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LAID ON THE TABLE**

17 Oct 2024



**Government
of South Australia**

**DEPARTMENT FOR INDUSTRY, INNOVATION
AND SCIENCE**

2023-24 Annual Report

DEPARTMENT OF STATE DEVELOPMENT

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ISSN: 2205-6068(electronic)
2205-605X(print)

Date presented to Minister: 27 September 2024

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To:

Hon Susan Close MP

Deputy Premier

Minister for Industry, Innovation and Science

Minister for Workforce and Population Strategy

Hon Andrea Michaels MP

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*.

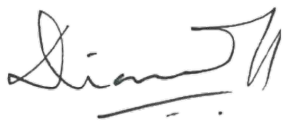
This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

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

Diana Tembak

Acting Chief Executive

Date 27/09/2024

Signature 

From the Chief Executive

The Department for Industry, Innovation and Science (DIIS) continued to actively work with industry, government and the community to support South Australia's economic development and growth.

Our focus was on delivering policies and programs that not only deliver on the South Australian Government's ambitious economic agenda, but seek to bring industry, the innovation and research sector and the workforce together on a journey of growth.

The successful passage of legislation to establish a new Adelaide University was a notable highlight of the year. Bringing together the best of the University of Adelaide and the University of South Australia, the new university will be a critical driver of the State's future. Together with Flinders University, they represent the cornerstone of not only the State's research excellence, but also the supply of the skilled workforce needed for the future.

The development of the State's workforce has been a significant priority of the past year. As co-chair of the South Australian Defence Industry Workforce and Skills Taskforce, I am particularly proud of the Department's work to not only develop the South Australian Defence Industry Workforce and Skills Report and Action Plan, but also drive the implementation of the 18 initiatives outlined in the Action Plan in full partnership with industry, unions, and education and training providers. This critical Plan sets out the approach, and financial commitment by the State and Commonwealth, to deliver current and planned naval shipbuilding and sustainment programs in South Australia, including nuclear-powered submarine construction under the AUKUS partnership.

The Department has also taken significant steps to understand and address the workforce gaps being faced across our other major industries. Strategic workforce plans have been, or are being, developed for hydrogen, the construction sector, as well as a State Workforce Plan, and a soon to commence Aboriginal Workforce Plan. These plans will guide and drive action to build the skilled workforce the State needs into the future.

The Department has not only been focussed on supporting our largest industries, as June 2024 marks the first anniversary of the South Australian Small Business Strategy. This year has been a year of major delivery for the sector, with programs providing direct support to build capability to over 9,200 small and family business across the State.

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.

It has been an incredibly productive year for the Department and the establishment of the new Department of State Development from 1 July 2024 provides exciting opportunities for the year ahead.

A handwritten signature in black ink, appearing to read 'A. Reid', with a stylized flourish at the end.

Adam Reid

Chief Executive

Department of State Development

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Overview: about the agency

Our strategic focus

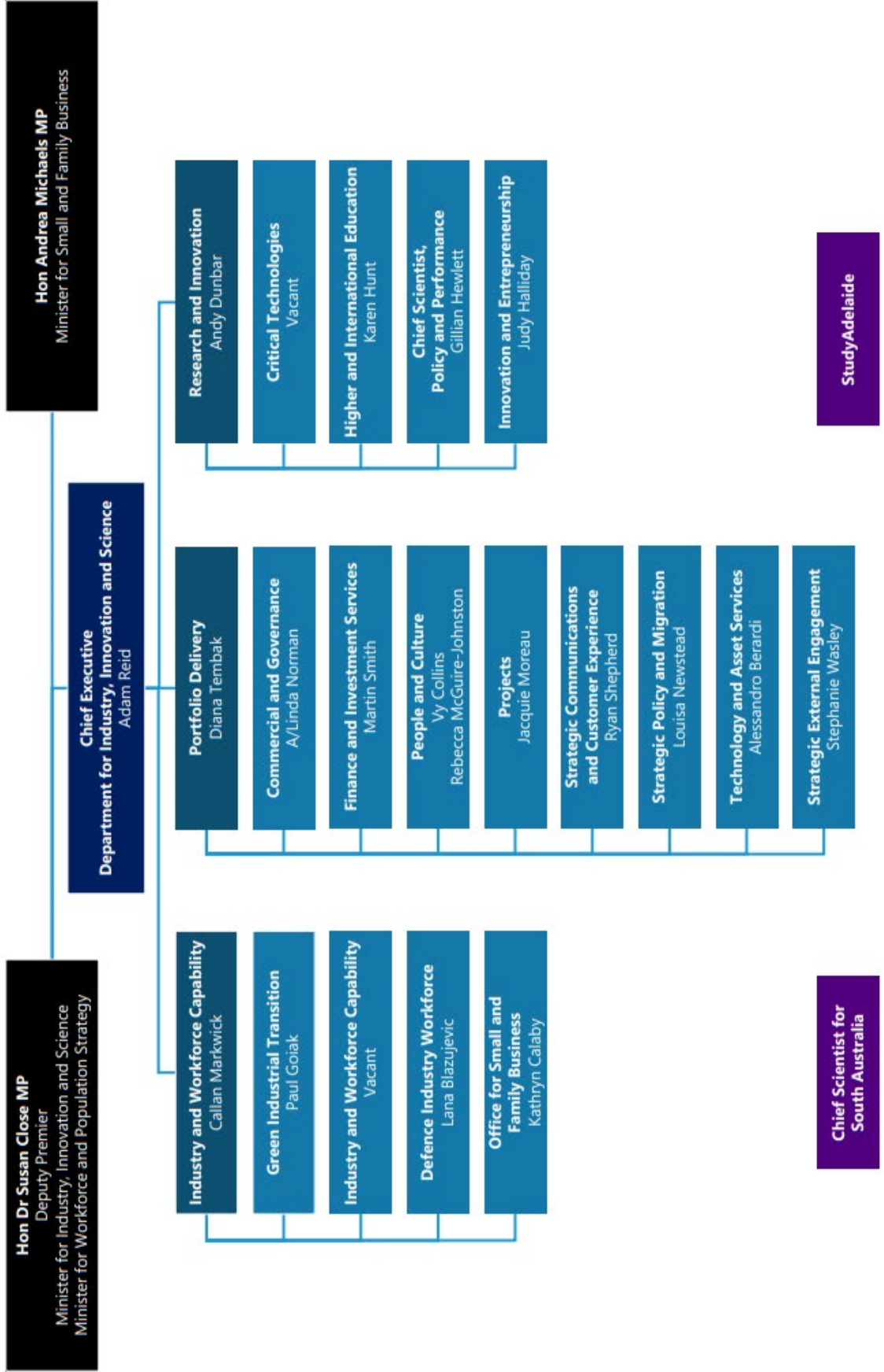
Our Purpose	The Department for Industry, Innovation and Science supports sustainable economic growth by assisting South Australian industries and businesses to succeed in a local and global environment.
Our Vision	A smart, sustainable and inclusive South Australian economy underpinned by excellence in 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 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.



Government of South Australia
 Department for Industry,
 Innovation and Science

30 June 2024

Our organisational structure



Changes to the agency

During 2023-24 there were the following changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

- From 1 October 2023, the creative industries function (including the Music Development Office) transferred to the Department of the Premier and Cabinet.

At the end of May 2023, machinery of government changes that impact DIIS were announced, and these came into effect on 1 July 2024:

- The Department for Industry, Innovation and Science renamed to the Department of State Development (DSD).
- Trade and investment functions of the former Department for Trade and Investment (DTI) transferred to DSD.
- Brand SA transferred from the former DTI to DSD.
- The Office of the Agent-General transferred from the former DTI to DSD.
- The Population Strategy administrative function transferred from the Department of the Premier and Cabinet to DSD.
- Skills SA transferred from the Department for Education to DSD.
- The South Australian Skills Commission transferred from the Department for Education to DSD.

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 Workforce and Population Strategy. 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, Minister for Consumer and Business Affairs, and Minister for 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
Andrew Dunbar	Executive Director, Research and Innovation
Callan Markwick	Executive Director, Industry and Workforce Capability
Diana Tembak	Executive Director, Portfolio Delivery
Vy Collins	Director, People & Culture
Ryan Shepherd	Director, Strategic Communications and Customer Experience

Legislation administered by the agency

Adelaide University Act 2023

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)

StudyAdelaide

The agency's performance

Performance at a glance

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

During 2023-24, the department continued to deliver support and assistance to small businesses in communities impacted by the River Murray flood event.

Highlights from 2023-24:

- Delivered the state's General Skilled Migration program fulfilling the Commonwealth's allocation, helping businesses and industry access a skilled workforce to meet skill gaps in the local market.
- Extended and negotiated enhancements to the Designated Area Migration Agreements (DAMA) to support local businesses in more key growth industries to access the overseas workers they need. South Australia's employers continued to strongly utilise the Regional Workforce DAMA in critical sectors, such as aged and disabled care and agriculture.
- Continued to invest in research talent, research infrastructure, industry-research collaboration and high-growth, high-impact potential early-stage businesses.
- Growing capacity in, and increased awareness and adoption of, critical technologies by industry, including artificial intelligence and machine learning, photonics, quantum technologies and cyber security.
- The Innovation Leaders Network (ILN) Program was launched to foster the exchange of knowledge between accomplished entrepreneurs and emerging startups with high growth potential.
- Launched the Fearless Innovator Program to support female business founders, and continued support for the _SOUTHSTART conference.
- Supported the successful passage of legislation (*Adelaide University Act 2023*) to create the new Adelaide University, with continued support provided throughout the transition period ahead of Adelaide University becoming fully operational in 2026.
- Continued strengthening and diversifying the teaching profession in South Australia by supporting targeted cohorts commencing a teaching degree across the three public universities through the Enabling Educator Excellence Scholarship Program.
- Investigated, analysed and reported on the number and accessibility of nursing and midwifery scholarships to inform workforce gaps and shortages in areas of need for nursing and midwifery.
- Progressed support for Italian language initiatives at Flinders University and the University of South Australia that deliver a positive impact to students and improve outcomes for Italian language in South Australia.
- Continued to provide a clear entry point for small and family businesses to access State Government information and supports through the Office for Small and Family Business.
- Launched South Australia's Small Business Strategy 2023-2030, designed to support small businesses to adapt, grow and succeed, now and into the future.

- Continued to deliver and expand on the Women in Business Program to improve the success and growth prospects of female-owned and led businesses in South Australia with over 1,750 participants accessing the supports available through this Program in 2023-24.
- Delivered Small Business Week 2024, providing metropolitan and regional businesses with access to tools, information and resources, and to recognise the contribution of small businesses to South Australia's economy and the broader community.
- Continued to support small businesses impacted by the River Murray Flood event through the delivery of grants and financial counselling services.
- Connected South Australian suppliers to key projects in defence, energy (including hydrogen), mining, water, infrastructure and construction sectors.
- Mapped South Australia's Hydrogen Supply Chains and identified over 2000 local businesses capable of providing services to the emerging hydrogen sector.
- Launched South Australia's Advanced Manufacturing Strategy to guide future industry and government collaboration, grow manufacturing, and drive the state's economic transition towards a knowledge-based, resilient, and greener economy.
- Launched a concierge service to provide bespoke support to manufacturers looking to collaborate and grow. The service was established in October 2023 as part of the Advanced Manufacturing Strategy to better coordinate industry, research and government investment into manufacturing.
- Continued bridging the gap between research, industry leaders, and South Australia's small business community to accelerate the adoption of advanced manufacturing technologies through the Manufacturing Growth Accelerator with Flinders University at the Tonsley Innovation District Factory of the Future site.
- Delivered programs to local manufacturers that focus on industrial capability and innovation to become more competitive through the adoption of innovative manufacturing technologies, and to take advantage of new opportunities in areas such as the green economy in Australia and overseas.
- Delivered the South Australian Defence Industry Workforce and Skills Report and Action Plan in collaboration with the Commonwealth Government, which aims to build a skilled workforce to deliver sovereign defence capabilities. Since launch of the report in November 2023, 60% of the initiatives announced are successfully now in market.
- Supporting priority industry and regions to access the skilled workforce they need through undertaking workforce planning, developing workforce plans and strategies and implementing workforce development initiatives.

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>2,300 state nominations approved for the General Skilled Migration program.</p> <p>Employer sponsored positions supported by South Australia as the Regional Certifying Body total 56.</p> <p>Under the Designated Area Migration Agreements (DAMAs), 100 new labour agreements and 29 variations to existing labour agreements were supported.</p> <p>758 positions endorsed under the DAMAs.</p> <p>104 DAMA skills assessments approved.</p> <p>DAMAs extended to 30 June 2025 and broadened to include occupations in construction, cyber security and renewable energy.</p> <p>Development and implementation of Attraction, Connection and Retention Strategy for Skilled Migration to facilitate better connections between local employers and job ready skilled migrants in South Australia and to increase the State’s attractiveness to overseas skilled migrants.</p> <p>462 Overseas Qualification Recognition certificates issued.</p> <p>183 second stage business migration applications reviewed and processed.</p>
<p>Develop a high performing research and innovation system –</p>	<p>Number of science and research projects</p>	<p>The department continued to make strategic investments to strengthen South Australia’s</p>

Agency objectives	Indicators	Performance
<p>supporting technology adoption and the translation and commercialisation of research through industry, research and government collaboration – investing in global excellence in South Australian science and research.</p>	<p>supported, and amount invested.</p>	<p>science, research and innovation system. Since 2014, the department has committed \$118.5 million to 84 projects and initiatives, which have leveraged \$861.4 million from the Australian Government and industry.</p>
<p>Develop a high performing research and innovation system – encouraging and supporting technology adoption.</p>	<p>Number of industry events held at the Australian Cyber Collaboration Centre.</p>	<p>The department supported the increased awareness and resilience of cyber threats to South Australian industry through the Australian Cyber Collaboration Centre, which has hosted over 250 industry events and over 131 training programs since launching in 2020.</p>
<p>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.</p>	<p>Number of startup and early-stage companies supported, and amount of private investment in innovative early-stage companies.</p> <p>Number of entrepreneurship and innovation ecosystem initiatives supported.</p>	<p>In 2023-24, 11 early-stage companies were supported with funding through the Seed-Start Program, an initiative under the Research and Innovation Fund (RIF).</p> <p>Since the Seed Start Program commenced in 2019, 62 early-stage companies have received funding totalling \$17.27 million. These companies have reported raising an additional \$125.2 million in capital, creating a net increase of 266.5 Full-Time Equivalent (FTE) jobs and generating an additional \$47.2 million in revenue.</p> <p>Continued funding support for the Startup Hub at Lot Fourteen, managed by Stone and Chalk. Since its opening in 2019, residents of the Startup Hub at Lot Fourteen have</p>

Agency objectives	Indicators	Performance
		<p>collectively raised more than \$198 million in venture capital and other sources of funding and have created 803 jobs.</p> <p>The South Australian Venture Capital Fund (SAVCF) has invested in 11 early-stage business totalling \$30.3 million which has leveraged a further \$135.9 million from co-investors, created 593 direct and indirect jobs and supported the commercialisation of 22 products, with \$78 million invested in R&D in South Australia.</p>
<p>Develop and implement policies and programs and undertake strategic engagement with education providers to build a progressive higher and international education sector.</p>	<p>Establish the new Adelaide University.</p> <p>Attract international students to South Australia.</p>	<p>Supported the passage of legislation (Adelaide University Act 2023) to create the new Adelaide University.</p> <p>In the 2023 calendar year:</p> <ul style="list-style-type: none"> - 54,414 international students were enrolled in South Australian education providers. - international education was valued at \$3.15 billion.
<p>Grow innovative and productive industries and businesses – delivering programs and services for small and family businesses.</p>	<p>Number of businesses provided with solutions to support their growth and competitiveness.</p>	<p>7,968 businesses provided with information or solutions, including support for small businesses in response to the River Murray flood event, in 2023-24.</p>
<p>Grow innovative and productive industries and businesses – delivering programs and services for small and family businesses.</p>	<p>Number of businesses supported to build capability.</p>	<p>9,223 businesses supported to build skills and capability through the Office for Small and Family Business in 2023-24.</p>
<p>Grow innovative and productive industries and businesses – delivering targeted</p>	<p>Number of women supported to build capability through the</p>	<p>1,750 participants supported to build skills and capability through the Women in Business Foundations</p>

Agency objectives	Indicators	Performance
<p>capability development programs to address capability and knowledge gaps, build stronger foundations, and accelerate growth.</p>	<p>Women in Business Program.</p>	<p>Program (1,674) and the Women in Business Advisory Program (76) in 2023-24.</p> <p>Since the Program's inception in October 2022, over 2,300 women have been supported to build their capability.</p>
<p>Grow innovative and productive industries and businesses – connecting businesses to contract opportunities within major projects.</p>	<p>Amount of contract wins facilitated through Industry Capability Network SA (ICNSA).</p>	<p>52 local businesses supported by ICNSA to win contracts for major projects to the value of \$204.6 million.</p>
<p>Support industry to get the skilled workforce it needs – delivering workforce development initiatives designed and implemented with industry and regions.</p>	<p>Key performance indicators negotiated and included in workforce development funding agreements with key delivery partners, with outcomes reported annually.</p> <p>Progress and achievements of leading the implementation of the SA Defence Industry Workforce and Skills Action Plan.</p>	<p>Three Regional Workforce Connector and Collaboration programs with the RDA Murraylands and Riverland, RDA Limestone Coast and RDA Eyre Peninsula, was delivered across 2023 and 2024 to undertake place-based initiatives to deliver workforce outcomes for each region. The program concluded in June 2024. Through the program, 555 employers engaged in workforce planning or capability building activities, 308 employers were engaged in Employer of Choice programs, and 157 employers were assisted to develop cultural and inclusive practices. Nearly 13,500 jobs were logged on the regional Jobs Boards.</p> <p>Forte pilot program has concluded the study phase. As at January 2024, a total of 138 participants have graduated (88% of total). Currently, a total of 68 (49%) graduates have found employment, and this is expected to increase as the pilot progresses. Forte are</p>

Agency objectives	Indicators	Performance
		<p>providing additional support and recruitment services to help graduates who are still looking for employment.</p> <p>Since November 2023, 60 percent of the 22 SA Defence Industry Workforce and Skills Action Plan initiatives have been successfully launched into the market. Highlights against key initiatives include:</p> <ul style="list-style-type: none"> • Expand STEM scholarships for secondary students: A total of 71 STEM scholarships awarded. • Degree Apprenticeship Pilots: The first cohort of 13 commenced the Software Engineering Degree Apprenticeship early in 2024 with the University of South Australia, BAE, ASC and Consunet. • The University of Adelaide and Flinders are expected to meet the additional Commonwealth Supported Places caps in 2024 (120 places for 2024). • 38 students (30% diverse groups) in Defence Industry Leadership Program. • Entry Level VET Pathway for Aircraft Maintenance School student program commenced with a total of 25 students spread across 12 schools.
<p>Improve the state's industrial capability and capacity – delivering industry programs that build on our state's competitive strengths,</p>	<p>Key performance indicators negotiated in manufacturing-focused funding agreements, with outcomes reported annually.</p>	<p>The department is actively managing funding agreements with key South Australian manufacturing initiatives and businesses.</p>

Agency objectives	Indicators	Performance
<p>increase value adding activity, and support the knowledge-based jobs of the future.</p>		<p>The Manufacturing Growth Accelerator at Tonsley, delivered by Flinders University, is building the capabilities of manufacturers in advanced manufacturing technologies. Three accelerator projects have been approved, one of which is complete, and several project proposals are in the pipeline.</p> <p>Local apparel manufacturer Belgravia, which received funding support as part of the project to support its expansion plans, opened its new expanded facility on 1 December 2023. Outcomes from this expansion include hiring four new full-time equivalent employees, and gaining ISO9001, ISO14001 and ISO45001 accreditation which has subsequently resulted in the company winning new international contracts.</p>
<p>Improve the state's industrial capability and capacity – supporting manufacturers to increase competitiveness and accelerate sustainable growth.</p>	<p>Number of manufacturers supported through the concierge service and other initiatives.</p>	<p>130 manufacturers were engaged by the department's Concierge Service to facilitate applications to the manufacturing component of the Economic Recovery Fund.</p> <p>52 manufacturers attended three Emerging Technology Interest Group sessions, with topics including Industrial Internet of Things, Collaborative Robots and a tour of the South Australian Node of the Australian National Fabrication Facility, to demonstrate how local manufacturers can access the facility's world-class equipment and technical excellence in</p>

Agency objectives	Indicators	Performance
		<p>design, fabrication, and testing of micro-scale devices.</p> <p>18 manufacturers participated in the Green Economy Catalyst Program. Developed in collaboration with the Australian Industry Group, Food SA and Green Industries SA, the program has helped manufacturers take advantage of new opportunities arising from the green economy, improve their green credentials, capture new business opportunities and profitably reduce waste.</p>

Corporate performance summary

Employment opportunity programs

Program name	Performance
<p>DIIS Graduate Program</p>	<p>The department's Graduate Program is a structured development program that includes a rotational placement across business units over a 24-month employment period.</p> <p>The department continued to employ two graduates who commenced with the department in February 2022. Both graduates were appointed to funded roles at the conclusion of their program.</p>
<p>Traineeships</p>	<p>The department continued 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.</p> <p>The trainee was appointed to a funded role at the conclusion of their program.</p>

Agency performance management and development systems

Performance management and development system	Performance
<p>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>	<p>As at 31 December 2023, 47% of employees had recorded that a performance development conversation had taken place in the past six months.</p> <p>As at 30 June 2024, 94% 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
<p>Flu vaccination program</p>	<p>A flu vaccination program was offered to all employees as a combination of onsite clinics and pharmacy vouchers.</p>
<p>Wellbeing initiatives</p>	<p>Several training and information sessions to support mental health and wellbeing were provided in the 2023-24 financial year. This included Mental Health First Aid, R U OK Conversations, and Vicarious Trauma Awareness and Support.</p> <p>16 departmental executives and senior leaders completed the Crucial Conversations Program to support a speak up culture and increased psychological safety.</p> <p>As part of the department's focus on diversity and inclusion, and to enhance psychological safety, 39 staff participated in Purple Orange disability awareness training sessions.</p> <p>The department also provided an Employee Assistance Program, with Corporate Health Group as the external provider.</p> <p>To support physical wellbeing, the department encouraged staff to participate in Corporate Cup. Additionally, 32 employees participated in an internal 10,000 Steps Walking Tournament.</p> <p>Workstation ergonomic assessments, undertaken by an occupational therapist, was also offered to employees.</p>

Workplace injury claims	Current year 2023-24	Past year 2022-23	% Change (+ / -)
Total new workplace injury claims	0	1	-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)	0	3.23	-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 2023-24	Past year 2022-23	% 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 2023-24	Past year 2022-23	% Change (+ / -)
Total gross workers compensation expenditure (\$)	\$2,054.55	\$33,663.53	-93.9
Income support payments – gross (\$)	\$0	\$2,959.10	-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	11
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 2023-2024 are attached to this report.

Statement of Comprehensive Income	2023-24 Original Budget \$000s	2023-24 Actual \$000s	Variation \$000s	2022-23 Actual \$000s
Total Income	74 136	61 643	(12 493)	78 370
Total Expenses	75 224	72 224	(3 000)	88 217
Net Result	(1 088)	(10 581)	(9 493)	(9 847)
Total Comprehensive Result	(1 088)	(10 578)	(9 490)	(9 847)

The department reported a \$10.581 million net loss in the 2023-24 financial year. This result is \$9.493 million unfavourable compared to original budget. Explanation of major variances is provided at note 1.4 of the full audited financial statements.

Statement of Financial Position	2023-24 Original Budget \$000s	2023-24 Actual \$000s	Variation \$000s	2022-23 Actual \$000s
Current assets	23 375	17 593	(5 782)	30 215
Non-current assets	7 917	8 521	604	9 571
Total assets	31 292	26 114	(5 178)	39 786
Current liabilities	23 476	7 074	16 402	9 301
Non-current liabilities	6 856	11 249	(4 393)	12 064
Total liabilities	30 332	18 323	12 009	21 365
Net assets	960	7 791	6 831	18 421
Equity	960	7 791	6 831	18 421

The department's net assets at 30 June 2024 were \$7.791 million, \$6.831 million higher than original budget, mainly due to a reduction in current payables, partially offset by a reduction in cash.

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	\$ Nil

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

Consultancies	Purpose	\$ Actual payment
2XE Pty Ltd	Delivery of workshops, consultations, and sustainability assessments to assist South Australian small businesses develop strategies to improve their environmental sustainability and build skills and capability to implement sustainable business practices.	\$ 52 036
Capgemini Australia Pty Ltd	Market research to determine appropriate Microsoft Dynamics solutions to meet defined business needs and technical requirements.	\$ 21 505
Craig Simmons	Independent Advisor to the South Australian government as Chief Scientist.	\$ 20 833
David O'Connor	Independent Advisor on matters relating to the establishment of the new Adelaide University.	\$ 50 850
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
Gray Andreotti Advisory	Provide commercial advice and analysis of options and a report to	\$ 50 000

Consultancies	Purpose	\$ Actual payment
	drive the vision and economic outcomes of the Tonsley Innovation Precinct.	
	Total	\$ 245 224

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

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	\$ 154 307

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

Contractors	Purpose	\$ Actual payment
4 th Harmonic Pty Ltd	Support to meet defence skills, workforce and supply chain needs.	\$ 271 242
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.	\$ 164 942
Adrienne Curtis	Business administration services for the Kangaroo Island Business Hub.	\$ 18 720

Contractors	Purpose	\$ Actual payment
AG Security Group	Security services for Lot Fourteen.	\$ 10 524
AJ Blunt Painting Contractors	Painting services for the TechHub.	\$ 13 394
Alemba Pty Ltd	Services provided to support the implementation of a new Information Technology Services Management tool.	\$ 13 800
BDO Services Pty Ltd	Risk and audit management and strategy services.	\$ 43 273
Complexity Solutions Pty Ltd	Engagement support to progress the work of the SA Defence Industry Workforce and Skills Taskforce.	\$ 25 533
Deloitte Touché Tohmatsu	Internal communication support for the Green Industrial Transition Roadmap.	\$ 43 450
Forest Grove Technology Pty Ltd	Separation of internal budget management systems for the Department for Industry, Innovation and Science, Department for Energy and Mining and Department for Trade and Investment.	\$ 23 111
Hays Specialist Recruitment (Aust) Pty Ltd	Temporary labour hire.	\$366 405
Information Proficiency & Sigma Data Solutions	Technical and functional review of the Records Management System.	\$ 11 200

Contractors	Purpose	\$ Actual payment
Intellectual Capital Services	Deliver information sessions and workshops to South Australian manufacturing businesses and stakeholders regarding the opportunities and challenges of the green economy.	\$ 51 000
Iron Mountain Australia Group	Transition of archives to the Department for Education.	\$ 39 469
JP Media Group Pty Ltd	Copyright and editing services for the Office for Small and Family Business.	\$ 20 000
Maxima Training Group (Aust) Ltd	Temporary labour hire.	\$ 13 343
McMillen International Pty Ltd	Provision of services, as Chief Scientist, on matters of science, technology, and innovation.	\$ 28 000
Nilsen (SA) Pty Ltd	Electrical maintenance services for the TechHub.	\$ 14 836
PriceWaterhouseCoopers Consulting (Australia) Pty Ltd	Develop a targeted workforce analysis to address workforce challenges in priority regions.	\$ 59 918
Randstad Pty Ltd	Temporary labour hire.	\$ 19 079
RASU Film & Stills Pty Ltd	Photography and videography services for the South Australian Science Excellence Awards.	\$ 50 400
Rural Business Support Service	Financial counselling for small businesses	\$ 244 331

Contractors	Purpose	\$ Actual payment
	impacted by the River Murray flood event.	
Sarah Creeper Pty Ltd	Program development support, event management, project management and stakeholder liaison for Small Business Week.	\$ 37 783
Sarah Creeper Pty Ltd	Communications support services.	\$ 21 160
Society Marketing Communications Pty Ltd	Case study development for the Women in Business program.	\$ 34 750
VeriFire	Fire protection services for the TechHub.	\$ 12 089
Watertec Australia Pty Ltd	Monthly maintenance and water treatment services for the TechHub.	\$ 13 699
Watson Fitzgerald & Associates Pty Ltd	Maintenance services for the TechHub.	\$ 19 289
YDR Pty Ltd	Loss adjustment services to assist with the assessment of Small Business Flood Recovery grant applications.	\$ 120 969
	Total	\$ 1 960 016

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

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 is committed to establishing, integrating, and embedding risk management within its operations.

The department's Risk and Audit Committee (RAC), in its advisory capacity, continued to assist the Chief Executive to fulfil its 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 five times in 2023-24.

The department's Executive Leadership Committee (ELC) undertook a Strategic Risk Assessment Review in February 2024 to develop an updated Strategic Risk Register. The ELC identified eight strategic risks which have been assigned for implementation of risk mitigation strategies, monitoring and reporting, with oversight provided by the ELC and the RAC.

Internal audit projects, reviews of compliance and policies, procedures, and frameworks, and other assurance activities were 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	0

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

Strategies implemented to control and prevent fraud

The department has a zero tolerance to fraud, corruption, intentional and serious misconduct, or substantial maladministration of any type. The department's Fraud Control Policy, Procedure and Plan outline the department's approach to preventing, detecting, and responding to fraud, corruption, misconduct, and maladministration.

The department continues to employ the following strategies to prevent and control fraud:

- Complaints Management Policy and Procedure
- Conflicts of Interest Procedure
- Employee screening
- Enterprise Risk Management Framework
- Financial authorisations
- Financial Management Control Plan
- Financial policies and procedures
- Fraud Control Policy, Procedure and Plan
- Gifts and Benefits Framework and Register
- Grants Management Framework

- Internal Audit Program
- Outside Employment Procedure
- Public Interest Disclosure Procedure

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. On 28 November 2023, the ICAC's report on the first phase of its evaluation was tabled in both Houses of Parliament, and 15 recommendations were made to enable the department to better recognise and address corruption risks in grants administration. As at 30 June 2024, all recommendations have been implemented or otherwise finalised by the department.

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 2023-24
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	1
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 2023-24
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	3
		Total	5

Additional metrics	Total
Number of positive feedback comments	0
Number of negative feedback comments	5
Total number of feedback comments	127
% complaints resolved within policy timeframes	100% [5 complaints]

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 127 feedback comments/enquiries received during 2023-2024, five were complaints, 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 2023-24



Our ref: A24/303

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

Ms D Tembak
Acting Chief Executive
Department of State Development
Level 4
11 Waymouth Street
Adelaide SA 5000
email: Diana.Tembak@sa.gov.au

Dear Ms Tembak

Audit of the Department for Industry, Innovation and Science for the year to 30 June 2024

We have completed the audit of your accounts for the year ended 30 June 2024. 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 Audit Office of South Australia website. The enclosed Independent Auditor's Report and accompanying financial report will be published on that website on Tuesday 15 October 2024.

2 Audit management letters

The audit did not identify any significant matters requiring management attention.

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.

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

Yours sincerely



Andrew Blaskett
Auditor-General

27 September 2024

enc

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Audit Office of South Australia

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
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**To the Chief Executive
Department of State Development**

Opinion

I have audited the financial report of the Department for Industry, Innovation and Science for the financial year ended 30 June 2024.

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 2024, its financial performance and its cash flows for year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Acting Chief Executive and the Acting 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 Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Department for Industry, Innovation and Science for the financial year ended 30 June 2024.

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 Blaskett
Auditor-General

27 September 2024

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

**Financial Statements
for the year ended
30 June 2024**

Department for Industry, Innovation and Science
Certification of the Financial Statements
for the year ended 30 June 2024

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.



Diana Tembak
A / Chief Executive
26 September 2024



Susan Sheridan
A / Director, Finance and Investment Services
26 September 2024

Department for Industry, Innovation and Science
Statement of Comprehensive Income
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<u>Income</u>			
Appropriations	2.1	53 688	60 779
Fees and charges	2.2	2 226	4 747
SA Government grants, subsidies and transfers	2.3	2 929	7 700
Resources received free of charge	2.4	783	793
Interest	2.5	48	35
Other income	2.6	1 969	4 316
Total income		61 643	78 370
<u>Expenses</u>			
Employee related expenses	3.3	21 932	24 018
Supplies and services	4.1	9 852	12 501
Depreciation and amortisation	4.3	1 778	2 331
Grants and subsidies	4.4	29 624	42 909
Interest expense on lease liabilities		195	192
Other expenses	4.6	21	326
Payments to Consolidated Account	4.7	8 822	5 940
Total expenses		72 224	88 217
Net result		(10 581)	(9 847)
<u>Other comprehensive income</u>			
Items that will not be reclassified to net result			
Changes in property, plant and equipment asset revaluation surplus	5.1	3	-
Total other comprehensive income		3	-
Total comprehensive result		(10 578)	(9 847)

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
as at 30 June 2024

	Note	2024 \$'000	2023 \$'000
<u>Current assets</u>			
Cash	6.1	14 527	26 422
Receivables	6.2	3 066	3 793
Total current assets		17 593	30 215
<u>Non-current assets</u>			
Receivables	6.2	113	-
Property, plant and equipment	5.1	1 011	1 405
Leased property, plant and equipment	5.2	6 884	7 564
Intangible assets	5.3	513	602
Total non-current assets		8 521	9 571
Total assets		26 114	39 786
<u>Current liabilities</u>			
Payables	7.1	3 203	5 483
Financial liabilities	7.2	1 162	756
Employee related liabilities	3.4	2 559	2 580
Provisions	7.3	48	66
Other current liabilities	7.4	102	416
Total current liabilities		7 074	9 301
<u>Non-current liabilities</u>			
Financial liabilities	7.2	7 039	7 550
Employee related liabilities	3.4	3 826	3 929
Provisions	7.3	177	218
Other non-current liabilities	7.4	207	367
Total non-current liabilities		11 249	12 064
Total liabilities		18 323	21 365
Net assets		7 791	18 421
<u>Equity</u>			
Contributed capital		50 978	50 978
Retained earnings		(43 190)	(32 557)
Asset revaluation surplus	8.1	3	-
Total equity		7 791	18 421

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 2024

	Note	Contributed capital \$'000	Asset revaluation surplus \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 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	1.3	-	-	(98 952)	(98 952)
Balance at 30 June 2023		50 978	-	(32 557)	18 421
Net result for 2023-24		-	-	(10 581)	(10 581)
Gain on revaluation of works of art during 2023-24	5.1	-	3	-	3
Total comprehensive result for 2023-24		-	3	(10 581)	(10 578)
Net assets transferred as a result of an administrative restructure	1.3	-	-	(52)	(52)
Balance at 30 June 2024		50 978	3	(43 190)	7 791

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 2024

	Note	2024 \$'000	2023 \$'000
<u>Cash flows from operating activities</u>			
<i>Cash inflows</i>			
Appropriations		53 688	60 779
Fees and charges		2 929	5 709
SA Government grants, subsidies and transfers		2 788	7 700
GST recovered from the ATO		2 805	4 852
Interest received		48	35
Other receipts		2 941	5 769
Cash generated from operations		65 199	84 844
<i>Cash outflows</i>			
Employee related payments		(21 816)	(25 758)
Payments for supplies and services		(11 796)	(17 185)
Payments of security deposits		(58)	(6)
Payments of grants and subsidies		(32 713)	(52 033)
Interest paid		(195)	(192)
Payments to Consolidated Account		(8 822)	(8 535)
Other payments		(1)	(4)
Cash (used in) operations		(75 401)	(103 713)
Net cash (used in) operating activities	8.2	(10 202)	(18 869)
<u>Cash flows from investing activities</u>			
<i>Cash inflows</i>			
Proceeds from the sale of property, plant and equipment		-	5 970
Repayment of principal portion of lease receivable		201	791
Cash generated from investing activities		201	6 761
<i>Cash outflows</i>			
Purchase of property, plant and equipment		(229)	(67)
Cash (used in) investing activities		(229)	(67)
Net cash (used in) / provided by investing activities		(28)	6 694
<u>Cash flows from financing activities</u>			
<i>Cash inflows</i>			
Capital contributions from government		-	6 268
Cash received from restructuring activities		-	22
Cash generated from financing activities		-	6 290
<i>Cash outflows</i>			
Cash transferred as a result of restructuring activities		(540)	(93 736)
Repayment of principal portion of lease liabilities		(1 125)	(2 489)
Cash (used in) financing activities		(1 665)	(96 225)
Net cash (used in) financing activities		(1 665)	(89 935)
Net (decrease) in cash		(11 895)	(102 110)
Cash at the beginning of the period		26 422	128 532
Cash at the end of the period	6.1	14 527	26 422

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 2024

1. About the Department for Industry, Innovation and Science

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. As proclaimed on 30 May 2024 and in accordance with section 26 of the *Public Sector and Audit Act 2009*, effective from 1 July 2024 the title of the Department for Industry, Innovation and Science is altered to the Department of State Development.

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

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

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

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

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

Significant accounting policies are set out throughout the notes.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

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 and 2023-24, 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 three programs that reflect the nature of the services delivered to the South Australian community.

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:

- developing supply chain capability in key industries,
- encouraging and supporting technology adoption and the translation and commercialisation of research through industry, research and government collaboration and investment,
- investing in global excellence in South Australian science and research,
- delivering programs and services to entrepreneurs and start-ups that build capability and attract private sector capital and customers,
- developing South Australian manufacturing policy and delivering programs to manufacturing businesses that increase innovation and build advanced manufacturing capability,
- engaging with industry and regions to identify and implement strategies to address current and emerging workforce and skills challenges,
- managing migration programs to help business and industry access a skilled workforce to meet skills gaps in the local market, and
- developing and implementing policies and programs and undertaking strategic engagements with education providers to build a progressive higher and international education sector.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.2. Objectives and programs (continued)

Small and Family Business

The purpose of the Small and Family Business program is to support small and family businesses in South Australia to successfully start, operate and grow by:

- providing information, tools and resources to business owners and managers,
- delivering targeted capability development programs to address capability and knowledge gaps, build stronger business foundations, and accelerate growth, and
- improving access to government services through diverse communication streams and easy access to tools, information and services.

Creative Industries

The purpose of the Creative Industries program is to support the 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,
- supporting growth in the state's music industry through the Music Development Office's strategic objectives, and
- engaging with peak bodies and industry leaders on development opportunities and support initiatives.

This program transferred to the Department of the Premier and Cabinet effective from 1 October 2023 (refer note 1.3).

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.2. Objectives and programs (continued)

Income and expenses by program

	Industry, Innovation and Science		Small and Family Business		Creative Industries	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Income						
Appropriations	-	-	-	-	-	-
Fees and charges	2 032	4 535	194	118	-	94
SA Government grants, subsidies and transfers	2 707	5 972	222	516	-	1 212
Resources received free of charge	651	651	114	79	18	63
Interest	48	35	-	-	-	-
Other income	1 952	4 053	17	96	-	167
Total income	7 390	15 246	547	809	18	1 536
Expenses						
Employee related expenses	18 448	19 704	3 242	2 401	242	1 913
Supplies and services	7 529	9 610	2 186	1 898	137	993
Depreciation and amortisation	1 649	1 859	114	162	15	310
Grants and subsidies	20 383	23 068	4 857	7 589	4 384	12 252
Interest expense on lease liabilities	195	190	-	-	-	2
Other expenses	18	299	3	15	-	12
Payments to Consolidated Account	-	5 940	-	-	-	-
Total expenses	48 222	60 670	10 402	12 065	4 778	15 482
Net result	(40 832)	(45 424)	(9 855)	(11 256)	(4 760)	(13 946)

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.2. Objectives and programs (continued)

Income and expenses by program (continued)

	General / Unattributed		Activity Total	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<u>Income</u>				
Appropriations	53 688	60 779	53 688	60 779
Fees and charges	-	-	2 226	4 747
SA Government grants, subsidies and transfers	-	-	2 929	7 700
Resources received free of charge	-	-	783	793
Interest	-	-	48	35
Other income	-	-	1 969	4 316
Total income	53 688	60 779	61 643	78 370
<u>Expenses</u>				
Employee related expenses	-	-	21 932	24 018
Supplies and services	-	-	9 852	12 501
Depreciation and amortisation	-	-	1 778	2 331
Grants and subsidies	-	-	29 624	42 909
Interest expense on lease liabilities	-	-	195	192
Other expenses	-	-	21	326
Payments to Consolidated Account	8 822	-	8 822	5 940
Total expenses	8 822	-	72 224	88 217
Net result	44 866	60 779	(10 581)	(9 847)

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.2. Objectives and programs (continued)

Asset and liabilities by program

	Industry, Innovation and Science		Small and Family Business		Creative Industries		Activity Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<u>Assets</u>								
Cash	11 795	16 994	2 732	4 211	-	5 217	14 527	26 422
Receivables	3 079	3 428	100	23	-	342	3 179	3 793
Property, plant and equipment	946	1 120	65	98	-	187	1 011	1 405
Leased property, plant and equipment	6 884	7 508	-	-	-	56	6 884	7 564
Intangible assets	480	480	33	42	-	80	513	602
Total assets	23 184	29 530	2 930	4 374	-	5 882	26 114	39 786
<u>Liabilities</u>								
Payables	1 977	3 297	1 226	1 646	-	540	3 203	5 483
Financial liabilities	8 201	8 266	-	-	-	40	8 201	8 306
Employee related liabilities	5 431	5 340	954	651	-	518	6 385	6 509
Provisions	191	233	34	28	-	23	225	284
Other liabilities	255	539	54	107	-	137	309	783
Total liabilities	16 055	17 675	2 268	2 432	-	1 258	18 323	21 365

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.3. Changes to the department

Transferred out 2023-24

The *Public Sector (Reorganisation of Public Sector Operations) Notice 2023* (dated 14 September 2023) proclaimed that effective from 1 October 2023, resources and functions of Creative Industries will be transferred to the Department of the Premier and Cabinet.

The following assets and liabilities for Creative Industries were transferred out of the department:

	\$'000
Cash	540
Receivables	29
Total assets	569
Payables	227
Employee related liabilities	277
Provisions	13
Total liabilities	517
Total net assets transferred	52

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.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.3. Changes to the department (continued)

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	2 939
Financial liabilities	12
Employee related liabilities	4 080
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
Employee related liabilities	269
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 2024

1.3. Changes to the department (continued)

Transferred in 2022-23 (continued)

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 Industry Capability Network SA were transferred to the department:

	\$'000
Cash	22
Total assets	22
Payables	22
Employee related liabilities	183
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.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
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1.4. Budget performance

The budget performance table compares the department's outcomes against original budget information presented to Parliament (2023-24 Budget Paper 4). Appropriations reflect 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	Actual	Variance
		Budget 2024 \$'000	2024 \$'000	2024 \$'000
Income				
Appropriations	(a)	67 109	53 688	(13 421)
Fees and charges		2 193	2 226	33
SA Government grants, subsidies and transfers		3 578	2 929	(649)
Resources received free of charge		-	783	783
Interest		29	48	19
Other income		1 227	1 969	742
Total income		74 136	61 643	(12 493)
Expenses				
Employee related expenses		22 530	21 932	(598)
Supplies and services	(b)	3 580	9 852	6 272
Depreciation and amortisation		2 101	1 778	(323)
Grants and subsidies	(c)	46 851	29 624	(17 227)
Interest expense on lease liabilities		162	195	33
Other expenses		-	21	21
Payments to Consolidated Account	(d)	-	8 822	8 822
Total expenses		75 224	72 224	(3 000)
Net result		(1 088)	(10 581)	(9 493)
Other comprehensive income				
Items that will not be reclassified to net result				
Changes in property, plant and equipment asset revaluation surplus		-	3	3
Total other comprehensive income		-	3	3
Total comprehensive result		(1 088)	(10 578)	(9 490)

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.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
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1.4. Budget performance (continued)

Income and operating expenditure

- (a) Appropriations were \$13.4 million lower than original budget primarily due to the transfer of Creative Industries to the Department of the Premier and Cabinet from 1 October 2023 (\$16.7 million), partially offset by additional funding received from the Governor's Appropriation Fund pursuant to the *Public Finance and Audit Act 1987* (\$3.3 million).
- (b) Supplies and services were \$6.3 million higher than original budget primarily due to reclassification of budgets between expenditure categories during the year.
- (c) Grants and subsidies were \$17.2 million lower than original budget primarily due to the transfer of Creative Industries to the Department of the Premier and Cabinet from 1 October 2023 (\$16.6 million).
- (d) Proceeds paid to the Consolidated Account were \$8.8 million higher than original budget due to the return of surplus cash in accordance with the cash alignment policy.

		Original Budget 2024 \$'000	Actual 2024 \$'000	Variance 2024 \$'000
	Note			
Investing expenditure summary				
Total annual programs	(a)	513	229	(284)
Total leases	(b)	-	1 019	1 019
Total investing expenditure		513	1 248	735

Investing expenditure

- (a) Expenditure on annual programs is \$0.3 million lower than original budget primarily due to project costs being expensed (\$0.3 million).
- (b) Expenditure on leases is \$1.0 million higher than budget due to the commencement of a new lease agreement with Renewal SA at Lot Fourteen for the Marnirni-apingthi building in October 2023 (\$0.9 million).

1.5. 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 \$4.7 million to the South Australian Government Financing Authority for grants provided through the Research and Innovation Fund.
- grant payments of \$4.5 million to StudyAdelaide including \$2.0 million to attract and retain high quality international students to drive sustained growth following the COVID-19 pandemic.
- grant payments of \$2.9 million to Creative Industries statutory authorities, South Australian Film Corporation (\$2.1 million) and Adelaide Film Festival (\$0.8 million). Payments to the South Australian Film Corporation include \$0.2 million for the Post Production, Digital and Visual Effects (PDV) Rebate Scheme and Video Games Development (VGD) Rebate Scheme.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

2. Income

2.1. Appropriations

	2024	2023
	\$'000	\$'000
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	50 373	25 082
Appropriations under other Acts	3 315	35 697
Total appropriations	53 688	60 779

Appropriations are recognised on receipt.

Total appropriations received from the Consolidated Account pursuant to the *Appropriation Act* consist of \$50.4 million (2023: \$25.1 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 \$3.3 million (2023: \$35.7 million) pursuant to the *Public Finance and Audit Act 1987*.

2.2. Fees and charges

	2024	2023
	\$'000	\$'000
Service level agreement fees	1 299	1 179
Immigration application fees	927	3 568
Total fees and charges	2 226	4 747

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 2023 Notice*, published in the SA Government Gazette on 27 July 2023.

Service level agreement fees primarily relate to corporate services provided to the Department for Energy and Mining \$1.2 million (2023: \$1 million).

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

2.3. SA Government grants, subsidies and transfers

	2024	2023
	\$'000	\$'000
Economic Recovery Fund	2 500	2 000
Transfers from the Treasurer's Contingency Fund	63	3 170
TVSP reimbursements	-	1 373
Community Development Fund	-	850
Other	366	307
Total SA Government grants, subsidies and transfers	2 929	7 700

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

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).

2.4. Resources received free of charge

	2024	2023
	\$'000	\$'000
Services received free of charge - Department of the Premier and Cabinet	593	512
Services received free of charge - Shared Services SA	190	281
Total resources received free of charge	783	793

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).

2.5. Interest

	2024	2023
	\$'000	\$'000
Interest	42	26
Interest on lease receivables	6	9
Total interest	48	35

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
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2.6. Other income

	2024	2023
	\$'000	\$'000
Operating rent from sub-leases	1 581	1 549
Recoveries	324	1 205
Sponsorship revenues	50	205
Gain on remeasurement of finance lease	12	30
Land sale recoveries - Edinburgh Parks	-	1 090
Variable lease income from finance sub-leases	-	176
Gain on accommodation incentive	-	21
Other	2	40
Total other income	1 969	4 316

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
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3. Committees and employees

The department's 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 six (2023: eight) members of the Executive Team who have responsibility for the strategic direction and management of the department.

Post-employment benefits relate to superannuation.

	2024	2023
	\$'000	\$'000
Compensation		
Salaries and other short term employee benefits	1 489	1 598
Post-employment benefits	238	268
Total compensation	1 727	1 866

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
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3.2. Committee members

Members during the 2024 financial year were:

Risk and Audit Committee

- D Contala (Chair)
- C Dunsford (Chair) (resigned December 2023)
- D Price *
- D Tembak *
- K Hunt *

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

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

	2024	2023
\$1 - \$19 999	2	2
Total number of paid members	2	2

The total remuneration received or receivable by members was \$18 972 (2023: \$18 191). 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
Notes to and forming part of the financial statements
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3.3. Employee related expenses

	2024	2023
	\$'000	\$'000
Salaries and wages	16 389	17 793
Employment on-costs - superannuation	2 072	2 000
Annual leave	1 588	1 515
Employment on-costs - other	1 039	1 037
Long service leave	741	92
Skills and experience retention leave	80	104
Targeted voluntary separation packages	50	1 361
Board and committee fees - excluding on-costs	17	17
Workers compensation	(44)	99
Total employee related expenses	21 932	24 018

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:

	2024	2023
	Number	Number
\$156 001 to \$166 000 *	N/A	4
\$166 001 to \$186 000	3	4
\$186 001 to \$206 000	1	2
\$206 001 to \$226 000	3	2
\$226 001 to \$246 000	3	2
\$246 001 to \$266 000	2	2
\$266 001 to \$286 000	4	1
\$306 001 to \$326 000	1	2
\$386 001 to \$406 000	-	1
\$426 001 to \$446 000	1	-
Total number of employees	18	20

* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2022-23.

The total remuneration received by those employees for the year was \$4.5 million (2023: \$4.4 million).

Department for Industry, Innovation and Science
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3.3. Employee related 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 one (2023: 15).

	2024	2023
	\$'000	\$'000
Amount paid to separated employees:		
Targeted voluntary separation packages	50	1 361
Leave paid to separated employees	5	641
Recovery from the Department of Treasury and Finance	-	(1 373)
Net cost to the department	55	629

The net cost to the department after accounting for employment on-costs and Shared Services SA processing fees was \$0.1 million (2023: \$0.6 million).

3.4. Employee related liabilities

	2024	2023
	\$'000	\$'000
<u>Current</u>		
Annual leave	1 593	1 601
Employment on-costs	529	593
Long service leave	309	241
Skills and experience retention leave	118	133
Accrued salaries and wages	10	12
Total current employee related liabilities	2 559	2 580
<u>Non-current</u>		
Long service leave	3 470	3 573
Employment on-costs	356	356
Total non-current employee related liabilities	3 826	3 929
Total employee related liabilities	6 385	6 509

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

Department for Industry, Innovation and Science
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3.4. Employee related liabilities (continued)

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

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

The salary inflation rate for annual leave and skills, experience and retention leave liability has increased to 2.4% (2023: 2.0%).

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.

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 44% (2023: 43%) and the average factor for the calculation of employer superannuation cost on-costs has increased to 11.5% (2023: 11.1%). These rates are used in the employment on-cost calculation. The impact on 2024 is immaterial and cannot be reliably estimated for future years.

Department for Industry, Innovation and Science
Notes to and forming part of the financial statements
for the year ended 30 June 2024

4. Expenses

4.1. Supplies and services

	2024	2023
	\$'000	\$'000
Accommodation and property costs	2 707	3 352
Information technology and communication charges ⁽¹⁾	2 325	2 947
Contractors	1 960	2 494
Office administration expenses	1 287	1 708
Staff related expenses	477	514
Travel and related expenses	344	299
Consultancies	245	276
Shared services fees ⁽²⁾	193	330
Marketing	186	407
Service recoveries	118	124
Accounting and audit fees ⁽³⁾	104	139
Short term leases	8	13
Accommodation incentive amortisation	(102)	(102)
Total supplies and services	9 852	12 501

⁽¹⁾ Resources provided free of charge by the Department of the Premier and Cabinet were expensed at fair value (refer note 2.4).

⁽²⁾ Resources provided free of charge by Shared Services SA were expensed at fair value (refer note 2.4).

⁽³⁾ Audit fees paid / payable to the Audit Office of South Australia (previously known as the Auditor-General's Department) relating to work performed under the *Public Finance and Audit Act 1987* were \$0.10 million (2023: \$0.14 million). No other services were provided by the Audit Office of South Australia.

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.

4.2. Expenditure - South Australian and Non-South Australian business

The following table includes all expenditure in relation to contracts above \$55,000 (GST inclusive) resulting from a procurement as defined in Treasurer's Instructions 18 *Procurement* (TI 18). Arrangements between public authorities and arrangements with other governments are not included.

Expenditure is inclusive of non-recoverable GST.

	2024	Proportion SA and
	\$'000	non-SA businesses
Total expenditure with South Australian businesses	3 501	70%
Total expenditure with non-South Australian businesses	1 501	30%
Total expenditure	5 002	100%

Department for Industry, Innovation and Science
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4.2. Expenditure ¥ South Australian and Non-South Australian business (continued)

Classification as SA business or non-SA business is generally based on circumstances as at the time of entering into a contract. For contracts entered into before 20 February 2023, where sufficient evidence of an assessment made under previous procurement requirements is known to the department, this was used to determine classification. For contracts where such evidence of prior assessment is not available and for all other contracts, classification is based on the definition of an SA business provided in TI 18.

Treasurer's Instructions 18 *Procurement* defines a business as being South Australian where it operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are South Australian residents.

The disclosure for expenditure with SA businesses reflects the total spent on contracts within the TI 18 definition and in some instances includes the cost of goods sourced from outside South Australia.

In many cases, the determination has been made on the basis of representations made by suppliers at a point in time which has not been subject to independent verification.

4.3. Depreciation and amortisation

	2024	2023
	\$'000	\$'000
Right-of-use buildings	1 063	1 463
Buildings, accommodation and leasehold improvements	292	337
Intangible assets	247	285
Plant and equipment	176	246
Total depreciation and amortisation	1 778	2 331

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)^a
Accommodation and leasehold improvements	Life of lease
Right-of-use buildings	Life of lease
Plant and equipment	3-11
Intangible assets	3-5

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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4.4. Grants and subsidies

	2024	2023
	\$'000	\$'000
Industry, Innovation and Science	20 134	22 422
Small and Family Business	4 845	7 581
Creative Industries	4 384	12 246
Migration	182	585
Other	79	75
Total grants and subsidies	29 624	42 909

4.5. Net loss from disposal of non-current assets

	2024	2023
	\$'000	\$'000
Land and buildings		
Proceeds from disposal	-	(5 970)
Less net book value of assets disposed	-	5 970
Total net gain / (loss) from disposal of non-current assets	-	-

4.6. Other expenses

	2024	2023
	\$'000	\$'000
Expected credit loss	20	20
Asset derecognition	-	272
Loss on land revaluation	-	30
Other	1	4
Total other expenses	21	326

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 \$8.8 million (2023: \$5.9 million) relate to the return of surplus cash in accordance with the cash alignment policy. In 2023, proceeds paid / payable to the Consolidated Account relate to the sale of land located in the Thebarton Hi-Tech Precinct on 16 June 2023.

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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 \$0.4 million (2023: \$0.1 million) 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 2023-24:

	Plant and equipment	Buildings, accommodation and leasehold improvements	Works of art	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2023	349	1 009	47	1 405
Additions	71	-	-	71
Revaluation increment	-	-	3	3
Depreciation	(176)	(292)	-	(468)
Carrying amount at 30 June 2024	244	717	50	1 011
Gross carrying amount				
Gross carrying amount	956	2 097	50	3 103
Accumulated depreciation	(712)	(1 380)	-	(2 092)
Carrying amount at 30 June 2024	244	717	50	1 011

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5.1. Property, plant and equipment (continued)

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	Total
	\$'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

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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 2023-24:

	Right-of-use buildings	Total
	\$'000	\$'000
Carrying amount at 1 July 2023	7 564	7 564
Additions	1 019	1 019
Disposals	(636)	(636)
Depreciation	(1 063)	(1 063)
Carrying amount at 30 June 2024	6 884	6 884
Gross carrying amount		
Gross carrying amount	9 306	9 306
Accumulated depreciation	(2 422)	(2 422)
Carrying amount at 30 June 2024	6 884	6 884

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

	Right-of-use vehicles	Right-of-use buildings	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2022	12	8 654	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

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5.2. Leased property, plant and equipment (continued)

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 1.3).

Additions of \$1.0 million primarily relate to the commencement of a new lease agreement with Renewal SA at Lot Fourteen for the Marnimi-apinthe Building (\$0.9 million). In 2023 additions of \$0.9 million were processed to recognise the increase in right-of-use buildings due to an increase in the lease term for the Marnimi-apinthe Building at Lot Fourteen (\$0.4 million) and increased indexation based on the Consumer Price Index for the TechHub (\$0.5 million).

Disposals of \$0.6 million were processed to recognise the reduction in right-of-use buildings due to the commencement of a new finance sub-lease agreement for the Marnimi-apinthe Building at Lot Fourteen. In 2023 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).

The department has a limited number of leases that will continue into 2024-25:

- in October 2023 the department entered into a two year building lease for the Marnimi-apinthe Building at Lot Fourteen with Renewal SA. No contingent rental provisions exist within the lease agreement, and there is an option to renew the lease for an additional two years at the end of the lease term. The lease term is currently assumed to be two years. The department has also entered a 18 month sub-lease from April 2024. The sub-lease is disclosed as a finance lease and the right-of-use asset has been reduced to account for the sub-lease.
- on 30 June 2021 a building lease for the TechHub was transferred to the department from TechInSA. The lease term ends in June 2033, and there is an option to renew the lease for an additional five years at the end of the lease term. The lease term is currently assumed to end in June 2033. Sub-leases associated with the TechHub have been disclosed as operating leases (refer note 9.2). Income from operating sub-leases in 2024 is disclosed in note 2.6.

The building lease for the St Pauls Creative Centre expired in September 2023.

Lease liabilities related to 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 2024. No impairment loss or reversal of impairment loss was recognised.

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5.3. Intangible assets

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

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

Internally developed computer software primarily relates to the department's intangible integration platform, records management and Migration systems. These systems have an average useful life of five years and carrying amount of \$0.4 million.

Reconciliation of intangible assets

The following table shows the movement of intangible assets during 2023-24:

	Intangible software	Intangible work in progress	Total
	\$'000	\$'000	\$'000
Carrying amount at 1 July 2023	602	-	602
Additions	-	158	158
Capitalisation	63	(63)	-
Amortisation	(247)	-	(247)
Carrying amount at 30 June 2024	418	95	513
Gross carrying amount			
Gross carrying amount	2 071	95	2 166
Accumulated amortisation	(1 653)	-	(1 653)
Carrying amount at 30 June 2024	418	95	513

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)
Disposals 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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5.4. 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:

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

As at 30 June 2024, the department has no assets classified as held for sale (2023: \$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

	2024	2023
	\$'000	\$'000
Deposits with the Treasurer - Operating Account	11 205	21 605
Accrual Appropriation Excess Funds	2 275	3 755
Section 21 Deposit Account - TechInSA	1 047	1 062
Total cash in the Statement of Financial Position	14 527	26 422
Total cash in the Statement of Cash Flows	14 527	26 422

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

	2024	2023
	\$'000	\$'000
<u>Current</u>		
Trade receivables		
From government entities	1 655	937
From non-government entities	199	592
Less impairment loss on receivables	(48)	(28)
Total trade receivables	1 806	1 501
Finance lease receivables	432	98
Accrued revenues	419	1 348
GST input tax recoverable	371	798
Prepayments	-	1
Other receivables	38	47
Total current receivables	3 066	3 793
<u>Non-current</u>		
Finance lease receivables	113	-
Total non-current receivables	113	-
Total receivables	3 179	3 793

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

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

Refer to note 10.3 for further information on risk management.

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6.2. Receivables (continued)

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.

Allowance for impairment loss on receivables

	2024	2023
	\$'000	\$'000
Carrying amount at 1 July	(28)	(8)
(Increase) in the allowance	(20)	(20)
Carrying amount at 30 June	(48)	(28)

Impairment losses relate to contracts with customers external to SA Government. No impairment loss was recognised in relation to statutory receivables.

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

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7. Liabilities

7.1. Payables

	2024	2023
	\$'000	\$'000
<u>Current</u>		
Accrued expenses and trade payables	3 203	5 483
Total payables	3 203	5 483

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.

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:

	2024	2023
	\$'000	\$'000
Within one year	1 331	923
Later than one year but no longer than five years	3 728	3 495
Later than five years	3 926	4 818
Total financial liabilities (undiscounted)	8 985	9 236

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.

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7.3. Provisions

All provisions relate to workers compensation.

Reconciliation of workers compensation (statutory and non-statutory)

	2024	2023
	\$'000	\$'000
Carrying amount at 1 July	284	344
(Reduction) / increase resulting from re-measurement or settlement without cost	(46)	72
(Decrease) in provisions due to transfers on administrative restructure	(13)	(132)
Carrying amount at 30 June	225	284

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 2024 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

	2024	2023
	\$'000	\$'000
<u>Current</u>		
Accommodation incentive	102	102
Contract liabilities	-	314
Total current other liabilities	102	416
<u>Non-current</u>		
Accommodation incentive	160	262
Rental bonds from tenants	47	105
Total non-current other liabilities	207	367
Total other liabilities	309	783

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

	2024	2023
	\$'000	\$'000
Within one year	102	416
Later than one year but no longer than five years	207	367
Total other liabilities (undiscounted)	309	783

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 \$1.1 million (2023: \$2.5 million).

	2024	2023
	\$'000	\$'000
<u>Reconciliation of net cash provided by operating activities to net result</u>		
Net cash (used in) operating activities	(10 202)	(18 869)
<u>Add / (less) non-cash items</u>		
Depreciation and amortisation expense of non-current assets	(1 778)	(2 331)
Amortisation of accommodation incentive	102	102
Net gain on accommodation incentive	-	21
Net gain on remeasurement of finance lease	12	30
Asset derecognition	-	(272)
Expected credit loss	(20)	(20)
Resources received free of charge	783	793
Resources provided free of charge	(783)	(793)
Transfer out for administrative restructure	(488)	(6 960)
Transfer in for administrative restructure	-	474
Decrements on revaluation of non-current assets	-	(30)
<u>Movement in assets and liabilities</u>		
(Decrease) in receivables	(1 041)	(771)
Decrease in payables	2 280	14 397
Decrease / (increase) in other liabilities	371	(92)
Decrease / (increase) in provisions	59	(72)
Decrease in employee related liabilities	124	4 546
Net result	(10 581)	(9 847)

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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 2024 (2023: \$Nil).

Other contractual commitments

	2024	2023
	\$'000	\$'000
Within one year	28 752	22 967
Later than one year but not longer than five years	47 068	27 797
Total expenditure commitments	75 820	50 764

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 2024, that have not yet commenced.

9.2. Expected rental income

	2024	2023
	\$'000	\$'000
<u>Operating lease maturity analysis</u>		
Within one year	738	707
Later than one year but not longer than two years	-	606
Total undiscounted lease payments receivable	738	1 313
Total operating lease income	738	1 313

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 buildings the department leases out under operating leases.

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9.2. Expected rental income (continued)

	2024	2023
	\$'000	\$'000
<u>Finance lease maturity analysis</u>		
Within one year	432	98
Later than one year but not longer than two years	113	-
Total undiscounted lease payments receivable	545	98
Net investment in the lease	545	98

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 2024.

Contingent liabilities

The department is not aware of any contingent liabilities as at 30 June 2024.

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.

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9.5. Events after the reporting period

Adjustments are made to amounts recognised in the financial statements, where an event occurs after 30 June 2024 and before the date the financial statements are authorised for issue, where those events provide information about conditions that existed at 30 June 2024.

Note disclosure is made about events between 30 June 2024 and the date the financial statements are authorised for issue where the events relate to a condition which arose after 30 June 2024 and which may have a material impact on the results of subsequent years as set out below.

- As proclaimed on 30 May 2024 and in accordance with section 26 of the *Public Sector and Audit Act 2009*, effective from 1 July 2024 the title of the Department for Industry, Innovation and Science is altered to the Department of State Development.
- As proclaimed on 27 June 2024 and in accordance with section 9(1) of the *Public Sector Act 2009*, effective from 1 July 2024 Skills SA will be transferred from the Department for Education.
- As proclaimed on 27 June 2024 and in accordance with section 9(1) of the *Public Sector Act 2009*, effective from 1 July 2024 Trade and Investment, Brand SA and Office of the Agent-General will be transferred from the Department for Trade and Investment.
- As proclaimed on 27 June 2024 and in accordance with section 9(1) of the *Public Sector Act 2009*, effective from 1 July 2024 Population Strategy will be transferred from the Department of the Premier and Cabinet.

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10. Measurement and risk

10.1. Long service leave liability - measurement

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are 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.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth Government bonds has increased to 4.25% (2023: 4%).

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 has increased the salary inflation rate to 3.5% (2023: 2.5%) for long service leave liability. The net financial effect of the changes to the salary inflation rate is an increase in the long service leave liability and employee related expense of \$0.2 million.

The net financial effect of the changes to actuarial assumptions in the current financial year is immaterial. 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.

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.

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10.2. Fair value (continued)

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

Fair value hierarchy

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

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

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

During 2024 and 2023, 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 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. 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 2024. 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.

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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.

Liquidity risk

The department is funded principally from appropriations 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	Loss %	Lifetime expected losses
	\$'000		\$'000
Current (not past due)	31	1	-
1 - 30 days past due	22	2	1
31 - 60 days past due	2	6	-
61 - 90 days past due	-	17	-
91 - 180 days past due	144	32	47
Loss allowance	199		48

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10.3 Financial instruments (continued)

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

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

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

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

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 Treasurer's Instruction 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 \$2.8 million (2023: \$2.9 million) and \$3.1 million (2023: \$5.3 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; Audit Office of South Australia 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. Administered items

11.1. Student Transport Concessions

Student Transport Concessions reflect payments provided to the Department for Infrastructure and Transport to support student travel concessions for higher education students within metropolitan and regional South Australia.

Administered income and expenses

	2024	2023
	\$'000	\$'000
<u>Administered Income</u>		
Appropriations	10 891	10 693
Other income	-	11
Total administered income	10 891	10 704
<u>Administered Expenses</u>		
Grants and subsidies	8 061	10 259
Total administered expenses	8 061	10 259
Net result	2 830	445

Administered assets and liabilities

	2024	2023
	\$'000	\$'000
<u>Administered current assets</u>		
Cash	5 114	2 413
Receivables	-	11
Total current assets	5 114	2 424
Total assets	5 114	2 424
<u>Administered current liabilities</u>		
Payables	-	139
Total current liabilities	-	139
Net assets	5 114	2 285
<u>Administered equity</u>		
Retained earnings	5 114	2 285
Total equity	5 114	2 285

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11.1. Student Transport Concessions (continued)

Budget performance

The budget performance table compares the department's administered outcomes against original budget information presented to Parliament (2023-24 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	Actual	Variance
	2024	2024	
	\$'000	\$'000	\$'000
<u>Administered Income</u>			
Appropriations	10 891	10 891	-
Total administered income	10,891	10 891	-
<u>Administered Expenses</u>			
Grants and subsidies	10 891	8 061	(2 830)
Total administered expenses	10,891	8 061	(2 830)
Total comprehensive result	-	2 830	2 830

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.