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14 Nov 2023



**Government
of South Australia**

**DEPARTMENT FOR INDUSTRY, INNOVATION
AND SCIENCE
2022-23 Annual Report**

DEPARTMENT FOR INDUSTRY, INNOVATION AND SCIENCE

Level 4, 11 Waymouth Street, Adelaide

GPO Box 320, Adelaide SA 5001

www.industry.sa.gov.au

Contact phone number: (08) 8226 3821

Contact email: diisreception@sa.gov.au

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2022-23 ANNUAL REPORT for the Department for Industry, Innovation and Science

To:

Hon Susan Close MP

Deputy Premier

Minister for Industry, Innovation and Science

Hon Andrea Michaels MP

Minister for Arts

Minister for Small and Family Business

This annual report will be presented to Parliament to meet the statutory reporting requirements of *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Department for Industry, Innovation and Science by:

Adam Reid

Chief Executive

Date 

Signature 29/09/2023

From the Chief Executive

Over the past year, the Department for Industry, Innovation and Science (DIIS) has continued to work with industry, across government and with the community, to support South Australia's sustainable economic growth and to deliver programs that grow creative, innovative, and productive industries and businesses.

Our focus has been on delivering the South Australian Government's ambitious economic policy agenda and commitments, developing industry capability, supporting and strengthening research capability, and ensuring this translates into business opportunities, jobs and growth.

Our work aligns with the South Australian Government's vision, as outlined within its *Economic Statement*, for a South Australian economy that is smart, sustainable and inclusive.

Developing strategic industrial policy and reinvigorating manufacturing, along with supporting the creative industries, small business, and research and innovation, were key focus areas during 2022-23.

The announcement on 13 March 2023 in the United States of the optimal pathway for Australia's acquisition of conventionally armed, nuclear powered submarines is historic.

South Australia, as the home of Australia's submarine construction industry, will be vital to the successful delivery of Australia's nuclear powered submarine program. And work to deliver a suitably qualified and experienced workforce for the defence industry, including shipbuilding and nuclear powered submarines, commenced in earnest this year.

As Co-Chair of the South Australian Defence Industry Workforce and Skills Taskforce, which has engaged extensively with industry, education, unions and government, the department looks forward to finalising and delivering actions under the skills and workforce plan for the defence industry.

The government signed a Memorandum of Understanding with BAE Systems Australia to partner on building South Australia's defence industry workforce.

The burgeoning hydrogen industry is another major focus for the South Australian Government. DIIS undertook engagement with industry and community stakeholders to develop a South Australian Hydrogen Workforce Roadmap and engage the local supply chain to ensure our businesses benefit from this large emerging industry.

As Australia and the rest of the world seeks to decarbonise and achieve net zero targets, businesses around the globe are under increased pressure to reduce their emissions. Increasingly, consumers, employees and financial providers are seeking out businesses and employers that are taking proactive steps to reduce their carbon footprints. This presents both a challenge and an opportunity for South Australian businesses.

DIIS is collaborating with nine South Australian Government departments to develop a Green Industrial Transition Roadmap, which will provide a plan for South Australia to build sustainable industries in sectors that best leverage our high penetration of



renewable energy and natural endowments to build new, low carbon industries and manufacturing opportunities, and transition existing high emitting industries.

We recognise that science, research, and industry collaboration are fundamental drivers of innovation, and we have continued to support research excellence, collaboration, translation and commercialisation through the Research and Innovation Fund and the National Collaborative Research Infrastructure Strategy.

DIIS has also been working closely with industry, education, union, and community stakeholders to develop a South Australia Manufacturing Strategy.

The new strategy will set the direction for industry and government collaboration to grow manufacturing and drive South Australia's economic transition towards a knowledge-based, resilient, and greener economy.

Further to this, though initiatives such as the South Australian Industry Capability Network (ICN) program, it is more important than ever that we connect local suppliers to new business opportunities, building capability and capacity in supply chains across major defence projects.

To ensure businesses have access to the skills they need, particularly in regional South Australia, we've continued to deliver skilled, employer-sponsored and business migration programs, with 2022-23 seeing a significant increase in employers utilising the state's Designated Area Migration Agreements.

The department has been critical to delivering on the government's commitment to supporting and enabling South Australian small and family business to succeed.

We established the Office for Small and Family Business to provide seamless access to support and resources, and we conducted a comprehensive engagement program with the small business community, harnessing these insights to shape a Small Business Strategy for South Australia.

We launched the Women in Business Program to address the specific barriers that women face in starting, running and growing businesses, and have planned a whole suite of initiatives to increase fundamental business skills, improve digital readiness and cyber awareness, and help small businesses to become more sustainable.

We have also provided critical support to small businesses impacted by the River Murray flooding, both on the ground in the region, and through a range of grants.

The department has continued to support South Australia's creative industries to grow and thrive.

Through the Music Development Office, we supported South Australian music industry professionals to get back on stages at events and in live music and hospitality venues with *See It LIVE* e-vouchers, venue upgrade grants, event grants, mental health support, and more.

We have also supported our state's world-renowned screen industry, preparing to hold the first annual iteration of the iconic Adelaide Film Festival later this year, and supporting the South Australian Film Corporation to launch a workforce development strategy in response to skills shortages in the industry.

We are also contributing to developing a framework for a new state-wide innovation model, which will strategically connect the state's innovation districts, including Lot Fourteen, Tonsley and Adelaide BioMed City, along with other knowledge and

manufacturing hubs, and capitalise on our competitive advantages in defence, space, advanced manufacturing and critical technologies industries.

The opportunity to create a new university – Adelaide University – a combined University of Adelaide and University of South Australia is nationally and internationally significant. The new university would have a mission focused on access and equity, while undertaking research of scale and focus, aligned to the economic priorities of the state.

Looking forward, the department will continue to work with our stakeholders within the higher education sector to not only support the creation of the new Adelaide University, but to drive a high performing, strong higher education sector in South Australia.

The department will work with the higher education sector to deliver the desired outcomes for the state of excellence in research, translation and commercialisation, engagement with industry and business, equity and access for all students, a strong, stable and secure sector and improved integration with vocational education and training.

It has been an incredibly productive and busy year for the department and we remain committed to continuing to drive the state's economic transformation towards a knowledge-based, resilient and greener economy for the future.



Adam Reid

Chief Executive

Department for Industry, Innovation and Science

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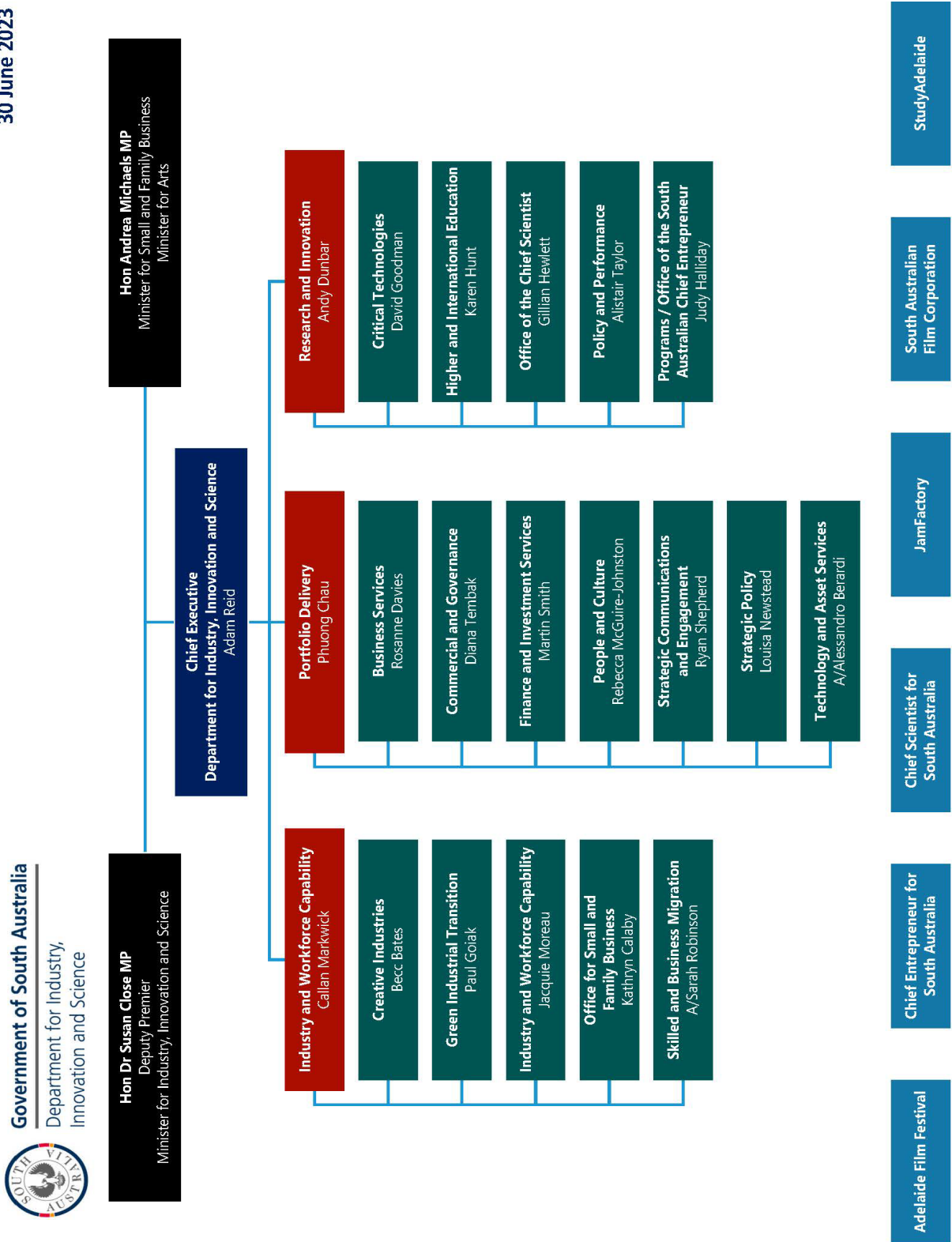
Overview: about the agency

Our strategic focus

Our Purpose	The Department for Industry, Innovation and Science supports sustainable economic growth by assisting South Australian industries and businesses to succeed in a local and global environment.
Our Vision	A smart, sustainable and inclusive South Australian economy underpinned by excellence in research and innovation, higher education, industrial capability and a skilled workforce.
Our Values	<p>Our values are based on the Public Sector Values, and we will uphold these values in our decisions, actions and interactions:</p> <p>Genuine – we do what we say</p> <p>Respect – we are inclusive and listen</p> <p>Empowered – we are open and courageous</p> <p>Aligned – we act and deliver as one</p> <p>Trusted – we back each other</p>
Our functions, objectives and deliverables	<p>The Department for Industry, Innovation and Science will help deliver sustainable economic growth and a productive, resilient economy underpinned by science, technology and enterprise.</p> <p>The department develops integrated policy advice and delivers targeted programs, projects and services that enable industries and businesses to succeed in the global environment.</p> <p>The department’s objectives to support economic growth are:</p> <ul style="list-style-type: none"> • Grow creative, innovative and productive industries and businesses • Improve the state’s industrial capability and capacity • Develop a high performing research and innovation system • Support industry to get the skilled workforce it needs • A high performing, collaborative, agile and innovative organisational culture <p>Success across these strategic objectives will help achieve the following long-term outcomes:</p> <ul style="list-style-type: none"> • Globally recognised research and translation connected to industry • Business growth and sustainability • Increased development and retention of a skilled workforce in South Australia • Increased productivity across business and industry

Our organisational structure

30 June 2023



Changes to the agency

During 2022-23, there were changes to the agency's structure and objectives as a result of internal reviews. An organisational change process was conducted between September – November 2022 to review and realign existing functions following the creation of the Department for Industry, Innovation and Science on 1 July 2022. No functions were transferred in or out of the department and the new structure became effective 1 November 2022.

Our Minister (s)

Hon Susan Close MP



Susan Close is the Deputy Premier of South Australia and the Minister for Climate, Environment and Water; Minister for Industry, Innovation and Science; and Minister for Defence and Space Industries. Susan has been the Member for Port Adelaide since 2012.

Before entering parliament, Susan was an executive in the Department of Environment and Natural Resources and played a key role in the establishment of the Adelaide Dolphin Sanctuary as a community advocate.

She previously worked at the University of Adelaide managing student services and holds a PhD from Flinders University. Susan is a fierce advocate for women in the workplace, passionate about ensuring accessible and quality education for all, deeply concerned about protecting nature, and driven to deliver the best economic outcomes for South Australia so everyone can benefit from a prosperous future for our state.

Hon Andrea Michaels MP

Andrea Michaels is the South Australian Minister for Small and Family Business, Consumer and Business Affairs, and Arts. She is also the Member for Enfield, representing the community in Adelaide's inner north and north-eastern suburbs.

Prior to becoming a Minister, Andrea was running her own small business – a legal practice specialising in commercial law and supporting small and family businesses. She has also been Treasurer of the Law Society of SA, a company director, and a partner at industry leading law firms, as well as a chartered tax advisor and accredited family business advisor.

Andrea is passionate about promoting diversity, supporting more women to launch and grow businesses, and building safe, fair and friendly communities. She is focused on ensuring the government is easy to do business with, that small businesses are supported to succeed, and that the whole community has access to a thriving cultural and creative sector.



Our Executive team



Adam Reid, Chief Executive

Adam is the Chief Executive of the Department for Industry, Innovation and Science, which is responsible for supporting sustainable economic growth through research and innovation, technology development, industry and business growth, manufacturing capability, and skilled and business migration.

Adam brings more than 20 years of experience in the South Australian public sector in industry, science and innovation policy, and program delivery. Prior to becoming the Chief Executive, Adam was the Executive Director of the Innovation and Science division within the Department for Innovation and Skills, responsible for developing and supporting the state's innovation system to drive economic growth.

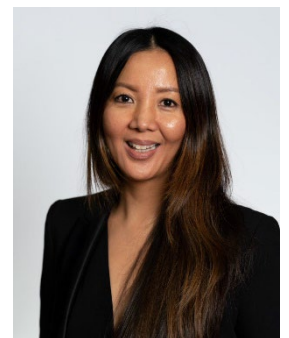
Previously, Adam held executive positions within the Department of State Development and Department of Trade and Economic Development, where he led industry development policy and strategy implementation, small business and investment management.

In his previous roles, Adam led the development of South Australia's manufacturing strategy, the purchase and planning of the Tonsley Innovation District, investments in strategic research infrastructure and capabilities, and the transition of the state's automotive supply chain.

Adam holds a Bachelor of Commerce from the University of Adelaide.

Phuong Chau, Executive Director, Portfolio Delivery

Phuong is the Executive Director, Portfolio Delivery responsible for leading the strategic enabler teams which support and enable the delivery of the department's strategic and operational objectives. This includes responsibility for corporate & business services, people, policy, communications and engagement, governance and migration. The group is focussed on driving and supporting the department to drive an enterprise approach which delivers customer service with our people and clients.



As of 1 July 2023, Phuong Chau has transferred to a new role in the Department for Treasury and Finance.

Andrew Dunbar, Executive Director, Research and Innovation

Andrew is the Executive Director, Research and Innovation, responsible for developing and supporting the state's innovation system in partnership with other parts of government, research organisations, industry and business. This includes responsibility for the Office of the South Australian Chief Entrepreneur and the Office of the South Australian Chief Scientist. The group is focused on supporting sustainable economic growth by:



- increasing South Australia's global standing in science and research
- encouraging commercialisation of research through industry, research and government collaboration
- supporting entrepreneurs, startups and small business, and attracting early stage and venture capital, and
- working across government, with industry and the community to support the skills, workforce, and international relations benefits brought about by a strong higher and international education sector.

Callan Markwick, Executive Director, Industry and Workforce Capability

Callan is the Executive Director, Industry and Workforce Capability, responsible for developing and supporting our creative industries and supporting sustainable economic growth through industry development, technology adoption and workforce strategies. With more than 20 years' experience in leadership roles in both public and private sector, Callan has developed in-depth knowledge and expertise in modern manufacturing, local and national training and education systems, workforce planning, and public sector policy and delivery.

Prior to being Executive Director, Callan held senior roles delivering systemic reform, key partnerships with industry, and complex projects and strategies of state and national importance. Callan holds a Graduate Certificate of Leadership from Deakin University along with tertiary qualifications in project management, human resources, training and career development.

Legislation administered by the agency

South Australian Film Corporation Act 1972

Flinders University Act 1966

Torrens University Australia Act 2013

University of Adelaide Act 1971

University of South Australia Act 1990

Other related agencies (within the Minister's area/s of responsibility)

Adelaide Film Festival

JamFactory

South Australian Film Corporation

StudyAdelaide

The agency's performance

Performance at a glance

The department supports sustainable economic growth by developing creative, innovative and productive industries and businesses that leverage South Australia's strengths.

During 2022-23, the department delivered support and assistance to small businesses in communities impacted by the River Murray flood event.

Highlights from 2022-23:

- Delivered the state's largest ever General Skilled Migration program, including substantial increase to offshore skilled migration, helping business and industry access a skilled workforce to meet skill gaps in the local market.
- South Australia's employers heavily utilised the state's Designated Area Migration Agreements (DAMAs), with positions endorsed in 2022-23 more than doubling total endorsements during the previous three years in which the DAMAs have been in place.
- Continued to invest in research talent, research infrastructure, industry-research collaboration and high-growth, high impact potential early-stage businesses, including by:
 - supporting five new Cooperative Research Centres (CRCs) bids, which are being considered under Round 24 of the Commonwealth CRC Program
 - committing \$25.4 million over five years to continue support and upgrades to South Australia's National Collaborative Research Infrastructure Strategy (NCRIS) facilities
 - establishing two Industry Doctoral Training Centres, one in biomanufacturing and one in the industrial application of quantum technologies
 - supporting high-growth and high impact potential early-stage businesses through the Startup Hub at Lot Fourteen and through direct funding initiatives, including the Research and Innovation Fund (Seed-Start) and the South Australian Venture Capital Fund.
- Continued to support increased awareness and resilience of South Australian industry to cyber threats through the Australian Cyber Collaboration Centre.
- Facilitated the government's commitment to evaluating the feasibility of creating a new university for the future, Adelaide University, through a Statement of Cooperation co-signed with the Australian Government, the University of South Australia and the University of Adelaide.
- Launched the Enabling Educator Excellence Scholarship Program through the three public universities to support targeted cohorts commencing a teaching degree to strengthen and diversify the teaching profession in South Australia
- Launched the Office for Small and Family Business, a clear entry point for small business information and support.
- Conducted a state-wide small business engagement to inform the development of a Small Business Strategy 2023-2030, and developed programs to respond to the immediate needs identified by small businesses in South Australia.

- Launched the Women in Business Foundations Program and the Women in Business Advisory Program, which deliver capability and skills development for women in the early stages of their business journey, as well as focusing on preparing women owners and entrepreneurs of established businesses for growth.
- Supported small businesses impacted by the River Murray flood event through delivering grants, on-the-ground support and financial counselling services.
- Connected South Australian suppliers to key projects in defence, energy (including hydrogen), mining, infrastructure and construction sectors.
- Launched the Manufacturing Growth Accelerator with Flinders University at the Tonsley Innovation District Factory of the Future site, building the capabilities and skills of manufacturers in advanced manufacturing technologies.
- Delivered programs to local manufacturers to build capabilities and become more competitive through the adoption of manufacturing technologies, and to take advantage of new opportunities in areas such as the green economy in Australia and overseas.
- Established in partnership with the Commonwealth Government, the South Australian Defence Industry Workforce and Skills Taskforce.
- Commenced the development of workforce strategies and roadmaps to support key industries and regions to grow and develop their workforces.
- Implemented workforce development initiatives, including Workforce Innovation Projects and the Regional Workforce Connector and Collaboration Program.
- Facilitated industry development activities across creative businesses, including the music, fashion and screen sectors.
- Delivered the Adelaide CreaTech City Challenge in partnership with the City of Adelaide and Adelaide Economic Development Agency and supported the 2023 Electric Dreams Conference.
- Supported the South Australian music industry to recover from the impacts of the COVID-19 pandemic through Music Development Office programs, and successfully implemented and delivered the suite of grant programs under the *See It LIVE* election commitment package to support the state's live music industry.
- Supported a new production partnership between the South Australian Film Corporation and ABC to create a pipeline of screen production in South Australia.
- Annualised the Adelaide Film Festival and, through the 2023-24 State Budget, achieved additional funding to increase the Adelaide Film Festival Investment Fund.
- Supported screen development organisation The Mercury to transition to a new business model.
- Initiated development of the Green Industrial Transition Roadmap and a new South Australian Manufacturing Strategy to support South Australia's green reindustrialisation and manufacturing capability uplift.

Agency specific objectives and performance

Agency objectives	Indicators	Performance
<p>Support industry to get the skilled workforce it needs – delivery of skilled and business migration programs to help business and industry access skilled workforce.</p>	<p>Deliver South Australia’s skilled, employer sponsored and business migration programs to attract the skills and investment to help business and industry access a skilled workforce to meet skill gaps in the local market.</p>	<p>8,800 state nominations approved for the General Skilled Migration program.</p> <p>Employer sponsored positions supported by South Australia as the Regional Certifying Body total 70.</p> <p>Under the Designated Area Migration Agreements (DAMAs), 56 new labour agreements and 23 variations to existing labour agreements were supported.</p> <p>906 positions endorsed under the DAMAs.</p> <p>91 DAMA skills assessments approved.</p> <p>426 Overseas Qualification Recognition certificates issued.</p> <p>70 state nominations approved for South Australia’s Business, Innovation and Investment Program, of which 31 were for Entrepreneur visas.</p>
<p>Develop a high performing research and innovation system – encouraging and supporting technology adoption and the translation and commercialisation of research through industry, research and government collaboration and investment</p> <p>– investing in global excellence in South Australian science and research.</p>	<p>Number of science and research projects supported, and amount invested.</p>	<p>The department continued to make strategic investments to strengthen South Australia’s science, research and innovation system. Since 2016, the department has committed \$77.5 million to 70 projects and initiatives, which have leveraged \$786 million from the Australian Government and industry.</p>

Agency objectives	Indicators	Performance
Develop a high performing research and innovation system – encouraging and supporting technology adoption.	Number of industry events held at the Australian Cyber Collaboration Centre.	The department supported the increased awareness and resilience of cyber threats to South Australian industry through the Australian Cyber Collaboration Centre, which has hosted 253 industry events and 131 training programs since launching in 2020.
Develop a high performing research and innovation system – delivering programs and services to entrepreneurs and startups that build capability and attract private sector capital and customers.	Number of startup and early-stage companies supported, and amount of private investment in innovative early-stage companies.	<p>Unlocked \$48 million of private co-investment in early-stage companies through targeted investments from the Research and Innovation Fund and the South Australian Venture Capital Fund. Supported 548 startups and early-stage businesses through the Office of the SA Chief Entrepreneur.</p> <p>Continued funding support for the Startup Hub at Lot Fourteen, managed by Stone and Chalk. Collectively, residents of the Startup Hub have raised \$134 million in venture capital and other sources of funding, and have created 758 jobs.</p>
Develop a high performing research and innovation system – delivering programs and services for entrepreneurs and startups that build capability and attract private sector capital and customers.	Number of entrepreneurship and innovation ecosystem initiatives supported.	The department supported 333 programs, events and activities that broadly benefit the startup community, including EvokeAg and the annual SouthStart conference.
Grow creative, innovative and productive industries and businesses – delivering programs and services for small and family businesses.	Number of businesses provided with solutions to support their growth and competitiveness.	9,590 businesses provided with information or solutions, including support for small businesses in response to the River Murray flood event.

Agency objectives	Indicators	Performance
Grow creative, innovative and productive industries and businesses – delivering programs and services for small and family businesses.	Number of businesses supported to build capability.	1,106 businesses supported to build skills and capability through the Office for Small and Family Business.
Grow creative, innovative and productive industries and businesses – delivering targeted capability development programs to address capability and knowledge gaps, build stronger foundations, and accelerate growth.	Number of women supported to build capability.	633 participants supported to build skills and capability through Women in Business Foundations Program (594) and the Women in Business Advisory Program (39).
Grow creative, innovative and productive industries and businesses – building local supply chains for major projects.	Amount of contract wins facilitated through Industry Capability Network SA (ICNSA).	32 local businesses supported by ICNSA to win contracts for major projects to the value of \$209.6 million.
Grow creative, innovative and productive industries and businesses – delivering programs for artists, and creative businesses and organisations, to support innovation and capability building.	Number of creative projects supported.	2,936 projects supported through the core programs of the Music Development Office and <i>See It LIVE</i> support package, designed to support and build the South Australian music ecosystem.
Grow creative, innovative and productive industries and businesses – delivering programs for artists, and creative businesses and organisations, to	Number of creative industries events, programs and seminars.	17 creative industries events, programs and seminars presented at the St Paul’s Creative Centre relating to environmental sustainability, skills and workforce, and business development across creative industries.

Agency objectives	Indicators	Performance
support innovation and capability building.		
Support industry to get the skilled workforce it needs – delivering workforce development initiatives designed and implemented with industry and regions.	Key performance indicators negotiated and included in workforce development funding agreements with key organisations, with outcomes reported annually.	<p>Seven Workforce Innovation Projects designed by industry and focused on increasing workforce capability and business productivity completed with:</p> <ul style="list-style-type: none"> - nearly 300 participants - currently around 70 jobs created, with more expected as the projects wind up and participants transition from training to employment. <p>Three Regional Workforce Connector and Collaboration programs with the RDA Murraylands and Riverland, RDA Limestone Coast and RDA Eyre Peninsula, which will be delivered across 2023 and 2024 to undertake place-based initiatives to deliver workforce outcomes for each region.</p>
Improve the state’s industrial capability and capacity – delivering industry programs that build on our state’s competitive strengths, increase value adding activity, and support the knowledge-based jobs of the future.	Key performance indicators negotiated in manufacturing-focused funding agreements, with outcomes reported annually.	The department is actively managing funding agreements with key South Australian manufacturing initiatives and businesses, including the Manufacturing Growth Accelerator at Tonsley, with Flinders University to build the capabilities and skills of manufacturers in advanced manufacturing technologies.

Corporate performance summary

Employment opportunity programs

Program name	Performance
DIIS Graduate Program	The department’s Graduate Program is a structured development program that includes a rotational placement across business units over a 24-month employment period. The department continues to employ two graduates, who commenced with the department in February 2022.
Traineeships	The department continues to host one trainee employed by a group training organisation as part of the now concluded Skilling SA Program, which supported training and skills development to address skill shortages across the private and public sectors.

Agency performance management and development systems

Performance management and development system	Performance
Performance management and development is a two-way process between managers and employees to discuss performance planning and development needs. It is expected that employees have formal conversations about their performance twice per year.	<p>As at 31 December 2022, 40% of employees had recorded that a performance development conversation had taken place in the past six months.</p> <p>As at 30 June 2023, 76% of employees had recorded that a performance development conversation had taken place in the past six months.</p>

Work health, safety and return to work programs

Program name	Performance
Flu vaccination program	A flu vaccination program was offered to all employees as a combination of onsite clinics and pharmacy vouchers. 47 onsite vaccinations were administered, and 35 employees registered for a voucher.
Wellbeing initiatives	<p>Several training and information sessions were provided, including Mental Health Awareness, Mental Health First Aid, Dealing With Difficult and Emotional Clients (for the Office of Small and Family Business), and Fostering Psychological Safety in the Workplace (for the South Australian Film Corporation).</p> <p>The department’s Employee Assistance Program provider (Corporate Health Group) was engaged in September 2022 to provide onsite 1:1 support for all employees during DIIS’ organisational change process.</p> <p>Corporate Health Group was again engaged in December 2022 by providing check-ins and offering support to all employees mobilised for flood recovery related activities. Employees attending the Riverland were offered the Japanese Encephalitis (JEV) vaccine, with a total of seven vaccinated.</p> <p>The department encouraged employees to participate in an internal 10,000 Steps Walking Tournament in June 2023. A total of 41 staff participated in the tournament.</p> <p>The department engaged an occupational therapist to perform workstation ergonomic assessments for employees following an accommodation project in which many employees were required to physically relocate to other workstations within DIIS. A total of 17 staff were assessed.</p>

Workplace injury claims	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Total new workplace injury claims	1	0	+100%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	3.23	0	+100%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Number of notifiable incidents (<i>Work Health and Safety Act 2012, Part 3</i>)	0	0	0%
Number of provisional improvement, improvement and prohibition notices (<i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i>)	0	0	0%

Return to work costs**	Current year 2022-23	Past year 2021-22	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$33,663.53	\$108,358	-68.9%
Income support payments – gross (\$)	\$2,959.10	\$0	+100%

**before third party recovery

Data for previous years is available at: [Data.SA](#)

Executive employment in the agency

Executive classification	Number of executives
SAES1	12
SAES2	3
EXEC (Chief Executive)	1

Data for previous years is available at: [Data.SA](#)

The [Office of the Commissioner for Public Sector Employment](#) has a [workforce information](#) page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2022-2023 are attached to this report.

Statement of Comprehensive Income	2022-23 Original Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Total Income	413 323	78 370	(334 953)	535 888
Total Expenses	450 698	88 217	362 481	475 010
Net Result	(37 375)	(9 847)	27 528	60 878
Total Comprehensive Result	(37 375)	(9 847)	27 528	60 878

The department reported a \$9.847 million net loss in the 2022-23 financial year. This result is \$27.528 million favourable compared to original budget, mainly relating to the transfer of budgets to the Department for Education following the transfer of training and skills functions effective from 1 July 2022. Further detail is provided at note 1.5 of the full audited financial statements.

Statement of Financial Position	2022-23 Original Budget \$000s	2022-23 Actual \$000s	Variation \$000s	2021-22 Actual \$000s
Current assets	74 398	30 215	(44 183)	133 940
Non-current assets	19 441	9 571	(9 870)	29 458
Total assets	93 839	39 786	(54 053)	163 398
Current liabilities	19 827	9 300	10 527	26 351
Non-current liabilities	13 107	12 065	1 042	16 095
Total liabilities	32 934	21 365	11 569	42 446
Net assets	60 905	18 421	(42 484)	120 952
Equity	60 905	18 421	(42 484)	120 952

The department's net assets at 30 June 2023 were \$18.421 million, \$42.484 million lower than original budget, mainly due to the transfer of net assets to the Department for Education following the transfer of training and skills functions effective from 1 July 2022 that was not included in original budget, partially offset by an improvement in net result compared to original budget.

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below \$10,000 each

Consultancies	Purpose	\$ Actual payment
All consultancies below \$10,000 each - combined	Various	\$ 8 375

Consultancies with a contract value above \$10,000 each

Consultancies	Purpose	\$ Actual payment
Ernst & Young	Independent advisor to facilitate a review of ICT Services and ICT Operating Model to better align with departmental needs and objectives.	\$50 000
Karuah Enterprise Services	Expert advice to guide the development of South Australia's Manufacturing Strategy and Action Plan.	\$48 000
PriceWaterhouseCoopers Consulting (Australia) Pty Ltd	Develop a consolidated summary from nine participating government agencies on the Green Industrial Transition Roadmap.	\$49 750
The Superpower Institute Limited	Develop the Green Industry Transition Roadmap to deliver a comprehensive vision for South Australian industry.	\$120 000
	Total	\$276 125

Data for previous years is available at: [Data.SA](https://data.sa.gov.au)

See also the [Consolidated Financial Report of the Department of Treasury and Finance](#) for total value of consultancy contracts across the South Australian public sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below \$10,000

Contractors	Purpose	\$ Actual payment
All contractors below \$10,000 each - combined	Various	\$81 681

Contractors with a contract value above \$10,000 each

Contractors	Purpose	\$ Actual payment
4 th Harmonic Pty Ltd	Support for the joint Commonwealth and South Australian Government co-design of a potential Naval Shipbuilding Skills and Training Academy.	\$135 244
Accru Harris Orchard	Coaching and advisory services.	\$13 600
Adrienne Curtis	Business administration services for the Kangaroo Island Business Hub.	\$20 160
Advanced Focus	Support for the development of grant agreement governance.	\$14 000
BDO Services Pty Ltd	Advisory services for the flood support program.	\$10 640
BDO Services Pty Ltd	Risk and audit management and strategy services.	\$28 621
Complexity Solutions Pty Ltd	Engagement support to progress the work of the SA Defence Industry Workforce and Skills Taskforce.	\$68 251

Contractors	Purpose	\$ Actual payment
Datacom Systems (AU) Pty Ltd	Planning support for domain and workload migration.	\$19 991
DBusiness Pty Ltd	Event management services for the 2022 South Australian Science Excellence Awards.	\$11 460
Deloitte Financial Advisory Pty Ltd	Cost benefit analysis update for the Startup Hub at Lot Fourteen.	\$14 650
Deloitte Touche Tohmatsu	Analysis of the economic contribution of international education and training to the South Australian economy.	\$41 028
Duck & Partners Pty Ltd trading as Duck Pond Solutions	Strategic advisory services for the Enterprise Customer Relationship Management project.	\$20 000
Ernst & Young	Support for the development of the South Australian Hydrogen Workforce Roadmap.	\$50 000
Frame Creative Pty Ltd	Website development services for the department's corporate website.	\$49 890
Hannan Duck & Partners Pty Ltd	Review and support services for the South Australian Cyber Security Framework Attestation.	\$10 000
Intellectual Capital Services Ltd	Gap analysis for the Green Industrial Transition Report.	\$25 000
Intellectual Capital Services Ltd	Deliver information sessions and workshops to South Australian manufacturing businesses and stakeholders regarding the	\$160 000

Contractors	Purpose	\$ Actual payment
	opportunities and challenges of the green economy.	
ISC Consulting Group Pty Ltd	Deliver the Future Industries Exchange for Entrepreneurship (FIXE) Leadership Development Program.	\$25 000
Jones Lang LaSalle Advisory Services Pty Ltd	Supply and demand analysis for purpose-built student accommodation.	\$20 000
JP Media Group Pty Ltd	Content creation and marketing template documents for the Office for Small and Family Business.	\$25 000
KPMG	Post implementation review of governance recommendations.	\$24 274
KPMG	Develop tools, guidelines and templates to assist with the development and evaluation of small business programs.	\$45 027
KPMG	Support the development and delivery of the Enterprise Plan.	\$76 963
Lumoptix LLC	Report for the opportunities for global photonics companies in South Australia.	\$26 000
McMillen International Pty Ltd	Provision of services, as Chief Scientist, on matters of science, technology, and innovation.	\$180 000
Mercer Consulting (Australia) Pty Ltd	Support the evaluation and update of Executive position descriptions.	\$31 500

Contractors	Purpose	\$ Actual payment
Michels Warren Pty Ltd	Videography services for the small business program launch.	\$10 730
Naked Bookings Pty Ltd	Development and delivery of an online See it LIVE! E-Voucher System.	\$109 480
Nexon Asia Pacific Pty Ltd	Domain migration for the Petroleum Exploration and Production System.	\$36 689
Nilsen (SA) Pty Ltd	Electrical maintenance services for the TechHub.	\$13 541
Optible Ventures Pty Ltd	Provision of a grant screening platform to assist with the assessment of grant applications.	\$107 550
Our Community Pty Ltd	Provision of a grant management system.	\$41 174
Pitstop Marketing Pty Ltd	Develop an e-communications strategy for small business.	\$12 150
PriceWaterhouseCoopers Consulting (Australia) Pty Ltd	Develop a targeted workforce analysis to address workforce challenges in priority regions.	\$59 907
Proficiency Group Pty Ltd trading as Information Proficiency & Sigma Data Solutions	Information proficiency services for the dataset separation project.	\$14 800
RASU Film & Stills Pty Ltd	Photography and videography services for the South Australian Science Excellence Awards.	\$45 000
Rural Business Support Services	Financial counselling for small businesses	\$266 303

Contractors	Purpose	\$ Actual payment
	impacted by the River Murray flood event.	
Society Marketing Communications	Case study production including photography, videography and copy writing for the Women in Business program.	\$39 282
The Sideways Theory	Brand positioning and creative development services for small business.	\$14 350
University of Canberra	Trident and qualification analysis of National and South Australian data relating to Creative Industries within the 2021 Census.	\$10 000
YDR Pty Ltd	Loss adjustment services to assist with the assessment of Small Business Flood Recovery grant applications.	\$61 979
Various	Temporary labour hire.	\$422 727
	Total	\$2 493 642

Data for previous years is available at: [Data.SA](https://data.sa.gov.au/)

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. [View the agency list of contracts.](#)

The website also provides details of [across government contracts.](#)

Risk management

Risk and audit at a glance

The department’s Risk and Audit Committee (RAC) in its advisory capacity assists the Chief Executive to fulfil their responsibilities in matters relating to integrity of the financial statements, compliance with relevant legal and regulatory requirements, performance of the internal audit function and efficient and effective management of all aspects of risk. The RAC is chaired by an external member and met six times in 2022-23.

The department’s risk profile has evolved, resulting in the identification of 10 strategic risks, which have been assigned to experienced Senior Managers and Directors for monitoring and reporting, with oversight provided by the leadership team and the RAC. Risk management strategies have continued to be deployed across the department through the revised enterprise risk management framework.

Several internal audit projects, compliance and framework reviews and assurance activities are regularly performed to test, support and enhance the effectiveness of internal controls.

Fraud detected in the agency

Category/nature of fraud	Number of instances
Suspected fraudulent claims under grants programs administered by the Department	2

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

The department is strongly committed to the identification, management and response to the risk of fraud through promoting a positive risk culture, maintaining a robust internal controls environment and employee awareness.

Employees are screened prior to an offer of employment being made and provided with resources relating to the Public Sector Code of Ethics and a mandatory Code of Ethics awareness training program. Expectations are regularly communicated to staff through reminders of their responsibilities regarding the Code of Ethics, gifts and benefits, conflicts of interest, and secondary employment.

The department maintains a robust corporate governance framework, grants management framework, internal audit plan and enterprise risk management framework, which collectively contribute to the organisational governance and control environments for managing risks, including fraud risks. The department also maintains fraud control policies and procedures, which outline the mandatory process to report all cases of actual or suspected fraudulent activity, and the fraud control plan documents the activities performed across the agency to enable the prevention, detection and reduction of fraud, corruption, misconduct and maladministration.

The department also maintains an effective internal control environment supported by risk-based Financial Management Compliance Program activities to provide assurance that the agency's financial report is not materially mis-stated due to fraud.

On 1 May 2023, the Independent Commissioner Against Corruption (ICAC) announced that the department was selected for an evaluation of practices, policies and procedures related to the administration of grants programs. The department is assisting ICAC in its evaluation and looks forward to the ICAC's findings in due course, and any recommendations to further improve internal controls, reporting and management systems.

Data for previous years is available at: [Data.SA](#)

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018*:

0

Data for previous years is available at: [Data.SA](#)

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

NIL

Reporting required under the *Carers' Recognition Act 2005*

The Department for Industry, Innovation and Science is an applicable organisation for the purposes of the *Carers' Recognition Act 2005*.

Section 7: Compliance or non-compliance with section 6 of the *Carers Recognition Act 2005* and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or noncompliance with section 6.

The Department provides online training to staff regarding disability and inclusion, which includes the *Carer's Recognition Act 2005*, as well as flexible working and special leave options to assist employees in meeting caring responsibilities.

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2022-23
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed, or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	1
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

Complaint categories	Sub-categories	Example	Number of Complaints 2022-23
Service quality	Information	Incorrect, incomplete, out-dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		Total	1

Additional metrics	Total
Number of positive feedback comments	0
Number of negative feedback comments	1
Total number of feedback comments	69
% complaints resolved within policy timeframes	100% [1 complaint]

Data for previous years is available at: [Data.SA](#)

Service improvements

The department is committed to ensuring information and services are easy to access, and welcomes feedback from our customers and the general public.

Of the 69 feedback comments received during 2022-2023, one was a complaint, and the remainder were operational enquiries or suggestions referred to the relevant business unit for action.

These feedback and complaints assist the department to continually improve the overall customer experience and service.

Compliance statement

The Department for Industry, Innovation and Science is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector.	Y
The Department for Industry, Innovation and Science has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees.	Y

Appendix: Audited financial statements 2022-23



Our ref: A23/303

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

Mr A Reid
Chief Executive
Department for Industry, Innovation and Science
Level 4
11 Waymouth Street
ADELAIDE SA 5000
email: adam.reid@sa.gov.au

Dear Mr Reid

Audit of the Department for Industry, Innovation and Science for the year to 30 June 2023

We have completed the audit of your accounts for the year ended 30 June 2023. Two key outcomes from the audit are the:

- 1 Independent Auditor's Report on your agency's financial report
- 2 audit management letters.

1 Independent Auditor's Report

We are returning the financial report for the Department for Industry, Innovation and Science, with the Independent Auditor's Report. This report is unmodified. The *Public Finance and Audit Act 1987* allows me to publish documents on the Auditor-General's Department website. The enclosed Independent Auditor's Report and accompanying financial report will be published on that website on Tuesday 17 October 2023.

2 Audit management letters

As the audit did not identify any significant matters requiring management attention, we will not issue any audit management letters.

What the audit covered

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- expenditure, grants and accounts payable
- employee benefits and payroll
- revenue
- cash management
- property, plant and equipment
- general ledger
- machinery of government changes.

I would like to thank the staff and management of your agency for their assistance during this year's audit.

Yours sincerely



Andrew Richardson
Auditor-General

28 September 2023

enc



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

To the Chief Executive Department for Industry, Innovation and Science

Opinion

I have audited the financial report of the Department for Industry, Innovation and Science for the financial year ended 30 June 2023.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Department for Industry, Innovation and Science as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with the relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2023
- a Statement of Financial Position as at 30 June 2023
- a Statement of Changes in Equity for the year ended 30 June 2023
- a Statement of Cash Flows for the year ended 30 June 2023
- notes, comprising material accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Director, Finance and Investment Services.

Basis for opinion

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

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

Responsibilities of the Chief Executive for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Industry, Innovation and Science for the financial year ended 30 June 2023.

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


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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department for Industry, Innovation and Science's internal control

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

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

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



Andrew Richardson
Auditor-General

28 September 2023

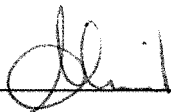
**Department for Industry, Innovation and Science
(DIIS)**

**Financial Statements
for the year ended
30 June 2023**

Certification of the Financial Statements

We certify that the:

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



Adam Reid

Chief Executive

27 September 2023



Martin Smith

Director, Finance and Investment Services

27 September 2023

Department for Industry, Innovation and Science
Statement of Comprehensive Income
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income			
Appropriations	2.1	60 779	392 146
Fees and charges	2.2	4 747	4 308
Commonwealth-sourced grants and funding	2.3	-	57 341
SA Government grants, subsidies and transfers	2.4	7 700	75 488
Resources received free of charge	2.5	793	920
Interest	2.6	35	11
Other income	2.7	4 316	5 674
Total income		78 370	535 888
Expenses			
Employee benefits expenses	3.3	24 018	38 608
Supplies and services	4.1	12 501	18 083
Depreciation and amortisation	4.2	2 331	4 517
Grants and subsidies	4.3	42 909	408 100
Interest expense on lease liabilities		192	233
Resources provided free of charge	4.5	-	402
Other expenses	4.6	326	2 472
Payments to Consolidated Account	4.7	5 940	2 595
Total expenses		88 217	475 010
Net result		(9 847)	60 878
Total comprehensive result		(9 847)	60 878

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

Department for Industry, Innovation and Science
Statement of Financial Position
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Current assets</u>			
Cash	6.1	26 422	128 532
Receivables	6.2	3 793	5 408
Total current assets		30 215	133 940
<u>Non-current assets</u>			
Property, plant and equipment	5.1	1 405	16 440
Leased property, plant and equipment	5.2	7 564	8 666
Intangible assets	5.3	602	4 352
Total non-current assets		9 571	29 458
Total assets		39 786	163 398
<u>Current liabilities</u>			
Payables	7.1	6 076	20 382
Financial liabilities	7.2	756	2 138
Employee benefits liability	3.4	1 987	3 573
Provisions	7.3	66	92
Other current liabilities	7.4	415	166
Total current liabilities		9 300	26 351
<u>Non-current liabilities</u>			
Payables	7.1	356	629
Financial liabilities	7.2	7 550	8 028
Employee benefits liability	3.4	3 573	6 538
Provisions	7.3	218	252
Other non-current liabilities	7.4	368	648
Total non-current liabilities		12 065	16 095
Total liabilities		21 365	42 446
Net assets		18 421	120 952
<u>Equity</u>			
Contributed capital		50 978	44 710
Retained earnings		(32 557)	74 668
Asset revaluation surplus	8.1	-	1 574
Total equity		18 421	120 952

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

Department for Industry, Innovation and Science
Statement of Changes in Equity
for the year ended 30 June 2023

	Note	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2021		40 617	1 574	13 826	56 017
Net result for 2021-22		-	-	60 878	60 878
Total comprehensive result for 2021-22		-	-	60 878	60 878
Contributed capital increases		4 093	-	-	4 093
Net assets transferred as a result of an administrative restructure	1.4	-	-	(36)	(36)
Balance at 30 June 2022		44 710	1 574	74 668	120 952
Net result for 2022-23		-	-	(9 847)	(9 847)
Total comprehensive result for 2022-23		-	-	(9 847)	(9 847)
Contributed capital increases		6 268	-	-	6 268
Transfer between equity components		-	(1 574)	1 574	-
Net assets transferred as a result of an administrative restructure	1.4	-	-	(98 952)	(98 952)
Balance at 30 June 2023		50 978	-	(32 557)	18 421

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

Department for Industry, Innovation and Science
Statement of Cash Flows
for the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriations		60 779	392 146
Fees and charges		5 709	4 769
Receipts from Commonwealth-sourced grants		-	57 341
SA Government grants, subsidies and transfers		7 700	75 488
GST recovered from the ATO		4 852	5 876
Interest received		35	11
Other receipts		5 769	6 422
Cash generated from operations		84 844	542 053
<i>Cash outflows</i>			
Employee benefits payments		(25 950)	(41 435)
Payments for supplies and services		(17 185)	(15 401)
Payments of security deposits		(6)	(20)
Payments of grants and subsidies		(52 033)	(410 306)
Payments to Consolidated Account		(8 535)	-
Other payments		(4)	-
Cash (used in) operations		(103 713)	(467 162)
Net cash (used in) / provided by operating activities	8.2	(18 869)	74 891
<u>Cash flows from investing activities</u>			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		5 970	2 800
Repayment of principal portion of lease receivable		791	872
Cash generated from investing activities		6 761	3 672
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(67)	(1 171)
Cash (used in) investing activities		(67)	(1 171)
Net cash provided by investing activities		6 694	2 501
<u>Cash flows from financing activities</u>			
<i>Cash inflows</i>			
Capital contributions from government		6 268	4 093
Cash received from restructuring activities		22	-
Cash generated from financing activities		6 290	4 093
<i>Cash outflows</i>			
Cash transferred as a result of restructuring activities		(93 736)	(667)
Repayment of principal portion of lease liabilities		(2 489)	(2 536)
Cash (used in) financing activities		(96 225)	(3 203)
Net cash (used in) / provided by financing activities		(89 935)	890
Net (decrease) / increase in cash		(102 110)	78 282
Cash at the beginning of the period		128 532	50 250
Cash at the end of the period	6.1	26 422	128 532

The accompanying notes form part of these financial statements.

Department for Industry, Innovation and Science

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1. About the Department for Industry, Innovation and Science

The *Public Sector (Alteration of Title of Department for Innovation and Skills) Proclamation 2022* (dated 30 June 2022) declared the alteration of the title of the Department for Innovation and Skills to the Department for Industry, Innovation and Science effective 1 July 2022.

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

Comparative figures in the financial statements represent the financial position of the former Department for Innovation and Skills as at 30 June 2022 and the results of its operations and cash flows for the 2021-22 financial year.

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

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

Administered items

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

1.1. Basis of preparation

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

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

The department early adopted AASB 2021-1 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* from 1 July 2021. There was no impact on the department's financial statements on early adoption. No other Australian Accounting Standards have been early adopted.

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

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

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

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

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.1 Basis of preparation (continued)

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

Significant accounting policies are set out throughout the notes.

1.2. Objectives and programs

The department supports sustainable economic growth by developing creative, innovative and productive industries and businesses that leverage South Australia's strengths. This is achieved by:

- collaborating with industry stakeholders and across government to enable relevant, outcome focused and efficient policy and program design,
- delivering industry development strategies and programs to improve the state's industrial capability and capacity,
- supporting our growth industries to access the skilled workforce they need,
- developing and investing in research and innovation to help businesses adopt technology, commercialise ideas, and deliver new products, services and processes, and
- delivering programs and services for small and family businesses and creative industries.

During 2022-23, the department partnered with other agencies to deliver support and assistance to small businesses in communities impacted by the River Murray flood event.

Programs

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

Training and Skills transferred to the Department for Education from 1 July 2022.

The programs of the department and their objectives are:

Industry, Innovation and Science

The purpose of the Industry, Innovation and Science program is to support a productive and sustainable economy by:

- supporting industry and supply chain development in key industries,
- encouraging and supporting technology adoption and the translation and commercialisation of research through industry, research and government collaboration and investment,
- supporting competitive global excellence in South Australian science and research,
- supporting entrepreneurs, start-ups and small businesses and attracting early-stage investment and venture capital,
- supporting manufacturing businesses build advanced manufacturing capability,
- engaging with industry to identify and address workforce challenges and managing migration programs to help support business and industry to access skilled workforce to meet skills gaps in the local market, and
- undertaking strategic engagement with education higher education providers.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs (continued)

Small and Family Business

The purpose of the Small and Family Business program is to support sustainable small and family business growth, providing information, services and resources to help South Australians successfully start, operate and grow their small and family business by:

- providing proactive communication and easy to access information, including funding programs, resources and support services available to small and family business owners by government and the private sector, and
- developing targeted capability development programs to address capability and knowledge gaps.

Creative Industries

The purpose of the Creative Industries program is to support creative industries by:

- facilitating government investment into key organisations within the screen and craft sectors, namely the South Australian Film Corporation, Adelaide Film Festival and JamFactory,
- managing and delivering the state's music industry strategy through the Music Development Office,
- facilitating and hosting regular creative industry networking sessions,
- ensuring creative industries skills needs are fully represented within relevant government skills programs, and
- engaging with peak bodies and industry leaders from architecture, advertising, industrial design, communications design, fashion and other identified subsectors of creative industries.

Training and Skills

Through increased and targeted investment in training, the Training and Skills program ensures that South Australians and South Australian businesses have the right skills to secure jobs and contribute to a growing economy by:

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

This program transferred to the Department for Education effective from 1 July 2022 (refer note 1.4).

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs (continued)

Income and expenses by program

	Industry, Innovation and Science		Small and Family Business		Creative Industries	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Income</u>						
Appropriations	-	-	-	-	-	-
Fees and charges	4 535	3 936	118	234	94	138
Commonwealth-sourced grants and funding	-	-	-	-	-	-
SA Government grants, subsidies and transfers	5 972	6 994	516	2 247	1 212	6 860
Resources received free of charge	651	707	79	134	63	79
Interest on lease receivables	35	11	-	-	-	-
Other income	4 053	3 890	96	379	167	337
Total income	15 246	15 538	809	2 994	1 536	7 414
<u>Expenses</u>						
Employee benefits expenses	19 704	17 676	2 401	3 374	1 913	1 988
Supplies and services	9 610	8 720	1 898	1 454	993	1 078
Depreciation and amortisation	1 859	2 232	162	219	310	346
Grants and subsidies	23 068	30 313	7 589	2 458	12 252	28 579
Interest expense on lease liabilities	190	225	-	-	2	8
Resources provided free of charge	-	113	-	23	-	13
Other expenses	299	1 516	15	157	12	99
Payments to Consolidated Account	5 940	2 595	-	-	-	-
Total expenses	60 670	63 390	12 065	7 685	15 482	32 111
Net result	(45 424)	(47 852)	(11 256)	(4 691)	(13 946)	(24 697)

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs (continued)

Income and expenses by program (continued)

	Training and Skills		General / Unattributed		Activity Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Income</u>						
Appropriations	-	-	60 779	392 146	60 779	392 146
Fees and charges	-	-	-	-	4 747	4 308
Commonwealth-sourced grants and funding	-	57 341	-	-	-	57 341
SA Government grants, subsidies and transfers	-	59 387	-	-	7 700	75 488
Resources received free of charge	-	-	-	-	793	920
Interest on lease receivables	-	-	-	-	35	11
Other income	-	1 068	-	-	4 316	5 674
Total income	-	117 796	60 779	392 146	78 370	535 888
<u>Expenses</u>						
Employee benefits expenses	-	15 570	-	-	24 018	38 608
Supplies and services	-	6 831	-	-	12 501	18 083
Depreciation and amortisation	-	1 720	-	-	2 331	4 517
Grants and subsidies	-	346 750	-	-	42 909	408 100
Interest expense on lease liabilities	-	-	-	-	192	233
Resources provided free of charge	-	253	-	-	-	402
Other expenses	-	700	-	-	326	2 472
Payments to Consolidated Account	-	-	-	-	5 940	2 595
Total expenses	-	371 824	-	-	88 217	475 010
Net result	-	(254 028)	60 779	392 146	(9 847)	60 878

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.2. Objectives and programs (continued)

Asset and liabilities by program

	Industry, Innovation and Science		Small and Family Business		Creative Industries		Training and Skills		Activity Total	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Assets										
Cash	16 994	21 557	4 211	2 113	5 217	11 126	-	93 736	26 422	128 532
Receivables	3 428	3 321	23	397	342	1 230	-	460	3 793	5 408
Property, plant and equipment	1 120	6 538	98	641	187	1 014	-	8 247	1 405	16 440
Leased property, plant and equipment	7 508	8 101	-	-	56	553	-	12	7 564	8 666
Intangible assets	480	708	42	69	80	110	-	3 465	602	4 352
Total assets	29 530	40 225	4 374	3 220	5 882	14 033	-	105 920	39 786	163 398
Liabilities										
Payables	3 917	10 436	1 784	937	731	6 270	-	3 368	6 432	21 011
Financial liabilities	8 266	9 575	-	-	40	579	-	12	8 306	10 166
Employee benefits liability	4 561	4 956	556	947	443	557	-	3 651	5 560	10 111
Provisions	233	163	28	31	23	18	-	132	284	344
Other liabilities	539	342	107	41	137	174	-	257	783	814
Total liabilities	17 516	25 472	2 475	1 956	1 374	7 598	-	7 420	21 365	42 446

1.3. Impact of COVID-19 pandemic on the department

The COVID-19 pandemic has not significantly impacted the operations of the department during 2022-23.

The department continued to deliver the See It LIVE! Voucher scheme to get live music back into pubs, clubs, small bars, restaurants, cafes and other smaller venues and See It LIVE! event grants available for medium and larger scale music events and festivals as part of the South Australian Government's \$10 million Plan for the Live Music Industry.

Expenditure of \$2.8 million is primarily reported in note 4.3.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.4. Changes to the department

Transferred out 2022-23

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2022* (dated 30 June 2022) proclaimed that effective from 1 July 2022, resources and functions of Skills Planning and Purchasing, Traineeship and Apprenticeship Services and Analytics and Information Systems will be transferred to the Department for Education.

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

	\$'000
Cash	93 736
Receivables	460
Property, plant and equipment	8 247
Leased property, plant and equipment	12
Intangible assets	3 465
Total assets	105 920
Payables	3 368
Financial liabilities	12
Employee benefits liability	3 651
Provisions	132
Other liabilities	257
Total liabilities	7 420
Total net assets transferred	98 500

Net assets transferred out by the department were recognised at the carrying amount. The net assets transferred were treated as a contribution to the government as owner.

Transferred in 2022-23

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2022* (dated 30 June 2022) proclaimed that effective from 1 July 2022, resources and functions of International Education (including StudyAdelaide) will be transferred from the Department for Trade and Investment.

The following liabilities for International Education were transferred to the department:

	\$'000
Payables	27
Employee benefits liability	242
Total liabilities	269
Total net assets transferred	(269)

Net assets transferred into the department were recognised at the carrying amount. The net assets transferred were treated as a contribution to the government as owner.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.4. Changes to the department (continued)

Transferred in 2022-23

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2022* (dated 30 June 2022) proclaimed that effective from 1 July 2022, resources and functions of Industry Capability Network SA will be transferred from the Department for Trade and Investment.

The following assets and liabilities for the Industry Capability Network SA were transferred to the department:

	\$'000
Cash	22
Total assets	22
Payables	41
Employee benefits liability	164
Total liabilities	205
Total net assets transferred	(183)

Net assets transferred into the department were recognised at the carrying amount. The net assets transferred were treated as a contribution to the government as owner.

Transferred out 2021-22

The *Training and Skills Development (Miscellaneous) Amendment Act (Commencement) Proclamation 2021* (dated 24 June 2021) proclaimed that effective from 1 July 2021, the *South Australian Skills Act 2008* is enacted and the establishment of the South Australian Skills Commission as a Statutory Authority, instrumentality of the Crown.

The following assets and liabilities for the South Australian Skills Commission were transferred out of the department:

	\$'000
Cash	667
Total assets	667
Payables	70
Employee benefits liability	532
Provisions	29
Total liabilities	631
Total net assets transferred	(36)

Net assets transferred out by the department as a result of the establishment of the South Australian Skills Commission were recognised at their carrying amount. Net assets transferred were treated as a contribution to the government as owner.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.5. Budget performance

The budget performance table compares the department's outcomes against original budget information presented to Parliament (2022-23 Budget Paper 4). Appropriations reflects appropriations issued to special deposit accounts and deposit accounts controlled by the department. The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

Statement of Comprehensive Income	Note	Original	Adjustment	Original	Actual	Variance
		Budget	for Training	DIIS		
		2023	2023	2023	2023	2023
		\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Appropriations	(a)	376 148	352 121	24 027	60 779	36 752
Fees and charges		3 543	-	3 543	4 747	1 204
Commonwealth-sourced grants and funding		15 610	15 610	-	-	-
SA Government grants, subsidies and transfers	(b)	16 698	13 786	2 912	7 700	4 788
Resources received free of charge		-	-	-	793	793
Interest		3	-	3	35	32
Other income		1 321	143	1 178	4 316	3 138
Total income		413 323	381 660	31 663	78 370	46 707
Expenses						
Employee benefits expenses		40 251	16 956	23 295	24 018	723
Supplies and services	(c)	11 245	5 006	6 239	12 501	6 262
Depreciation and amortisation		3 982	1 314	2 668	2 331	(337)
Grants and subsidies	(d)	387 037	358 203	28 834	42 909	14 075
Interest expense on lease liabilities		183	-	183	192	9
Other expenses		-	-	-	326	326
Payments to Consolidated Account	(e)	8 000	8 000	-	5 940	5 940
Total expenses		450 698	389 479	61 219	88 217	26 998
Total comprehensive result		(37 375)	(7 819)	(29 556)	(9 847)	19 709

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

Income and operating expenditure

- (a) Appropriations were \$36.8 million higher than original budget primarily due to additional funding received from the Governor's Appropriation Fund pursuant to the *Public Finance and Audit Act 1987* (\$35.7 million).
- (b) SA Government grants, subsidies and transfers were \$4.8 million higher than original budget primarily due to additional funding provided from the Treasurer's Contingency Fund in response to the River Murray flood event (\$3.2 million) and TVSP reimbursements (\$1.4 million).
- (c) Supplies and services was \$6.3 million higher than original budget primarily due to reclassification of budgets between expenditure categories during the year (\$4.2 million).

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

1.5. Budget performance (continued)

- (d) Grants and subsidies were \$14.1 million higher than original budget primarily due to:
- additional funding received to support communities, households and businesses impacted by the River Murray flood event (\$4.7 million),
 - carryover of budget from 2021-22 to 2022-23 for various programs including the Research and Innovation Fund, GigCity and See It LIVE Package (\$4.1 million), and
 - contributions to the operations of StudyAdelaide following the transfer of International Education from the Department for Trade and Investment including \$0.6 million to deliver an International Education Global Campaign (\$3.1 million).
- (e) Proceeds paid to the Consolidated Account was \$5.9 million higher than original budget due to the sale of land at the Thebarton Hi-Tech Precinct on 16 June 2023.

		Original Budget 2023 \$'000	Adjustment for Training and Skills 2023 \$'000	Original DIIS Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000
	Note					
Investing expenditure summary						
Total existing projects		1 399	1 399	-	-	-
Total annual programs	(a)	853	97	756	67	(689)
Total leases	(b)	65	-	65	944	879
Total investing expenditure		2 317	1 496	821	1 011	190

Investing expenditure

- (a) Expenditure on annual programs is \$0.7 million lower than original budget primarily due to project costs being expensed.
- (b) Expenditure on leases is \$0.9 million higher than budget due to changes in right-of-use buildings arising from an increase in the lease term for the Marnini-apinthe Building at Lot Fourteen (\$0.4 million) and increased indexation (based on the Consumer Price Index) for the TechHub at the Thebarton Hi-Tech Precinct (\$0.5 million).

1.6. Significant transactions with government related entities

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

- accommodation expenses are primarily related to accommodation provided by the Department for Infrastructure and Transport under Memoranda of Administrative Arrangement (refer note 4.1).
- grant payments of \$7.3 million to Creative Industries statutory authorities, South Australian Film Corporation (\$5.2 million) and Adelaide Film Festival (\$2.1 million). Payments to the South Australian Film Corporation include \$0.9 million for the Post Production, Digital and Visual Effects (PDV) Rebate Scheme.
- grant payments of \$6.6 million to the South Australian Government Financing Authority for grants provided through the Research and Innovation Fund.
- grant payments of \$3.1 million to StudyAdelaide including \$0.6 million to deliver an International Education Global Campaign.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2. Income

2.1. Appropriations

	2023	2022
	\$'000	\$'000
Appropriations from the Consolidated Account pursuant to the <i>Appropriation Act</i>	25 082	390 446
Appropriations under other Acts	35 697	1 700
Total appropriations	60 779	392 146

Appropriations are recognised on receipt.

Total appropriations received from the Consolidated Account pursuant to the *Appropriation Act* consist of \$25.1 million (2022: \$390.4 million) for capital and operational funding. The original amount appropriated to the department under the annual *Appropriation Act* was adjusted for monies received from the Treasurer via the Governor's Appropriation Fund of \$35.7 million (2022: \$1.7 million) pursuant to the *Public Finance and Audit Act 1987*.

2.2. Fees and charges

	2023	2022
	\$'000	\$'000
Immigration application fees	3 568	2 821
Service level agreement fees	1 179	1 487
Total fees and charges	4 747	4 308

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

The department collects fees to assess skilled and business migrant applications that were set out in the *South Australian Migration Fees 2022 Notice*, published in the SA Government Gazette on 30 June 2022.

Service level agreement fees primarily relate to corporate services provided to the Department for Energy and Mining \$1 million (2022: \$1.3 million).

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.3. Commonwealth-sourced grants and funding

	2023	2022
	\$'000	\$'000
National Partnership - JobTrainer Fund	-	41 360
National Partnership - Skilling Australians Fund	-	14 981
VET Data Streamlining	-	1 000
Total Commonwealth-sourced grants and funding	-	57 341

Commonwealth-sourced grants and funding are recognised as income on receipt.

Obligations under Commonwealth-sourced grants and funding are required to be met by the State of South Australia. For accounting purposes, the obligations under the funding arrangements only rest with the department for VET Data Streamlining as this was received directly from the Commonwealth by the department, with the department representing the State of South Australia's obligations under the grant for accounting purposes. The Commonwealth has provided funding to the State for the following purposes:

- National Partnership – JobTrainer Fund supports a rapid increase in low or no fee training places for job seekers, school leavers and young people in areas of identified skills need and / or employment growth, to support them into employment as Australia emerges from the COVID-19 pandemic.
- National Partnership – Skilling Australians Fund contributes to improved employment outcomes by supporting Australians to obtain the skills and training they need for jobs in demand through increasing the uptake of apprenticeships and traineeships and other relevant employment-related training.
- VET Data Streamlining – supports the reform of the VET market by implementing a single reporting pathway to a central data repository that will support near real-time VET activity data, providing regulators, governments, VET stakeholders and consumers with access to more comprehensive and better quality VET data.

National Partnership funding for the JobTrainer Fund and Skilling South Australians Fund was originally received by the State and then paid from Department of Treasury and Finance Administered Items to the department.

Responsibility for the National Partnership agreement for the JobTrainer Fund and Skilling South Australians Fund, and VET Data Streamlining transferred to the Department for Education effective from 1 July 2022.

2.4. SA Government grants, subsidies and transfers

	2023	2022
	\$'000	\$'000
Transfers from the Treasurer's Contingency Fund	3 170	-
Economic Recovery Fund	2 000	-
TVSP reimbursements	1 373	-
Community Development Fund	850	850
Other	307	146
COVID-19 Support Fund	-	62 938
Jobs and Economic Growth Fund	-	11 554
Total SA Government grants, subsidies and transfers	7 700	75 488

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

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

2.4. SA Government grants, subsidies and transfers (continued)

Once-off transfers were provided by the Treasurer's Contingency Fund in 2022-23 in response to the River Murray flood event. Funding was provided to support businesses, primary producers and households disconnected from the electricity grid through the Power Shut-Off Grant program (\$2.6 million) and to support small businesses and individuals to recover and rebuild through the Small Business Financial Counselling Support program (\$0.5 million).

In 2021-22 the COVID-19 Support Fund provided funding of \$59.4 million for the jointly funded Commonwealth Government and South Australian Government JobTrainer initiative, once-off funding of \$3.0 million to support the live music industry and \$0.6 million for the Regional Jobs Support and Incentive Program.

Responsibility for the JobTrainer initiative transferred to the Department for Education effective from 1 July 2022.

2.5. Resources received free of charge

	2023	2022
	\$'000	\$'000
Services received free of charge - Department of the Premier and Cabinet	512	500
Services received free of charge - Shared Services SA	281	410
Donated assets	-	10
Total resources received free of charge	793	920

The department receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge, and ICT and media monitoring services from the Department of the Premier and Cabinet free of charge. The fair value of these services can be reliably measured, and the services would have been purchased had they not been donated. Corresponding expenses are recognised (refer note 4.1).

2.6. Interest

	2023	2022
	\$'000	\$'000
Interest	26	11
Interest on lease receivables	9	-
Total interest	35	11

2.7. Other income

	2023	2022
	\$'000	\$'000
Operating rent from sub-leases	1 549	1 539
Recoveries	1 205	1 252
Land sale recoveries - Edinburgh Parks	1 090	1 425
Sponsorship revenues	205	355
Variable lease income from finance sub-leases	176	145
Gain on remeasurement of finance lease	30	-
Gain on accommodation incentive	21	948
Other	40	10
Total other income	4 316	5 674

Department for Industry, Innovation and Science
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3. Boards, committees and employees

The department's boards, committees and employees support the delivery of the department's programs to support sustainable economic growth by developing creative, innovative and productive industries and businesses that leverage South Australia's strengths.

3.1. Key management personnel

Key management personnel of the department include the Minister for Industry, Innovation and Science, the Chief Executive Officer and eight (2022: four) members of the Executive Team who have responsibility for the strategic direction and management of the department.

Post-employment benefits relate to superannuation.

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

	2023	2022
	\$'000	\$'000
<u>Compensation</u>		
Salaries and other short term employee benefits	1 598	1 541
Post-employment benefits	268	154
Total compensation	1 866	1 695

Transactions with key management personnel and other related parties

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

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.2. Board and committee members

Members during the 2023 financial year were:

Entrepreneurship Advisory Board ~

A Nunn ^ (Chair)
A Andreacchio ^
T Barton ^
P Edginton ^ (re-appointed August 2022)
M Gauvin ^ (re-appointed August 2022)
S Liu ^ (re-appointed August 2022)
R Wessels ^

Risk and Performance Committee #

C Dunsford (Chair)
S Adlaf *
P Chau *
J Cirson *
D Contala
R Hindmarsh *

Risk and Audit Committee

C Dunsford (Chair) (appointed January 2023)
P Chau * (appointed December 2022, resigned April 2023)
D Contala (appointed January 2023)
D Price * (appointed January 2023)
D Tembak * (appointed December 2022)

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

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

~ The Entrepreneurship Advisory Board was dissolved on 30 June 2023.

The Risk and Performance Committee shared with the Department for Investment and Trade and Department for Energy and Mining was disbanded in December 2022.

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

	2023	2022
\$1 - \$19 999	2	3
Total number of paid members	2	3

The total remuneration received or receivable by members was \$18 191 (2022: \$25 100). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

Department for Industry, Innovation and Science
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3.3. Employee benefits expenses

	2023	2022
	\$'000	\$'000
Salaries and wages	17 793	30 447
Employment on-costs - superannuation	2 000	3 350
Annual leave	1 515	2 813
Targeted voluntary separation packages	1 361	316
Employment on-costs - other	1 037	1 832
Skills and experience retention leave	104	192
Workers compensation	99	(143)
Long service leave	92	(494)
Board and committee fees - excluding on-costs	17	25
Workforce rejuvenation scheme	-	270
Total employee benefits expenses	24 018	38 608

Employment on-costs – superannuation

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

Employee remuneration

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

	2023	2022
	Number	Number
\$157 001 to \$160 000 *	N/A	1
\$160 001 to \$180 000	8	4
\$180 001 to \$200 000	1	4
\$200 001 to \$220 000	2	3
\$220 001 to \$240 000	3	4
\$240 001 to \$260 000	1	3
\$260 001 to \$280 000 ^	2	3
\$300 001 to \$320 000 ^	2	4
\$340 001 to \$360 000	-	1
\$380 001 to \$400 000	1	1
Total number of employees	20	28

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

^ This band includes employees that have received termination payments in 2021-22.

The total remuneration received by those employees for the year was \$4.4 million (2022: \$6.7 million).

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.3. Employee benefits expenses (continued)

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid as well as any termination benefits for employees who have left the department.

Targeted voluntary separation packages (TVSPs)

The number of employees who received a TVSP during the reporting period was 15 (2022: 4). The number of employees who received a workforce rejuvenation scheme payment during the reporting period was nil (2022: 6).

	2023	2022
	\$'000	\$'000
Amount paid to separated employees:		
Targeted voluntary separation packages	1 361	316
Leave paid to separated employees	641	234
Recovery from the Department of Treasury and Finance	(1 373)	-
Workforce rejuvenation scheme payments	-	270
Net cost to the department	629	820

The net cost to the department after accounting for employment on-costs and Shared Services SA processing fees was \$0.6 million (2022: \$0.9 million).

3.4. Employee benefits liability

	2023	2022
	\$'000	\$'000
Current		
Annual leave	1 601	2 855
Long service leave	241	321
Skills and experience retention leave	133	280
Accrued salaries and wages	12	117
Total current employee benefits liability	1 987	3 573
Non-current		
Long service leave	3 573	6 538
Total non-current employee benefits liability	3 573	6 538
Total employee benefits liability	5 560	10 111

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

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

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

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2023

3.4. Employee benefits liability (continued)

The salary inflation rate for annual leave and skills, experience and retention leave liability has increased to 2.0% (2022: 1.5%).

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

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

Long service leave

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

Department for Industry, Innovation and Science
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4. Expenses

4.1. Supplies and services

	2023	2022
	\$'000	\$'000
Accommodation and property costs	3 352	5 094
Information technology and communication charges ⁽¹⁾	2 947	4 157
Contractors	2 494	4 682
Office administration expenses	1 708	1 449
Staff related expenses	514	541
Marketing	407	807
Shared services fees ⁽²⁾	330	412
Consultancies	276	574
Travel and related expenses	299	261
Accounting and audit fees ⁽³⁾	139	163
Service recoveries	124	161
Short term leases	13	13
Accommodation incentive amortisation	(102)	(231)
Total supplies and services	12 501	18 083

⁽¹⁾ Resources provided free of charge by the Department of the Premier and Cabinet were expensed at fair value (refer note 2.5).

⁽²⁾ Resources provided free of charge by Shared Services SA were expensed at fair value (refer note 2.5).

⁽³⁾ Audit fees paid / payable to the Auditor-General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$0.14 million (2022: \$0.16 million). No other services were provided by the Auditor-General's Department.

Accommodation and property costs

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

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

Department for Industry, Innovation and Science
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4.2. Depreciation and amortisation

	2023	2022
	\$'000	\$'000
Right-of-use buildings	1 463	1 508
Buildings, accommodation and leasehold improvements	337	935
Intangible assets	285	1 822
Plant and equipment	246	241
Right-of-use vehicles	-	11
Total depreciation and amortisation	2 331	4 517

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

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

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

Useful life

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

Class of asset	Useful life (years)
Buildings	2-61
Accommodation and leasehold improvements	Life of lease
Right-of-use vehicles	Life of lease
Right-of-use buildings	Life of lease
Plant and equipment	3-11
Intangible assets	2-5

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 for Industry, Innovation and Science
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4.3. Grants and subsidies

	2023	2022
	\$'000	\$'000
Industry, Innovation and Science	22 422	29 370
Creative Industries	12 246	28 574
Small and Family Business	7 581	2 448
Migration	585	506
TAFE SA	-	236 497
Skills and Employment - VET subsidies	-	86 072
Skills and Employment - Other	-	24 181
Other	75	452
Total grants and subsidies	42 909	408 100

Responsibility for grants and subsidies paid to TAFE SA, Skills and Employment – VET subsidies and Skills and Employment – Other transferred to the Department for Education effective from 1 July 2022.

In 2022, the department provided TAFE SA with funding of \$236.5 million including capital grant funding of \$24.1 million.

4.4. Net loss from disposal of non-current assets

	2023	2022
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	(5 970)	(2 800)
Less net book value of assets disposed	5 970	2 800
Total net gain / (loss) from disposal of non-current assets	-	-

4.5. Resources provided free of charge

	2023	2022
	\$'000	\$'000
Services provided free of charge - SA Skills Commission	-	402
Total resources provided free of charge	-	402

Services provided free of charge to the SA Skills Commission primarily relate to the provision of office accommodation and once-off implementation costs associated with the establishment of the Commission from 1 July 2021.

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4.6. Other expenses

	2023	2022
	\$'000	\$'000
Asset derecognition	272	1 699
Loss on land revaluation	30	-
Expected credit loss	20	236
Donated assets	-	441
Loss on accommodation incentive	-	81
Other	4	15
Total other expenses	326	2 472

Asset derecognition includes work in progress for intangible assets and property, plant and equipment transferred to expenses for items that no longer satisfy the definition of an asset.

4.7. Payments to Consolidated Account

Proceeds paid / payable to the Consolidated Account of \$5.9 million (2022: \$2.6 million) relate to the sale of land located in the Thebarton Hi-Tech Precinct on 16 June 2023. In 2022, proceeds paid / payable to the Consolidated Account primarily related to the sale of land located in the Thebarton Hi-Tech Precinct on 2 August 2021.

Department for Industry, Innovation and Science
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5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment owned by the department with a value equal to or in excess of \$10 000 is capitalised, otherwise it is expensed with the exception of works of art. Works of art are capitalised irrespective of their value.

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

Plant and equipment includes \$0.1 million (2022: \$24 000) of fully depreciated plant and equipment still in use.

Impairment

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

Reconciliation of property, plant and equipment

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

The following table shows the movement of property, plant and equipment during 2022-23:

	Plant and equipment	Buildings, accommodation and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2022	654	4 279	11 460	47	-	16 440
Additions	67	-	-	-	-	67
Asset derecognition	(126)	(146)	-	-	-	(272)
Revaluation decrement	-	-	(30)	-	-	(30)
Disposal through administrative restructuring	-	(2 787)	(5 460)	-	-	(8 247)
Depreciation	(246)	(337)	-	-	-	(583)
Assets reclassified to assets held for sale	-	-	(5 970)	-	-	(5 970)
Carrying amount at 30 June 2023	349	1 009	-	47	-	1 405
Gross carrying amount						
Gross carrying amount	884	2 435	-	47	-	3 366
Accumulated depreciation	(535)	(1 426)	-	-	-	(1 961)
Carrying amount at 30 June 2023	349	1 009	-	47	-	1 405

Department for Industry, Innovation and Science
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5.1. Property, plant and equipment (continued)

The following table shows the movement of property, plant and equipment during 2021-22:

	Plant and equipment	Buildings, accommodation and leasehold improvements	Land	Works of art	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	488	5 836	11 460	37	611	18 432
Additions	407	-	-	-	-	407
Asset derecognition	-	(181)	-	-	(611)	(792)
Donated assets	-	(441)	-	-	-	(441)
Depreciation	(241)	(935)	-	-	-	(1 176)
Assets received free of charge	-	-	-	10	-	10
Carrying amount at 30 June 2022	654	4 279	11 460	47	-	16 440
Gross carrying amount						
Gross carrying amount	1 256	17 047	11 460	47	-	29 810
Accumulated depreciation	(602)	(12 768)	-	-	-	(13 370)
Carrying amount at 30 June 2022	654	4 279	11 460	47	-	16 440

5.2. Leased property, plant and equipment

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

Reconciliation of leased property, plant and equipment

The following table shows the movement of leased property, plant and equipment during 2022-23:

	Right-of-use buildings	Right-of-use vehicles	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2022	8 654	12	8 666
Additions	944	-	944
Disposals	(695)	-	(695)
Depreciation	(1 463)	-	(1 463)
Increase on termination of finance sublease	124	-	124
Disposal through administrative restructuring	-	(12)	(12)
Carrying amount at 30 June 2023	7 564	-	7 564
Gross carrying amount			
Gross carrying amount	10 034	-	10 034
Accumulated depreciation	(2 470)	-	(2 470)
Carrying amount at 30 June 2023	7 564	-	7 564

Department for Industry, Innovation and Science
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5.2. Leased property, plant and equipment (continued)

The following table shows the movement of leased property, plant and equipment during 2021-22:

	Right-of-use buildings	Right-of-use vehicles	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2021	10 705	12	10 717
Additions	380	11	391
Disposals	(923)	-	(923)
Depreciation	(1 508)	(11)	(1 519)
Carrying amount at 30 June 2022	8 654	12	8 666
Gross carrying amount			
Gross carrying amount	10 705	13	10 718
Accumulated depreciation	(2 051)	(1)	(2 052)
Carrying amount at 30 June 2022	8 654	12	8 666

The department's motor vehicle lease with the South Australian Government Financing Authority transferred to the Department for Education effective from 1 July 2022 (refer note 1.4).

Additions of \$0.9 million (2022: \$0.4 million) were processed to recognise the increase in right-of-use buildings due to an increase in the lease term for the Marnini-apinthe Building at Lot Fourteen (\$0.4 million) and increased indexation based on the Consumer Price Index for the Tech Hub (\$0.5 million). In 2022, a new lease with Renewal SA commenced at Lot Fourteen for the Eleanor Harrauld Building.

Disposals of \$0.7 million were processed to recognise the reduction in right-of-use buildings due to the commencement of new finance sub-lease agreement for the Marnimi-apinthe Building at Lot Fourteen (\$0.4 million) and a reduction in the lease term for the St Paul's Creative Centre (\$0.3 million). In 2022 disposals of \$0.9 million were processed to recognise the reduction in right-of-use buildings due to a reduction in the lease term for the McEwin Building at Lot Fourteen (\$0.3 million) and the commencement of new finance sub-lease agreements during 2022 for the Eleanor Harrauld Building at Lot Fourteen (\$0.3 million) and Incubator (\$0.3 million).

The department has a limited number of leases that will continue into 2023-24:

- in September 2019 the department entered into a three year building lease agreement for the St Pauls Creative Centre. No contingent rental provisions exist within the lease agreement, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be three years. Sub-leases associated with the St Pauls Creative Centre have been disclosed as operating leases. Income from operating sub-leases is disclosed in note 2.7.
- in September 2019 the department entered into a three year building lease agreement for the Marnini-apinthe Building (formerly known as the Allied Health Building) at Lot Fourteen with Renewal SA. No contingent rental provisions exist within the lease agreements, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be four years. The department has also entered into a four year sub-lease from 1 October 2019. The sub-lease is disclosed as a finance lease and the right-of-use asset has been reduced to account for the sub-lease.

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5.2. Leased property, plant and equipment (continued)

- on 30 June 2021 a building lease for the TechHub was transferred to the department from TechInSA. The lease term ends on 2 June 2033, and there is an option to renew the lease for an additional five years at the end of the lease term. The department does not intend to take up the options within the lease, and the lease is currently assumed to end on 30 June 2033. Sub-leases associated with the TechHub have been disclosed as operating leases (refer note 9.2). Income from operating sub-leases in 2022 is disclosed in note 2.7.

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

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

Impairment

Leased property, plant and equipment has been assessed for impairment. There was no indication of impairment at 30 June 2023. No impairment loss or reversal of impairment loss was recognised.

5.3. Intangible assets

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

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

Internally developed computer software primarily relates to the department's intangible records management and Migration systems. These systems have an average useful life of five years and carrying amount of \$0.3 million.

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2022-23:

	Intangible software	Intangible work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2022	3 706	646	4 352
Amortisation	(285)	-	(285)
Disposal through administrative restructure	(2 819)	(646)	(3 465)
Carrying amount at 30 June 2023	602	-	602
Gross carrying amount			
Gross carrying amount	2 008	-	2 008
Accumulated amortisation	(1 406)	-	(1 406)
Carrying amount at 30 June 2023	602	-	602

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5.3. Intangible assets (continued)

The following table shows the movement of intangible assets during 2021-22:

	Intangible software \$'000	Intangible work in progress \$'000	Total \$'000
Carrying amount at 1 July 2021	4 867	2 039	6 906
Additions	-	175	175
Capitalisation	661	(661)	-
Amortisation	(1 822)	-	(1 822)
Asset derecognition	-	(907)	(907)
Carrying amount at 30 June 2022	3 706	646	4 352
Gross carrying amount			
Gross carrying amount	20 711	646	21 357
Accumulated amortisation	(17 005)	-	(17 005)
Carrying amount at 30 June 2022	3 706	646	4 352

5.4. Non-current assets classified as held for sale

Reconciliation of non-current assets classified as held for sale

The following table shows the movement of non-current assets classified as held for sale during 2022-23:

	Land \$'000	Total \$'000
Carrying amount at 1 July 2022	-	-
Assets reclassified to assets held for sale	5 970	5 970
Sales	(5 970)	(5 970)
Carrying amount at 30 June 2023	-	-

The following table shows the movement of non-current assets classified as held for sale during 2021-22:

	Land \$'000	Total \$'000
Carrying amount at 1 July 2021	2 800	2 800
Assets reclassified to assets held for sale	-	-
Sales	(2 800)	(2 800)
Carrying amount at 30 June 2022	-	-

As at 30 June 2023, the department has no assets classified as held for sale (2022: \$nil).

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

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6. Financial assets

6.1. Cash

	2023	2022
	\$'000	\$'000
Deposits with the Treasurer - Operating Account	21 605	118 929
Accrual Appropriation Excess Funds	3 755	8 606
Section 21 Deposit Account - TechInSA	1 062	997
Total cash	26 422	128 532

Cash is measured at nominal amounts. Although the department controls the money in the Accrual Appropriation Excess Funds account, its use must be approved by the Treasurer. The department does not earn interest on its deposits with the Treasurer.

6.2. Receivables

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
From government entities	937	382
From non-government entities	592	174
Less impairment loss on receivables	(28)	(8)
Total trade receivables	1 501	548
Accrued revenues	1 348	2 306
GST input tax recoverable	798	1 584
Finance lease receivables	98	790
Prepayments	1	133
Other receivables	47	47
Total current receivables	3 793	5 408
Total receivables	3 793	5 408

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

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

Refer to note 10.3 for further information on risk management.

Statutory receivables do not arise from contracts with customers. They are recognised and measured similarly to contractual receivables (except impairment) but are not classified as financial instruments for disclosure purposes, refer to note 10.3.

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

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

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6.2. Receivables (continued)

Allowance for impairment loss on receivables

	2023	2022
	\$'000	\$'000
Carrying amount at 1 July	(8)	(3)
Amounts written off	-	231
(Increase) in the allowance	(20)	(236)
Carrying amount at 30 June	(28)	(8)

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

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

Department for Industry, Innovation and Science
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7. Liabilities

7.1. Payables

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Accrued expenses and trade payables	5 483	19 529
Employment on-costs	593	853
Total current payables	6 076	20 382
<u>Non-current</u>		
Employment on-costs	356	629
Total non-current payables	356	629
Total payables	6 432	21 011

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

Statutory payables do not arise from contracts, refer to note 10.3.

Employment on-costs

Employment on-costs include payroll tax, ReturnToWorkSA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged. These on-costs primarily relate to the balance of leave owing to employees. Estimates as to the proportion of long service leave estimated to be taken as leave, rather than paid on termination, affects whether certain on-costs are recognised as a consequence of long service leave liabilities.

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

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has increased to 43% (2022: 42%) and the average factor for the calculation of employer superannuation cost on-costs has increased to 11.1% (2022: 10.6%). These rates are used in the employment on-cost calculation. The impact on 2023 is immaterial and cannot be reliably estimated for future years.

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7.2. Financial liabilities

All financial liabilities relate to lease liabilities.

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

	2023	2022
	\$'000	\$'000
Within one year	923	2 321
Later than one year but no longer than five years	3 495	3 518
Later than five years	4 818	5 454
Total financial liabilities (undiscounted)	9 236	11 293

The department measures financial liabilities including borrowings / debt at amortised cost. Lease liabilities have been measured via discounting lease payments using the Department of Treasury and Finance incremental borrowing rate.

7.3. Provisions

All provisions relate to workers compensation.

Reconciliation of workers compensation (statutory and non-statutory)

	2023	2022
	\$'000	\$'000
Carrying amount at 1 July	344	623
Increase / (reduction) resulting from re-measurement or settlement without cost	72	(250)
Decrease in provisions due to transfers on administrative restructure	(132)	(29)
Carrying amount at 30 June	284	344

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

Accordingly, a liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2023 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

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

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7.4. Other liabilities

	2023	2022
	\$'000	\$'000
<u>Current</u>		
Accommodation incentive	101	162
Contract liabilities	314	4
Total current other liabilities	415	166
<u>Non-current</u>		
Accommodation incentive	263	582
Rental bonds from tenants	105	66
Total non-current other liabilities	368	648
Total other liabilities	783	814

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

	2023	2022
	\$'000	\$'000
Within one year	415	166
Later than one year but no longer than five years	368	648
Total other liabilities (undiscounted)	783	814

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

Rental bonds are recognised as a liability on receipt.

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8. Other disclosures

8.1. Equity

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

8.2. Cash flow

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

Total cash outflows for leases are \$2.5 million (2022: \$2.5 million).

Reconciliation of net result to cash flows from operating activities

	2023	2022
	\$'000	\$'000
<u>Reconciliation of cash at 30 June</u>		
Cash disclosed in the Statement of Financial Position	26 422	128 532
Balance as per the Statement of Cash Flows	26 422	128 532

Reconciliation of net cash provided by operating activities to net result

Net cash provided by operating activities	(18 869)	74 891
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(2 331)	(4 517)
Amortisation of accommodation incentive	102	231
Net gain on accommodation incentive	21	867
Net gain on remeasurement of finance lease	30	-
Asset derecognition	(272)	(1 699)
Expected credit loss	(20)	(236)
Interest expense on lease liabilities	(192)	(233)
Resources received free of charge	793	920
Resources provided free of charge	(793)	(1 312)
Transfer out for administrative restructure	(6 960)	(631)
Transfer in for administrative restructure	474	-
Decrements on revaluation of non-current assets	(30)	-
Donated assets	-	(441)

Movement in assets and liabilities

(Decrease) in receivables	(692)	(2 958)
Decrease / (increase) in payables	14 399	(7 181)
Decrease in financial liabilities	111	622
(Increase) / decrease in other liabilities	(92)	41
Decrease in provisions	(72)	250
Decrease in employee benefits	4 546	2 264
Net result	(9 847)	60 878

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9. Outlook

9.1. Unrecognised contractual commitments

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

Contractual commitments to acquire property, plant and equipment and intangible assets

The department has no capital commitments to acquire property plant and equipment or intangible assets at 30 June 2023 (2022: \$Nil).

Other contractual commitments

	2023	2022
	\$'000	\$'000
Within one year	22 967	26 696
Later than one year but not longer than five years	27 797	31 749
Total expenditure commitments	50 764	58 445

The department's expenditure commitments are for agreements for Memoranda of Administrative Arrangement with the Department for Infrastructure and Transport for accommodation and agreements with contractors, consultants, information and technology contracts and grant recipients.

Leases entered into which have not yet commenced

The department has not entered into any leases on or prior to 30 June 2023, that have not yet commenced.

9.2. Expected rental income

	2023	2022
	\$'000	\$'000
<u>Operating lease maturity analysis</u>		
Within one year	707	691
Later than two years but not longer than three years	606	-
Total undiscounted lease payments receivable	1 313	691
Total operating lease income	1 313	691

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

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

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9.2. Expected rental income (continued)

	2023	2022
	\$'000	\$'000
<u>Finance lease maturity analysis</u>		
Within one year	98	790
Total undiscounted lease payments receivable	98	790
Net investment in the lease	98	790

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

9.3. Contingent assets and liabilities

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

Contingent assets

Where specific conditions relating to a financial assistance grant are not met, the department may request the amount granted be repaid by the grantee. There are no known contingent assets arising from these present obligations as at 30 June 2023.

Contingent liabilities

The department is not aware of any contingent liabilities as at 30 June 2023.

9.4. Impact of standards and statements not yet effective

The department has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact on the department's statements.

9.5. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2023 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2023.

Note disclosure is made about events between 30 June 2023 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2023 and which may have a material impact on the results of subsequent years as set out below.

- On 14 September 2023, the government announced that Creative Industries will transfer to the Department of the Premier and Cabinet effective from 1 October 2023.

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10. Measurement and risk

10.1. Long service leave liability - measurement

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

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

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of long service leave liability. The yield on long-term Commonwealth Government bonds has increased to 4% (2022: 3.5%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease in the reported long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance increased the salary inflation rate to 3.5% (2022: 2.5%) for long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability and employee benefits expense of \$0.1 million. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions – including the long-term discount rate.

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

10.2. Fair value

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

Initial recognition

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

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

Revaluation

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

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

Revaluation is undertaken every six years in accordance with APS 116.E. If at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place.

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

Department for Industry, Innovation and Science
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10.2. Fair value (continued)

Fair value hierarchy

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

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

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

During 2023 and 2022, all valuations were categorised into level 3, with the exception of land which was classified as level 2. There were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation techniques.

Land and buildings

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

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

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

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

Plant and equipment

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

Works of art

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

10.3. Financial instruments

Financial risk management

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

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

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10.3 Financial instruments (continued)

Liquidity risk

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

Refer to notes 7.1 and 7.2 for further information.

Credit risk

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

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

Impairment of financial assets

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

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

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

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

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

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

	Debtor gross carrying amount \$'000	Loss %	Lifetime expected losses \$'000
Current (not past due)	336	2	7
1 - 30 days past due	128	3	3
31 - 60 days past due	80	8	7
61 - 90 days past due	3	20	1
91 - 180 days past due	45	22	10
Loss allowance	592		28

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

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

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10.3 Financial instruments (continued)

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to enter into a payment plan with the department and a failure to make contractual payments for a period of greater than 180 days past due.

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

Cash

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

Market risk

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

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

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

Categorisation of financial instruments

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

Classification of financial instruments

The department measures all financial instruments at amortised cost.

Receivables and payables

Receivables and payables at amortised cost are \$2.9 million (2022: \$2.9 million) and \$5.3 million (2022: \$19.0 million) respectively.

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

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

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

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11. Disclosure of Administered Items

11.1. Disclosure of administered items as at 30 June 2023

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

Student Transport Concessions

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

Student Transport Concessions for VET students transferred to the Department for Education effective from 1 July 2022.

Ministers' Salary

The department was responsible for the disbursement of parliamentary salaries and allowances pursuant to the *Parliamentary Remuneration Act 1990* on behalf of the State Government until 14 March 2022.

Administered income and expenses

	Student Transport		Ministers' Salary		Total	
	Concessions		2023	2022	2023	2022
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Administered Income</u>						
Appropriations	10 693	13 096	-	295	10 693	13 391
Other income	11	-	-	-	11	-
Total administered income	10 704	13 096	-	295	10 704	13 391
<u>Administered Expenses</u>						
Employee benefits expenses	-	-	-	267	-	267
Grants and subsidies	10 259	12 511	-	-	10 259	12 511
Total administered expenses	10 259	12 511	-	267	10 259	12 778
Net result	445	585	-	28	445	613

Administered assets and liabilities

	2023	2022
	\$'000	\$'000
<u>Administered current assets</u>		
Cash	2 413	4 963
Receivables	11	-
Total current assets	2 424	4 963
Total assets	2 424	4 963
<u>Administered current liabilities</u>		
Payables	139	3 123
Total current liabilities	139	3 123
Net assets	2 285	1 840
<u>Administered equity</u>		
Retained earnings	2 285	1 840
Total equity	2 285	1 840

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11.1. Disclosure of administered items as at 30 June 2023 (continued)

Budget performance

The budget performance table compares the department's administered outcomes against original budget information presented to Parliament (2022-23 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

	Original Budget 2023 \$'000	Adjustment for Training and Skills 2023 \$'000	Original DIIS Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000
<u>Administered Income</u>					
Appropriations	13 365	2 673	10 692	10 693	1
Total administered income	13,365	2,673	10 692	10 693	1
<u>Administered Expenses</u>					
Grants and subsidies	13 365	2 673	10 692	10 259	(433)
Total administered expenses	13,365	2,673	10 692	10 259	(433)
Total comprehensive result	-	-	-	434	434

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.