Green Industries SA

Financial report
for the year ended
30 June 2019

INDEPENDENT AUDITOR'S REPORT

Government of South Australia
Auditor-General's Department

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INDEPENDENT AUDITOR'S REPORT

To the Presiding Member
Green Industries SA

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Green Industries SA for the financial year ended 30 June 2019.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of Green Industries SA as at 30 June 2019, their financial performance and their cash flows for the year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2019
- a Statement of Financial Position as at 30 June 2019
- a Statement of Changes in Equity for the year ended 30 June 2019
- a Statement of Cash Flows for the year ended 30 June 2019
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Acting Presiding Member, Chief Executive and Manager, Finance.

Basis for opinion

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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 Green Industries SA's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive

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

Andrew Richardson
Auditor-General
25 September 2019

Green Industries SA
Certification of the Financial Statements
for the year ended 30 June 2019

We certify that the attached general purpose financial statements for Green Industries SA:

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of Green Industries SA
- present a true and fair view of the financial position of Green Industries SA as at 30 June 2019 and the results of their operations and cash flows for the financial year.

We certify that the internal controls employed by Green Industries SA for the financial year over their financial reporting and preparation of the general purpose financial statements have been effective throughout the reporting period.

Vaughan John Levitzke
Chief Executive
24 September 2019

Catherine Yin
Manager, Finance
24 September 2019

Juliet Helena Brown
Acting Presiding Member
Board of Green Industries SA
24 September 2019

Green Industries SA
Statement of Comprehensive Income
for the year ended 30 June 2019

	Note	2019 $'000	2018 $'000
Expenses			
Employee benefits expenses	2.3	2 834	2 421
Supplies and services	3.1	3 117	2 199
Depreciation	3.2	54	54
Grants and subsidies	3.3	22 494	17 312
Other expenses	3.4	17	17
Total expenses		**28 516**	**22 003**
Income			
Solid waste levies	4.2	35 289	31 722
Grants	4.3	53	166
Interest	4.4	1 830	1 601
Resources received free of charge	4.5	21	18
Other income	4.6	4 667	79
Total income		**41 860**	**33 586**
Net benefit from providing services		**13 344**	**11 583**
Revenues from / (payments to) SA Government			
Revenues from SA Government	4.1	102	3
Total net revenues from SA Government		**102**	**3**
Net result		**13 446**	**11 586**
Total comprehensive result		**13 446**	**11 586**

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

Green Industries SA
Statement of Financial Position
as at 30 June 2019

	Note	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	6.1	131 803	120 350
Receivables	6.2	333	150
Total current assets		**132 136**	**120 500**
Non-current assets			
Property, plant and equipment	5.1	482	536
Loans	6.3	3 828	791
Total non-current assets		**4 310**	**1 327**
Total assets		**136 446**	**121 827**
Current liabilities			
Payables	7.1	2 602	1 509
Employee benefits	2.4	254	267
Provisions	7.2	3	3
Other current liabilities	7.3	64	64
Total current liabilities		**2 923**	**1 843**
Non-current liabilities			
Payables	7.1	82	71
Employee benefits	2.4	884	767
Provisions	7.2	4	4
Other non-current liabilities	7.3	445	480
Total non-current liabilities		**1 415**	**1 322**
Total liabilities		**4 338**	**3 165**
Net assets		**132 108**	**118 662**
Equity			
Retained earnings		132 108	118 662
Total equity		**132 108**	**118 662**

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

Green Industries SA
Statement of Changes in Equity
for the year ended 30 June 2019

	Retained earnings $'000	Total equity $'000
Balance at 1 July 2017	107 076	107 076
Net result for 2017-18	11 586	11 586
Total comprehensive results for 2017-18	**11 586**	**11 586**
Balance at 30 June 2018	**118 662**	**118 662**
Net result for 2018-19	13 446	13 446
Total comprehensive results for 2018-19	**13 446**	**13 446**
Balance at 30 June 2019	**132 108**	**132 108**

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

Green Industries SA
Statement of Cash Flows
for the year ended 30 June 2019

	Note	2019 (Outflows) Inflows $'000	2018 (Outflows) Inflows $'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(2 718)	(2 522)
Payments for supplies and services		(2 868)	(2 018)
Payments of grants and subsidies		(21 655)	(16 414)
Other payments		(17)	(17)
Cash used in operating activities		**(27 258)**	**(20 971)**
Cash inflows			
Waste levies received		35 145	31 722
Grants received		47	161
Interest received		1 750	1 550
Other receipts		4 667	37
Cash generated from operating activities		**41 609**	**33 470**
Cash flows from SA government			
Receipts from SA government		102	3
Cash generated from SA government		**102**	**3**
Net cash provided by / (used in) operating activities	8.1	**14 453**	**12 502**
Cash flows from investing activities			
Cash outflows			
Loans advanced		(3 000)	(425)
Cash used in investing activities		**(3 000)**	**(425)**
Net cash provided by / (used in) investing activities		**(3 000)**	**(425)**
Net increase / (decrease) in cash and cash equivalents		**11 453**	**12 077**
Cash and cash equivalents at the beginning of the reporting period		120 350	108 273
Cash and cash equivalents at the end of the reporting period	6.1	**131 803**	**120 350**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. About Green Industries SA

The reporting entity is referred to throughout these statements as Green Industries SA (GISA), and comprises the following:

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

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

1.1. Basis of preparation

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

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

For the 2018-19 financial statements GISA adopted *AASB 9 – Financial Instruments* and is required to comply with new *Treasurer's Instructions (Accounting Policy Statements)* issued on 22 March 2019. Further information is provided in note 9.

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

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
- receivables and payables, which are stated with the amount of GST included.

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

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, GISA has separately disclosed the amounts expected to be recovered or settled after more than 12 months.

1.2. Objectives and programs

Objectives

GISA promotes waste management practices that, as far as possible, eliminate waste or its consignment to landfill; and encourages innovation and business activity in the waste management, resource recovery and green industry sectors in order to contribute to the state's economic growth.

To achieve its objectives, GISA undertakes programs and projects according to *South Australia's Waste Strategy 2015-20* and its annual business plan which include:

- developing and implementing government policy objectives in waste management, resource recovery, green industry development and the circular economy
- encouraging innovation and economic growth through the circular economy and reducing environmental impacts
- helping businesses to find new overseas markets for their waste management, resource recovery and remanufacturing knowledge and skills
- helping businesses to reduce their costs through more efficient use of materials, water and energy
- administering grants to local government and industry to drive innovation and best practice
- developing, administering and monitoring the State's Waste Strategy
- reporting against waste to landfill targets
- developing behaviour change programs for schools and householders to improve recycling and waste avoidance practices
- overseeing the implementation of the Government of South Australia's Disaster Waste Management Capability Plan.

Programs

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

1.3. Budget performance

The budget performance table compares GISA's outcomes against budget information presented to Parliament (2018-19 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

Statement of Comprehensive Income	Note	Original budget 2019 $'000	Actual 2019 $'000	Variance $'000
Expenses				
Employee benefits expenses		2 620	2 834	214
Supplies and services		3 039	3 117	78
Depreciation		54	54	-
Grants and subsidies	a	37 360	22 494	(14 866)
Other expenses		12	17	5
Total expenses		**43 085**	**28 516**	**(14 569)**
Income				
Solid waste levies		36 489	35 289	(1 200)
Grants		-	53	53
Interest		2 636	1 830	(806)
Resources received free of charge		-	21	21
Other income	b	-	4 667	4 667
Total income		**39 125**	**41 860**	**2 735**
Net (cost of) / benefit from providing services		**(3 960)**	**13 344**	**17 304**
Revenues from / (payments) to SA government				
Revenues from SA government		-	102	102
Total net revenues from SA Government		**-**	**102**	**102**
Net result		**(3 960)**	**13 446**	**17 406**

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

a The variance in the grants and subsidies line is primarily related to the following:

- an amount of $7.6 million was underspent in 2018-19 for two climate initiatives, which are administered by the Department for Energy and Mining (DEM); the unspent budgeted funding will be carried forward into future years for spending
- a further $6.621 million was underspent for several GISA grant programs due to the timing of works; a carryover of unspent budgeted funding has been sought for 2019-20

b The variance in other income is primarily related to transfer of unspent cash, funded by GISA to the Department of the Premier and Cabinet in 2017-18 which has been returned to the Green Industry Fund for two climate change initiatives that did not proceed in 2018-19 ($4.617 million).

1.4. Significant transactions with government related entities

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

GISA had significant transactions with the Environment Protection Authority (EPA) during the 2018-19 financial year. The receipts from EPA are associated with transfer of waste levies revenue collected in accordance with the *Environment Protection Act 1993* and transferred to GISA in accordance with the *Green Industries SA Act 2004*.

GISA also made significant intra government transfer payments to DEW ($5.088 million), Department for Energy and Mining ($8.379 million) and Department of Planning, Transport and Infrastructure ($3.0 million) for climate change initiatives. In addition, GISA also made payments of $107 000 to DPTI for rents.

2. Board, committees and employees

2.1. Key management personnel

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

Total compensation for key management personnel was $709 000 in 2018-19 and $708 000 in 2017-18.

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

Compensation	2019 $'000	2018 $'000
Salaries and other short term employee benefits	648	648
Post-employment benefits	61	60
Total compensation	**709**	**708**

Transactions with key management personnel and other related parties

Compensation of Key Management Personnel is disclosed above. GISA is wholly owned and controlled by the Crown.

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

No transactions with key management personnel or related parties have occurred throughout the 2018-19 financial year, other than those disclosed in note 1.4.

2.2. Board and committee members

Members during the 2018-19 financial year were:

Green Industries SA Board

K P McGuinness (Presiding Member)
J H Brown
M F N Dyson (retired August 2018)
L I Henderson (appointed August 2018)
V J Levitzke* (Ex Officio)
P P Sandercock
R A Sharp
T Dodd (appointed August 2018)
M P Withers (retired August 2018)

2.2. Board and committee members (continued)

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

Board and committee remuneration

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

	2019	2018
$0 - $19 999	8	6
$20 000 - $39 999	1	1
Total number of members	**9**	**7**

The total remuneration received or receivable by members was $87 000 (2018: $87 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and related fringe benefits tax.

2.3. Employee benefits expenses

	2019 $'000	2018 $'000
Salaries and wages	1 856	1 776
Employment on-costs - superannuation	305	299
Annual leave	199	161
Long service leave	167	(25)
Employment on-costs - other	111	114
Targeted voluntary separation packages	102	-
Board and committees fees	77	82
Skills and experience retention leave	13	12
Other employment related expenses	4	2
Total employee benefits expenses	**2 834**	**2 421**

Employment on-costs – superannuation

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

Executive remuneration

The number of employees whose remuneration received or receivable falls within the following bands:	2019 Number	2018 Number
$171 001 – $191 000	2	2
$251 001 – $271 000	1	1
Total	**3**	**3**

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

2.3. Employee benefits expenses (continued)

Targeted voluntary separation packages

The number of employees who received a TVSP during the reporting period was 1.

	2019 $'000	2018 $'000
Amounts paid to separated employees:		
Targeted voluntary separation packages	102	-
Leave paid to separated employees	11	-
Recovery from the Department of Treasury and Finance	(102)	-
Net cost to GISA	**11**	**-**

2.4. Employee benefits liability

	2019 $'000	2018 $'000
Current		
Accrued salaries and wages	39	39
Annual leave	151	155
Long service leave	52	67
Skills and experience retention leave	12	6
Total current employee benefits	**254**	**267**
Non-current		
Long service leave	884	767
Total non-current employee benefits	**884**	**767**
Total employee benefits	**1 138**	**1 034**

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

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

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

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

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Details about the measurement of long service leave liability is provided as note 11.1.

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1. Supplies and services

	2019 $'000	2018 $'000
Fee for service - community education programs	648	349
Fee for service - other	547	584
Fee for service - recycling and waste activities	531	46
Advertising	426	8
Waste disposal	244	382
General administration	145	110
Minor works, maintenance and equipment	113	67
Operating lease payments	107	101
Fee for service - DEW	86	81
Information technology and communication expenses	76	85
Travel and accommodation	18	53
Accommodation and property management expenses	16	18
Staff development	11	28
Consultants	2	136
Other	147	151
Total supplies and services	**3 117**	**2 199**

Operating lease payments

Operating lease payments (less any lease incentives) are recognised on a straight-line basis over the lease term.

Consultants

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

	2019 Number	2019 $'000	2018 Number	2018 $'000
Below $10 000	2	2	1	4
$10 000 or above	-	-	2	132
Total	**2**	**2**	**3**	**136**

3.2. Depreciation

	2019	2018
	$'000	$'000
Depreciation		
Leasehold improvements	54	54
Total depreciation	**54**	**54**

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

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

Review of accounting estimates

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

Useful life

Depreciation is calculated on a straight line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Leasehold improvements	12

3.3. Grants and subsidies

	2019	2018
	$'000	$'000
Climate change initiatives *	16 467	13 792
Recycling Infrastructure Grants Program - Industry and Local Government	3 277	1 747
Trade Waste Initiative	919	395
Local Government Program	734	1 124
Commercialisation of Innovation Grant Program	600	-
Regional Transport Subsidies Program	205	-
Business Sustainability Program	193	109
Circular Economy Market Development Grant Program	36	-
Regional Infrastructure Implementation Grant Program	-	55
Conservation Council of South Australia	-	2
Other contributions	63	88
Total grants and subsidies	**22 494**	**17 312**

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

3.4. Other expenses

	2019 $'000	2018 $'000
Other	17	17
Total other expenses	**17**	**17**

Includes audit fees paid/payable to the Auditor General's Department relating to work performed under the *Public Finance and Audit Act 1987* were $17 000 (2018: $17 000). No other services were provided by the Auditor-General's Department.

4. Income

4.1. Net revenues from SA Government

	2019 $'000	2018 $'000
Revenues from SA Government		
Transfer from Treasurer's Contingency Fund	102	3
Total revenues from SA Government	**102**	**3**

Revenues from SA Government are recognised on receipt.

Relates to a TVSP payment recovered from the Department of Treasury and Finance (DTF).

4.2. Solid waste levies

	2019 $'000	2018 $'000
Solid waste levies received from EPA *	35 289	31 722
Total solid waste levies	**35 289**	**31 722**

* As per section 17 of the *Green Industries SA Act 2004*, GISA receives 50% of solid waste levies collected by the EPA.

4.3. Grant revenues

	2019	2018
	$'000	$'000
Grants received from SA Government entities	53	166
Total grant revenues	**53**	**166**

Contributions are recognised as an asset and income when GISA obtains control of the contributions or obtains the right to receive the contributions and the income recognition criteria are met (that is the amount can be reliably measured and the flow of resources is probable).

Generally, GISA has obtained control or the right to receive:

* contributions with unconditional stipulations - this will be when the agreement becomes enforceable that is the earlier of when the receiving entity has formally been advised that the contribution (that is, grant application) has been approved; agreement/contract is executed; and/or the contribution is received
* contributions with conditional stipulations - this will be when the enforceable stipulations specified in the agreement occur or are satisfied; that is income would be recognised for contributions received or receivable under the agreement.

All contributions received by GISA have been contributions with unconditional stipulations attached and have been recognised as an asset and income upon receipt.

4.4. Interest

	2019	2018
	$'000	$'000
Interest from entities within the SA Government*	1 772	1 566
Other	58	35
Total interest revenues	**1 830**	**1 601**

* Interest rate is determined by the Department of Treasury and Finance.

4.5. Resources received free of charge

	2019	2018
	$'000	$'000
Services received free of charge - Shared Services SA	21	18
Total resources received free of charge	**21**	**18**

4.6. Other income

	2019	2018
	$'000	$'000
Professional advice and services	-	32
Reimbursement of expenses incurred	50	6
Return of unspent funds	4 617	-
Other sundry revenue	-	41
Total other income	**4 667**	**79**

Return of unspent funds to the Green Industry Fund related to two climate change initiatives that did not proceed in 2018-19 ($4.617 million). Refer note 1.3.

5. Non-financial assets

5.1. Property, plant and equipment

	2019 $'000	2018 $'000
Leasehold improvements		
Leasehold improvements at cost (deemed fair value)	652	652
Accumulated depreciation	(170)	(116)
Total leasehold improvements	**482**	**536**
Total property, plant and equipment	**482**	**536**

All non-current tangible assets with a value of $10 000 or greater are capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value. Detail about GISA's approach to fair value is set out in note 11.2.

Reconciliation 2018-19

	Leasehold improvements $'000	Total $'000
Carrying amount at 1 July 2018	536	536
Depreciation	(54)	(54)
Carrying amount at 30 June 2019	**482**	**482**

Reconciliation 2017-18

	Leasehold improvements $'000	Total $'000
Carrying amount at 1 July 2017	577	577
Depreciation	(54)	(54)
Other changes	13	13
Carrying amount at 30 June 2018	**536**	**536**

6. Financial assets

6.1. Cash and cash equivalents

	2019 $'000	2018 $'000
Deposits with the Treasurer	131 803	120 350
Total cash and cash equivalents	**131 803**	**120 350**

Cash is measured at nominal amounts. In conformity with section 17(5) of the Act, the Green Industry Fund may be applied by GISA in accordance with the business plan; or in any other manner authorised by the Minister for Environment and Water for the purposes of the Act

6.2. Receivables

	2019 $'000	2018 $'000
Current		
Trade receivables		
From government entities	144	1
From non-government entities	11	4
Total trade receivables	**155**	**5**
Accrued revenues	178	135
Prepayments	-	10
Total current receivables	**333**	**150**
Total receivables	**333**	**150**

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

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

Refer to note 11.3 for further information on risk management.

6.3. Loans

	2019 $'000	2018 $'000
Recycling Infrastructure loan*	3 000	-
Commercialisation of Innovation loan^	828	791
Total loans	**3 828**	**791**

* This loan scheme is to support projects with large capital requirements, which can have an immediate effect to increase local remanufacturing/reprocessing of targeted waste streams and job creation opportunities through construction and ongoing operation. The loan is managed by South Australian Government Financing Authority (SAFA).

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

6.3. Loans (continued)

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

- Milestone payments to Innovyz (the borrower) were subject to certain conditions and obligations, under section 3 of the loan agreement;
- GISA will have first call and precedence on repayment of the loan over equity investors in the distribution of moneys, under section 12.9(g)(ii) of the loan agreement;
- GISA is a member of the Innovyz program selection committee, under section 12.16(a) of the loan agreement; and
- Innovyz' Management Agreement in the loan documentation is regarded as a "Material Document" under section 12.21 of the loan agreement.

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1. Payables

	2019 $'000	2018 $'000
Current		
Trade payables*	2 522	1 429
Employment on-costs	53	50
Accrued expenses	27	30
Total current payables	**2 602**	**1 509**
Non-current		
Employment on-costs	82	71
Total non-current payables	**82**	**71**
Total payables	**2 684**	**1 580**

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

* The increase in trade payables primarily relates to payments towards the Recycling Infrastructure Grants Program and Household Recycling Education Program.

Employment on-costs

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

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

As a result of an actuarial assessment performed by the DTF, the proportion of long service leave taken as leave has remained unchanged from the 2018 rate (41%). The average factor for the calculation of employer superannuation cost on-costs has changed from the 2018 rate (9.9%) to 9.8%. These rates are used in the employment on-cost calculation.

7.2. Provisions

	2019 $'000	2018 $'000
<u>**Current**</u>		
Provision for workers compensation	3	3
Total current provisions	**3**	**3**
<u>**Non-current**</u>		
Provision for workers compensation	4	4
Total non-current provisions	**4**	**4**
Total provisions	**7**	**7**
Movement in provisions		
Carrying amount at the beginning of the period	7	2
Additional provisions recognised	-	5
Carrying amount at the end of the period	**7**	**7**

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2019 provided by a consulting actuary engaged through the Office of the Commissioner for the Public Sector. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

GISA is responsible for the payment of workers compensation claims.

7.3. Other liabilities

	2019 $'000	2018 $'000
<u>**Current**</u>		
Lease incentive	64	64
Total current other liabilities	**64**	**64**
<u>**Non-current**</u>		
Lease incentive	445	480
Total non-current other liabilities	**445**	**480**
Total other liabilities	**509**	**544**

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

8. Other disclosures

8.1. Cash flow

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

Cash flow reconciliation

	2019 $'000	2018 $'000
Reconciliation of cash and cash equivalents at the end of the reporting period		
Cash and cash equivalents disclosed in the Statement of Financial Position	131 803	120 350
Balance as per the Statement of Cash Flows	131 803	120 350
Reconciliation of net cash provided by / (used in) operating activities to net benefit from providing services		
Net cash provided by/(used in) operating activities	14 453	12 502
Less revenues from SA Government	(102)	(3)
Add / (less) non-cash items		
Depreciation	(54)	(54)
Loan interest capitalised	37	35
Prior period error correction - other liabilities	-	13
Movement in assets and liabilities		
Increase in receivables	183	21
(Increase) in payables	(1 104)	(1 079)
(Increase)/decrease in employee benefits	(104)	93
Decrease in other liabilities	35	60
(Increase)/decrease in provisions	-	(5)
Net benefit from providing services	**13 344**	**11 583**

9. Changes in accounting policy

9.1. Treasurer's Instructions (Accounting Policy Statements)

On 22 March 2019 the *Treasurer's Instructions (Accounting Policy Statements) 2019* was issued by the Treasurer under the *Public Finance and Audit Act 1987*. The Accounting Policy Statements replaced the following Accounting Policy Frameworks:

- Purpose and Scope
- General Purpose Financial Statements Framework
- Asset Accounting Framework
- Financial Asset and Liability Framework
- Income Framework
- Definitions.

The new Accounting Policy Statements have largely been prepared on a no-policy change basis. Changes that impact on these financial statements are:

- removal of the additional requirement to report transactions with the SA Government
- increasing the bands from $10,000 to $20,000 for employee and board member reporting.

These changes, however, do not impact on the amounts reported in the financial statements.

The Accounting Policy Statements also set out requirements in relation to Accounting Standards and Statements not yet effective. This is further discussed in note 10.3.

9.2. AASB 9 Financial instruments

AASB 9 Financial Instruments replaces the provisions of AASB 139 that relate to recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 has not had a significant effect on the recognition, measurement or classification of financial liabilities.

Given the majority of receivables are with Government debtors, impairment provisions have not increased.

There are no additional impairment provisions for State, Territory, or Commonwealth Government receivables due to the government's high quality credit risk.

No impairment has been assessed for non-government debtors given the immaterial balance each year.

Trade receivables

New impairment requirements result in a provision being applied to all receivables rather than only on those receivables that are credit impaired.

Loan receivables

Trade and other receivables that were classified as loans and receivables under AASB 139 are now classified at amortised cost as they meet the appropriate criteria under AASB 9.

10. Outlook

10.1. Unrecognised contractual commitments

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

	2019 $'000	2018 $'000
Operating lease commitments		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	143	138
Later than one year but not longer than five years	731	676
Later than five years	828	1 026
Total operating lease commitments	**1 702**	**1 840**

GISA's operating leases are for office accommodation. Office accommodation is leased from DPTI, the leases are non cancellable with a lease term of 12 years. Rent is paid one month in advance.

10.2. Contingent assets and liabilities

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

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

10.3. Impact of standards and statements not yet effective

GISA has assessed the impact of new and changed Australian Accounting Standards Board Standards and Interpretations not yet effective.

Treasurer's Instructions (Accounting Policy Statements) 2019 issued by the Treasurer on 22 March 2019 are effective for 2018-19 reporting period and are addressed below in relation to Standards not yet effective and in note 9.1. There are no Accounting Policy Statements that are not yet effective.

The impacts on GISA are outlined below.

AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities

GISA will adopt *AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities* from 1 July 2019.

Objective

AASB 15 introduces a 5-step approach to revenue recognition. The objective of AASB 15 is that recognition of revenue depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. It provides extensive guidance as to how to apply this revenue recognition approach to a range of scenarios. *AASB 15 – Revenue from Contracts replaces AASB 111 – Construction Contracts* and *AASB 118 – Revenue.*

AASB 1058 introduces consistent requirements for the accounting of non-reciprocal transactions by not-for-profit entities, in conjunction with AASB 15. These requirements closely reflect the economic reality of not-for-profit entity transactions that are not contracts with customers. *AASB 1058 replaces parts of AASB 1004 – Contributions.*

Impact on 2019-20 financial statements

Adopting AASB 15 and AASB 1058 is expected to have an immaterial impact on the timing of recognition of revenue by GISA.

GISA's main source of revenue is solid waste levies collected by EPA and transferred to GISA. GISA does not receive revenue in advance which span more than one financial year.

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that GISA must adopt for the transition to *AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not for Profit Entities.* These requirements include that GISA will:

- apply AASB 15 and AASB 1058 retrospectively. The cumulative effect of initially applying the Standards will be recognised at 1 July 2019. Comparatives will not be restated
- not apply the AASB 15 and the AASB 1058 completed contracts practical expedient
- apply the AASB 15 practical expedient for all contract modifications that occur before the date of initial application.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that GISA will:

- apply, where permitted, the short-term licences recognition exemption
- adopt $15,000 as the threshold to determine whether a licence is a licence for which the transaction price is of low value and will apply the low value licence recognition exemption for all low value licences
- not recognise volunteer services when the services would not have been purchased if they had not been donated.

10.3. Impact of standards and statements not yet effective (continued)

AASB 16 – Leases

GISA will adopt *AASB 16 – Leases* from 1 July 2019.

Objective

AASB 16 sets out a comprehensive model for lease accounting that addresses recognition, measurement, presentation and disclosure of leases. The outcome will be that lease information disclosed will give users of financial statements a basis to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. *AASB 16 Leases replaces AASB 117 Leases and Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation*, and *Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

Impact on 2019-20 financial statements

GISA has assessed the estimated impact on the Statement of Financial Position of adopting AASB 16 with the transition requirements mandated by the *Treasurer's Instructions (Accounting Policy Statements).*

AASB 16 requires lessees to recognise assets and liabilities for all leases, not subject to a recognition exemption or scoped out of the application of AASB 16. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position for the first time. Lease incentive liabilities previously recognised will be written off against the right-of-use assets or retained earnings depending on the nature of the incentive.

AASB 16 is expected to have a material impact on the Statement of Financial Position. GISA has estimated the impact of this change and the results as at 1 July 2019.

The estimated impact is based on applying AASB 16's transition approach to those leases identified as leases by GISA prior to 1 July 2019. The incremental borrowing rates applied to estimate the lease liability were SAFA's interest rates for principal and interest loans to SA Government agencies.

The estimated impact is set out below.

	as at 1 July 2019 $'000
Assets	
Increase in right-of-use asset	1 076
Liabilities	
Increase in lease liabilities	1 556
Decrease in other liabilities (lease incentive liabilities)	(509)
Net impact on equity	**29**

AASB 16 will also impact on the Statement of Comprehensive Income. The operating lease expense previously included in supplies and services will mostly be replaced with:

- a depreciation expense that represents the use of the right-of-use asset
- borrowing costs that represent the cost associated with financing the right-of-use asset.

10.3 Impact of standards and statements not yet effective (continued)

The estimated impact on 2019-20 Statement of Comprehensive Income is set out below.

	2020 $'000
Increase in depreciation and amortisation	122
Decrease in supplies and services	(144)
Increase in borrowing costs	29
Net impact on net cost of providing services	**7**

The amounts disclosed are current estimates only. GISA is continuing to refine its calculations of lease assets and liabilities for 2019-20 financial reporting purposes and expects that these figures will change. This includes accounting for non-lease components and clarifying lease terms and treatment of contractual rent increases.

Related accounting policies

The *Treasurer's Instructions (Accounting Policy Statements) 2019* sets out key requirements that GISA must adopt for the transition from *AASB 117 Leases to AASB 16 Leases*. These requirements include that GISA will:

- apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard will be recognised at 1 July 2019; comparatives will not be restated
- only apply AASB 16 to contracts that were previously identified as containing a lease applying AASB 117 and related interpretations
- not transition operating leases for which the lease term ends before 30 June 2020.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets GISA has applied the optional exemptions to not recognise the leases liability and right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. There is an exception for motor vehicle leases, where Treasurer's approval has been granted not to apply this exemption to leases with a term remaining of less than 12 months.

The *Treasurer's Instructions (Accounting Policy Statements) 2019* also sets out requirements for on-going application. These requirements include that GISA will:

- not apply AASB 16 to leases of intangible assets
- adopt $15,000 as the threshold to determine whether an underlying asset is a low value asset and must apply the low value asset recognition exemption to all low value assets
- apply the short-term leases recognition exemption for all classes of underlying asset.
- separate non-lease components from lease components
- adopt the revaluation model, where permitted
- where required, apply the relevant lessee's incremental borrowing rate published by the Department of Treasury and Finance
- on initial recognition not record at fair-value leases that have significantly below-market terms and conditions principally to enable GISA to further its objectives, unless they have already been recorded at fair-value prior to 1 July 2019.

10.4. Events after the reporting period

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

11. Measurement and risk

11.1. Long service leave liability - measurement

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

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

AASB 119 Employee Benefits requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth bonds has decreased from 2018 (2.50%) to 2019 (1.25%).

The net financial effect of the changes to actuarial assumptions in the current financial year is $69 000. The impact on future periods is impracticable to estimate as the long service liability is calculated using a number of demographic and financial assumptions – including the long-term discount rate.

The actuarial assessment performed by DTF left the salary inflation rate at 4% for long service leave liability. The salary inflation rate for annual leave and skills, experience and retention leave liability decreased from 2018 (3%) to 2019 (2.2%). This change had an immaterial net financial effect in the current financial year.

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

11.2. Fair value

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

Initial recognition

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

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

Revaluation

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

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

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

As GISA does not hold assets that meet this criteria assets have not been revalued.

11.2. Fair value (continued)

Fair value hierarchy

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

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

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

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

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

During 2018 and 2019, GISA had no valuations categorised into level 1; there were no transfers of assets between level 1 and 2 fair value hierarchy levels and there were no changes in valuation technique.

The fair value of non-financial assets must be estimated for recognition and measurement or for disclosure purposes. GISA categorises non-financial assets measured at fair value into hierarchy based on the level of inputs used in measurement as follows:

Fair value classification - non-financial assets at 30 June 2019	**Level 3**
Recurring fair value measurements	**$'000**
Leasehold improvements	482
Total recurring fair value measurements	**482**
Total fair value measurements	**482**

Fair value classification - non-financial assets at 30 June 2018	**Level 3**
Recurring fair value measurements	**$'000**
Leasehold improvements	536
Total recurring fair value measurements	**536**
Total fair value measurements	**536**

11.3. Financial instruments

Financial risk management

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

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

Liquidity risk

GISA is funded principally from waste levies received under the *Green Industries SA Act 2004* (refer to note 4.2). GISA's expenditure authority is approved by the Treasurer each year, based on budgeted revenues and expenditures outlined in an annual Business Plan.

Refer to note 7.1 for further information.

Credit risk

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

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

Impairment of financial assets

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

11.3. Financial instruments (continued)

Market risk

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

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

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

Categorisation of financial instruments

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

Classification applicable until 30 June 2018 under AASB 139 Financial Instruments: Recognition and Measurement

The carrying amounts are detailed below of each of the following categories of financial assets and liabilities:

- Loan and receivables
- Financial liabilities measured at cost.

GISA does not recognise any financial assets or financial liabilities at fair value, but does disclose fair value in the notes.

- The carry value less impairment provisions of receivables and payables is a reasonable approximation of their fair values due to the short-term nature of these (refer to notes 6.2 and 7.1).

Classification applicable from 1 July 2018 under AASB 9 Financial Instruments

On initial recognition, a financial asset which is a debt instrument is classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset which is an equity instrument is classified as measured at fair value through other comprehensive income or fair value through profit or loss.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest only on the principal amount outstanding.

GISA measures all financial instruments at amortised cost.

11.3. Financial instruments (continued)

Category of financial asset and financial liability	Note	2019 Carrying amount / fair value $'000	2019 Contractual maturities Within 1 year $'000	1-5 years $'000	More than 5 years $'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents		131 803	n/a	n/a	n/a
Financial assets at amortised cost					
Receivables	(1), (2)	189	n/a	n/a	n/a
Loans		3 828	n/a	n/a	n/a
Total financial assets		**135 820**	-	-	-
Financial liabilities					
Financial liabilities at amortised cost					
Payables	(1)	2 532	2 532	-	-
Total financial liabilities		**2 532**	**2 532**	-	-

Category of financial asset and financial liability	Note	2018 Carrying amount / fair value $'000	2018 Contractual maturities Within 1 year $'000	1-5 years $'000	More than 5 years $'000
Financial assets					
Cash and cash equivalents					
Cash and cash equivalents		120 350	n/a	n/a	n/a
Loans and receivables					
Receivables	(1), (2)	140	n/a	n/a	n/a
Loans		791	n/a	n/a	n/a
Total financial assets		**121 281**	-	-	-
Financial liabilities					
Financial liabilities at cost					
Payables	(1)	1 442	1 442	-	-
Total financial liabilities		**1 442**	**1 442**	-	-

Receivables and payables

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

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