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To the Chief Executive Office for Early Childhood Development

Opinion

I have audited the financial report of the Office for Early Childhood Development for the period ended 30 June 2024.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Office for Early Childhood Development as at 30 June 2024, its financial performance and its cash flows for the period 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 – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the period 31 August 2023 to 30 June 2024
- a Statement of Financial Position as at 30 June 2024
- a Statement of Changes in Equity for the period 31 August 2023 to 30 June 2024
- a Statement of Cash Flows for the period 31 August 2023 to 30 June 2024
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Acting Chief Executive and the Senior Management Accountant.

Basis for opinion

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

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

Responsibilities of the Chief Executive for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Office for Early Childhood Development for the period ended 30 June 2024.

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

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

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

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

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

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



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

30 September 2024

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Office for Early Childhood Development

Financial Statements

For the period ended 30 June 2024

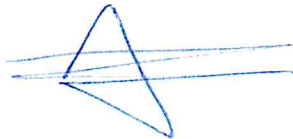
Office for Early Childhood Development
Statement of Certification
For the period 31 August 2023 to 30 June 2024

We certify that the

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



Bec Curtain
Acting Chief Executive
30 September 2024



Jake Loulas
Senior Management Accountant
30 September 2024

Office for Early Childhood Development
Statement of Comprehensive Income
for the period 31 August 2023 to 30 June 2024

	Note	2024 \$'000
Income		
SA Government grants, subsidies and transfers	2.1	8 010
Resources received free of charge	2.2	21
Recoveries		2
Total income		8 033
Expenses		
Employee related expenses	3.2	4 042
Supplies and services	4.1	2 173
Grants and subsidies	4.2	1 400
Depreciation		2
Other expenses	4.3	15
Total expenses		7 632
Net result		401
Total comprehensive result		401

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

Office for Early Childhood Development
Statement of Financial Position
as at 30 June 2024

	Note	2024 \$'000
Current assets		
Cash and cash equivalents	6.1	2 755
Receivables	6.2	237
Total current assets		<u>2 992</u>
Non-current assets		
Property plant and equipment	5.1	79
Receivables	6.2	2
Total non-current assets		<u>81</u>
Total assets		<u>3 073</u>
Current liabilities		
Employee related liabilities	3.3	857
Payables	7.1	529
Provisions	7.2	25
Total current liabilities		<u>1 411</u>
Non-current liabilities		
Employee related liabilities	3.3	1 177
Provisions	7.2	84
Total non-current liabilities		<u>1 261</u>
Total liabilities		<u>2 672</u>
Net assets		<u>401</u>
Equity		
Retained earnings		401
Total equity		<u>401</u>

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

Office for Early Childhood Development
Statement of Changes in Equity
for the period 31 August 2023 to 30 June 2024

	Retained earnings \$'000	Total equity \$'000
Balance at 31 August 2023	-	-
Net result for 2023-24	401	401
Total comprehensive result for 2023-24	401	401
Balance at 30 June 2024	401	401

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

Office for Early Childhood Development
Statement of Cash Flows
for the period 31 August 2023 to 30 June 2024

	2024
	\$'000
Cash flows from operating activities	
Cash inflows	
SA Government grants, subsidies and transfers	8 010
Net GST recovered from ATO	284
Cash generated from operations	<u>8 294</u>
Cash outflows from operating activities	
Employee related payments	(2 465)
Payments for supplies and services	(2 016)
Grants and transfers	(1 530)
Other payments	(11)
Cash used in operating activities	<u>(6 022)</u>
Net cash used in operating activities	<u>2 272</u>
Cash flows from investing activities	
Cash outflows	
Purchase of property, plant and equipment	(81)
Cash used in investing activities	<u>(81)</u>
Net cash used in investing activities	<u>(81)</u>
Cash flows from financing activities	
Cash inflows	
Cash received from restructuring activities	564
Cash generated from financing activities	<u>564</u>
Net cash provided by / (used in) financing activities	<u>564</u>
Net decrease in cash and cash equivalents	<u>2 755</u>
Cash and cash equivalents at the beginning of the reporting period	-
Cash and cash equivalents at the end of the reporting period	6.1 <u><u>2 755</u></u>

The accompanying notes form part of these financial statements

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

1. About the Office for Early Childhood Development

The Office for Early Childhood Development (the Office) was established as an attached office of the Department for Education on 31 August 2023 pursuant to the Public Sector Act 2009.

The Minister for Education, Training and Skills (the Minister) is responsible for the Office. The Office is a not for profit entity and has entered into a Service Level Agreement with the Department for Education for the delivery of corporate service functions.

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

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 Statement issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

There are no prior period comparative figures presented in the financial statements, as the Office was established on 31 August 2023.

The financial statements have been 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 notes associated with the item measured.

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

Significant accounting policies are set out throughout the notes.

The Office is liable for goods and services tax (GST). GST collections and payments are carried out by the Department for Education on behalf of the Office. GST in relation to the Office is reported in the Department for Education Financial Statements.

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 the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

1.2. Objectives of the Office

The government has established the Office to steward the early childhood development system in South Australia.

The Office will partner with governments and departments, Aboriginal leaders, sector stakeholders, unions, the professions, parents and the community to reduce developmental vulnerability across South Australia. This will include working collaboratively to mobilise long day care, early learning centres and government services in every community to deliver a new offer of 3-year-old preschool. It will help put cutting-edge insights about supporting healthy child development into practice.

The Office will work systemically and locally to create the quality preschool supply we need and to support service integration and connection for families.

1.3. Changes to the Office

As a result of administrative arrangements outlined in the South Australian Gazette on 31 August 2023, the Office was established as an attached office to the Department for Education with the Minister for Education, Training and Skills designated as the Minister with responsibility for the Office.

On 1 June 2024, the following assets and liabilities were transferred to the Office, upon the appointment of staff from the Department for Education to the Office.

The following assets and liabilities were transferred in:

	EDU \$'000	Total \$'000
Cash	564	564
Total assets	564	564
Employee related liabilities	564	564
Total liabilities	564	564
Total net assets transferred	-	-

Net assets assumed by the Office because of the administrative restructure are the carrying amount of those assets in the transferor's Statement of Financial Position immediately prior to transfer.

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

2. Income

2.1. SA Government grants, subsidies and transfers

	2024
	\$'000
SA Government transfers	7 515
Contingency funding provided by the Department of Treasury and Finance	495
Total SA Government grants, subsidies and transfers	8 010

SA Government transfers are recognised on receipt.

SA Government transfers consist of \$7.5 million for operational funding via the Department for Education's intra-government transfers.

2.2. Resources received free of charge

	2024
	\$'000
Services received free of charge - Shared Services SA	21
Total resources received free of charge	21

The Office receives Financial Accounting, Taxation, Payroll, Accounts Payable and Accounts Receivable services from Shared Services SA free of charge. A corresponding expense is recognised in the financial statements (see note 4.1).

3. Employees Benefits

3.1. Key management personnel

Key management personnel of the Office include the Minister and the Chief Executive.

Total compensation for key management personnel in 2024 was \$305 000.

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

Transactions with key management personnel and other related parties

The Office did not enter into any transactions with key management personnel or their close family during the reporting period that were not consistent with normal procurement arrangements.

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

3.2. Employee related expenses

	2024 \$'000
Salaries and wages	2 246
Long service leave	774
Annual leave	354
Employment on-costs - superannuation	294
Employment on-costs - other	179
Skills and experience retention leave	27
Workers Compensation	111
Other employment related expenses	57
Total employee related expenses	4 042

Employment on-costs - superannuation

Superannuation employment on-cost charges represent the department's contribution to superannuation plans in respect of current services of current employees.

Employee remuneration

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

	2024 No
\$186 001 to \$206 000	1
Total	1

The total remuneration received by those employees for the year was \$0.201 million.

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

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

3.3. Employee related liabilities

	2024
	\$'000
Current	
Accrued salaries and wages	175
Annual leave	485
Long service leave	50
Employee on-costs	120
Skills and experience retention leave	27
Total current employee related liabilities	<u>857</u>
Non-current	
Long service leave	1 067
Employee on-costs	110
Total non-current employee related liabilities	<u>1 177</u>
Total employee related liabilities	<u><u>2 034</u></u>

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

Annual leave and sick leave.

The liability for annual leave is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

Salary inflation rate for annual leave is 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 for sick leave.

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. 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 over employee departures and periods of services. These assumptions are based on employee data over SA Government entities. The discount rate is reflective of the yield on long term Commonwealth Government bonds. The yield on long term Commonwealth Government bonds was 4.25% in 2024.

The current portion of employee related liabilities reflects the amount for which the department does not have right to defer settlement for at least 12 months after reporting date. For long service leave, the amount relates to expected amount of leave to be approved and taken by eligible employees within 12 months.

The actuarial assessment performed by DTF used a salary inflation rate of 3.5% for long service leave liability.

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

3.3. Employee related liability (continued)

Employment On-Costs

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

The Office 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.

As a result of an actuarial assessment performed by Department of Treasury and Finance, the percentage of long service leave taken is 44% and the average factor for the calculation of employer superannuation is rate of 11.5%. These rates are used in the employment on-cost calculation.

4. Expenses

4.1. Supplies and services

	2024 \$'000
Contractors	610
Consultants	584
Minor works maintenance and equipment	246
Recruitment expenses	197
Accommodation	186
Conference and workshops	67
Information technology and communications charges	69
Shared Services SA charges	21
Vehicle and travelling expenses	16
Training expenses	15
Utilities	8
Other supplies and services	154
Total supplies and services	2 173

4.2. Grants and subsidies

	2024 \$'000
Operating grants (non-government)	1 000
Grants paid to other organisations	300
Intra-government transfer	100
Total grants and subsidies	1 400

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

4.3. Other expenses

	2024 \$'000
Auditor's remuneration – Audit Office of South Australia*	15
Total other expenses	15

* Audit fees paid/payable to the Audit Office of South Australia relate to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Audit Office of South Australia.

5. Non - financial assets**5.1. Property, plant and equipment**

	Plant and equipment \$'000	Total \$'000
Carrying amount at 31 August 2024	-	-
Additions	81	81
Depreciation	(2)	(2)
Carrying amount at 30 June 2024	79	79
Gross carrying amount		
Gross carrying amount	81	81
Accumulated Depreciation	(2)	(2)
Carrying amount at the end of the period	79	79

Property, plant and equipment owned by the Office with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed.

Property, plant and equipment owned by the Office is recorded at fair value.

Depreciation is calculated on a straight-line basis. Plant and equipment depreciation is calculated over the estimated useful life of 7-10 years.

6. Financial assets**6.1. Cash and cash equivalents**

	2024 \$'000
Deposits with the Treasurer	2 755
Total cash and cash equivalents	2 755

Cash is measured at nominal amounts.

Special deposit accounts are established under section 8 of the *Public Finance and Audit Act 1987*. Special deposit accounts must be used in accordance with their approved purpose.

The Office does not earn interest on its deposits with the Treasurer.

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

6.2. Receivables

	2024
	\$'000
Current	
Prepayments	30
GST receivable	<u>207</u>
Total current receivables	<u><u>237</u></u>
Non-current	
Workers' compensation recoveries	<u>2</u>
Total non-current receivables	<u>2</u>
Total receivables	<u><u>239</u></u>

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.

7. Liabilities

7.1. Payables

	2024
	\$'000
Current	
Creditors	510
Accruals	<u>19</u>
Total current payables	<u><u>529</u></u>
Total payables	<u><u>529</u></u>

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

The net amount of GST recoverable from the ATO is included as part of receivables. However, if a net GST payable arises then this amount would be disclosed in this Payables note.

Office for Early Childhood Development
Notes to and forming part of the financial statements
For the period 31 August 2023 to 30 June 2024

7.2. Provisions

	2024 \$'000
Current	
Provision for workers compensation	25
Total current provisions	<u>25</u>
Non-current	
Provision for workers compensation	84
Total non-current provisions	<u>84</u>
Total provisions	<u><u>109</u></u>
<i>Movement in provisions</i>	
Carrying amount at the beginning of the period	-
Additional provisions recognised	109
Carrying amount at the end of the period	<u><u>109</u></u>

A provision has been reported to reflect unsettled workers compensation claims. The workers compensation provision is based on an actuarial assessment of the outstanding liability as at 30 June 2024 provided by a consulting actuary engaged through the Office of the Commissioner for Public Sector Employment. The provision is for the estimated cost of ongoing payments to employees as required under current legislation.

The Office is responsible for the payment of workers compensation claims.

8. Outlook

8.1. Unrecognised contractual commitments

Other contractual commitments

	2024 \$'000
Within one year	5 311
Later than one year but not longer than five years	1 238
Total expenditure commitments	<u><u>6 549</u></u>

The majority of other contractual commitments relate to future operations and maintenance commitments for various goods and services and memoranda of administrative arrangements with the Department of Infrastructure and Transport for accommodation.

8.2. Contingent assets and liabilities

The Office is not aware of any contingent assets or liabilities in relation to its activities.

8.3. Events after the reporting period

The Office is not aware of any events after balance date.