



Government of South Australia

Green Industries SA

Zero Waste SA / Green Industries SA 2016-17 Annual Report

Zero Waste SA / Green Industries SA

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Date presented to Minister: 29 September 2017

To: Hon Ian Hunter MLC
Minister for Sustainability, Environment and Conservation


This annual report is presented to Parliament to meet the statutory reporting requirements of the *Public Sector Act 2009*, *Public Finance and Audit Act 1987*, *Zero Waste SA Act 2004* and *Green Industries SA Act 2004*, and meets 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 Zero Waste SA / Green Industries SA by:

Kevin McGuinness

Presiding Member, Board of Green Industries SA



Signature

29 September 2017

Date

Vaughan Levitzke

Chief Executive, Green Industries SA



Signature

29 September 2017

Date

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Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

Green Industries SA (GISA) is building on the achievements of Zero Waste SA, increasing South Australia’s capabilities and leadership in green industries, and encouraging innovation and economic growth through the development of the green economy.

GISA is assisting South Australia to continue leading the nation in waste management; administering grants to Local Government and industry to explore new technologies and resource recovery infrastructure; helping business find new markets for their waste management knowledge and skills; as well as reduce their costs through resource efficiencies; and continuing to report against waste to landfill targets.

Objectives

In accordance with the *Green Industries SA Act 2004*, GISA’s objectives are to:

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

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
<i>South Australia’s Waste Strategy 2015-2020</i>	SA Strategic Plan Target 67. Zero waste: Reduce waste to landfill by 35% by 2020
	Strategic Priorities: <ul style="list-style-type: none"> - Premium food and wine from our clean environment - Growing advanced manufacturing - Safe communities, healthy neighbourhoods

Key strategy	SA Government objective
	Economic Priorities: <ul style="list-style-type: none"> - Unlocking the full potential of SA's resources, energy and renewable assets - Premium food and wine produced in our clean environment and exported to the world - Growth through innovation - Promoting SA's international connections and engagement - SA's small businesses have access to capital and global markets

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Industry Program	Assistance to businesses and industry associations for improvements in waste management, resource efficiency and productivity	\$150,000 in grants provided in 2016-17
Trade Waste Initiative	Help businesses improved the way trade waste is managed – focussing on volume reduction and quality improvement	\$263,517 in grants provided in 2016-17
Commercialisation of innovation	Keep South Australia at the forefront of innovation in the waste, recycling and resource recovery sectors	\$750,000 provided to Innovyz as a loan for the commercialisation of innovative waste and recycling technologies
International engagement	Assist SA businesses to export their waste management and resource recovery expertise	Hosted the Seventh Regional 3R Forum in Asia and the Pacific, 2-4 November 2016
Knowledge management	Report against waste to landfill targets	Prepared the 2015-16 Recycling Activity Survey
Waste strategy and policy	Develop policies and actions aligned with <i>South Australia's Waste Strategy 2015-2020</i>	Released the draft State-wide Waste and Resource Recovery Infrastructure Plan
	Investigate the potential benefits of the Circular Economy in South Australia	Released <i>Creating value: the potential benefits of a circular economy in South Australia</i> in May 2016

Program name	Indicators of performance/effectiveness/efficiency	Comments
Collaborative consumption and the sharing economy	Promote the top rungs of the waste management hierarchy – avoid and minimise the production of waste through sharing and reuse	‘Share N Save’ website further developed to encourage use and released Expressions of Interest for grants for Shared Fabrication Spaces
Local Government and industry infrastructure program	Investment in new equipment and technology in the waste and resource recovery sector	\$2.88 million in grants approved in 2016-17 that will create more than 60 jobs and attract \$13.6 million of investment to the State
Household Hazardous Waste Program	Provide South Australian households with a safe disposal service for unwanted chemicals	72.5 tonnes of hazardous waste collected in 2016-17
Community education	Monitoring litter and providing education to schools and households on litter reduction	\$352,660 provided to KESAB <i>environmental solutions</i> in 2016-17
Disaster waste management planning	Build the State’s capability and resilience in disaster waste management	Commenced preparation of a Disaster Waste Management Plan and guidelines under the State Emergency Management Plan
Climate change initiatives	Provide funding towards the costs of climate change initiatives as determined by the Minister for Sustainability, Environment and Conservation.	\$718,000 provided for climate change initiatives in 2016-17

Further information on the outcomes of GISA’s programs in 2016-17 is available on the agency’s website: www.greenindustries.sa.gov.au.

Legislation administered by the agency

Zero Waste SA Act 2004 (1 July 2016 – 31 January 2017)

Green Industries SA Act 2004 (1 February 2017 – ongoing)

Organisation of the agency

The governing body of GISA is the Board of Green Industries SA. It has a strategic, policy and governing role and provides the decision-making capacity of the agency. The Board has established a Governance Committee to provide advice to GISA and the Board regarding the management of corporate governance issues and risks to the agency.

GISA is subject to the direction of the Minister for Sustainability, Environment and Conservation, except in relation to making a recommendation or report to the Minister.

The agency is led by a Chief Executive, and there are two branches (divisions); Strategy, Policy and Programs, and Business and Communications, as well as an Office of the Chief Executive.

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

Within the Sustainability, Environment and Conservation, and Climate Change Ministerial Portfolios, the following agencies are related to GISA:

- Environment Protection Authority (EPA)
- Department of Environment, Water and Natural Resources (DEWNR)

In the course of its projects and programs, the agency works with other State Government agencies including SA Water, the Department of State Development, Primary Industries and Regions SA, SAFECOM and the Department of the Premier and Cabinet.

Employment opportunity programs

GISA's participation in the following Public Sector-wide equal opportunity employment programs is managed through DEWNR as part of a service level agreement:

- SA Government Youth Training Scheme and the Trainee Employment Register
- SA Public Sector Aboriginal Recruitment and Development Strategy, and the Aboriginal Employment Register
- Strategy for Employment of People with Disabilities

In 2016-17, GISA developed a Disability Access and Inclusion Plan. The Plan demonstrates that the agency recognises the importance of including and being accessible to everyone, has a welcoming attitude and employs well-informed staff who are aware of the needs of people with a disability.

Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Performance Review and Development Plan	<p>In 2016-17, 85% of GISA staff had completed a Performance Review and Development (PRD) Plan session during the period.</p> <p>A staff member had one PRD session prior to commencing maternity leave and two staff on short term contracts did not have a PRD session.</p>
Leadership and management development	<p>\$25,489 was expended in 2016-17 on training and development. Of this \$15,565 was in relation to leadership and management development.</p>

Occupational health, safety and rehabilitation programs of the agency and their effectiveness

Occupational health, safety and rehabilitation programs	Effectiveness
Work Health and Safety Management System	<p>Approved in August 2016.</p> <p>In 2016-17, there were no notifiable occurrences under the <i>Work Health and Safety Act 2012</i> and no active workers compensation claims.</p>

Fraud detected in the agency

There were no reported incidences of fraud in GISA in the 2016-17 financial year.

Strategies implemented to control and prevent fraud

GISA has adopted a Fraud and Corruption Control Plan Framework in accordance with the South Australian Public Sector Fraud and Corruption Policy and has implemented business procedures and internal controls to lower the risk of fraud occurring.

Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Executive employment in the agency

Executive classification	Number of executives
SAES-1	2
EXEC0B	1

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) for further information on the breakdown of executive gender, salary and tenure by agency.

Consultants

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
All consultancies below \$10,000 each	Nil	\$0
Consultancies above \$10,000 each		
Rawtec Pty Ltd	To develop SA's Waste and Resource Recovery Infrastructure Plan	\$20,000
Rawtec Pty Ltd*	Develop guidelines for disaster waste removal and management, including recommendations and an implementation plan	\$172,025
Australian Bureau of Statistics	Statistical analysis and report on green industries in South Australia	\$20,250
Total all consultancies		\$212,275

* consultancy will span 2016-17 and 2017-18

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value. See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

Financial performance of the agency

Full audited financial statements for 2016-17 are attached to this report (Appendix A).

Other financial information

In 2016-17, the Minister for Sustainability, Environment and Conservation approved \$718,000 in expenditure from the Green Industry Fund for climate change initiatives pursuant to section 17(5)(b)(i) of the *Green Industries SA Act 2004*. The funding was allocated towards:

- Carbon Neutral Adelaide; and
- the Climate Knowledge and Information Community (KIC)

Further information on these initiatives can be obtained from DEWNR.

Section B: Reporting required under any other act or regulation

Green Industries SA Act 2004	
Section 15(2)(a) – audited statement of the income and expenditure of the Green Industry Fund	
See Appendix A	
Green Industries SA Act 2004	
Section 15(2)(b) – any direction given to Green Industries SA by the Minister	
No Ministerial directions were issued to GISA by the Minister for Sustainability, Environment and Conservation during the reporting period.	
Green Industries SA Act 2004	
Section 15(2)(c) – details of the coordination of activities by GISA and the Environment Protection Authority.	
In 2016-17, GISA and the EPA coordinated activities on a range of waste management and resource recovery matters. This included the progression of EPA’s reforms to the SA waste sector; issues associated with National Product Stewardship and other national policy matters; infrastructure grant recipients’ compliance with licences under the <i>Environment Protection Act 1993</i> ; movement and control of hazardous waste; the Australian Packaging Covenant; SA’s container deposit legislation and the development of schemes interstate; SA’s plastic bags legislation and implementation in other Australian jurisdictions, implementation of the <i>Local Nuisance and Litter Control Act 2016</i> , and ‘dob-in-a-litterer’ mobile application and website.	
The Chief Executives of GISA and the EPA met fortnightly in 2016–17 to discuss a range of waste management issues and matters of mutual interest to both organisations, including those listed above. The organisations also maintained frequent business as usual contact on a range of matters relating to waste and recycling.	
Green Industries SA Act 2004	
Section 15(2)(d) – an assessment of the adequacy of the waste strategy and its implementation	
<i>South Australia’s Waste Strategy 2015-2020</i> was released in November 2015 and advocates for high levels of recycling and reuse through targets and actions to reduce waste to landfill, and requiring innovative policy and regulatory solutions.	
In 2016-17, GISA’s work towards implementation of the Strategy comprised:	
<ul style="list-style-type: none"> - Grants provided to the waste and resource recovery sector for infrastructure development - Incentives to Local Government to encourage the uptake of household food waste recycling systems 	

- Assistance to businesses in resource efficiencies
- Investment in a business development program for the commercialisation of innovative waste management, recycling and resource recovery technologies
- Release of the report *Creating value: the potential benefits of the circular economy in South Australia*
- Reporting against waste to landfill targets
- Preparation of the South Australia Recycling Activity Survey 2015-16

The Recycling Activity Survey shows the following progress against Waste Strategy diversion targets in 2015-16:

- Municipal Solid Waste: 58.2% (target of 70% by 2020)
- Commercial and Industrial: 82% (target of 80% by 2020)
- Construction and Demolition: 88.9% (target of 90% by 2020)

A mid-term review of the Waste Strategy will be undertaken in 2017-18.

Section C: Reporting of public complaints as requested by the Ombudsman

Summary of complaints by subject

Public complaints received by Green Industries SA - 0
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Appendix A: Audited financial statements 2016-17



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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 2017.

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 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated 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 2017
- a Statement of Financial Position as at 30 June 2017
- a Statement of Changes in Equity for the year ended 30 June 2017
- a Statement of Cash Flows for the year ended 30 June 2017
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Presiding Member, Chief Executive and Director Business.

Basis for opinion

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

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

Auditor-General

28 September 2017

Green Industries SA

Annual Financial Statements

For the year ended 30 June 2017

Green Industries SA Certification of the Financial Statements

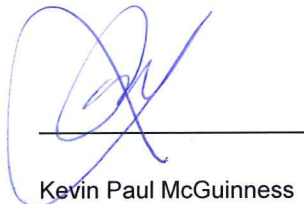
We certify that the attached general purpose financial statements for Green Industries SA:

- 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; and
- present a true and fair view of the financial position of Green Industries SA as at 30 June 2017 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
Green Industries SA
28/09/2017



Kevin Paul McGuinness
Presiding Member
Board of Green Industries SA
28/09/2017



Dr Marcia Kreinhold
Director Business
Green Industries SA
28/09/2017

Green Industries SA
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Expenses			
Employee benefits	5	2 622	2 347
Supplies and services	6	1 890	1 609
Depreciation	7	53	58
Grants and subsidies	8	2 713	711
Other	9	16	176
Total expenses		7 294	4 901
Income			
Solid waste levies	10	27 176	22 175
Grants	11	209	98
Interest	12	1 335	1 386
Other	13	10	28
Total Income		28 730	23 687
Net benefit from providing services		21 436	18 786
Net result		21 436	18 786
Total comprehensive result		21 436	18 786

The net result and total comprehensive result are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Green Industries SA
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	14	108 273	86 803
Receivables	15	129	181
Total current assets		108 402	86 984
Non-current assets			
Property, plant and equipment	16	577	630
Loans	18	331	-
Total non-current assets		908	630
Total assets		109 310	87 614
Current liabilities			
Payables	19	422	259
Employee benefits	20	243	216
Provisions	21	1	1
Other liabilities	22	30	30
Total current liabilities		696	506
Non-current liabilities			
Payables	19	79	72
Employee benefits	20	884	790
Provisions	21	1	2
Other liabilities	22	574	604
Total non-current liabilities		1 538	1 468
Total liabilities		2 234	1 974
Net assets		107 076	85 640
Equity			
Retained earnings		107 076	85 640
Total equity		107 076	85 640

The total equity is attributable to the SA Government as owner

Unrecognised contractual commitments	26
Contingent assets and liabilities	27

The above statement should be read in conjunction with the accompanying notes

Green Industries SA
Statement of Changes in Equity
for the year ended 30 June 2017

	Retained Earnings	Total
	\$'000	\$'000
Balance at 30 June 2015	66 854	66 854
Net result for 2015-16	18 786	18 786
Total comprehensive result for 2015-16	18 786	18 786
Balance at 30 June 2016	85 640	85 640
Net result for 2016-17	21 436	21 436
Total comprehensive result for 2016-17	21 436	21 436
Balance at 30 June 2017	107 076	107 076

All changes in equity are attributable to the SA Government as owner

The above statement should be read in conjunction with the accompanying notes

Green Industries SA
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Cash outflows			
Employee benefits payments		(2 495)	(2 211)
Payments for supplies and services		(1 949)	(2 230)
Payments of grants and subsidies		(2 506)	(711)
Other payments		(17)	(17)
Cash used in operations		<u>(6 967)</u>	<u>(5 169)</u>
Cash inflows			
Waste levies received		27 176	22 175
Grants received		238	121
Interest received		1 333	1 377
Receipts for paid parental leave scheme		4	1
Other receipts		11	29
Cash generated from operations		<u>28 762</u>	<u>23 703</u>
Net cash provided by operating activities	24	<u>21 795</u>	<u>18 534</u>
Cash flows from investing activities			
Cash outflows:			
Loans advanced		(325)	-
Cash used in investing activities		<u>(325)</u>	<u>-</u>
Net cash used in investing activities		<u>(325)</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>21 470</u>	<u>18 534</u>
Cash and cash equivalents at the beginning of the reporting period		86 803	68 269
Cash and cash equivalents at the end of the reporting period	14	<u>108 273</u>	<u>86 803</u>

The above statement should be read in conjunction with the accompanying notes

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

1 Objectives of Green Industries SA

Green Industries SA (GISA) provides strategic policy advice to the Government of South Australia, and funding for programs and projects that will maximise waste reduction and promote resource recovery/recycling, waste avoidance and ecological sustainability. GISA also sets in place foundation actions to encourage innovation and economic growth through development of the Green Economy.

The primary objectives of GISA are:

- to promote waste management practices that, as far as possible eliminate waste or its consignment to landfill
- to promote innovation and business activity in the waste management, resource recovery and green industries sectors, recognising that these areas present a valuable opportunity to contribute to the State's economic growth
- based on an integrated strategy for the State of South Australia.

In achieving its objectives, GISA undertakes a number of programs and projects in accordance with South Australia's waste strategy 2015-20 and its annual business plan.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the PFAA.

GISA has applied Australian Accounting Standards that are applicable to not-for-profit entities, as GISA is a not-for-profit entity.

(b) Basis of preparation

The preparation of the financial statements requires:

- The use of certain accounting estimates and requires management to exercise its judgement in the process of applying GISA's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- The selection and application of accounting policies in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- Compliance with Accounting Policy Statements issued pursuant to section 41 of the PFAA. In the interest of public accountability and transparency the Accounting Policy Statements require the following note disclosures, which have been included in these financial statements:
 - (a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies
 - (b) expenses incurred as a result of engaging consultants
 - (c) employee targeted voluntary separation package information
 - (d) employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(b) Basis of preparation

- (e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

(c) Reporting entity

The reporting entity is referred to throughout these statements as GISA, and comprises the following:

- Green Industries SA – a statutory authority 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 authority 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 authority to make use of the services of the administrative unit's employees and facilities.

The financial statements and accompanying notes reflect the income and expenditure of the Green Industry Fund.

(d) Comparative information

The presentation and classification of items in the financial statements are consistent with prior periods except where specific accounting standards and/or accounting policy statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable.

The restated comparative amounts do not replace the original financial statements for the preceding period.

(e) Rounding

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

(f) Taxation

GISA is not subject to income tax. GISA is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

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

(g) Events after the reporting period

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

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(h) Current and non-current classification

Assets and liabilities that are to be sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within 12 months after the reporting date 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.

(i) Non-current Assets

Acquisition and 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. Non-current assets are subsequently measured at fair value after allowing for accumulated depreciation.

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).

All non-current tangible assets with a value of \$10 000 or greater are capitalised.

Depreciation of non-current assets

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.

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, which is a change in accounting estimate.

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

Revaluation of non-current assets

All 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 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.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(i) Non-current Assets

Impairment

GISA holds its property, plant and equipment assets for their service potential (value in use).

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold and typically any costs of disposal would be negligible. Accordingly, the recoverable amount will be close to or greater than fair value.

GISA also expects for all other non-current tangible assets that any costs of disposal would be negligible and the recoverable amount to be close to or greater than fair value.

Fair value measurement

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.

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.

In determining fair value, GISA has taken into account the characteristic of the asset (for example condition and location of the asset and any restrictions on the sale or use of the asset) and the asset's highest and best use (that is physically possible, legally permissible, financially feasible).

GISA's current use is the highest and best use of the assets unless other factors suggest an alternative use is feasible. As GISA did not identify any factors to suggest an alternative use, fair value measurement was based on current use.

The carrying amount of non-financial assets with a fair value at the time of acquisition that was less than \$1 million or an estimated useful life that was less than three years are deemed to approximate fair value.

Refer to notes 16 and 17 for disclosure regarding fair value measurement techniques and inputs used to develop fair value measurements for non-financial assets.

(j) Liabilities

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. GISA has entered into operating leases.

Operating leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset. Incentives received to enter into operating leases are recognised as a liability.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

2 Significant accounting policies (continued)

(j) Liabilities

The aggregate benefit of lease incentives received by GISA in respect of operating leases have been recorded as a reduction of rental expense over the lease term, on a straight line basis.

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.

Employee benefits

These benefits accrue for employees 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 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 skills and 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 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.

The estimated liability for long service leave is based on actuarial assumptions over 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. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

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.

(k) Unrecognised contractual commitments and contingent assets and liabilities

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

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.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO). If GST is not payable to, or recoverable from, the ATO, the commitments and contingencies are disclosed on a gross basis.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

3 New and revised accounting standards and policies

GISA did not voluntarily change any of its accounting policies during 2016-17.

Accounting Standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by GISA for the period ending 30 June 2017.

AASB 16 *Leases* will apply for the first time to reporting periods beginning on or after 1 January 2019. The amended standard introduces a single accounting model for lessees, eliminating the distinction between operating and finance leases.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease payments will no longer be expensed in the Statement of Comprehensive Income on a straight line basis. Rather, they will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

It is anticipated that there will be a marginal impact on net result due to recognition of depreciation and interest on lease liabilities as expenses.

The classification of cash flows will be affected as operating lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively. Currently, operating lease payments are presented as operating cash flows and recorded as commitments, which are not captured in the Statement of Financial Position.

GISA has not yet quantified the impact of applying AASB 16 *Leases* to its operating lease arrangements and the resulting impact on the Statement of Comprehensive Income, the Statement of Financial Position and the Commitments disclosure in the Notes to the Financial Statements.

AASB 15 *Revenue from Contracts with Customers* will replace the existing AASB 118 *Revenue* and applies to reporting periods beginning on or after 1 January 2019. AASB 15 *Revenue from Contracts with Customers* introduces a five step process for revenue recognition with the core principle being to recognise revenue 'when control of a good or service transfers to a customer'. This is effectively when performance obligations have been met, rather than the former model of 'where the risk and rewards of ownership reside'. AASB 15 *Revenue from Contracts with Customers* will generally result in increased disclosures.

AASB 1058 *Income of Not-for-Profit Entities* will replace a number of income recognition requirements under AASB 1004 *Contributions* and applies to reporting periods beginning on or after 1 January 2019. The timing of income recognition depends on whether a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. Where there is no liability to be recognised under another standard, or the liability is less than the fair value of the asset received then revenue is recognised.

GISA has not yet quantified the impact of applying AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* and the resulting impact on the statement of comprehensive income.

GISA has not assessed the impact of the other new and amended standards and interpretations and therefore is not able to quantify the impact on the accounting policies or the financial statements of GISA.

4 Programs of Green Industries SA

In achieving its objectives, GISA conducts its services through a single program, 'Waste reduction, resource recovery and green industry development'. The primary objectives are to promote waste management practices that, as far as possible, eliminate waste or its consignment to landfill, and to promote innovation and business activity in the waste management, resource recovery and green industries sectors, recognising that these areas present a valuable opportunity to contribute to the State's economic growth.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

5 Employee benefits expenses

	2017	2016
	\$'000	\$'000
Salaries and wages	1 791	1 630
Annual leave	182	160
Skills and experience retention leave	13	6
Long service leave	152	108
Employment on-costs - superannuation*	285	248
Employment on-costs - other	119	111
Board and committees fees	73	81
Other employment related expenses	7	3
Total employee benefits expenses	2 622	2 347

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

Remuneration of employees

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

Remuneration of employees

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

	2017	2016
	Number	Number
\$157 001 – 167 000	-	1
\$167 001 – 177 000	2	1
\$257 001 – 267 000	-	1
\$267 001 – 277 000	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.

The total remuneration received by these employees for the year was \$618 000 (2016: \$596 000).

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

6 Supplies and services

	2017	2016
	\$'000	\$'000
Accommodation and property management expenses	150	315
Consultants	99	92
Fee for service - DEWNR	77	84
Fee for service - community education programs	322	227
Fee for service - event management	378	-
Fee for service - litter analysis	44	33
Fee for service - other (professional services)	290	410
General administration	107	60
Information technology and communication expenses	62	73
Minor works, maintenance and equipment	38	35
Staff development	26	16
Travel and accommodation	39	31
Waste disposal	208	189
Other	50	44
Total supplies and services	1 890	1 609

Consultants

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

	2017	2016	2017	2016
	Number	Number	\$'000	\$'000
Below \$10 000	-	1	-	2
Above \$10 000	3	4	99	90
Total paid/payable to the consultants engaged	3	5	99	92

7 Depreciation expense

	2017	2016
	\$'000	\$'000
Furniture and fittings	-	49
Leasehold improvements	53	9
Total depreciation expense	53	58

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

8 Grants and subsidies

	2017	2016
	\$'000	\$'000
Industry infrastructure grants	1 149	-
Local government infrastructure grants	480	-
Trade waste implementation grants	162	-
Climate change initiatives - DEWNR	718	-
Conservation Council of South Australia	2	-
Commercial food incentives	-	2
Innovation grants	90	155
KESAB grants	-	5
Metropolitan infrastructure grants	20	310
Regional implementation grants	35	128
Resource efficiency and assistance program (REAP) (including Industry program assessment and evaluation, and innovation and system)	52	86
Partnership with Tertiary Education	5	5
Waste management association	-	10
Waste strategy - policies and review	-	10
Total grants and subsidies	2 713	711

9 Other expenses

	2017	2016
	\$'000	\$'000
Property, plant and equipment write-offs	-	160
Other *	16	16
Total other expenses	16	176

*Audit fees paid / payable to the Auditor General's Department relating to work performed under the *Public Finance and Audit Act 1987* were \$16 000 (2016: \$15 000). No other services were provided by the Auditor-General's Department.

10 Solid waste levies

	2017	2016
	\$'000	\$'000
Solid waste levies received from Environment Protection Authority*	27 176	22 175
Total Solid waste levies	27 176	22 175

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

11 Grant revenues

	2017	2016
	\$'000	\$'000
Grants received from SA Government entities	199	98
Private industry and local government	10	-
Total grant revenues	209	98

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).

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

11 Grant revenues (continued)

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.

12 Interest revenues

	2017	2016
	\$'000	\$'000
Interest from entities within the SA Government	1 329	1 386
Other	6	-
Total interest revenues	1 335	1 386

13 Other income

	2017	2016
	\$'000	\$'000
Reimbursement of expenses incurred	6	25
Other sundry revenue	4	3
Total other income	10	28

14 Cash and cash equivalents

	2017	2016
	\$'000	\$'000
Deposits with the Treasurer	108 273	86 803
Total cash and cash equivalents	108 273	86 803

Cash is measured at nominal amounts.

15 Receivables

	2017	2016
	\$'000	\$'000
Current		
Receivables	-	29
Accrued revenues	119	123
Prepayments	10	29
Total current receivables	129	181

Interest rate and credit risk

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables and accrued revenues are non-interest bearing.

Green Industries SA
Notes to and forming part of the financial statements
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15 Receivables (continued)

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that GISA will not be able to collect the debt. No allowance for doubtful debts has been made as 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 31 for further information on risk management.

16 Property, plant and equipment

	2017	2016
	\$'000	\$'000
Leasehold improvements		
At cost (deemed fair value)	639	639
Less accumulated depreciation	(62)	(9)
Total leasehold improvements	<u>577</u>	<u>630</u>
Plant and equipment		
At cost (deemed fair value)	-	13
Less accumulated depreciation	-	(13)
Total plant and equipment	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>577</u></u>	<u><u>630</u></u>

Carrying amount of property, plant and equipment

All items of property, plant and equipment had a fair value at the time of acquisition that was less than \$1 million or had an estimated useful life that was less than three years, and have not been revalued in accordance with APF III.

Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2017.

Movement reconciliation of property, plant and equipment:

2017	Leasehold	Furniture & fittings	Plant &	Total
	improvements		equipment	
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	630	-	-	630
Depreciation expense	(53)	-	-	(53)
Carrying amount at the end of the period	<u>577</u>	-	-	<u>577</u>
2016	Leasehold	Furniture & fittings	Plant &	Total
	improvements		equipment	
	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	-	209	-	209
Initial recognition	639	-	-	639
Depreciation expense	(9)	(49)	-	(58)
Write-offs	-	(160)	-	(160)
Carrying amount at the end of the period	<u>630</u>	-	-	<u>630</u>

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

17 Fair value measurement

Fair value hierarchy

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 measurements at 30 June 2017	Level 3 \$'000
Recurring fair value measurements	
Leasehold improvements	577
Total recurring fair value measurements	<u>577</u>
Total	<u><u>577</u></u>
Fair value measurements at 30 June 2016	Level 3 \$'000
Recurring fair value measurements	
Leasehold improvements	630
Total recurring fair value measurements	<u>630</u>
Total	<u><u>630</u></u>

During 2017 and 2016, GISA had no valuations categorised into level 1 or level 2. There were no changes in valuation techniques during 2017.

18 Loans

	2017 \$'000	2016 \$'000
Other *	331	-
Total Loans	<u>331</u>	<u>-</u>

* Comprises an investment loan scheme which was initiated by GISA in 2016-17, to fast track commercialisation of innovative waste and recycling technologies within the South Australian business sector. A partnership between GISA and Innovyz Waste and Recycling Technologies Pty Ltd (a South Australian based company) was established to facilitate the loan scheme with the aim to commercialising research and related innovations in the areas of avoidance, reduction, and reuse and recycling of consumables and resources.

Each loan operates under a maximum of a 5 year period and a commercial annual interest rate (4.5%) is applied daily on the loan.

A submission was received by GISA on 30 June 2017 from Innovyz Waste and Recycling Technologies Pty Ltd regarding the payment of the third utilisation loan amount of \$425 000. At 30 June 2017 this amount was unpaid and is not reflected in the loans balance as at 30 June 2017. This loan payment will be captured in the 2017-18 financial statements.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

19 Payables

	2017	2016
	\$'000	\$'000
Current		
Accrued expenses	22	28
Creditors	344	190
Employee benefit on-costs [^]	56	41
Total current payables	422	259
Non-current		
Employee benefit on-costs	79	72
Total non-current payables	79	72

[^]Employment on-costs include payroll tax, WorkCover levies and superannuation contributions. 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 Department of Treasury and Finance, the percentage of the proportion of long service leave taken as leave remains unchanged from the 2016 rate (40%). This rate is used in the employment on-cost calculation.

The Paid Parental Leave Scheme payable represents amounts which GISA has received from the Commonwealth Government to forward onto eligible employees via GISA's standard payroll processes. That is, GISA is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

Interest rate and credit risk

Payables are measured at nominal amounts. Creditors and accruals are raised for all amounts owing but unpaid. Sundry creditors are normally settled within 30 days from the date the invoice is first received. Employment on-costs are settled when the respective employee benefits that they relate to is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

For further information on risk management refer to note 31.

20 Employee benefits

	2017	2016
	\$'000	\$'000
Current		
Accrued salaries and wages	35	32
Annual leave	155	149
Long service leave	42	25
Skills and experience retention leave	11	10
Total current employee benefits	243	216
Non-current		
Long service leave	884	790
Total non-current employee benefits	884	790

Green Industries SA
Notes to and forming part of the financial statements
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20 Employee benefits (continued)

AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave. AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth bonds has increased from 2016 (2.00%) to 2017 (2.50%).

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 net financial effect of the changes to actuarial assumptions in the current financial year is a decrease in the long service leave liability of \$29 000 and employee benefit expense of \$29 000. The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of demographical and financial assumptions - including the long-term discount rate.

The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4% for long service leave liability and 3% for annual leave and skills, experience and retention leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

21 Provisions

	2017 \$'000	2016 \$'000
Current		
Provision for workers compensation	1	1
Total provisions current	<u>1</u>	<u>1</u>
Non-current		
Provision for workers compensation	1	2
Total provisions non-current	<u>1</u>	<u>2</u>
Provision movement		
Carrying amount at the beginning of the period	3	3
Reductions resulting from re-measurement	(1)	-
Carrying amount at the end of the period	<u>2</u>	<u>3</u>

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 2017 provided by a consulting actuary engaged through the Office for the Public Sector (a division of the Department of the Premier and Cabinet). 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.

22 Other liabilities

	2017 \$'000	2016 \$'000
Lease incentive	30	30
Total current other liabilities	<u>30</u>	<u>30</u>
Non-current		
Lease incentive	574	604
Total non-current other liabilities	<u>574</u>	<u>604</u>

Green Industries SA
Notes to and forming part of the financial statements
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23 Related Party Transactions

GISA is a government administrative unit and 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.

Significant transactions with government related entities

GISA had significant transactions with the Environment Protection Authority during the 2016-17 financial year – refer note 10.

Collectively, but not individually significant transactions with government related entities.

Quantitative information about transactions and balances between GISA and other SA Government controlled entities are disclosed at note 25.

Key Management Personnel

Key management personnel of GISA include the Minister, the Board, the Chief Executive and the two members of the Executive Team who have responsibility for the strategic direction and management of the department. The compensation detailed below excludes salaries and other benefits the Minister for Sustainability, Environment and Conservation 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 the *Parliamentary Remuneration Act 1990*. The Board's remuneration and allowances are set in accordance with the Premier and Cabinet Circular No. 016.

	2017
Compensation	\$'000
Salaries and other short term employee benefits	637
Post-employment benefits	58
Total compensation	695

Green Industries SA
Notes to and forming part of the financial statements
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24 Cash flow reconciliation

	2017	2016
	\$'000	\$'000
Reconciliation of cash and cash equivalents disclosed in the Statement of Financial Position		
Cash and cash equivalents disclosed in the Statement of Financial Position	108 273	86 803
Balance as per the Statement of Cash Flows	108 273	86 803
Reconciliation of net cash provided by operating activities to net benefit from providing services		
Net cash provided by operating activities	21 795	18 534
Less non-cash items		
Depreciation expense of non-current assets	(53)	(58)
Property, plant and equipment write off	-	(160)
Loan interest capitalised	6	-
Movements in assets and liabilities		
(Decrease)/increase in receivables	(52)	6
(Increase)/decrease in payables	(170)	584
(Increase) in employee benefits	(121)	(125)
Decrease in other liabilities	30	5
Decrease in provisions	1	-
Net benefit from providing services	21 436	18 786

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2017

25 Transactions with SA Government

The following table discloses revenues, expenses, financial assets, and liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature. Transactions with SA Government entities below the threshold of \$100 000 have been included with the non-government transactions, classified according to their nature.

	Note	SA Government		Non-SA Government		Total	
		2017	2016	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses							
Employee benefits	5	119	111	2 503	2 236	2 622	2 347
Supplies and services	6	442	301	1 448	1 308	1 890	1 609
Depreciation	7	-	-	53	58	53	58
Grants and subsidies	8	720	-	1 993	711	2 713	711
Other	9	16	16	-	160	16	176
Total expenses		1 297	428	5 997	4 473	7 294	4 901
Income							
Solid waste levies	10	27 176	22 175	-	-	27 176	22 175
Grants	11	199	-	10	98	209	98
Interest	12	1 329	1 386	6	-	1 335	1 386
Other	13	-	-	10	28	10	28
Total income		28 704	23 561	26	126	28 730	23 687
Financial assets							
Receivables	15						
Receivables		-	-	-	29	-	29
Accrued revenues		119	123	-	-	119	123
Prepayments		-	-	10	29	10	29
Loans	18	-	-	331	-	331	-
Total financial assets		119	123	341	58	460	181
Financial liabilities							
Payables	19						
Accrued expenses		-	-	22	28	22	28
Creditors		-	-	344	190	344	190
Employee benefit on-costs		134	112	1	1	135	113
Other liabilities	22						
Lease incentive		604	634	-	-	604	634
Total financial liabilities		738	746	367	219	1 105	965

Green Industries SA
Notes to and forming part of the financial statements
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26 Unrecognised contractual commitments

	2017	2016
	\$'000	\$'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	162	156
Later than one year but not longer than five years	520	681
Later than five years	1 404	1 404
Total operating lease commitments	2 086	2 241

The operating lease held by GISA is a property lease with a penalty clause equal to the amount of residual payments remaining for the lease terms. The lease is payable one month in advance and GISA has the right of renewal.

27 Contingent assets and liabilities

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

28 Remuneration of board members

Members during the 2016-17 financial year were:

Green Industries Board

Mr K P McGuinness (Presiding Member, appointed 9 February 2017)

Ms J H Brown (appointed 9 February 2017)

Ms M F N Dyson (appointed 9 February 2017)

Ms A E Harvey (retired 31 December 2016)

Mr V J Levitzke* (Ex Officio)

Mr P P Sandercock (appointed 9 February 2017)

Ms R A Sharp (appointed 9 February 2017)

Ms M Wagner (retired 31 December 2016)

Mr M P Withers (appointed 09 February 2017)

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

	2017	2016
\$nil	1	1
\$1 - \$9 999	4	-
\$10 000 - \$19 999	4	5
\$20 000 - \$29 999	-	1
Total number of members	9	7

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees and super contributions, salary sacrifice benefits and fringe benefits tax paid or payable in respect of those benefits. The total remuneration received or receivable by members was \$77 000 (2016: \$88 000).

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

Green Industries SA
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29 Budgetary reporting and explanations of major variances

Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). Budget information has been included for the Statement of Comprehensive Income and for Investment Expenditure. Budget information has not been included for the Statement of Financial Position or Statement of Cash Flows as the information in these statements are not budgeted for on the same basis and/or determined in a different manner to financial statement information.

These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes. The budget process is not subject to audit.

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

	Note	Original budget ¹	Actual	Variance
		2017	2017	
		\$'000	\$'000	\$'000
Statement of Comprehensive Income				
Expenses				
Employee benefits		2 351	2 622	271
Supplies and services		1 756	1 890	134
Depreciation		54	53	(1)
Grants and subsidies	a	7 733	2 713	(5 020)
Other		12	16	4
Total expenses		11 906	7 294	(4,612)
Income				
Solid waste levies		27 912	27 176	(736)
Grants		-	209	209
Interest	b	2 000	1 335	(665)
Other		-	10	10
Total income		29 912	28 730	(1,182)
Net benefit from providing services		18 006	21 436	3 430
Net result		18 006	21 436	3 430
Total comprehensive result		18 006	21 436	3 430

¹ The budget process is not subject to audit. Budget information refers to the amounts presented to Parliament in the original budgeted financial statements in respect of the reporting period (2016-17 Budget Paper 4). These original budgeted amounts have been presented and classified on a basis that is consistent with line items in the financial statements. However, these amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

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

- Trade waste incentives being under subscribed from the private sector (\$2.2 million)
- Climate change initiative earmarked to the Department of Planning, Transport and Infrastructure (DPTI) , as allocated at the discretion of the Minister for Sustainability, Environment and Conservation in accordance with section 17(5)(b) of the *Green Industries SA Act, 2004* was not paid by 30 June 2017 (\$2 million)
- Payments allocated to the commercialisation of innovation opportunities (\$750,000) were reclassified from operating expenses to investment.

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29 Budgetary reporting and explanations of major variances (continued)

- b) Interest revenue is below original budget due to a lower cash rate (1.35%) being applied to the deposit of monies in the Green Industry Fund than originally budgeted (1.71%).

30 Events after the reporting period

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

31 Financial risk management/financial instruments

31.1 Financial risk management

Risk management is managed by GISA's corporate services section and 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 note 10). GISA's expenditure authority is approved by the Treasurer each year, based on budgeted revenues and expenditures outlined in an annual Business Plan.

Refer note 19 for further information.

Credit and market risk

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

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*.

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

Refer notes 14 and 15 for further information.

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 changes in risk exposure since the last reporting period.

31.2 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 note 2 or the respective financial asset / financial liability note.

The carrying amounts of each of the following categories of financial assets and liabilities: Held to maturity investments; loan and receivables; and financial liabilities measured at cost are detailed below:

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 notes 2, 15 and 19).
- Held-to-maturity investments are initially recognised at fair value, then subsequently held at amortised cost. This is the most representative of fair value in the circumstances (refer notes 2 and 18).

Green Industries SA
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31 Financial risk management/financial instruments (continued)

Category of financial asset and financial liability	Notes	2017 Carrying amount/fair value \$'000	2017 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	14	108 273	108 273	-	-	-
Receivables ⁽¹⁾⁽²⁾	15	119	119	-	-	-
Loans	18	331	-	-	331	-
Total financial assets		108 723	108 392	-	331	-
Financial liabilities						
Payables ⁽¹⁾	19	349	349	-	-	-
Total financial liabilities		349	349	-	-	-

Category of financial asset and financial liability	Notes	2016 Carrying amount/fair value \$'000	2016 Contractual maturities			
			Current \$'000	Within 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Financial assets						
Cash and cash equivalents	14	86 803	86 803	-	-	-
Receivables ⁽¹⁾⁽²⁾	18	152	152	-	-	-
Total financial assets		86 955	86 955	-	-	-
Financial liabilities						
Payables ⁽¹⁾	19	202	202	-	-	-
Total financial liabilities		202	202	-	-	-

⁽¹⁾ Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables (e.g. 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 cost (not materially different from amortised cost).

⁽²⁾ Receivables amount disclosed here excludes prepayments. Prepayments are presented in note 15 as prepaid supplies and services in accordance with paragraph 78(b) of AASB 101 *Presentation of Financial Statements*. However, prepayments are not financial assets as defined in AASB 132 *Financial Instruments: Presentation* as the future economic benefit of these assets is the receipt of goods and services rather than the right to receive cash or another financial asset.