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To the Presiding Member Green Industries SA

Opinion

I have audited the financial report of Green Industries SA for the financial year ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of Green Industries SA as at 30 June 2024, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The consolidated financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the year ended 30 June 2024
- a Statement of Cash Flows for the year ended 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member, Acting Chief Executive and the Acting Associate Director, Governance and 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 (including Independence Standards)* have been met.

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

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

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

The Board is responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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
- conclude on the appropriateness of the Chief Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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



Daniel O'Donohue
Assistant Auditor-General (Financial Audit)

27 September 2024

**Green Industries SA
(GISA)**

Financial Statements

For the year ended 30 June 2024

Green Industries SA
Statement of Comprehensive Income
for the year ended 30 June 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|-----------------------------------|------|-----------------|----------------|
| Income | | | |
| Solid waste levies | 1.4 | 51 691 | 47 395 |
| Revenues from SA Government | 2.1 | 464 | 10 493 |
| Interest | 2.2 | 2 367 | 1 868 |
| Resources received free of charge | 2.3 | 43 | 37 |
| Other income | 2.4 | 5 | 348 |
| Total income | | 54 570 | 60 141 |
| Expenses | | | |
| Employee related expenses | 3.3 | 4 369 | 4 477 |
| Supplies and services | 4.1 | 40 390 | 16 226 |
| Depreciation | 5.1 | 54 | 54 |
| Grants and subsidies | 4.3 | 22 966 | 40 208 |
| Other expenses | 4.4 | 40 | 22 |
| Total expenses | | 67 819 | 60 987 |
| Net loss | | (13 249) | (846) |
| Total comprehensive result | | (13 249) | (846) |

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 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|--------------------------------------|------|----------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 6.1 | 56 652 | 73 914 |
| Receivables | 6.2 | 414 | 1 067 |
| Loans | 6.3 | 747 | 731 |
| Total current assets | | 57 813 | 75 712 |
| Non-current assets | | | |
| Property, plant and equipment | 5.1 | 212 | 266 |
| Loans | 6.3 | 1 282 | 2 029 |
| Total non-current assets | | 1 494 | 2 295 |
| Total assets | | 59 307 | 78 007 |
| Current liabilities | | | |
| Payables | 7.1 | 2 248 | 7 901 |
| Employee related liabilities | 3.4 | 518 | 439 |
| Other liabilities | 7.3 | 64 | 64 |
| Provisions | 7.2 | 43 | 37 |
| Total current liabilities | | 2 873 | 8 441 |
| Non-current liabilities | | | |
| Employee related liabilities | 3.4 | 1 059 | 919 |
| Other liabilities | 7.3 | 181 | 244 |
| Provisions | 7.2 | 148 | 108 |
| Total non-current liabilities | | 1 388 | 1 271 |
| Total liabilities | | 4 261 | 9 712 |
| Net assets | | 55 046 | 68 295 |
| Equity | | | |
| Retained earnings | | 55 046 | 68 295 |
| Total equity | | 55 046 | 68 295 |

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 2024

| | Retained earnings | Total equity |
|---|------------------------------|-------------------------|
| | \$'000 | \$'000 |
| Balance at 1 July 2022 | 69 141 | 69 141 |
| Net loss for 2022-23 | (846) | (846) |
| Total comprehensive result for 2022-23 | (846) | (846) |
| Balance at 30 June 2023 | 68 295 | 68 295 |
| Net loss for 2023-24 | (13 249) | (13 249) |
| Total comprehensive result for 2023-24 | (13 249) | (13 249) |
| Balance at 30 June 2024 | 55 046 | 55 046 |

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 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| <i>Cash inflows</i> | | | |
| Waste levies received | | 51 691 | 47 395 |
| Receipts from SA Government | | 539 | 10 476 |
| Interest received | | 2 407 | 1 662 |
| GST recovered from DEW | | 2 893 | 4 971 |
| Other receipts | | 4 | 347 |
| Cash generated from operations | | 57 534 | 64 851 |
| <i>Cash outflows</i> | | | |
| Employee related payments | | (4 105) | (4 256) |
| Payments for supplies and services | | (45 753) | (11 041) |
| Payments of grants and subsidies | | (25 627) | (44 050) |
| Other payments | | (42) | (24) |
| Cash used in operations | | (75 527) | (59 371) |
| Net cash (used in)/provided by operating activities | 8.1 | (17 993) | 5 480 |
| Cash flows from investing activities | | | |
| <i>Cash inflows</i> | | | |
| Proceeds from loan | | 731 | 240 |
| Cash generated from investing activities | | 731 | 240 |
| Net (decrease)/increase in cash and cash equivalents | | (17 262) | 5 720 |
| Cash and cash equivalents at the beginning of the reporting period | | 73 914 | 68 194 |
| Cash and cash equivalents at the end of the reporting period | 6.1 | 56 652 | 73 914 |

The accompanying notes form part of these financial statements.

Green Industries SA

Notes to and forming part of the financial statements

for the year ended 30 June 2024

1. About Green Industries SA

Green Industries SA (GISA) is a not-for-profit entity and comprises the following:

- GISA – a statutory corporation with an appointed governing board established by the *Green Industries SA 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*; and
- relevant Australian Accounting Standards.

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

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.

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

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case 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.

GISA is grouped with the Department for Environment and Water (DEW) for GST purposes, and accordingly DEW prepares the Business Activity Statement on behalf of GISA via the grouping provisions of the GST legislation. Notwithstanding the use of these grouping provisions, intercompany cash alignment occurs to ensure GISA either recovers the net amount of GST recoverable from or disburses the amount payable to the ATO from DEW.

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.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.2. Objectives and programs

Objectives

GISA promotes waste management practices that, as far as possible, eliminate waste or its consignment to landfill; and promotes 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 and community wellbeing.

To achieve its objectives, GISA undertakes programs and projects according to *South Australia's Waste Strategy 2020-25* and its strategic plan and annual business plan which include:

- developing and implementing government policy objectives in waste management, resource recovery, single-use plastics, green industry development, the circular economy and sustainability;
- encouraging innovation and economic growth through the circular economy and achieving sustainability gains economically, environmentally and socially;
- helping South Australian businesses and industries to reduce their costs through efficiencies in materials, water and energy, to develop and implement net-zero emissions targets and plans and to achieve sustainability;
- administering grants to local government, business and industry to drive innovation and to support the circular economy through best practice in waste management, resource recovery, recycling and remanufacturing;
- developing, administering and monitoring the state's waste strategy and food waste strategy;
- reporting against landfill diversion targets, recycling outcomes and circular economy activity;
- developing behaviour change programs to improve recycling and waste avoidance practices in households, schools and businesses;
- functional lead for disaster waste management under the Government of South Australia's State Emergency Management Plan.

Programs

To achieve its objectives, GISA undertakes its services through a single program, 'Circular Economy and Green Industry Development'. Therefore, a Statement of Disaggregated Disclosures has not been prepared.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

1.3. Budget performance

The budget performance table compares GISA's outcomes against budget information presented to Parliament (2023-24 Budget Paper 4). The budget amounts have not been adjusted to reflect revised budgets or administrative restructures. The budget process is not subject to audit.

| | Original Budget 2024 \$'000 | Actual 2024 \$'000 | Variance \$'000 |
|--|--------------------------------------|--------------------------|--------------------|
| Note | | | |
| Statement of Comprehensive Income | | | |
| Income | | | |
| Solid waste levies | 49 810 | 51 691 | 1 881 |
| Revenues from SA Government | - | 464 | 464 |
| Interest | 1 921 | 2 367 | 446 |
| Revenues received free of charge | - | 43 | 43 |
| Other income | - | 5 | 5 |
| Total income | 51 731 | 54 570 | 2 839 |
| Expenses | | | |
| Employee related expenses | 3 947 | 4 369 | 422 |
| Supplies and services | 28 050 | 40 390 | 12 340 |
| Depreciation | 54 | 54 | - |
| Grants and subsidies | 22 036 | 22 966 | 930 |
| Other expenses | 12 | 40 | 28 |
| Total expenses | 54 099 | 67 819 | 13 720 |
| Net loss | (2 368) | (13 249) | (10 881) |

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

- a Supplies and services are \$12.342 million higher than the original budget predominantly due to expenditure associated with the River Murray Flood clean-up program. The budget for this program was carried over from the 2022-23 financial year.

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 2023-24 financial year. The receipts of \$51.691 million (2023: \$47.395 million) from the EPA are associated with the transfer of 50% of solid waste levy revenue collected in accordance with the *Environment Protection Act 1993* and transferred to GISA in accordance with section 17 of the *Green Industries SA Act 2004*.
- GISA also made significant intra government transfer payments of \$10.404 million (2023: \$13.246 million) to DEW and \$7.03 million (2023: \$9.594 million) to the Department for Energy and Mining (DEM) for climate change initiatives.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

2. Income

2.1. Revenues from SA Government

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| National Partnership on Recycling Infrastructure * | 319 | 8 700 |
| Food Waste for Healthy Soils * | 30 | 1 376 |
| Charitable Recyclers Subsidy Program from the EPA | 115 | 76 |
| Recovery from Department for Trade and Investment for employee secondment | - | 123 |
| Recovery from Department of Treasury and Finance (DTF) for TVSP | - | 218 |
| Total revenues from SA Government | 464 | 10 493 |

Revenues from SA Government are recognised as income on receipt.

* Funding from the Australian Government via DTF.

2.2. Interest

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Interest from the Green Industry Fund* | 2 336 | 1 824 |
| Interest on loan receivable^ | 31 | 44 |
| Total interest revenues | 2 367 | 1 868 |

* The Green Industry Fund earns a floating interest rate, based on daily bank deposit rates.

Interest income is recognised on an accrual basis.

^ Relates to interest revenue collected from the Recycling Infrastructure loan – refer to note 6.3.

2.3. Resources received free of charge

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Services received free of charge – Shared Services SA | 34 | 28 |
| Services received free of charge – Department of the Premier and Cabinet ICT | 9 | 9 |
| Total resources received free of charge | 43 | 37 |

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

2.4. Other income

| | 2024 | 2023 |
|------------------------------------|----------|------------|
| | \$'000 | \$'000 |
| Return of unspent funds* | 3 | 293 |
| Professional advice and services | - | 40 |
| Reimbursement of expenses incurred | 1 | 13 |
| Other sundry revenue | 1 | 2 |
| Total other income | 5 | 348 |

* Primarily related to the return of \$243 000 in 2022-23 from the Local Government Association SA under the Local Government Kerbside Performance (Food Waste) Incentives Program for a food waste container program that did not proceed.

3. Board, committees and employees

3.1. Key management personnel

Key management personnel of GISA include the Minister for Climate, Environment and Water (the Minister), Board Members, the Chief Executive, Director and Associate Directors, who have key responsibility for the strategic direction and management of GISA.

The compensation detailed in the table below excludes salaries and other benefits received by the Minister. 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 DTF) under section 6 of the *Parliamentary Remuneration Act 1990*.

| | 2024 | 2023 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| Compensation | | |
| Salaries and other short term employee benefits | 1 314 | 1 046 |
| Post-employment benefits | 140 | 110 |
| Other long-term employment benefits | - | 37 |
| Termination benefits | - | 150 |
| Total | 1 454 | 1 343 |

Transactions with key management personnel and other related parties

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.

During 2022-23, one member of GISA's key management personnel held a Director role for part of the year at Circular360. Grants provided by GISA to Circular360 during 2022-23 were \$150 000. Refer to note 4.3.

During 2023-24, no members of GISA's key management personnel held a Director role with Circular360. Refer note 4.4 and 8.2.

GISA did not enter into any other transactions with key management personnel or their close family members during the reporting period.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

3.2. Board and committee members

Members during the 2023-24 financial year were:

Green Industries SA Board

| | |
|----------------------------|-------------------------|
| N Govan (Presiding Member) | T Powell |
| J L Conduit | A J Skull |
| T Dodd | R Wilson* |
| D McOmish | J Wheeler* (Ex Officio) |
| I Overton* (Ex Officio) | |

* 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:

| | 2024 | 2023 |
|--------------------------------|----------|-----------|
| \$0 - \$19 999 | 8 | 11 |
| \$20 000 - \$39 999 | 1 | - |
| Total number of members | 9 | 11 |

The total remuneration received or receivable by members was \$88 000 (2023: \$88 000). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax paid.

3.3. Employee related expenses

| | 2024 | 2023 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Salaries and wages | 3 095 | 2 840 |
| Targeted voluntary separation packages | - | 216 |
| Long service leave | 182 | 141 |
| Annual leave | 321 | 302 |
| Skills and experience retention leave | 34 | 29 |
| Employment on-costs - superannuation | 432 | 380 |
| Employment on-costs - other | 178 | 156 |
| Board and committee fees | 80 | 78 |
| Workers compensation | 43 | 330 |
| Other employment related expenses | 4 | 5 |
| Total employee related expenses | 4 369 | 4 477 |

Employment expenses

Employees are employed under Part 7 of the *Public Sector Act 2009*.

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

3.3. Employee related expenses (continued)

Employee remuneration

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

| | 2024 | 2023 |
|-------------------------|-------------|-------------|
| | No | No |
| \$160 000 – \$166 000* | - | 1 |
| \$166 001 – \$186 000 | - | - |
| \$186 001 – \$206 000 | 1 | - |
| \$206 001 – \$226 000 | - | 1 |
| \$226 001 – \$246 000 | 1 | - |
| \$266 001 – \$286 000 | - | 1 |
| \$306 001 – \$326 000** | 1 | - |
| Total | 3 | 3 |

The total remuneration received by those employees for the years was \$0.736 million (2023: \$0.664 million).

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

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

** The remuneration received by this employee includes separation payment.

Targeted Voluntary Separation Packages (TVSPs)

The number of employees who accepted a TVSP during the reporting period was Nil (2023: 2).

| | 2024 | 2023 |
|--------------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Amounts paid to separated employees: | | |
| Targeted Voluntary Separation | - | 216 |
| Leave paid to separated employees | - | 52 |
| Recovery from DTF | - | (218) |
| Net cost to GISA | - | 50 |

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

3.4. Employee related liabilities

| | 2024 | 2023 |
|---|--------------|--------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Annual leave | 332 | 300 |
| Long service leave | 33 | 8 |
| Skills and experience retention leave | 50 | 35 |
| Employment on-costs | 103 | 96 |
| Total current employee related liabilities | 518 | 439 |
| <u>Non-current</u> | | |
| Long service leave | 960 | 836 |
| Employment on-costs | 99 | 83 |
| Total non-current employee liabilities | 1 059 | 919 |
| Total employee related liabilities | 1 577 | 1 358 |

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

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.

The salary inflation rate for annual leave and skills, experience and retention leave liability has increased from 2023 (2.0%) to 2024 (2.4%).

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.

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

The expected timing and amount of long service leave payments is determined through whole-of-government actuarial calculations, which are based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

The discount rate used in measuring the liability is reflective of the yield on long-term Commonwealth Government bonds. The yield on long-term Commonwealth bonds has increased from 2023 (4.0%) to 2024 (4.25%).

This increase in the bond yield results in a decrease in the reported long service leave liability.

Following the actuarial assessment performed by DTF the salary inflation rate has increased from 2023 (2.5%) to 2024 (3.5%) for long service leave liability. This increase has led to an overall increase in the reported long service leave for 2024.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

3.4. Employee related liabilities (continued)

Current long service leave reflects the portion of leave expected to be settled within the next 12 months, based on the average proportion of long service leave taken or paid over the last year.

The net financial effect of the changes to actuarial assumptions in the current financial year is an increase in the long service liability of \$43 000. 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.

Employment on-costs

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

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

As a result of an actuarial assessment performed by DTF, the proportion of long service leave taken as leave has increased from the 2023 rate (43%) to 2024 (44%). The average factor for the calculation of employer superannuation cost on-costs has increased from the 2023 rate (11.1%) to 2024 (11.5%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year are immaterial.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

4. Expenses

4.1. Supplies and services

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Fee for service - River Murray flood clean-up program | 35 013 | 11 886 |
| Waste disposal | 1 232 | 537 |
| Contractors | 1 148 | 41 |
| Fee for service - community education programs | 721 | 627 |
| Fee for service - waste strategy and policy including single-use plastics | 397 | 573 |
| Fee for service - recycling and waste activities | 393 | 416 |
| Accommodation | 338 | 132 |
| General administration | 225 | 436 |
| Information technology and communication charges | 183 | 255 |
| Fee for service - other | 108 | 352 |
| Minor works, maintenance and equipment | 97 | 80 |
| Fee for service - DEW | 91 | 85 |
| Advertising | 85 | 4 |
| Fee for service - local government | 70 | 70 |
| Staff development | 50 | 95 |
| Consultants | 16 | 252 |
| Other | 223 | 385 |
| Total supplies and services | 40 390 | 16 226 |

Accommodation

GISA's accommodation is provided by Department for Infrastructure and Transport (DIT) under Memoranda of Administrative Arrangement issued in accordance with Government-wide accommodation policies. These arrangements do not meet the definition of a lease and are accordingly expensed. Information about accommodation incentives relating to these arrangements are shown at note 7.3.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

4.2. Expenditure – SA Business and Non-SA Business

The following table includes all expenditure in relation to contracts above \$55 000 (GST inclusive) resulting from a procurement as defined in *Treasurer's Instructions 18 – Procurement*.

Arrangements between public authorities and arrangements with other governments are not included.

| Expenditure summary | 2024 \$'000 | Proportion SA and non-SA businesses |
|--|----------------|---|
| Total expenditure on South Australian goods and services | 37 375 | 99% |
| Total expenditure on non-South Australian goods and services | 278 | 1% |
| Total expenditure on procurement | 37 653 | 100% |

Classification of SA business or non-SA business is based on circumstances as at the time of entering into a contract. For contracts entered into prior to 20 February 2023, where assessment was made under previous procurement requirements, this has been adopted to determine classification. For all other contracts, classification is based on the definition of SA business provided in *Treasurer's Instructions 18 – Procurement*.

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

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

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

4.3. Grants and subsidies

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Climate change initiatives * | 17 434 | 22 840 |
| Recycling Modernisation Grant Program ^ | 2 210 | 12 101 |
| Recycling Infrastructure Grants Program - Industry and Local Government | 969 | 2 415 |
| Regional Transport Subsidies Program | 884 | 1 196 |
| Business Sustainability Program | 399 | 294 |
| Recycling Infrastructure Grants Program - Food Waste for Healthy Soils | 310 | - |
| Circular Economy Market Development Grant Program | 297 | 440 |
| Charitable Recyclers Subsidy Program | 231 | 152 |
| Local Government Program (Food Waste) | 171 | 227 |
| Council Modernisation Grants | 36 | 290 |
| Other contributions | 25 | 103 |
| Circular360 # | - | 150 |
| Total grants and subsidies | 22 966 | 40 208 |

* 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

^ A joint funded grant program by the Commonwealth and State governments to South Australia's resource recovery sector under the National Partnership on Recycling Infrastructure over 2020-21 to 2025-26.

Refer to note 8.2

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

4.4. Other expenses

| | 2024 | 2023 |
|-----------------------------|-----------|-----------|
| | \$'000 | \$'000 |
| Audit fees | 19 | 22 |
| Ex Gratia payments | 21 | - |
| Total other expenses | 40 | 22 |

Audit fees paid/payable to the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987* were \$19 000 (2023: \$22 000). No other services were provided by the Audit Office of South Australia.

With Treasurer approval under Treasurer's Instruction 14: Ex Gratia Payments GISA made ex-gratia payments to Circular360, totalling \$20 893 (excluding GST). Refer to note 8.2.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

5. Non-financial assets

5.1. Property, plant and equipment

Property, plant and equipment owned by GISA with a value of \$10 000 or greater are capitalised, otherwise it is expensed. Property, plant and equipment owned by GISA is recorded at fair value.

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.

Depreciation on leasehold improvements is calculated on a straight line basis over the estimated useful life of 12 years.

Reconciliation 2023-24

| | Leasehold improvements \$'000 | Total \$'000 |
|---|-------------------------------------|-----------------|
| Carrying amount at the beginning of the period | 266 | 266 |
| Depreciation | (54) | (54) |
| Carrying amount at the end of the period | 212 | 212 |
| Gross carrying amount | | |
| Gross carrying amount | 655 | 655 |
| Accumulated depreciation | (443) | (443) |
| Carrying amount at the end of the period | 212 | 212 |

Reconciliation 2022-23

| | Leasehold improvements \$'000 | Total \$'000 |
|---|-------------------------------------|-----------------|
| Carrying amount at the beginning of the period | 320 | 320 |
| Depreciation | (54) | (54) |
| Carrying amount at the end of the period | 266 | 266 |
| Gross carrying amount | | |
| Gross carrying amount | 655 | 655 |
| Accumulated depreciation | (389) | (389) |
| Carrying amount at the end of the period | 266 | 266 |

Impairment

Property, plant and equipment owned by GISA has been assessed for impairment. There was no indication of impairment. No impairment loss or reversal of impairment loss was recognised.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

6. Financial assets

6.1. Cash and cash equivalents

Deposits with the Treasurer

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Green Industry Fund | 56 652 | 73 914 |
| Total cash and cash equivalents in the Statement of Financial Position | 56 652 | 73 914 |
| Total cash and cash equivalents in the Statement of Cash Flows | 56 652 | 73 914 |

The Green Industry Fund is established under section 17 of the *Green Industries SA Act 2004*. The Fund must be kept as directed by the Treasurer. The Green Industry Fund deposit account was established under section 21 of the *Public Finance and Audit Act 1987*.

Cash is measured at nominal amounts. In accordance with section 17(5) of the *Green Industries SA Act 2004*, the Green Industry Fund may be applied by GISA or by the Minister for Climate, Environment and Water. In 2023-24, the Fund was used in accordance with the GISA 2023-24 business plan approved by the Board of GISA and Minister; and the Fund was also applied by the Minister towards the costs of climate change initiatives and disaster waste management for the 2022-23 River Murray flood clean-up program.

6.2. Receivables

| | 2024 | 2023 |
|------------------------------------|------------|--------------|
| | \$'000 | \$'000 |
| Current | | |
| Trade receivables | | |
| Debtors | 6 | 83 |
| Accrued revenues | 227 | 267 |
| Prepayments | 8 | 5 |
| GST input tax recoverable from DEW | 169 | 711 |
| Workers' compensation recoveries | 4 | 1 |
| Total current receivables | 414 | 1 067 |
| Total receivables | 414 | 1 067 |

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. Prepayments are not financial assets.

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.

The net amount of GST recoverable from the ATO (via DEW) is included as part of receivables.

Refer to note 10.1 for further information on risk management.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

6.3. Loans

| | 2024 | 2023 |
|--------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Recycling Infrastructure loan | 747 | 731 |
| Total current loans | 747 | 731 |
| <u>Non-current</u> | | |
| Recycling Infrastructure loan | 1 282 | 2 029 |
| Total non-current loans | 1 282 | 2 029 |
| Total loans | 2 029 | 2 760 |

This loan provided by GISA in 2018-19 supported a plastic recycling business to invest in advanced manufacturing equipment to sort and process plastic waste into high quality material for sale into local and export markets. The loan is managed by SAFA. The term of the loan is 7 years and commenced on 14 February 2019. The loan was interest only at a rate of 2.17% for 3 years, payable monthly, but is now principal and interest for the remaining 4 years at the rate of 1.80% from February 2022.

7. Liabilities

7.1. Payables

| | 2024 | 2023 |
|-------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| <u>Current</u> | | |
| Trade payables | 2 229 | 7 882 |
| Accrued expenses | 19 | 19 |
| Total current payables | 2 248 | 7 901 |
| Total payables | 2 248 | 7 901 |

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

7.2. Provisions

All provisions relate to workers compensation.

| | 2024 | 2023 |
|---|------------|------------|
| | \$'000 | \$'000 |
| Movement in provisions | | |
| Carrying amount at the beginning of the period | 145 | 40 |
| Additional provisions recognised | 54 | 105 |
| Reductions resulting from re-measurement or settlement without cost | (8) | - |
| Carrying amount at the end of the period | 191 | 145 |

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

Accordingly, a liability has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2024 provided by a consulting actuary engaged through the Office of the Commissioner of Public Sector Employment.

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

7.3. Other liabilities

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

8. Other disclosures

8.1. Cash flow

Cash flow reconciliation

Reconciliation of net result to cash flows from operating activities

| | 2024 | 2023 |
|--|-----------------|--------------|
| | \$'000 | \$'000 |
| Reconciliation of net cash (used in)/provided by operating activities to net loss from providing services | | |
| Net cash (used in)/provided by operating activities | (17 993) | 5 480 |
| Add/less non-cash items | | |
| Depreciation | (54) | (54) |
| Movement in assets and liabilities | | |
| (Decrease)/increase in receivables | (653) | 747 |
| Decrease/(increase) in payables | 5 630 | (6 883) |
| (Increase) in employee related liabilities | (196) | (95) |
| Decrease in other liabilities. | 63 | 64 |
| (Increase) in provisions | (46) | (105) |
| Net loss | (13 249) | (846) |

8.2. Interests in other entities

During 2021-22, GISA and Circular Economy Alliance Australia Pty Ltd (CEAA) entered into an agreement to establish Circular360 Limited.

In 2023, Circular360 underwent a members' voluntary liquidation to wind up the entity and a liquidator was appointed. On 12 April 2024, Circular360 was deregistered with the Australian Securities & Investments Commission (ASIC).

As per note 4.4, with Treasurer approval under Treasurer's Instruction 14: Ex Gratia Payments GISA made ex-gratia payments to Circular360, totalling \$20 893 (excluding GST). Additionally, legal expenses incurred by GISA through the Crown Solicitor's Office amounted to \$11 810 (excluding GST) for matters related to the wind-up, separate from the ex-gratia payments, which is disclosed under general administration expenses in note 4.1. There were no other transactions between GISA and Circular360.

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

9. Outlook

9.1. Unrecognised commitments

Contractual commitments

Expenditure contracted for at the reporting date but not recognised as liabilities are as follows:

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Within one year | 9 695 | 8 153 |
| Later than one year but not longer than five years | 4 506 | 14 827 |
| Total expenditure commitments | 14 201 | 22 980 |

GISA's contractual commitments are for:

- agreements for memoranda of administrative arrangements with DIT for accommodation;
- approved funding to DEM;
- goods and services contracts with various external contractors.

9.2. Contingent assets and liabilities

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

Contingent Asset

Bank guarantees are used in some industries to secure the performance of contractual obligations/requirements. As at 30 June 2024, GISA holds one bank guarantee for the River Murray flood clean-up program valued at approximately \$0.5 million in total. The bank guarantee is unconditional and payable upon demand to GISA, only if the contractor fails to meet/perform their contractual requirements.

GISA is not aware of any contingent liabilities.

9.3. Impact of standards not yet effective

GISA has assessed the impact of the new and amended Australian Accounting Standards and Interpretations not yet effective. These standards and interpretations are not expected to have a material impact on the GISA's statements.

9.4. Events after the reporting period

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

Green Industries SA
Notes to and forming part of the financial statements
for the year ended 30 June 2024

10. Measurement and risk

10.1. 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 *SA Government Risk Management Guide* 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 solid waste levies received under the *Green Industries SA Act 2004* (refer to note 1.4). GISA's expenditure authority is approved by the Treasurer each year, based on budgeted revenues and expenditures outlined in an annual business plan.

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.

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 and classification of financial instruments

Details of the material 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.

Financial assets and financial liabilities are measured at amortised cost except for amounts relating to statutory receivables and payables (e.g. Commonwealth taxes, Audit Office of SA audit fees etc) and prepayments are not considered as financial assets or liabilities. Receivables and payables at amortised cost are \$0.233 million (\$0.350 million) and \$2.229 million (\$7.882 million) respectively.

Green Industries SA
Certification of Financial Statements
for the year ended 30 June 2024

We certify that the:

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



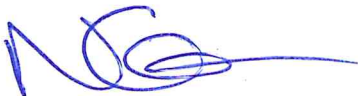
Josh Wheeler
A/Chief Executive

26 September 2024



Marjissa King
A/Associate Director, Governance and Business

26 September 2024



Nikki Govan
Presiding Member
Board of Green Industries SA

26 September 2024