terms can range from 3 years (60,000km) up to 5 years (100,000km). No variable lease payments are provided for in the lease agreements and no options exist to renew the leases at the end of their term.

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

5.3. Depreciation and amortisation

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

Useful life

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

| Class of asset | Useful life (years) |
|--|----------------------------|
| Buildings | 4-69 |
| Building fitouts | 1-13 |
| IT equipment | 1-5 |
| Internally developed computer software | 2-15 |
| Plant and Equipment | 3-10 |
| Right-of-use assets | Lease term |

Review of accounting estimates

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

Department of Treasury and Finance
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5.4. Intangible assets

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

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

Reconciliation of Intangible assets

| | Internally developed computer software | Externally acquired computer software | Work in progress | Total |
|---|--|--|------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Reconciliation 2021-22 | | | | |
| Carrying amount at the beginning of the period | 35 395 | 1 566 | 222 | 37 183 |
| Additions | - | - | 2 512 | 2 512 |
| Transfer through administrative restructure | 2 119 | - | - | 2 119 |
| Derecognitions | - | (1 503) | - | (1 503) |
| Capital transfers from work in progress | 57 | - | (57) | - |
| Amortisation | (6 686) | - | - | (6 686) |
| Other | - | (63) | - | (63) |
| Carrying amount at the end of the period | 30 885 | - | 2 677 | 33 562 |
| Gross carrying amount | | | | |
| Gross carrying amount | 68 345 | - | 2 677 | 71 022 |
| Accumulated amortisation | (37 460) | - | - | (37 460) |
| Carrying amount at end of the period | 30 885 | - | 2 677 | 33 562 |

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

5.4 Intangible assets (continued)

| Reconciliation 2020-21 | Internally developed | Externally acquired | Work in progress | Total |
|---|-------------------------|---------------------|------------------|---------------|
| | computer software | computer software | | |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 35 545 | 1 520 | 4 681 | 41 746 |
| Additions | - | 63 | 3 310 | 3 373 |
| Transfer through administrative restructure | - | 13 | - | 13 |
| Derecognitions | - | (1 115) | - | (1 115) |
| Capital transfers from work in progress | 4 940 | 1 468 | (6 408) | - |
| Amortisation | (5 090) | (383) | - | (5 473) |
| Donated assets | - | - | (1 361) | (1 361) |
| Carrying amount at the end of the period | 35 395 | 1 566 | 222 | 37 183 |
| Gross carrying amount | | | | |
| Gross carrying amount | 64 209 | 2 499 | 222 | 66 930 |
| Accumulated amortisation | (28 814) | (933) | - | (29 747) |
| Carrying amount at the end of the period | 35 395 | 1 566 | 222 | 37 183 |

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

6. Financial assets

6.1. Cash and cash equivalents

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Deposits with the Treasurer | | |
| Operating account | 16 824 | 14 104 |
| Accrual appropriation excess funds account | 6 975 | - |
| Total deposits with the Treasurer | 23 799 | 14 104 |
| Cash on hand | 43 | 36 |
| Total cash and cash equivalents | 23 842 | 14 140 |

Although the department controls the funds reported above in the accrual appropriation excess funds account, the Treasurer must approve its use. The department does not earn interest on its deposits with the Treasurer.

6.2. Receivables

| | 2022 | 2021 |
|--------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Trade receivables | 6 858 | 4 388 |
| Accrued revenues | 11 579 | 9 118 |
| Prepayments | 5 568 | 5 334 |
| Net GST receivable from the ATO | 723 | 1 402 |
| Total current receivables | 24 728 | 20 242 |
| Non-current | | |
| Receivables | 249 | 275 |
| Total non-current receivables | 249 | 275 |
| Total receivables | 24 977 | 20 517 |

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

Other than as recognised in the allowance for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. There is no concentration of credit risk. Refer to note 10.2 for further information on risk management.

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

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.

The expected credit loss for receivables relating to contracts with SA government entities (as the customer) is considered to be nil based on the nature and credit rating of the SA government entities (as the counterparty to the transaction).

Impairment losses relate to receivables arising from contracts with customers that are external to SA Government. No impairment loss was recognised in 2022 in relation to statutory receivables as all were with South Australian government debtors.

Department of Treasury and Finance
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7. Liabilities

7.1. Payables

| | 2022 | 2021 |
|------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current | | |
| Trade payables | 233 | 156 |
| Accrued expenses | 17 006 | 9 003 |
| Employment on-costs | 2 809 | 3 371 |
| Paid Parental Leave Scheme payable | 13 | 21 |
| Other current payables | 187 | - |
| Total current payables | 20 248 | 12 551 |
| Non-current | | |
| Employment on-costs | 3 055 | 3 294 |
| Total non-current payables | 3 055 | 3 294 |
| Total payables | 23 303 | 15 845 |

Payables are measured at nominal amounts.

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 net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this payable note.

Employment on-costs

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

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

As a result of an actuarial assessment performed by the department, the portion of long service leave taken as leave has remain unchanged from the 2021 rate (42%) and the average factor for the calculation of employer superannuation on-costs has changed from the 2021 rate (10.1%) to 10.6%. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$105 000 and employee benefits expense of \$105 000.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.2. Financial liabilities

The department's financial liabilities are lease liabilities.

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

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Financial Liabilities | | |
| 1 to 3 years | 1 009 | 1 200 |
| 3 to 5 years | 15 | 9 |
| Total financial liabilities (undiscounted) | <u>1 024</u> | <u>1 209</u> |

The department measures financial liabilities including borrowings/debt at amortised cost. Lease liabilities have been measured by discounting lease payments using either the interest rate implicit in the lease where it is readily determined or the department's incremental borrowing rate. There were no defaults or breaches on any of the financial liabilities throughout the year.

Borrowing costs associated with these lease liabilities was \$10 000 (2021: \$14 000).

7.3. Provisions

| | 2022 | 2021 |
|---|--------------|---------------|
| | \$'000 | \$'000 |
| Reconciliation of workers compensation (statutory and non-statutory) | | |
| Carrying amount at the beginning of the period | 11 571 | 9 567 |
| Payments/other sacrifices of future economic benefits | (894) | (553) |
| Additional provisions recognised | (800) | 2 557 |
| Carrying amount at the end of the period | <u>9 877</u> | <u>11 571</u> |

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

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

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

The workers compensation is based on an actuarial assessment of the outstanding liability as at 30 June 2022 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment.

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

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

In addition to these uncertainties, the additional compensation scheme is impacted by the limited claims history and the evolving nature of the interpretation of, and evidence required to meeting, eligibility criteria. Given these uncertainties, the actual cost of additional compensation claims may differ materially from the estimate.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

7.4. Other liabilities

| | 2022 | 2021 |
|--|---------------------|-----------------|
| | \$'000 | \$'000 |
| Current | | |
| Accommodation incentive | 653 | - |
| Total current other liabilities | <u>653</u> | <u>-</u> |
| Non-current | | |
| Accommodation incentive | 5 227 | - |
| Total non-current other liabilities | <u>5 227</u> | <u>-</u> |
| Total other liabilities | <u><u>5 880</u></u> | <u><u>-</u></u> |

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

8. Other disclosures

8.1. Equity

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

8.2. Cash flow reconciliation

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.

| | 2022 \$'000 | 2021 \$'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 | 23 842 | 14 140 |
| Balance as per the Statement of Cash Flows | 23 842 | 14 140 |
| | | |
| Reconciliation of net cash provided by operating activities to net result | | |
| Net cash provided by / (used in) operating activities | 16 935 | (3 619) |
| | | |
| Add / (less) non-cash items | | |
| Depreciation and amortisation | (11 738) | (9 521) |
| Donated assets | - | (1 361) |
| Other expenses - write off | (48) | (376) |
| Other expenses - loss on disposal of inventory | - | (213) |
| Borrowing costs | (10) | (14) |
| | | |
| Movement in assets and liabilities | | |
| Increase/(decrease) in receivables | 4 460 | 5 584 |
| Increase/(decrease) in inventories | - | (621) |
| Increase/(decrease) in payables | (895) | 514 |
| Increase/(decrease) in employee benefits | 7 520 | 1 499 |
| Increase/(decrease) in provisions | 1 694 | (2 004) |
| (Increase)/decrease in other liabilities | (5 880) | - |
| Net result | 12 038 | (10 132) |

Total cash outflows for leases was \$1.42 million (2021: \$1 million).

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

9. Outlook

9.1. Unrecognised commitments

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

Expenditure commitments

| | 2022 | 2021 |
|---|---------------|----------------|
| | \$'000 | \$'000 |
| Within one year | 13 891 | 14 367 |
| Later than one year but not later than five years | 43 936 | 49 311 |
| Later than five years | 41 358 | 47 749 |
| Total expenditure commitments | 99 185 | 111 427 |

The department's expenditure commitments reflect the Memoranda of Administrative Arrangements with Department for Infrastructure and Transport for accommodation.

Other commitments

The department's other commitments are primarily agreements for computer software licences and software development.

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 19 879 | 19 378 |
| Later than one year and not later than five years | 26 385 | 38 342 |
| Later than five years | 882 | 870 |
| Total other commitments | 47 146 | 58 590 |

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.

Legal proceedings (SafeWork SA)

The department is involved in prosecuting breaches under the *Occupational Health, Safety and Welfare Act 1986*, *Fair Work Act 1994*, *Explosives Act 1936* and *Dangerous Substances Act 1979*. At balance date there were 13 matters before the Industrial Relations Court that are yet to be resolved. In the event decisions are not awarded in favour of the department, the contingent liability is estimated to be \$950 000 for the court and prosecution costs.

Payroll systems data breach

In November 2021 there was a data breach at the department's outsourced payroll systems service provider, Frontier. The department is currently in negotiations seeking reimbursement of direct costs associated with the investigation of the breach and is also discussing potential compensation. The amount of any reimbursement or compensation cannot yet be quantified.

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

9.3. Impact of standards and statements not yet effective

The department continues to assess 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.

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

9.4. COVID-19 pandemic outlook for the Department

The COVID-19 pandemic will continue to impact the operations of the department in 2022-23. This is expected to relate to a continuation of those impacts identified at note 1.3 namely:

- Administrative support for any future government economic stimulus initiatives
- Higher up take of flexible working arrangements by staff

9.5. Events after the reporting period

From the 1 July 2022, SafeworkSA and Industrial Relations transferred from the department to the Attorney-General's Department. The financial effect of this machinery of government change has not been reflected in the financial statements.

10. Measurement and risk

10.1. Fair value

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

Initial recognition

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

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.1. Fair Value (continued)

Revaluation

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

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

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

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

Fair value hierarchy

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

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

The department's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. All non-financial assets as at 30 June 2022 and 30 June 2021 were categorised in level 3 except level 2 land.

Land, buildings and building fitout

An independent valuation of land, buildings and building fitouts owned by the department was performed in June 2021 by independent certified practising valuers.

Fair value of the land has been determined using the market approach. The valuation was based on the recent market transactions for similar land in the area and includes adjustment for factors specific to the land such as size and location. For land classified as restricted in use, fair value was determined by applying and adjusting to reflect the restriction.

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

Plant and equipment

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

Department of Treasury and Finance
Notes to and forming part of the financial statements
for the year ended 30 June 2022

10.2. Financial instruments

Financial risk management

The department's risk management policies are in accordance with the *South Australian Risk Management Guide* and the principles established in the *Australian Standard Risk Management Principles and Guidelines*.

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

Liquidity risk

The department is funded principally from appropriation by the Government of South Australia. The department determines the cash flows associated with its government approved program of work and to ensure funding is provided through the Government of South Australia budgetary processes to meet the expected cash flows.

Refer to notes 7.1 and 7.2 for further information.

Credit risk

The department has policies and procedures in place to ensure it transacts with customers with appropriate credit history.

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

Cash and debt investments

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

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

Market risk

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

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 notes.

Classification of financial instruments

The department measures all financial instruments at amortised cost.

Department of Treasury and Finance

Administered Financial Statements

For the year ended 30 June 2022

Department of Treasury and Finance
Statement of Administered Comprehensive Income
for the year ended 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|------------------------------------|------|-------------------|-------------------|
| Administered income | | | |
| Appropriation | A2.1 | 2 762 462 | 2 419 136 |
| Taxation | A2.2 | 4 974 413 | 4 311 503 |
| Commonwealth revenues | A2.3 | 10 699 448 | 8 959 931 |
| Dividends | A2.4 | 154 862 | 143 581 |
| Interest revenues | A2.5 | 6 168 | 10 161 |
| Grants and contributions | A2.6 | 246 015 | 237 841 |
| Fees and charges | A2.7 | 229 691 | 126 374 |
| Other income | A2.8 | 945 448 | 827 037 |
| Total administered income | | 20 018 507 | 17 035 564 |
| Administered expenses | | | |
| Employee benefits expenses | A3.1 | 446 067 | 522 126 |
| Supplies and services | A4.1 | 50 546 | 50 839 |
| Borrowing costs | A4.2 | 318 326 | 263 303 |
| Grants subsidies and transfers | A4.3 | 4 984 201 | 4 110 387 |
| Depreciation and amortisation | | 487 | 512 |
| Payments to SA Government | A4.4 | 13 855 301 | 12 020 865 |
| Other expenses | A4.5 | 270 643 | 110 768 |
| Total administered expenses | | 19 925 571 | 17 078 800 |
| Net result | | 92 936 | (43 236) |
| Total comprehensive result | | 92 936 | (43 236) |

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

Department of Treasury and Finance
Statement of Administered Financial Position
as at 30 June 2022

| | Note | 2022 \$'000 | 2021 \$'000 |
|---|------|------------------|------------------|
| Administered current assets | | | |
| Cash and cash equivalents | A6.1 | 2 458 900 | 2 416 431 |
| Receivables | A6.2 | 320 009 | 114 964 |
| Other financial assets | A6.3 | 1 627 | 2 794 |
| Total current assets | | 2 780 536 | 2 534 189 |
| Administered non-current assets | | | |
| Receivables | A6.2 | 19 | 2 |
| Other financial assets | A6.3 | 157 075 | 226 453 |
| Property, plant and equipment | A5.1 | 7 016 | 4 378 |
| Intangible assets | A5.2 | 325 | 325 |
| Total non-current assets | | 164 435 | 231 158 |
| Total assets | | 2 944 971 | 2 765 347 |
| Administered current liabilities | | | |
| Payables | A7.1 | 1 797 028 | 1 498 445 |
| Employee benefits | A3.2 | 1 584 | 2 544 |
| Provisions | A7.2 | 170 | 55 |
| Other current liabilities | A7.3 | 6 270 | 6 887 |
| Total current liabilities | | 1 805 052 | 1 507 931 |
| Administered non-current liabilities | | | |
| Payables | A7.1 | 31 485 | 31 546 |
| Employee benefits | A3.2 | 1 490 | 2 269 |
| Provisions | A7.2 | 885 | 145 |
| Other non-current liabilities | A7.3 | 237 968 | 449 170 |
| Total non-current liabilities | | 271 828 | 483 130 |
| Total liabilities | | 2 076 880 | 1 991 061 |
| Net assets | | 868 091 | 774 286 |
| Administered equity | | | |
| Accumulated surplus | A8.1 | 865 299 | 771 494 |
| Asset revaluation surplus | A8.1 | 2 792 | 2 792 |
| Total equity | | 868 091 | 774 286 |

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

Department of Treasury and Finance
Statement of Administered Cash Flows
For the year ended 30 June 2022

| | | 2022 Inflows (Outflows) \$'000 | 2021 Inflows (Outflows) \$'000 |
|---|-------------|---|---|
| Cash flows from operating activities | Note | | |
| Cash inflows | | | |
| Taxation received | | 4 974 413 | 4 311 503 |
| Receipts from Commonwealth | | 10 367 226 | 8 700 192 |
| Dividends | | 154 862 | 143 581 |
| Interest received | | 6 168 | 10 161 |
| Appropriation | | 2 762 462 | 2 419 136 |
| Grants and contributions | | 246 015 | 237 841 |
| Fees and charges | | 143 365 | 119 417 |
| GST recovered from ATO | | 5 135 | 2 762 |
| Receipts for Paid Parental Leave Scheme | | 41 | 9 |
| Other receipts | | 945 233 | 826 603 |
| Cash generated from operations | | 19 604 920 | 16 771 205 |
| Cash (outflows) | | | |
| Payments to SA Government | | (13 592 262) | (11 184 025) |
| Employee benefit payments | | (447 301) | (522 375) |
| Payments for supplies and services | | (20 940) | (88 450) |
| Interest payments | | (318 326) | (263 303) |
| Grants, subsidies and transfers | | (4 973 141) | (4 110 387) |
| Payments for Paid Parental Leave Scheme | | (41) | (6) |
| Other payments | | (206 305) | (97 687) |
| Cash (used in) operations | | (19 558 316) | (16 266 233) |
| Net cash provided by / (used in) operations | A8.2 | 46 604 | 504 972 |
| Cash flows from investing activities | | | |
| Cash (outflows) | | | |
| Purchase of property, plant and equipment | | (431) | (839) |
| Purchase of shares in SOGLC | | - | (9 000) |
| Cash (used in) investing activities | | (431) | (9 839) |
| Net cash provided by / (used in) investing activities | | (431) | (9 839) |
| Cash flows from financing activities | | | |
| Cash inflows | | | |
| Proceeds from other financial assets | | 3 695 | 6 895 |
| Cash received from restructuring activities | | - | 1 540 |
| Cash generated from financing activities | | 3 695 | 8 435 |
| Cash (outflows) | | | |
| Other financial assets granted | | (7 399) | (4 055) |
| Cash (used in) financing activities | | (7 399) | (4 055) |
| Net cash provided by / (used in) financing activities | | (3 704) | 4 380 |
| Net increase / (decrease) in cash and cash equivalents | | 42 469 | 499 513 |
| Cash and cash equivalents at the beginning of the period | | 2 416 431 | 1 916 918 |
| Cash and cash equivalents at the end of the period | A6.1 | 2 458 900 | 2 416 431 |
| Non-cash transactions | A8.2 | | |

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2022

| | Administered Items on behalf of the Consolidated Account | | Industrial Tribunal Payments into Court | | Commonwealth Mirror Taxes on Commonwealth Places Revenue Account | |
|---|---|-------------------|--|----------|--|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Administered income | | | | | | |
| Appropriation | 219 788 | 167 164 | - | - | - | - |
| Taxation | 4 622 594 | 3 971 996 | - | - | - | - |
| Commonwealth revenues | 7 342 269 | 6 255 719 | - | - | 33 400 | 27 465 |
| Dividends | 154 862 | 143 581 | - | - | - | - |
| Interest revenues | 5 490 | 9 090 | - | - | - | - |
| Grants and contributions | 14 965 | 30 994 | - | - | - | - |
| Fees and charges | 195 980 | 126 115 | - | 9 | - | - |
| Net gain from the disposal of property, plant and equipment | - | - | - | - | - | - |
| Other income | 939 620 | 823 300 | - | - | - | - |
| Total administered income | 13 495 568 | 11 527 959 | - | 9 | 33 400 | 27 465 |
| Administered expenses | | | | | | |
| Employee benefits expenses | 3 926 | 3 404 | - | - | - | - |
| Supplies and services | - | - | - | - | - | - |
| Borrowing costs | - | - | - | - | - | - |
| Grants, subsidies and transfers | 217 865 | 164 375 | - | - | - | - |
| Depreciation and amortisation | - | - | - | - | - | - |
| Payments to SA Government | 13 273 783 | 11 359 606 | - | - | - | - |
| Other expenses | 7 | - | 9 | - | 33 400 | 27 465 |
| Total administered expenses | 13 495 581 | 11 527 385 | 9 | - | 33 400 | 27 465 |
| Net result | (13) | 574 | (9) | 9 | - | - |

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2022

| | Community Development Fund | | Community Emergency Services Fund | | Country Equalisation Scheme Account | |
|---|----------------------------|---------------|-----------------------------------|----------------|-------------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Administered income | | | | | | |
| Appropriation | - | - | - | - | - | - |
| Taxation | - | - | 166 417 | 161 400 | - | - |
| Commonwealth revenues | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - |
| Interest revenues | - | - | - | 5 | - | 6 |
| Grants and contributions | 20 000 | 20 000 | 139 572 | 129 049 | - | - |
| Fees and charges | - | - | 237 | 250 | - | - |
| Net gain from the disposal of property, plant and equipment | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - |
| Total administered income | 20 000 | 20 000 | 306 226 | 290 704 | - | 6 |
| Administered expenses | | | | | | |
| Employee benefits expenses | - | - | - | - | - | - |
| Supplies and services | - | - | - | - | - | - |
| Borrowing costs | - | - | - | - | - | - |
| Grants, subsidies and transfers | 20 000 | 20 000 | 306 814 | 290 475 | - | - |
| Depreciation and amortisation | - | - | - | - | - | - |
| Payments to SA Government | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - |
| Total administered expenses | 20 000 | 20 000 | 306 814 | 290 475 | - | - |
| Net result | - | - | (588) | 229 | - | 6 |

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2022

| | Fines Enforcement Recovery | | Hospitals Fund | | Intergovernmental Agreement on Federal Financial Relations | |
|---|----------------------------|----------------|----------------|----------------|---|------------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Administered income | | | | | | |
| Appropriation | - | - | - | - | - | - |
| Taxation | - | - | 183 991 | 176 266 | - | - |
| Commonwealth revenues | - | - | - | - | 3 055 108 | 2 676 747 |
| Dividends | - | - | - | - | - | - |
| Interest revenues | - | - | - | - | - | - |
| Grants and contributions | - | - | - | - | - | - |
| Fees and charges | 33 474 | - | - | - | - | - |
| Net gain from the disposal of property, plant and equipment | - | - | - | - | - | - |
| Other income | - | - | - | - | - | - |
| Total administered income | 33 474 | - | 183 991 | 176 266 | 3 055 108 | 2 676 747 |
| Administered expenses | | | | | | |
| Employee benefits expenses | - | - | - | - | - | - |
| Supplies and services | - | - | - | - | - | - |
| Borrowing costs | - | - | - | - | - | - |
| Grants, subsidies and transfers | 9 560 | - | - | - | 2 775 004 | 2 570 937 |
| Depreciation and amortisation | - | - | - | - | - | - |
| Payments to SA Government | - | - | 183 991 | 176 266 | 208 521 | 63 687 |
| Other expenses | 23 914 | - | - | - | - | - |
| Total administered expenses | 33 474 | - | 183 991 | 176 266 | 2 983 525 | 2 634 624 |
| Net result | - | - | - | - | 71 583 | 42 123 |

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2022

| | Industry Financial Assistance | | | | Local Government Taxation | |
|---|-------------------------------|-----------------|--------------------------------|----------------|---------------------------|--------------|
| | Account (IFAA) | | Local Government Disaster Fund | | Equivalents Fund | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Administered income | | | | | | |
| Appropriation | - | - | - | - | - | - |
| Taxation | - | - | - | - | 1 411 | 1 841 |
| Commonwealth revenues | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - |
| Interest revenues | 196 | 509 | 15 | 15 | - | - |
| Grants and contributions | 35 372 | 10 265 | - | - | - | - |
| Fees and charges | - | - | - | - | - | - |
| Net gain from the disposal of property, plant and equipment | - | - | - | - | - | - |
| Other income | 215 | 434 | - | - | - | - |
| Total administered income | 35 783 | 11 208 | 15 | 15 | 1 411 | 1 841 |
| Administered expenses | | | | | | |
| Employee benefits expenses | - | - | - | - | - | - |
| Supplies and services | 65 | 65 | - | - | - | - |
| Borrowing costs | - | - | - | - | - | - |
| Grants, subsidies and transfers | 40 958 | 8 470 | 2 721 | 1 046 | 1 412 | 1 841 |
| Depreciation and amortisation | - | - | - | - | - | - |
| Payments to SA Government | 3 000 | 16 763 | - | - | - | - |
| Other expenses | (641) | 1 764 | - | - | - | - |
| Total administered expenses | 43 382 | 27 062 | 2 721 | 1 046 | 1 412 | 1 841 |
| Net result | (7 599) | (15 854) | (2 706) | (1 031) | (1) | - |

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2022

| | Support Services to Parliamentarians | | Treasury and Finance Administered Items Account | | Treasurer's Interest in the National Wine Centre Account | |
|---|---|----------------|--|------------------|---|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Administered income | | | | | | |
| Appropriation | - | - | 2 542 674 | 2 251 972 | - | - |
| Taxation | - | - | - | - | - | - |
| Commonwealth revenues | - | - | - | - | - | - |
| Dividends | - | - | - | - | - | - |
| Interest revenues | - | - | - | - | - | - |
| Grants and contributions | 25 896 | 24 777 | - | 7 800 | 3 710 | 5 956 |
| Fees and charges | - | - | - | - | - | - |
| Net gain from the disposal of property, plant and equipment | - | - | - | - | - | - |
| Other income | 19 | 18 | - | - | 25 | 25 |
| Total administered income | 25 915 | 24 795 | 2 542 674 | 2 259 772 | 3 735 | 5 981 |
| Administered expenses | | | | | | |
| Employee benefits expenses | 19 871 | 19 122 | 422 270 | 499 600 | - | - |
| Supplies and services | 7 643 | 6 989 | 42 041 | 43 779 | - | - |
| Borrowing costs | - | - | 318 326 | 263 303 | - | - |
| Grants, subsidies and transfers | - | 1 | 1 411 392 | 1 053 242 | - | - |
| Depreciation and amortisation | 352 | 391 | - | - | 135 | 121 |
| Payments to SA Government | - | - | 186 006 | 404 543 | - | - |
| Other expenses | 2 | - | 140 765 | 65 635 | - | - |
| Total administered expenses | 27 868 | 26 503 | 2 520 800 | 2 330 102 | 135 | 121 |
| Net result | (1 953) | (1 708) | 21 874 | (70 330) | 3 600 | 5 860 |

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2022

| | Treasury Working Account | | Treasury Asset Management Account | | Commonwealth Funding for National Partnerships | |
|---|--------------------------|--------------|-----------------------------------|------------|--|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Administered income | | | | | | |
| Appropriation | - | - | - | - | - | - |
| Taxation | - | - | - | - | - | - |
| Commonwealth revenues | - | - | - | - | 268 671 | - |
| Dividends | - | - | - | - | - | - |
| Interest revenues | - | - | - | 1 | 467 | 535 |
| Grants and contributions | - | - | - | - | - | - |
| Fees and charges | - | - | - | - | - | - |
| Net gain from the disposal of property, plant and equipment | - | - | - | - | - | - |
| Other income | 1 357 | 1 760 | - | - | - | - |
| Total administered income | 1 357 | 1 760 | - | 1 | 269 138 | 535 |
| Administered expenses | | | | | | |
| Employee benefits expenses | - | - | - | - | - | - |
| Supplies and services | - | - | - | 6 | - | - |
| Borrowing costs | - | - | - | - | - | - |
| Grants, subsidies and transfers | - | - | - | - | 198 475 | - |
| Depreciation and amortisation | - | - | - | - | - | - |
| Payments to SA Government | - | - | - | - | - | - |
| Other expenses | 1 357 | 1 760 | - | - | 8 000 | - |
| Total administered expenses | 1 357 | 1 760 | - | 6 | 206 475 | - |
| Net result | - | - | - | (5) | 62 663 | 535 |

Department of Treasury and Finance
Schedule of Expenses and income Attributable to Administered Activities
For the year ended 30 June 2022

| | State Owned Generators | | | | | | | |
|---|-------------------------|----------------|-----------------|----------------|---------------------|----------------|-------------------|-------------------|
| | Affordable Housing Fund | | Leasing Co | | Scope Global Shares | | Total | |
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Administered income | | | | | | | | |
| Appropriation | - | - | - | - | - | - | 2 762 462 | 2 419 136 |
| Taxation | - | - | - | - | - | - | 4 974 413 | 4 311 503 |
| Commonwealth revenues | - | - | - | - | - | - | 10 699 448 | 8 959 931 |
| Dividends | - | - | - | - | - | - | 154 862 | 143 581 |
| Interest revenues | - | - | - | - | - | - | 6 168 | 10 161 |
| Grants and contributions | 6 500 | - | - | 9 000 | - | - | 246 015 | 237 841 |
| Fees and charges | - | - | - | - | - | - | 229 691 | 126 374 |
| Net gain from the disposal of property, plant and equipment | - | - | - | - | - | - | - | - |
| Other income | 155 | 1 500 | - | - | 4 057 | - | 945 448 | 827 037 |
| Total administered income | 6 655 | 1 500 | - | 9 000 | 4 057 | - | 20 018 507 | 17 035 564 |
| Administered expenses | | | | | | | | |
| Employee benefits expenses | - | - | - | - | - | - | 446 067 | 522 126 |
| Supplies and services | - | - | - | - | 797 | - | 50 546 | 50 839 |
| Borrowing costs | - | - | - | - | - | - | 318 326 | 263 303 |
| Grants, subsidies and transfers | - | - | - | - | - | - | 4 984 201 | 4 110 387 |
| Depreciation and amortisation | - | - | - | - | - | - | 487 | 512 |
| Payments to SA Government | - | - | - | - | - | - | 13 855 301 | 12 020 865 |
| Other expenses | 684 | 844 | 63 146 | 13 300 | - | - | 270 643 | 110 768 |
| Total administered expenses | 684 | 844 | 63 146 | 13 300 | 797 | - | 19 925 571 | 17 078 800 |
| Net result | 5 971 | 656 | (63 146) | (4 300) | 3 260 | - | 92 936 | (43 236) |

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A1. About the department's Administered Items

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

A1.1. Overview of Administered financial statements

The administered financial statements include the revenues, expenses, assets and liabilities which the department administers on behalf of the Government of South Australia but does not control. All administered activities and the transactions for the special deposit accounts established under section 8 of the *Public Finance Audit Act 1987* and deposit accounts established under section 21 of the PFAA that are administered by the department are described below:

Administered Items on behalf of the Consolidated Account

The purpose of the account is to record a number of revenue and expense transactions on behalf of the Government of South Australia for the Consolidated Account. Such transactions include the collection of revenues from taxation, revenues from the Commonwealth Government, dividends and interest. The expense transactions include transfers to agencies for employee entitlements and supplies and services; grants and subsidies to public sector agencies; the private sector and the community; and the transfer of revenues to the Consolidated Account. The associated Statement of Financial Position items for the Consolidated Account such as loans and borrowings are recognised in the whole-of-government general purpose financial report.

Affordable Housing Fund

The purpose of the fund is to record all financial transactions of the Fund, including the receipt of revenue, granting and payment of loans to HomeStart Finance as well as the specific accounting disclosures required for concessional loan agreements.

Commonwealth Funding for National Partnerships

The purpose of the fund is to receive, hold and disburse certain monies for major infrastructure projects provided from National Partnerships grants received from the Commonwealth.

Commonwealth Mirror Taxes on Commonwealth Places Revenue Account

The purpose of the account is to receive amounts that are levied pursuant to the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth and *Commonwealth Places (Mirror Taxes Administration) Act 1999* of the State.

Community Development Fund

The purpose of the fund is to administer annual payments under the *Gaming Machines Act 1992*. Payments are made in accordance with the directions of the Governor towards financial assistance for non-government welfare agencies, financial assistance for community development and the provision of government health, welfare or education services, as well as towards programs of benefit to the live music industry.

Community Emergency Services Fund

The purpose of the fund is to record all fixed property revenue from the Emergency Services Levy collected by RevenueSA and transferred to the Community Emergency Services Fund administered by the South Australian Fire and Emergency Services Commission.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A1.1. Overview of Administered financial statements (continued)

Country Equalisation Scheme Account

The purpose of the account is to record injections of funds provided from the Consolidated Account, and to make refund payments' to electricity retailers in accordance with the Country Equalisation Scheme.

ETSA Sales / Lease Proceeds Account

The purpose of the account is to receive proceeds of a sale/lease agreement, sale or lease under the *Electricity Corporations (Restructuring and Disposal) Act 1999* and other funds as approved by the Treasurer.

Fines Enforcement and Recovery

The purpose of this fund is to record all monies recoverable by the Chief Recovery Officer under *the Fines Enforcement and Debt Recovery Act 2017* and the monies are payable to parties defined in legislation or an administrative determination. The fund does not receive monies payable to the Consolidated Account but to third parties.

Hospitals Fund

The purpose of the fund is to record and transfer monies received from SA Lotteries Commission operations and stamp duty on insurance policies relating to motor vehicles to the Consolidated Account to be used for the maintenance, development and improvement of public hospitals.

Intergovernmental Agreement on Federal Financial Relations

The purpose of the account is to receive and disburse money paid to the State Treasury in accordance with the Intergovernmental Agreement on Federal Financial Relations, where that money is not received directly to the Consolidated Account.

Industrial Tribunal Payments into Court

This is to record payments and receipts relating to South Australian Employment Tribunal judgements.

Industry Financial Assistance Account (IFAA)

The account was established to assist with the accounting for the industry assistance contracts written in the name of the Treasurer. The South Australian Government Financing Authority (SAFA) is responsible for administering the IFAA on behalf of the Treasurer.

Local Government Disaster Fund

The purpose of the fund is to record the cost of providing assistance to local authorities which face unusually high expenditures as a result of natural disasters. Assistance may be of an investigative, preventative, remedial, insurance, compensatory or other nature and may include funding of insurance or other commercial schemes.

Local Government Taxation Equivalents Fund

The account was established to record receipts of tax equivalents from the Local Government Finance Authority (LGFA) and payments to the Local Government Association of South Australia as stipulated under the *Local Government Finance Authority Act 1983*.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A1.1. Overview of Administered financial statements (continued)

Market Projects Unit*

The purpose of the account is to receive deposits from the sale of government assets.

Scope Global Shares

The purpose of this fund is to record all financial transactions associated with the Treasurer's financial interest in Scope Global Pty Ltd that transferred to the Treasurer in 2018-19.

Support Services to Parliamentarians

The purpose of the account is to record the financial transactions related to the administration of Support Services to Parliamentarians.

SuperSA Select*

The purpose of the account is to administer receipts and payments for the Commonwealth Low Income Superannuation Contribution.

State Owned Generators Leasing Co. Pty. Ltd. (SOGLC)

The purpose of the fund is to record the Treasurer's shareholding in the State Owned Generators Leasing Company Pty Ltd.

Treasury and Finance Administered Items Account

The purpose of the account is to receive administered items appropriation for the department pursuant to the annual *Appropriation Act* and to disburse the associated payments.

Treasurer's Interest in the National Wine Centre Account

The purpose of the account is to record all the financial transactions associated with the management of the *National Wine Centre (Restructuring and Leasing Arrangements) Act 2002* including injections of funds from the Consolidated Account.

Treasury Working Account

The purpose of the account is to record receipts and payments for small lotteries, receipts and payments arising from various superannuation arrangements, interest receipts and payments, to effect accounting adjustments and transfers and to hold amounts in suspense pending determination of appropriate treatment. This account is also used to process *certain* transactions of a whole of government nature or relating to the activities of the Treasurer.

Treasury Asset Management Account

The purpose of the account is to record all financial transactions associated with the former South Australian Asset Management Corporation (SAAMC) and the dissolution of the SAAMC Board.

*Deposit account and special deposit accounts with no transactions in the Statement of Comprehensive Income are not included in the disaggregated disclosure schedule.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A1.2. Impact of COVID-19 pandemic

The key impacts of the COVID-19 pandemic in 2021-22 relate to a range of measures the Government introduced in 2019-20 to help the South Australian community manage the economic effects of the pandemic comprising:

- A series of taxation deferral measures
- A broad range of initiatives through the COVID-19 Support Fund financial packages.

Furthermore, the department administered the payment aspect of the private hospital initiative pursuant to the National Partnership on COVID-19 Response agreement (NPA) with the Commonwealth.

A1.3. Changes to the Department of Treasury and Finance's administered items

Transferred in

As a result of administrative arrangements described in the Government Gazette on 10 June 2021, the Fines Enforcement and Recovery Unit (Fines Unit) became a business unit of the department. Assets and liabilities relating to this business unit were transferred to the department from the Attorney-General's Department.

The effective date of the transfer was 1 July 2021.

On transfer of the Fines Unit, the department's administered items recognised the following assets and liabilities:

| | \$'000 |
|-------------------------------------|--------------|
| Current assets | |
| Receivables | 9 520 |
| Total current assets | <u>9 520</u> |
| Total assets | <u>9 520</u> |
| Current liabilities | |
| Payables | 113 |
| Other current liabilities | 8 537 |
| Total current liabilities | <u>8 650</u> |
| Total liabilities | <u>8 650</u> |
| Total net assets transferred | <u>870</u> |

Net assets transferred at carrying amounts.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A1.4. Budget performance

The budget performance table compares the department's outcomes against budget information presented to Parliament (2021-22 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.

| Statement of Administered Comprehensive Income | Note | Original | Actual | Variance |
|--|------|--------------------|-------------------|------------------|
| | | budget | 2022 | 2022 |
| | | 2022 | 2022 | |
| | | \$'000 | \$'000 | \$'000 |
| Administered Income | | | | |
| Appropriation | | 2 919 844 | 2 762 462 | (157 382) |
| Taxation | | 4 090 553 | 4 974 413 | 883 860 |
| Commonwealth revenues | 1 | 6 932 049 | 10 699 448 | 3 767 399 |
| Dividends | | 128 305 | 154 862 | 26 557 |
| Interest revenues | | 7 277 | 6 168 | (1 109) |
| Grants and contributions | | 129 563 | 246 015 | 116 452 |
| Fees and charges | | 213 477 | 229 691 | 16 214 |
| Other income | | 67 903 | 945 448 | 877 545 |
| Total administered income | | 14 488 971 | 20 018 507 | 5 529 536 |
| Administered Expenses | | | | |
| Employee benefits expenses | | 427 212 | 446 067 | 18 855 |
| Supplies and services | | 52 361 | 50 546 | (1 815) |
| Borrowing costs | | 339 138 | 318 326 | (20 812) |
| Grants, subsidies and transfers | 2 | 6 498 019 | 4 984 201 | (1 513 818) |
| Depreciation and amortisation | | - | 487 | 487 |
| Payments to SA Government | 3 | 11 696 254 | 13 855 301 | 2 159 047 |
| Other expenses | | 57 697 | 270 643 | 212 946 |
| Total administered expenses | | 19 070 681 | 19 925 571 | 854 890 |
| Net result | | (4 581 710) | 92 936 | 4 674 646 |
| Total comprehensive result | | (4 581 710) | 92 936 | 4 674 646 |

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A1.4 Budget performance (continued)

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

The following are brief explanations of variances between original budget and actual amounts:

1 Commonwealth revenues

The \$3.767 billion variation against the original budget is primarily due to the actual funding from the Commonwealth for Intergovernmental Agreement on Federal Financial Relations (\$3.324 billion) being recorded in the Statement of Administered Comprehensive Income while the associated budget is disclosed as part of the Statement of Cash Flows for Other Accounts which does not form part of the Statement of Administered Comprehensive Income original budget amount.

South Australia's share of the GST pool increased resulting in additional GST revenue grants (\$0.409 billion).

2 Grants, subsidies and transfers

The \$1.514 billion variation against original budget is primarily due to original budget amount including the Consolidated Account deficit expense where the associated Actual is reported in Treasurer's Statements - Statement A (\$5.336 billion).

This variation is offset by payments to agencies (\$3.182 billion) in relation to the Intergovernmental Agreement on Federal Financial Relations being recorded in the Statement of Administered Comprehensive Income while the associated budgets are disclosed as part of the Statement of Cashflows for Other Accounts. A further offset arises from inclusion in the original grants, subsidies and transfers budget an amount for the repayment of advances (\$0.546 billion) while the actual transactions are treated as income in the Statement of Administered Comprehensive Income.

3 Payments to SA Government

The \$2.159 billion variation against the original budget is due to increased payments for the transfer of revenue received on behalf of the Consolidated Account resulting from additional income primarily for taxation and Commonwealth revenues.

A1.5. Significant transactions with government related entities

Significant transactions with the government related entities are identifiable throughout this financial report, all lease payments relate to motor vehicles supplied by Fleet SA.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A2. Income

A2.1. Appropriation

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Appropriation from the Consolidated Account pursuant to the <i>Appropriation Act</i> | 2 542 674 | 2 251 972 |
| Appropriation under other Acts | 219 788 | 167 164 |
| Total appropriation | 2 762 462 | 2 419 136 |

Appropriations are recognised on receipt.

This table does not show appropriations in the form of a loan or an equity contribution.

This appropriation comprises money issued and applied to the department as per Schedule 1 of the Act.

A2.2. Taxation

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Stamp Duties - conveyances on sale of property | 1 354 132 | 1 014 119 |
| Stamp Duties - general insurance | 422 011 | 379 256 |
| Stamp Duties - motor vehicles registrations | 223 848 | 209 813 |
| Stamp Duties - other | 169 664 | 160 148 |
| Commonwealth Places Mirror - Stamp Duties | 263 | 263 |
| Payroll Tax | 1 839 392 | 1 503 720 |
| Commonwealth Places Mirror - Payroll Tax | 32 132 | 26 293 |
| Land Tax | 499 123 | 599 040 |
| Commonwealth Places Mirror - Land Tax | 1 004 | 908 |
| Emergency Services Levy | 166 417 | 161 400 |
| Local Government rate equivalents | 5 416 | 3 930 |
| Income tax equivalents | 88 827 | 89 098 |
| Contributions from Lotteries Commission of South Australia | 105 341 | 101 261 |
| Betting Operations Tax | 49 588 | 47 351 |
| Casino Duty | 17 255 | 14 903 |
| Total taxation | 4 974 413 | 4 311 503 |

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A2.2 Taxation (continued)

Taxation revenue includes payroll tax, stamp duty, betting operations tax, property taxes (land tax and emergency services levy), income tax equivalents and contributions from the Lotteries Commission of South Australia. All taxes and levies are collected on behalf of the state government and recognised on receipt. All taxation and levy revenues are reported net of any refunds issued.

Payroll tax is payable pursuant to the *Payroll Tax Act 2009*.

Stamp duty is a charge on certain instruments. Stamp duty is charged at either a flat rate or an *ad valorem* rate (based on the value of the transaction) depending on the particular document or transaction. Stamp duty applies to a range of instruments including conveyances, motor vehicles transfers and insurance transactions. Stamp Duty is levied under the authority of the *Stamp Duties Act 1923*, which is supported by the *Stamp Duties Regulations 2002*.

Land tax is charged on land ownership and calculated according to the site value. The land owner is exempt from land tax where the land constitutes the owner's principal place of residence, conditions apply (other exemptions also apply based on land use).

As a result of changes to the *Casino Act 1997* and Casino Agreements the Commissioner of State Taxation commenced administration and collection of the Casino Duty from 1 January 2014. This includes all duty from gaming tables and gaming machines within the Adelaide Casino.

Betting operations tax is effective from 1 July 2017. It is a consumption tax of 15% on the Net Wagering Revenue (NWR) of betting companies offering services to South Australia.

The department also collects the fixed property component of emergency services levy payable under the *Emergency Services Funding Act 1998*.

Tax equivalents are collected from applicable public authorities or business units in accordance with *Treasurer's Instruction 22 'Tax Equivalent Payments'*. Tax equivalent payments calculated and collected include Accounting Profits Method at the companies' income tax rate under the *Commonwealth's Income Tax Assessment Act 1997*, *Land Tax and Local Government Rates*.

Contributions from the Lotteries Commission of South Australia include distributions to the Hospitals Fund received in accordance with the *State Lotteries Act 1966*.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A2.3. Commonwealth revenues

| | 2022 | 2021 |
|--|--------------------------|-------------------------|
| | \$'000 | \$'000 |
| Commonwealth general purpose grants | | |
| GST revenue grants | 7 120 261 | 6 036 181 |
| Commonwealth Places Mirror taxes | 33 400 | 27 465 |
| Total Commonwealth general purpose grants | <u>7 153 661</u> | <u>6 063 646</u> |
| Commonwealth specific purpose grants | | |
| Council of Australian Governments Funding arrangements | 222 008 | 219 538 |
| Intergovernmental Agreement on Federal Financial Relations - Recurrent | 2 455 821 | 1 847 664 |
| Intergovernmental Agreement on Federal Financial Relations - Capital | 867 958 | 829 083 |
| Total Commonwealth specific purpose grants | <u>3 545 787</u> | <u>2 896 285</u> |
| Total Commonwealth revenues | <u><u>10 699 448</u></u> | <u><u>8 959 931</u></u> |

Commonwealth revenue includes GST grants, Specific Purpose Payments and National Partnership Payments received from the Commonwealth pursuant to the Intergovernmental Agreement on Federal Financial Relations.

Specific Purpose Payments can either be ongoing tied grants or time-limited National Partnership payments (NPPs) and Project Agreements (PAs).

National Partnership Payments are time limited agreements associated with the relevant federal financial agreement, to fund specific projects and to facilitate or reward the states that deliver national significant reforms. Funding can be for both recurrent and capital purposes.

Commonwealth grants

Income from Commonwealth grants is recognised when the department obtains control over the granted assets (eg cash), unless the grant is a capital grant to acquire/construct recognisable non-financial assets. All Commonwealth grants are accounted for under AASB 1058 as the arrangements with the Commonwealth do not constitute contracts with customers.

GST revenue is general revenue assistance provided by the Commonwealth in accordance with the principles of horizontal fiscal equalisation under the Intergovernmental Agreement on Federal Financial Relations that may be spent for any purpose. The GST revenue is received monthly.

Specific Purpose payments and the National Partnership Payments are typically received when the state completes each milestone stipulated in the contract agreement and or/ its schedule and submits the performance report for the completed milestones by the due dates to the Commonwealth.

Commonwealth capital grants to acquire/construct recognisable non-financial assets

Income from Commonwealth capital grants to acquire or construct a recognisable non-financial asset to be controlled by the state is recognised as the non-financial assets are being constructed. The recognition of revenue is in proportion with the expenditure on the asset, as this best represents the satisfaction of the state's obligation to acquire/construct the assets under the agreements. Grants to acquire or construct recognisable non-financial assets primarily relate to Commonwealth funding received for construction or upgrade of transport and road infrastructure assets.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A2.4. Dividends

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Adelaide Venue Management | 1 600 | 1 600 |
| Home Start Finance | 46 441 | 26 205 |
| Renewal SA | 4 054 | 1 193 |
| Public Trustee | 6 221 | 6 926 |
| SA Water Corporation | 29 882 | 82 093 |
| Motor Accident Commission | 10 321 | 9 294 |
| South Australian Government Financing Authority | 51 343 | 16 270 |
| Scope Global Pty Ltd | 5 000 | - |
| Total dividends | 154 862 | 143 581 |

Dividends represent distributions from applicable for-profit government agencies and include returns of accumulated capital. Dividend amounts are approved by the Treasurer before reporting date and recognised on receipt. Dividends are passed on to the Consolidated Account.

A2.5. Interest revenues

| | 2022 | 2021 |
|--------------------------------|--------------|---------------|
| | \$'000 | \$'000 |
| Interest | 6 168 | 10 161 |
| Total interest revenues | 6 168 | 10 161 |

Interest revenues principally relate to the income received/receivable on the Treasurer's deposit with the South Australian Government Financing Authority (SAFA). This interest is received/receivable monthly at prevailing market rates.

A2.6. Grants and contributions

| | 2022 | 2021 |
|---------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Intra-government transfers | 110 458 | 112 147 |
| Emergency services levy remission | 129 145 | 119 233 |
| Emergency services levy- pensioner | 6 412 | 6 461 |
| Total grants and contributions | 246 015 | 237 841 |

Grants and contributions mainly represent Emergency Services Levy general remissions as well as intra-government transfers received for administered funds.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A2.7. Fees and charges

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Guarantee fees | 119 459 | 126 115 |
| Court fines | 61 228 | - |
| Court Regulatory fees | 15 293 | - |
| Victims of Crime levy collections | 9 561 | - |
| Fines Enforcement and Recovery - suitor collections | 23 913 | - |
| Other recoveries | 237 | 259 |
| Total fees and charges | 229 691 | 126 374 |

Guarantee fees represent a price for the funding cost advantage the government guarantee gives to an agency and reflects other advantages afforded by the government's financing frameworks and mechanisms.

Guarantee fees are collected pursuant to Section 20 of the *Public Finance and Audit Act 1987*.

A2.8. Other income

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Cash alignment transfers to the Consolidated Account | 799 845 | 723 928 |
| Return of capital | 50 000 | - |
| Return of deposit account balances | 247 | - |
| Recoveries DIT- Indentured Ports | 13 449 | 17 719 |
| Essential Services Commission of SA | 13 272 | 12 578 |
| Repayment of advances | 19 297 | 1 552 |
| Support Services to Parliamentarians | 5 | 9 |
| Recovery from SAFA Insurance Fund | 7 123 | 6 166 |
| Hotel quarantine interstate crosscharge | 2 344 | - |
| Return of private hospital funding | 9 028 | 47 790 |
| Gain on disposal of financial assets for Scope Global Pty Ltd | 4 057 | - |
| Return of Green Industry SA Bushfire funding | 2 444 | - |
| Equiticorp Tasman Limited - liquidation dividend | 2 499 | - |
| Other income | 21 838 | 17 295 |
| Total other income | 945 448 | 827 037 |

Other revenues mainly represent the receipt of cash from agencies which is passed on to the Consolidated Account in accordance with the government's relevant policy directive. Revenue received in this manner and subsequently transferred to the Consolidated Account includes repayment of capital and advances, return of cash pursuant to the government's cash alignment policy and return of deposit account balances.

The gain on disposal of financial assets for Scope Global Pty Ltd reflects the sale of 100% of the Treasurer's investment in the company. As at balance date, there were further sale costs expected but not determined. These costs will be finalised in 2022-23 and have not been provided for in the financial statements.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
for the year ended 30 June 2022

A3. Board, committees and employees

A3.1. Employee benefits expenses

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Superannuation contributions to various schemes* | 422 270 | 499 600 |
| Salaries and wages | 17 756 | 17 746 |
| Long service leave | (356) | (85) |
| Annual leave | 770 | 1 181 |
| Skills and experience retention leave | (3) | 19 |
| Employment on-costs - superannuation | 2 154 | 2 054 |
| Employment on-costs - other | 1 039 | 1 032 |
| Minister's salary, electorate and expense allowance | 399 | 420 |
| Other employee related expenses | 2 038 | 159 |
| Total employee benefits expenses | 446 067 | 522 126 |

*These payments were made to support funding of the defined benefit superannuation liability for the Police Superannuation Scheme and the South Australia Superannuation Fund as part of the government's commitment to have all superannuation liabilities fully funded by 2034.

Employment on-costs - superannuation

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

Department of Treasury and Finance
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A3.1. Employee benefits expenses (continued)

Employee and judicial officers remuneration

| The number of officers, including judicial officers, whose remuneration received or receivable falls within the following bands: | 2022 | 2021 |
|--|---------------|---------------|
| | Number | Number |
| \$157 001 - \$177 000 | - | 2 |
| \$197 001 - \$217 000 | 1 | - |
| \$277 001 - \$297 000 | - | 1 |
| \$297 001 - \$317 000 | - | 1 |
| \$317 001 - \$337 000 | - | 1 |
| \$457 001 - \$477 000 | 1 | 1 |
| \$477 001 - \$497 000 | - | 1 |
| \$497 001 - \$517 000 | 1 | - |
| \$557 001 - \$577 000 | - | 2 |
| \$577 001 - \$597 000 | 1 | - |
| \$597 001 - \$617 000 | 2 | - |
| \$617 001 - \$637 000 | - | 1 |
| \$657 001 - \$677 000 | 1 | - |
| Total number of employees and judicial officers | 7 | 10 |

The total remuneration received by those employees and officers for the year was \$3.6 million (2021: \$3.9 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 any related fringe benefits tax paid.

Department of Treasury and Finance
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A3.2. Employee benefits liability

| | 2022 | 2021 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Current | | |
| Accrued salaries and wages | 59 | 640 |
| Annual leave | 1 083 | 1 458 |
| Long service leave | 426 | 419 |
| Skills and experience retention leave | 16 | 27 |
| Total current employee benefits | 1 584 | 2 544 |
| Non-current | | |
| Long service leave | 1 490 | 2 269 |
| Total non-current employee benefits | 1 490 | 2 269 |
| Total employee benefits | 3 074 | 4 813 |

Long service leave liability measurement

Refer to note 3.4.

The net financial effect of the changes in the financial year described in note 3.4 is a decrease in the long service leave liability of \$50 000 (2021: \$318 000) and employee benefits expense of \$50 000 (2021: \$318 000). The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions - a key assumption is the long-term discount rate.

A4. Expenses

A4.1. Supplies and services

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| State's share of GST administration | 40 908 | 42 797 |
| Accommodation | 3 705 | 3 538 |
| General administration and consumables | 2 875 | 2 427 |
| Minor works, maintenance and equipment | 300 | 543 |
| Unclaimed monies | 360 | 621 |
| Information technology and communication expenses | 238 | 280 |
| Consultants | 753 | 115 |
| Legal costs | 1 109 | 368 |
| Contractors and temporary staff | 50 | - |
| Other | 248 | 150 |
| Total supplies and services | 50 546 | 50 839 |

Accommodation

Most of the department's administered accommodation is provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement issued in accordance with government-wide accommodation policies. These arrangements do not meet the definition of a lease and accordingly associated rental costs are expensed within accommodation expense.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
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A4.2. Borrowing costs

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Interest on borrowings | 317 860 | 262 100 |
| Interest paid on deposit accounts and other monies | 466 | 1 203 |
| Total borrowing costs | 318 326 | 263 303 |

The department administers payment of interest on borrowings on behalf of the Treasurer but the debt is not recorded in the Statement of Administered Financial Position. Treasurer's borrowings are disclosed in Statement J of the Treasurer's Statements and the government's annual consolidated financial report.

Borrowing costs include annual interest charges on the Treasurer's borrowings from South Australian Government Financing Authority and interest paid by the Treasurer on agency deposit and special deposit accounts.

Interest is paid from the Treasury and Finance Administered Items special deposit account using funds appropriated for that purpose. While the department administers these payments on behalf of the Treasurer, the underlying loan arrangements are administered by South Australian Government Financing Authority and are therefore not included in the Statement of Administered Financial Position.

Further information on borrowings undertaken by the Treasurer for the Government of South Australia and other government financial assets and liabilities can be found in the South Australian Government Financing Authority annual report and the Consolidated Financial Report for the Government of South Australia prepared under AASB 1049 *Whole of Government and Government Sector Financial Reporting*.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
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A4.3. Grants, subsidies and transfers

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Recurrent grants, subsidies and transfers | 3 587 961 | 2 895 022 |
| Capital grants, subsidies and transfers | 710 420 | 810 676 |
| Equity capital contribution | 267 740 | 199 105 |
| Water relief grants | - | 142 |
| Private hospital payments* | 27 990 | 55 538 |
| COVID-19 support fund | 379 460 | 146 694 |
| Hotel quarantine interstate crosscharge | 1 070 | 3 210 |
| Victims of Crime Levy collections | 9 560 | - |
| Total grants, subsidies and transfers | 4 984 201 | 4 110 387 |

Grants, subsidies, and transfers mainly reflect the transfer of Commonwealth funding received pursuant to the Intergovernmental Agreement on Federal Financial Relations (IAFFR) to relevant government agencies. Also included are the payment of grants and other contributions approved by the Treasurer using appropriation funding provided to the Treasury and Finance administered items account. Grants, subsidies and transfers are recognised when paid.

*Private hospital payments (formerly Hospital viability payments) and includes payments to private hospitals of \$28.0 million (2021: \$7.2 million) and no payments were made to the Department of Health and Wellbeing in 2022 (2021: \$48.3 million) for funding not required by private hospitals to be returned to the Commonwealth.

The following table lists recipient departments including their administered items which received more than \$100 million pursuant to the IAFFR:

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$'000 | \$'000 |
| Department for Education | 1 938 035 | 1 525 567 |
| Department for Infrastructure and Transport | 689 101 | 785 858 |
| Department of Human Services | 199 101 | 194 166 |
| Department for Innovation and Skills | 165 258 | 142 745 |
| Department of Treasury and Finance | 222 521 | - |
| Total | 3 214 016 | 2 648 336 |

A4.4. Payments to SA Government

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$'000 | \$'000 |
| Transfer of revenue received on behalf of the Consolidated Account | 13 482 304 | 11 423 293 |
| Other payments to the Consolidated Account | 186 991 | 193 029 |
| Cash alignment transfer to Consolidated Account | 186 006 | 404 543 |
| Total payments to SA Government | 13 855 301 | 12 020 865 |

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
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A4.5. Other expenses

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Payments to Commonwealth Government | 41 400 | 27 465 |
| Refunds and remissions* | 140 695 | 64 700 |
| Revision to carrying value of State Owned Generator Leasing Co. Pty. Ltd. | 63 146 | 13 300 |
| Doubtful debts | (660) | 1 681 |
| Fines Enforcement and Recovery - suitor payments | 23 914 | - |
| Other | 2 148 | 3 622 |
| Total other expenses | 270 643 | 110 768 |

*Refunds and Remissions includes taxation relief approved as part of the government's COVID-19 support fund of \$134 million (2021: \$21.3 million).

Department of Treasury and Finance
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A5. Non-financial assets

A5.1. Property, plant and equipment owned by the department

Reconciliation

| 2021-22 | Land | Buildings | Building fitouts | Work in progress | Total |
|---|------------|--------------|------------------|------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 581 | 2 913 | 692 | 192 | 4 378 |
| Additions | - | - | - | 3 125 | 3 125 |
| Capital transfers from WIP | - | 173 | 178 | (351) | - |
| Other | - | - | 12 | (12) | - |
| Depreciation and amortisation | - | (135) | (352) | - | (487) |
| Carrying amount at the end of the period | 581 | 2 951 | 530 | 2 954 | 7 016 |
| Gross carrying amount | | | | | |
| Gross carrying amount | 581 | 3 321 | 3 259 | 2 954 | 10 115 |
| Accumulated depreciation/amortisation | - | (370) | (2 729) | - | (3 099) |
| Carrying amount at the end of the period | 581 | 2 951 | 530 | 2 954 | 7 016 |

Department of Treasury and Finance
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A5.1. Property, plant and equipment owned by the department (continued)

| 2020-21 | Land | Buildings | Building fitouts | Work in progress | Total |
|---|------------|--------------|------------------|------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 581 | 2 625 | 825 | 20 | 4 051 |
| Additions | - | 409 | - | 430 | 839 |
| Capital transfers from WIP | - | - | 258 | (258) | - |
| Depreciation and amortisation | - | (121) | (391) | - | (512) |
| Carrying amount at the end of the period | 581 | 2 913 | 692 | 192 | 4 378 |
| Gross carrying amount | | | | | |
| Gross carrying amount | 581 | 3 148 | 3 228 | 192 | 7 149 |
| Accumulated depreciation/amortisation | - | (235) | (2 536) | - | (2 771) |
| Carrying amount at the end of the period | 581 | 2 913 | 692 | 192 | 4 378 |

Department of Treasury and Finance
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A5.1. Property, plant and equipment owned by the department (continued)

Valuation of non-current assets

A valuation of the land and buildings for the National Wine Centre was performed by an independent certified practising valuer as at 30 June 2019. The revaluation involved discounting to net present value of the National Wine Centre land and buildings at the termination of the forty year lease arrangement with University of Adelaide. A revaluation surplus of \$2.750 million is held for the revalued land and building. The next revaluation is scheduled for 30 June 2025.

Department of Treasury and Finance
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A5.2. Intangible assets

Reconciliation of intangible assets

| Reconciliation 2021-22 | Water licenses \$'000 | Total \$'000 |
|---|-----------------------------|-----------------|
| Net book value at the beginning of the period | 325 | 325 |
| Subtotal | 325 | 325 |
| Carrying amount at the end of the period | 325 | 325 |
| Gross carrying amount | | |
| Gross carrying amount | 325 | 325 |
| Carrying amount at the end of the period | 325 | 325 |

There has been no movement in intangibles.

Water licences transferred to the Treasurer as part of the 2012 forward sale of the State's Green Triangle Forest Plantations. These water licences were retained by the Treasurer after finalising the lease arrangements with OneFortyOne Plantations Pty Ltd.

A6. Financial assets

A6.1. Cash and cash equivalents

| | 2022 \$'000 | 2021 \$'000 |
|--|------------------|------------------|
| Deposits with the Treasurer | 2 450 884 | 2 408 419 |
| Promissory notes | 8 016 | 8 012 |
| Total cash and cash equivalents | 2 458 900 | 2 416 431 |

Promissory notes

The Treasurer holds promissory notes on behalf of the Local Government Disaster Fund where the cash balance of the fund is not immediately required to fund Local Government costs relating to disasters. It is invested with the Local Government Finance Authority of South Australia for periods of three months. Promissory notes earn interest at their respective promissory note rates.

Department of Treasury and Finance
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A6.2. Receivables

| | 2022 | 2021 |
|--------------------------------------|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| Current | | |
| Trade receivables | 234 033 | 105 010 |
| Accrued revenues | 85 566 | 8 748 |
| GST input tax recoverable | 410 | 1 206 |
| Total current receivables | <u>320 009</u> | <u>114 964</u> |
| Non-current | | |
| Receivables | 19 | 2 |
| Total non-current receivables | <u>19</u> | <u>2</u> |
| Total receivables | <u><u>320 028</u></u> | <u><u>114 966</u></u> |

Other than as recognised in the allowance for doubtful debts, it is not anticipated 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. There is no provision recognised at 30 June 2022.

Current trade receivables from non-government entities mainly comprises Commonwealth funding receivable relating to capital projects by the Department for Infrastructure and Transport for which work has been completed and recovery is based on achievement of further milestones.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
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A6.3. Other financial assets

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Current | | |
| Loans for financial assistance | 7 765 | 12 366 |
| Less Provision for doubtful debts | (6 138) | (9 572) |
| Total current other financial assets | <u>1 627</u> | <u>2 794</u> |
| Non-current | | |
| Loans for financial assistance | 27 879 | 24 394 |
| Less Provision for doubtful debts | (20 558) | (17 784) |
| Contributed capital in subsidiary company SOGLC | 149 754 | 212 900 |
| Contributed capital in subsidiary company Scope Global | - | 6 943 |
| Total non-current other financial assets | <u>157 075</u> | <u>226 453</u> |
| Total other financial assets | <u>158 702</u> | <u>229 247</u> |

State Owned Generators Leasing Co Pty Ltd

The Treasurer of South Australia holds 113 100 001 fully paid ordinary shares in the State Owned Generators Leasing Co Pty Ltd (SOGLC). SOGLC owns the state's emergency electricity generators and leases these assets to third party operators.

At 30 June 2022 SOGLC's generator assets had been, or were imminently expected to be, removed from their temporary sites and relocated to permanent locations. Certain specialist equipment for connecting the generator assets to establish operational power stations will not be transferred to the third party operators. These remaining assets will be sold or scrapped. Consequently, SOGLC's net assets (unaudited) declined by \$62.2 million from \$212.0 million at 30 June 2021 to \$149.8 million at 30 June 2022. Reflecting SOGLC's lower net assets, the carrying value of the Treasurer's investment in SOGLC has been revised downward from \$212.9 million at 30 June 2021 to \$149.8 million at 30 June 2022.

Scope Global Pty Ltd

The company's principal activity is to secure international contracts for work in vocational education and training.

One hundred per cent of the Treasurer's investment in Scope Global Pty Ltd was sold in 2021-22.

State Owned Generators Leasing Co Pty Ltd

The Treasurer of South Australia holds 113 100 001 fully paid ordinary shares in the State Owned Generators Leasing Co Pty Ltd (SOGLC). SOGLC owns the state's emergency electricity generators and leases these assets to third party operators.

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
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A7. Liabilities

A7.1. Payables

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Current | | |
| Creditors - revenue received on behalf of the Consolidated Account | 1 723 195 | 1 460 156 |
| Creditors - other | 11 557 | 1 846 |
| Accrued expenses | 61 625 | 35 502 |
| Employment on-costs | 648 | 938 |
| Paid parental leave scheme payable | 3 | 3 |
| Total current payables | 1 797 028 | 1 498 445 |
| Non-current | | |
| Creditors - electricity entities lease proceeds | 28 273 | 28 274 |
| Employment on-costs | 211 | 271 |
| Creditors - other | 2 501 | 2 501 |
| Super SA Select Loan | 500 | 500 |
| Total non-current payables | 31 485 | 31 546 |
| Total payables | 1 828 513 | 1 529 991 |

Employment on-costs

As a result of an actuarial assessment performed by the department, the proportion of long service leave taken as leave for 2022 has remained unchanged from the 2021 rate of 42%. The average factor for the calculation of employer superannuation cost on-costs has been revised upward from the 2021 rate of 10.1% to 10.6% in 2022. These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year is an increase in the employment on-cost of \$2 100 and employee benefits expense of \$2 100.

A7.2. Provisions

| Reconciliation of workers compensation (statutory and non-statutory) | 2022 | 2021 |
|---|--------------|-------------|
| | \$'000 | \$'000 |
| Carrying amount at the beginning of the period | 200 | 153 |
| Additional provisions recognised | 1 145 | 125 |
| Reductions arising from payments/other sacrifices of future economic benefits | (290) | (78) |
| Carrying amount at the end of the period | 1 055 | 200 |

Department of Treasury and Finance
Notes to and forming part of the Financial Statements
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A7.3. Other liabilities

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| | \$'000 | \$'000 |
| Current | | |
| Unearned revenue | 6 270 | 6 887 |
| Total current other liabilities | <u>6 270</u> | <u>6 887</u> |
| Non-current | | |
| Unearned revenue | 44 983 | 51 253 |
| Unearned revenue - capital projects | 191 497 | 397 917 |
| Unclaimed monies Fines Unit | 1 488 | - |
| Total non-current other liabilities | <u>237 968</u> | <u>449 170</u> |
| Total other liabilities | <u><u>244 238</u></u> | <u><u>456 057</u></u> |

Reconciliation of unearned revenue - capital projects

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Balance at the beginning of the year | 397 917 | 637 903 |
| Grant revenue for capital projects received during the year | 165 492 | 266 636 |
| Grant revenue for capital projects recognised consistent with the works undertaken during the year | (371 912) | (506 622) |
| Balance at the end of the year | <u>191 497</u> | <u>397 917</u> |

Unearned revenue

In 2003 the Treasurer agreed to lease to the University of Adelaide over a forty year period the land and buildings previously owned by the National Wine Centre. The agreement's upfront consideration of \$1 million has been recorded as unearned revenue and is being amortised over the life of the lease.

Unearned revenue includes interest received in advance of \$50.723 million (2021: \$57.585 million) on the novation of Urban Renewal Authority loans to the Treasurer as part of the TAFE buy-back transaction.

Unearned revenue – capital projects

Commonwealth grant funding received in the current and prior years to support various infrastructure and capital projects is recorded as unearned revenue. Income is recognised progressively in proportion with the expenditure on the associated asset as this best represents the state's obligation to acquire/construct the assets under the agreements with the Commonwealth.

The balance of this unearned revenue at 30 June 2022 primarily relates to various road and infrastructure projects to be constructed over the next three years by the Department for Infrastructure and Transport.

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A8. Other disclosures

A8.1. Equity

Refer to note 8.1.

A8.2. Cash flow reconciliation

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$'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 | 2 458 900 | 2 416 431 |
| Balance as per the Statement of Cash Flows | <u>2 458 900</u> | <u>2 416 431</u> |
| | | |
| Reconciliation of net cash provided by / (used in) operating activities to net result | | |
| Net cash provided by/(used in) operating activities | 46 604 | 504 972 |
| | | |
| Add / (less) non-cash items | | |
| Depreciation and amortisation | (487) | (512) |
| Doubtful debts expenses | 660 | (1 681) |
| Discounted cash flow valuations for financial assistance loans - other income | 215 | 434 |
| Revision of carrying of SOGLC | (63 146) | (13 300) |
| | | |
| Movement in assets and liabilities | | |
| Increase/(decrease) in receivables | 205 062 | 20 351 |
| (Increase)/decrease in payables | (308 675) | (802 805) |
| (Increase)/decrease in employee benefits | 1 739 | 373 |
| (Increase)/decrease in provisions | (855) | 1 853 |
| (Increase)/decrease in other liabilities | 211 819 | 247 079 |
| Net result | <u>92 936</u> | <u>(43 236)</u> |

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A9. Outlook

A9.1. Unrecognised commitments

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

Expenditure commitments

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 2 088 | 1 886 |
| Later than one year but not longer than five years | 3 321 | 1 809 |
| Later than five years | 699 | 19 |
| Total expenditure commitments | 6 108 | 3 714 |

The department's administered expenditure commitments are for arrangements for Memorandum of Administrative Arrangements with the Department for Infrastructure and Transport for accommodation.

Other commitments

The department's administered other commitments primarily relate to distribution of Commonwealth funds to agencies in accordance with Schedule G of the Intergovernmental Agreement on Federal Financial Relations and Industry Assistance grants.

Commitments in relation to other expenditure contracted for at the reporting date but not recognised as liabilities are payable as follows:

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 11 511 | 22 154 |
| Later than one year but not longer than five years | 4 496 | 4 751 |
| Later than five years | 814 | 717 |
| Total other commitments | 16 821 | 27 622 |

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A9.2. Contingent assets and liabilities

The following contingent assets and liabilities exist for the Administered Items:

Residual responsibilities for structural integrity of the National Wine Centre's buildings outside agreed maintenance regimes as required by the Memorandum of Lease - National Wine Centre. The lease expires in September 2043. The estimated maximum exposure of this liability is undefined.

On 26 November 2012, the State appointed Tatts Lotteries SA Pty Ltd (Tatts) as its exclusive Master Agent to operate SA Lotteries' brands and products for a term of 40 years, starting 11 December 2012. Under this arrangement the Lotteries Commission of South Australia is required to pay the Master Agent a master agency fee (payment obligation). The Treasurer has unconditionally and irrevocably guaranteed the performance by Lotteries Commission of South Australia of the payment obligation. The Treasurer has also indemnified the Master Agent against any cost, expense, loss or damage that the Master Agent may incur as a direct result of non-compliance by Lotteries Commission of South Australia with the payment obligation. The Treasurer's maximum aggregate liability to the Master Agent under this agreement is limited to an amount equal to the total quantum of Lotteries Commission of South Australia's liability to the Master Agent for the payment obligation.

The Treasurer guarantees the annual lease obligations and a proportion of outgoings of the Ice Factor Foundation for the Thebarton Ice Arena up to \$4.06 million.

Liabilities incurred or assumed by the Local Government Finance Authority are guaranteed by the Treasurer. The Treasurer's exposure at 30 June 2022 was \$692.71 million (2021: \$760.3 million).

The Treasurer unconditionally and irrevocably guarantees to each beneficiary the due and punctual payment and performance by the Adelaide Venue Management Corporation of the Corporation's obligations to that beneficiary.

The Treasurer has indemnified the fund of the Local Government Association (LGA) Mutual Liability Scheme for any admitted claim in the nature of a general liability that the LGA in respect of the Mutual Liability Scheme becomes legally liable to pay. For liability risks not covered under the State Government's liability reinsurance program, the indemnity is capped at \$50 million for any one such admitted claim. Any losses that exceed the State Government's liability reinsurance program limits and the \$50 million limit for liability risks not covered by the reinsurance program will be subject to separate negotiations between the LGA and the State Government.

The Treasurer has indemnified South Australian Government Financing Authority (SAFA) against any profit or loss as a result of activities in the Insurance Fund 2 and Fund 3 portfolios. Given the nature of the activities in these funds, the Treasurer has approved that any operating profit before tax will be nil. This is achieved by negating the operating profit or loss with either a payable to or a receivable from the Treasurer. This policy resulted in a payable to the Treasurer of \$6.4 million for the year 2021-22 (2021: \$2.75 million payable to the Treasurer).

The Government of South Australia established the Future Jobs Fund. The Fund provided grants and loans to non-government entities intended to create ongoing jobs in a range of sectors. The Fund is now closed to new applicants. Provision of loans and grants from the Fund has been contingent upon applicants meeting their obligations and performance milestones. The amount of undrawn loans and grants from the Fund as at 30 June 2022 was \$10.85 million (2021: \$17.98 million).

Department of Treasury and Finance
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A9.2. Contingent assets and liabilities (continued)

The Government of South Australia established the Economic and Business Growth Fund that has been renamed to the Jobs and Economic Growth Fund. The Fund promotes economic growth in South Australia by encouraging growth of existing industries, developing new industries, building international connections, and attracting foreign and national direct investment that create long-term sustainable jobs. Provision of grants from the Fund is contingent upon applicants meeting their obligations and performance milestones. For commitments entered into up to 30 June 2022, the amount of undrawn grants from the Fund as at 30 June 2022 was \$4.29 million (2021: \$14 million).

Under Section 15 of the *Government Financing Authority Act 1982*, all financial obligations incurred or assumed by SAFA are guaranteed by the Treasurer on behalf of the state of South Australia.

The Government of South Australia established a Local Government Infrastructure Partnership program (LGIPP). The program provides various grants and loans. The amount of undrawn loans and grants from the Program as at 30 June 2022 was \$99.9 million.

The Government of South Australia established a Treasurer's School Loans Scheme. The amount of undrawn loans and grants from the Scheme as at 30 June 2022 was \$108.82 million.

The Government of South Australia established a COVID-19 Support fund. The amount of undrawn loans and grants from the Fund as at 30 June 2022 was \$0.05 million.

The Treasurer has indemnified ASIC against any claims by Logistic Education Centre creditors as a consequence of ASIC transferring land back to The Minister for Employment.

A9.3. Impact of standards and statements not yet effective

The department continues to assess 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.

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

A9.4. COVID-19 pandemic outlook

The COVID-19 pandemic will continue to impact the operations of the department in 2022-23. The government introduced a series of taxation deferral and financial support measures in 2019-20 to help the South Australian community manage the economic effects of the COVID-19 pandemic. The pandemic continues to create uncertainty. Consequently, the future financial impact of these measures cannot yet be reliably estimated.

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A9.5. Events after the end of the reporting period

The department is not aware of any events after the reporting period that would impact on the administered financial statements.

A10. Measurement and risk

A10.1. Fair value measurement

Refer to note 10.1.

The department's administered items had no valuations categorised into level 1 and 2 for both 2021 and 2022.

A10.2. Financial instruments

Refer to note 10.2.