



# Defence SA

## 2016-17 Annual Report

Defence SA

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**Date presented to Minister:** 29 September 2017

To:  
Hon Martin Hamilton-Smith MP  
Minister for Defence Industries

This annual report is presented to Parliament to meet the statutory reporting requirements of *the Public Sector Act 2009 and the Public Finance and Audit Act 1987* 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 the Defence SA by:

Andy Keough

Chief Executive



29 September 2017

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Signature

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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**

Defence SA's mission is to grow the defence industry and strengthen the Australian Defence Force's presence in the state. The growth of Defence and sustainable defence industries in South Australia contributes strongly to economic development, as the state's economy transitions towards a high-tech advanced manufacturing future.

Defence SA's focus is increasingly towards attraction and development of industries synonymous with advanced technologies including autonomous systems, cyber security and space.

Working closely with Defence and industry, Defence SA targets investment and expansion opportunities, and supports the delivery of major defence projects and facilities, and pursues the location of additional Defence units and capabilities in the state.

The Defence SA Advisory Board (the Board) provides high-level strategic and policy advice to promote the growth of Defence and defence industries and advocates on behalf of the state on defence and defence industries issues.

### **Objectives**

- Maritime: National centre of complex warship and submarine build and sustainment
- Systems and Cyber: Centre of expertise for electronic and information systems
- Aerospace: National hub for airborne maritime surveillance and weapon system test and evaluation
- Land: Centre for military vehicles and integration of combat systems
- Science and technology: Centre of expertise for defence science and technology

**Key strategies and their relationship to SA Government objectives**

<b>Key strategy</b>	<b>SA Government objective</b>
Attraction of additional defence companies to South Australia and support of sustainable defence industry growth	Defence SA is the lead agency for Target 43 in South Australia's Strategic Plan - to increase Defence and defence industry contribution to our economy to \$2.5 billion and employment to 37,000 people by 2020.
Maximising Australian industry content on defence programs	<p>South Australia's vision is for a strong, sustainable economy that builds upon our strengths. Our well-established defence industry is a strength that will support a thriving economy.</p> <p>The South Australian Government is focused on creating jobs of the future. The defence industry will also create high tech advanced manufacturing jobs for South Australian workers.</p>
Attracting additional Australian Defence Force units to South Australia	Target 43 in South Australia's Strategic Plan is to increase Defence and defence industry contribution to our economy.

## Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Investment attraction and industry development	<p>In 2016-17 Defence SA, together with Investment Attraction South Australia, provided support to Boeing Defence Australia which will result in the creation of 250 new highly-skilled technical and advanced research positions in South Australia over a five-year period.</p> <p>2016-17 also saw Defence SA continue engagement activities with local industry to prepare them for involvement in supply chains of future defence programs. This included:</p> <ul style="list-style-type: none"> <li>• The introduction of a new series of cyber ready workshops. Three workshops were held in 2016-17 aimed at ensuring South Australian companies are cyber-ready to work on Defence projects.</li> <li>• Business-to-business matching activities aimed at providing opportunities for local companies to work in global supply chains.</li> <li>• Trade show attendance including 2016 Land Forces in Adelaide and the 2017 Avalon Airshow in Geelong. Attendance at Land Forces enabled local companies the opportunity to engage with LAND 400 bidders for potential supply chain opportunities and the Avalon Airshow provided an opportunity to promote the state's capabilities in intelligence and surveillance.</li> <li>• In 2016-17 Defence SA participated in nine business missions including Europe, Indonesia and South East Asia.</li> <li>• Providing support to local company SupaShock to partake in international trade missions. This resulted in a new partnership with German-based Rheinmetall Defence acquiring 49 per cent of the company, opening up significant opportunities for export.</li> </ul>	<p>Attracting international companies to set up or expand businesses in South Australia provides new job opportunities for South Australians.</p> <p>Defence SA's industry engagement activities with local companies provide them with access to international primes and increased opportunity to access global supply chains and increased export opportunities.</p> <p>South Australia will seek to increase the number of companies attending business missions.</p>

Program name	Indicators of performance/effectiveness/efficiency	Comments
Advocacy campaigns	<p>With support from the Defence SA Advisory Board, South Australia continued its efforts to campaign through media and stakeholder engagement for maximum Australian industry involvement in upcoming Defence programs. Particular emphasis was placed upon naval shipbuilding, with the South Australian Government, through Defence SA, submitting a response to the Senate Inquiry into Naval Shipbuilding highlighting the importance of Australian industry involvement to achieve sovereign capability.</p> <p>The level of Australian industry content on naval shipbuilding programs will be an indicator of success.</p>	<p>South Australia's advocacy campaigns have been vital for the delivery of key naval shipbuilding programs to the state, including the highly complex Future Frigate and Future Submarine programs. The state is now focussed on delivering maximum benefits for local workers and industry.</p>
Naval shipbuilding	<p>Defence SA continued its efforts to ensure local industry is engaged and ready to participate in the global supply chain for upcoming naval shipbuilding programs. In particular:</p> <ul style="list-style-type: none"> <li>• South Australia hosted a number of international shipbuilders including Future Frigate contenders Fincantieri and Navantia and Offshore Patrol Vessel contenders Damen and Austal; enabling local companies to showcase their capabilities.</li> <li>• In October 2016, Defence SA attended its first international trade show at Euronaval in Paris, with 16 local companies participating on the stand. South Australian tertiary education providers (TAFE SA, Adelaide University, Flinders University and University of South Australia) also had a presence on the stand.</li> </ul> <p>In May 2017 South Australia negotiated the sale of Techport Australia to the Australian Government to enable the swift commencement of submarine, frigate and offshore patrol vessel programs.</p>	<p>Naval shipbuilding in South Australia will deliver approximately 5200 new jobs by 2026. Defence SA's industry engagement activities will ensure local industry has the best chance to maximise their involvement in the programs, as well as assist them to become export ready.</p> <p>A new Naval Shipbuilding College, headquartered in Adelaide will commence in 2018 to provide a workforce for the Future Frigate and Future Submarine program.</p> <p>The sale of Techport Australia returned \$230 million to South Australia, providing funds to back new advanced manufacturing opportunities likely to come from naval shipbuilding programs.</p>

Program name	Indicators of performance/effectiveness/efficiency	Comments
Space	<p>South Australia is leading the way when it comes to the development of Australia's space industry.</p> <p>The South Australian Government has recognised the potential value of the space industry to our nation.</p> <p>In 2016-17 efforts to develop the state's space industry were amplified in the lead up to September's 2017 International Astronautical Congress in Adelaide.</p> <p>Two industry forums were held throughout the year, with the third forum representing a 35 per cent increase in attendees from the first forum held in May 2016. The forums provide an opportunity to bring together key players from the industry. South Australia will seek to further increase attendance at future forums in 2017-18.</p> <p>In June 2017, the South Australian Government announced the awarding of \$50,000 worth of scholarships for five local candidates to attend the highly-regarded International Space University's (ISU) Southern Hemisphere Space Studies Program at the University of South Australia. This program supports the next generation of space scientists and researchers and encourages young people to pursue careers in STEM.</p> <p>Defence SA's efforts to develop the space industry in SA supports the transition of our economy from traditional manufacturing towards our high-tech advanced manufacturing future.</p> <p>The state also successfully advocated for the creation of a national space agency, which was announced by the Australian Government in early 2017-18.</p> <p>South Australia will seek to increase international collaboration opportunities with key players in the global space economy.</p>	<p>The development of the space industry will deliver new opportunities for South Australians pursuing high tech careers in space and research and development.</p> <p>The creation of a national agency is set to double Australia's share of the space economy and number of jobs within its first eight years.</p>

Program name	Indicators of performance/effectiveness/efficiency	Comments
Research and development	<p>In January 2017 the establishment of the Defence Innovation Partnership (DIP) was announced. The DIP is a new organisation that will generate defence-related research and development activity for the state.</p> <p>The new DIP will connect federal and state governments, the Defence Science and Technology Group, universities, local and international defence industry. The new organisation is a partnership between the South Australian Government, the Defence Science and Technology Group and the three local universities; Adelaide University, Flinders University and the University of South Australia.</p>	<p>The DIP aims to increase South Australia's involvement in providing future technologies for Defence projects.</p> <p>It supports the development of a strong and collaborative R&amp;D ecosystem and ensures the state has access to cutting-edge technology.</p>

### Legislation administered by the agency

Nil.

### Organisation of the agency

At 30 June 2016, Defence SA operated with the following key business units:

Corporate Services

Defence and Industry

Strategy, Skills and Government Relations

Common User Facility

Space

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

Nil.

## Employment opportunity programs

Program name	Result of the program
Aboriginal Employment Program	A program has commenced to provide Cadetships for Aboriginal university students considering a career in the South Australian Public Service or defence industry. The first Cadets are expected to commence in the 2017-18 financial year.

## Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Staff Performance Management and Development system	All non-executive staff participate in an annual performance review process linked to training and development. This involves goal setting, half-yearly review and an annual review. As at 30 Jun 2017, 100% of non-executive staff had completed an annual review.
Executive Performance Agreements	All SAES executives have developed an annual performance agreement with the Chief Executive or an Executive Director. This involves goal setting, mid-term review and an end-of-cycle review. As at 30 June 2017, 100% of executives had completed the end-of-cycle review.

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

Occupational health, safety and rehabilitation programs	Effectiveness
Simplified hazard reporting system	200% increase in the number of hazards reported
Introduction of project management software to monitor corrective actions	KPI of corrective actions being planned and executed within three days of a hazard being reported has consistently been met
WHS training program	Completion of WHS training in response to identified workplace hazards including quit smoking and cancer awareness, bullying and harassment, first aid, fatigue, manual handling and hazard / incident reporting raised staff awareness

## Fraud detected in the agency

Category/nature of fraud	Number of instances
Nil	0

## Strategies implemented to control and prevent fraud

During 2016-17 the Fraud and Corruption Policy and associated procedures were reviewed and updated. Fraud awareness training was conducted at all Defence SA worksites between September and November 2016. The Audit and Risk Management Committee met quarterly to monitor the Fraud Control Framework.

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/fraud-detection-defencesa>

## 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* Nil

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/whistle-blower-defencesa>

## Executive employment in the agency

Executive classification	Number of executives
EXEC0A	1
SAES2	1
SAES1	11

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/executive-employment-defencesa>

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	N/A	0
<b>Consultancies above \$10,000 each</b>		
Deloitte Touche Tohmatsu	French engagement strategy	203,794.51
<b>Total all consultancies</b>		<b>\$203,794.51</b>

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/consultants-defencesa>

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

The following is a brief summary of the overall financial position of the agency. The information is unaudited. Full audited financial statements for 2016-17 are attached to this report.

Defence SA is a government agency of the state of South Australia, established pursuant to the *Public Sector Act 2009*. Defence SA operations are funded predominantly via appropriation, with some external revenue generated through from the provision of services and facilities to the Australian Government and third party users of the Techport Australia Common User Facility.

In May 2017, the South Australian government reached agreement with the Australian Government to transfer all Techport Australia assets and infrastructure to the Australian Government in 2017-18 for an agreed contract price of \$230 million.

Defence SA's net cost of providing services for the 2016-17 financial year was \$22.686 million which was \$5.5 million higher than the original budget. The primary cause of this variance is a result of the recognition of all Techport assets and infrastructure as non-current assets held for sale and corresponding revaluation to reflect the contracted sale price. The revaluation resulted in recognition of a loss on disposal of \$11.5 million. The loss on disposal is partially offset by additional revenue in 2016-17 from the Department of State Development to fund several industry assistance programs.

Settlement for sale of the first tranche of assets to the Australian Government was finalised on 10 August 2017 with a consideration of \$20 million, with the second tranche expected to be settled by 31 December 2017.

Following disposal of Techport Australia at the end of 2017, Defence SA will no longer operate the Common User Facility and will be entirely focussed on the attraction of Defence and defence industry to the state including the emerging cyber, science and technology and space sectors.

**Other financial information**

Nil.

## Section B: Reporting of public complaints as requested by the Ombudsman

### Summary of complaints by subject

Public complaints received by Defence SA	
Category of complaints by subject	Number of instances
Nil	0

Data for the past five years is available at: <https://data.sa.gov.au/data/dataset/public-complaints-defencesa>

### Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Not applicable	

## **Appendix: Audited financial statements 2016-17**



Our ref: A17/451

18 September 2017

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Mr A Keough  
Chief Executive  
Defence SA  
PO Box 3643  
Rundle Mall  
ADELAIDE SA 5000

Dear Mr Keough

## **Audit of Defence SA for the year to 30 June 2017**

We have completed the audit of your accounts for the year ended 30 June 2017. Key outcomes from the audit are the:

- 1** Independent Auditor's Report on your agency's financial report
- 2** opinion on your financial controls
- 3** audit management letter recommending you address identified weaknesses.

### **1 Independent Auditor's Report**

We are returning the financial statements for Defence SA, with the Independent Auditor's Report. This report is unmodified.

My annual report to Parliament indicates that we have issued an unmodified Independent Auditor's Report on your financial statements.

### **2 Opinion on financial controls**

In my opinion, the controls exercised by Defence SA in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of Defence SA have been conducted properly and in accordance with law.

### **3 Audit management letter**

During the year, we sent the agency an audit management letter detailing the weaknesses we noted and improvements we considered you need to make.

## **For official use only**

We have received responses to these matters and we will follow these up in the 2017-18 audit.

### **What the audit covered**

Our audit covered the principal areas of the agency's financial operations and included test reviews of systems, processes, internal controls and financial transactions. Some notable areas were:

- payroll
- accounts payable
- cash
- general ledger
- revenue
- fixed assets.

Our audits meet statutory audit responsibilities under the *Public Finance and Audit Act 1987* and the Australian Auditing Standards.

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

Yours sincerely



Andrew Richardson  
**Auditor-General**

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## To the Chief Executive Defence SA

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of Defence 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 Defence 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
- Disaggregated Disclosures – Expenses and Income for the year ended 30 June 2017
- Disaggregated Disclosures – Assets and Liabilities as at 30 June 2017
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chief Executive and the Executive Director, Corporate Services.

### Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of Defence 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 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.

### **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 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 'A. Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson

**Auditor-General**

18 September 2017

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## DEFENCE SA

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### Certification of the Financial Statements

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We certify that the attached general purpose financial statements for Defence 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 Defence SA; and
- present a true and fair view of the financial position of Defence SA at 30 June 2017 and the results of its operation and cash flows for the financial year.

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



Andrew Keough  
Chief Executive

14<sup>th</sup> September 2017



Robert Barnett  
Executive Director, Corporate Services

14<sup>th</sup> September 2017

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**DEFENCE SA**

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**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 30 June 2017**

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	Note	30 June	30 June
	No.	2017	2016
		\$' 000	\$' 000
<b>Expenses</b>			
Employee benefits expenses	5	5,725	5,098
Supplies and services	6	8,091	7,696
Depreciation and amortisation	7	6,832	7,458
Grants and subsidies	8	4,530	1,871
Impairment losses	9	11,525	-
Other expenses	10	141	131
<b>Total expenses</b>		<u>36,844</u>	<u>22,254</u>
<b>Income</b>			
Revenues from fees and charges	11	4,686	4,696
Grants	12	8,794	450
Techport Australia recoveries	13	562	120
Other income	14	116	115
<b>Total income</b>		<u>14,158</u>	<u>5,381</u>
<b>Net cost of providing services</b>		<u>(22,686)</u>	<u>(16,873)</u>
<b>Revenues from/payments to SA Government</b>			
Revenues from SA Government	15	<u>20,808</u>	18,644
<b>Net result</b>		<u>(1,878)</u>	<u>1,771</u>
<b>Total comprehensive result</b>		<u>(1,878)</u>	<u>1,771</u>

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.

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**DEFENCE SA**

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**STATEMENT OF FINANCIAL POSITION**As at 30 June 2017

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	Note No.	30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Current assets</b>			
Cash	16	34,617	27,586
Receivables	17	3,343	746
Non-current assets classified as held for sale	18	230,000	-
<b>Total current assets</b>		<u>267,960</u>	<u>28,332</u>
<b>Non-current assets</b>			
Land	19	-	22,370
Buildings and improvements, plant and equipment	19	12	6,439
Harbour and port facilities	19	-	211,288
Capital works in progress	20	-	235
<b>Total non-current assets</b>		<u>12</u>	<u>240,332</u>
<b>Total assets</b>		<u>267,972</u>	<u>268,664</u>
<b>Current liabilities</b>			
Payables	21	2,489	1,448
Employee benefits	22	674	482
Provisions	23	4	10
<b>Total current liabilities</b>		<u>3,167</u>	<u>1,940</u>
<b>Non-current liabilities</b>			
Payables	21	22	24
Employee benefits	22	372	400
Provisions	23	9	20
<b>Total non-current liabilities</b>		<u>403</u>	<u>444</u>
<b>Total liabilities</b>		<u>3,570</u>	<u>2,384</u>
<b>Net assets</b>		<u>264,402</u>	<u>266,280</u>
<b>Equity</b>			
Contributed capital		101,823	101,823
Retained earnings		162,579	164,457
<b>Total equity</b>		<u>264,402</u>	<u>266,280</u>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments	24
Contingent assets and liabilities	25

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

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**DEFENCE SA**

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**STATEMENT OF CHANGES IN EQUITY****For the year ended 30 June 2017**

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	Note No.	Contributed capital	Retained earnings	Total equity
		\$' 000	\$' 000	\$' 000
Balance at 30 June 2015		101,823	162,686	264,509
<b>Net result for 2015-16</b>		-	<b>1,771</b>	<b>1,771</b>
<b>Total comprehensive result for 2015-16</b>		-	<b>1,771</b>	<b>1,771</b>
Balance at 30 June 2016		101,823	164,457	266,280
<b>Net result for 2016-17</b>		-	<b>(1,878)</b>	<b>(1,878)</b>
<b>Total comprehensive result for 2016-17</b>		-	<b>(1,878)</b>	<b>(1,878)</b>
Balance at 30 June 2017		101,823	162,579	264,402

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

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

**DEFENCE SA**

**STATEMENT OF CASH FLOWS**

**For the year ended 30 June 2017**

	Note No.	30 June 2017 \$' 000 Inflows (Outflows)	30 June 2016 \$' 000 Inflows (Outflows)
<b>Cash flows from operating activities</b>			
<b>Cash outflows</b>			
Employee benefits payments		(5,619)	(4,980)
Payments for supplies and services		(10,053)	(8,473)
Payments of grants and subsidies		(3,821)	(2,123)
Payments for paid parental leave scheme		(12)	(12)
<b>Cash used in operations</b>		<u>(19,505)</u>	<u>(15,588)</u>
<b>Cash inflows</b>			
Grants		7,730	142
Fees and charges		4,826	5,376
Techport Australia recoveries		523	167
GST recovered from the ATO		478	548
Receipts for paid parental leave scheme		12	12
Other receipts		170	398
<b>Cash generated from operations</b>		<u>13,739</u>	<u>6,643</u>
<b>Cash flows from SA Government</b>			
Receipts from SA Government		<u>20,808</u>	18,644
Cash generated from SA Government		<u>20,808</u>	18,644
<b>Net cash provided by operating activities</b>		<u>15,042</u>	<u>9,699</u>
<b>Cash flows from investing activities</b>			
<b>Cash outflows</b>			
Payments for property, plant and equipment		(3,650)	-
Payments for capital work in progress		(4,361)	(508)
<b>Cash used in investing activities</b>		<u>(8,011)</u>	<u>(508)</u>
<b>Net cash used in investing activities</b>		<u>(8,011)</u>	<u>(508)</u>
<b>Net increase in cash</b>		<u>7,031</u>	<u>9,191</u>
Cash at the beginning of the period		<u>27,586</u>	<u>18,395</u>
<b>Cash at the end of the period</b>	16	<u>34,617</u>	<u>27,586</u>

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

**DEFENCE SA**

**DISAGGREGATED DISCLOSURES - EXPENSES AND INCOME**

For the year ended 30 June 2017

Refer Note 4 for detailed activity descriptions	Defence Industry Development		Techport Australia		Total Defence SA Activities	
	2017	2016	2017	2016	2017	2016
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<b>Expenses</b>						
Employee benefits expenses	4,132	3,580	1,593	1,518	5,725	5,098
Supplies and services	3,453	3,496	4,638	4,200	8,091	7,696
Depreciation and amortisation	5	111	6,827	7,347	6,832	7,458
Grants and subsidies	4,530	1,871	-	-	4,530	1,871
Impairment losses	-	-	11,525	-	11,525	-
Other expenses	114	94	27	37	141	131
<b>Total expenses</b>	<b>12,234</b>	<b>9,152</b>	<b>24,610</b>	<b>13,102</b>	<b>36,844</b>	<b>22,254</b>
<b>Income</b>						
Revenues from fees and charges	18	100	4,668	4,596	4,686	4,696
Grants	4,664	246	4,130	204	8,794	450
Techport Australia recoveries	-	-	562	120	562	120
Other income	116	115	-	-	116	115
<b>Total income</b>	<b>4,798</b>	<b>461</b>	<b>9,360</b>	<b>4,920</b>	<b>14,158</b>	<b>5,381</b>
<b>Net cost of providing services</b>	<b>(7,436)</b>	<b>(8,691)</b>	<b>(15,250)</b>	<b>(8,182)</b>	<b>(22,686)</b>	<b>(16,873)</b>
<b>Revenues from/payments to SA Government</b>						
Revenues from SA Government <sup>(1)</sup>	20,808	18,644	-	-	20,808	18,644
<b>Net result</b>	<b>13,372</b>	<b>9,953</b>	<b>(15,250)</b>	<b>(8,182)</b>	<b>(1,878)</b>	<b>1,771</b>

<sup>(1)</sup> Revenues from SA Government are provided to fund the operating activities of Defence SA and have not been allocated between activities.

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

**DEFENCE SA**

**DISAGGREGATED DISCLOSURES - ASSETS AND LIABILITIES**

As at 30 June 2017

Refer Note 4 for detailed activity descriptions	Defence Industry Development		Techport Australia		Total Defence SA Activities	
	2017	2016	2017	2016	2017	2016
	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
<b>Assets</b>						
Cash	34,617	27,586	-	-	34,617	27,586
Receivables	2,102	251	1,241	495	3,343	746
Non-current assets classified as held for sale	-	-	230,000	-	230,000	-
Land	-	-	-	22,370	-	22,370
Buildings and improvements, plant and equipment	12	3	-	6,436	12	6,439
Harbour and port facilities	-	-	-	211,288	-	211,288
Capital works in progress	-	-	-	235	-	235
<b>Total assets</b>	<b>36,731</b>	<b>27,840</b>	<b>231,241</b>	<b>240,824</b>	<b>267,972</b>	<b>268,664</b>
<b>Liabilities</b>						
Payables	1,608	1,033	903	439	2,511	1,472
Employee benefits	708	618	338	264	1,046	882
Provisions	13	30	-	-	13	30
<b>Total liabilities</b>	<b>2,329</b>	<b>1,681</b>	<b>1,241</b>	<b>703</b>	<b>3,570</b>	<b>2,384</b>
<b>Net assets</b>	<b>34,402</b>	<b>26,159</b>	<b>230,000</b>	<b>240,121</b>	<b>264,402</b>	<b>266,280</b>

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

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**DEFENCE SA**

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**Note 1 Objectives of Defence SA**

Defence SA is South Australia's lead government agency for all defence related matters. It facilitates the development and growth of Defence (Department of Defence and Australian Defence Forces) presence and defence industries in South Australia on a competitive and sustainable basis in accordance with *South Australia's Strategic Plan*.

The agency delivers the Government of South Australia's commitments to the Air Warfare Destroyer project, including the provision of the Techport Australia Common User Facility. In May 2017, the state entered into a Memorandum of Understanding for the transfer of the Techport Australia assets and operations to Australian Naval Infrastructure Pty Ltd (Australian Government) during the 2017-18 year.

Defence SA is also working towards capturing further Defence and defence industry work for South Australian businesses in the four defence sectors - maritime, land, aerospace and systems, as well as capturing work in the civilian space sector.

Defence SA is striving to ensure the right climate exists for defence industry growth, and is working with several partners to deliver results for industry in the areas of workforce development and innovation.

**Note 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*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure Requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Defence SA has applied Australian Accounting Standards that are applicable to not-for-profit entities, as Defence SA 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 Defence SA'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;

accounting policies are selected and applied 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 and;

compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*. 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) expenses incurred as a result of engaging consultants;
- b) employee targeted voluntary separation package information;
- c) 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; and
- d) 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.

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## DEFENCE SA

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**Note 2**      **c) Reporting entity**

Defence SA is a government agency of the State of South Australia, established pursuant to the *Public Sector Act 2009*. Defence SA is an administrative unit acting on behalf of the Crown.

Defence SA does not control any other entity and has no interests in unconsolidated structured entities.

Defence SA has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

**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.

**e) Rounding**

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

**f) Taxation**

Defence SA is not subject to income tax. Defence SA is liable for payroll tax, fringe benefits tax, goods and services tax (GST) and the emergency services levy.

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.

The amount of GST recoverable from the ATO is included as a part of receivables and the amount payable to the ATO is included as a part of payables in the Statement of Financial Position.

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

**h) Current and non-current classification**

Defence SA has established a clearly identifiable operating cycle of 12 months. 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.

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## DEFENCE SA

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### Note 2      i)    **Non-current assets**

#### *Capital works in progress*

During the period work continued on the development of infrastructure to support the Air Warfare Destroyer construction program in accordance with the Infrastructure Assistance Agreement.

Defence SA accounts for expenses associated with all capital projects as work in progress until the assets are installed and ready for use. On completion the assets are recognised in accordance with non-current asset acquisition and recognition policy (refer below).

#### *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.

Harbour and port facilities including wharf, shiplift, transfer system and dry berth are considered specialised assets and are recorded at cost less accumulated depreciation.

Other asset classes are subsequently measured at fair value less accumulated depreciation.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position.

However, if the assets are acquired at no or nominal value as part of a restructuring of administrative arrangements then the assets are recognised at book value, i.e. the amount recorded by the transferor public authority immediately prior to the restructure.

All non-current tangible assets with a value equal to or in excess of \$10 000 are capitalised.

Complex assets are componentised when the asset's fair value at the time of acquisition is equal to, or in excess of \$5 million for infrastructure assets and \$1 million for other assets.

#### *Depreciation and amortisation*

All non-current assets, having a limited useful life, are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. Amortisation is applied to leasehold improvements. Depreciation is applied to other tangible assets. Defence SA has no recognised intangible assets.

Assets' residual values, useful lives and depreciation/amortisation methods 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.

The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is shorter.

Land and non-current assets held for sale are not depreciated.

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

<b>Class of asset</b>	<b>Useful life (years)</b>
Harbour and port facilities	5-50
Buildings and improvements	6-40
Leasehold improvements	Life of lease
Plant and equipment	4-25

**Note 2**      **i) Non-current assets (continued)***Revaluation of non-current assets*

All non-current tangible assets are valued at written down current cost (a proxy for fair value) and revaluation of non-current assets or group of assets (excluding specialised assets) will only be performed when the assets' fair value at the time of acquisition is greater than \$1 million and estimated useful life is greater than three years. The Treasurer has approved that specialised assets will not need to be revalued until 30 June 2024.

Every six years Defence SA revalues its land and buildings via an independent Certified Practising Valuer. If at any time, management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last revaluation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value. Defence SA's land, buildings and associated plant and equipment were last revalued in the year ended 30 June 2012.

*Impairment*

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

All non-current tangible assets are valued at fair value. Specialised assets would rarely be sold.

Defence SA expects for all non-current tangible assets that any costs of disposal will be negligible, and the recoverable amount to be close to or greater than fair value.

*Fair value measurement - non-financial assets*

In determining fair value, Defence SA has taken into account the characteristic of the asset (e.g. 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).

Other than the recent agreement to sell the Techport Australia assets, Defence SA's current use is the highest and best use of the asset unless other factors suggest an alternative use is feasible. As Defence SA did not identify any factors to suggest an alternative use, fair value measurement is 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.

**j) Liabilities***Leases*

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

*Operating leases*

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income over the term of the lease.

*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.

**Note 2      j)    Liabilities (continued)**

*Wages, salaries, annual leave, skills and experience retention leave and sick leave*

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

The annual leave liability and the skills and experience retention leave liability is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave expected to be 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 estimated liability for long service leave is based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and years 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.

*Employee benefits on-costs*

Employee benefits on-costs (payroll tax and superannuation) are recognised separately under payables.

**k)    Insurance**

Defence SA has arranged, through the South Australian Government Financing Authority - Insurance Division (SAICORP), to insure all major risks of Defence SA. The excess payable under this arrangement is \$5 000 per claim.

**l)    Unrecognised contractual commitments and contingent assets and liabilities**

Commitments include operating, capital and outsourcing arrangements 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. Defence SA secures performance guarantees in support of contractor performance. No value is assigned to these guarantees for financial statement purposes as they will only be called upon in the event that the contractor fails to fulfill their agreed contractual commitments.

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

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## DEFENCE SA

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### **Note 3 New and revised accounting standards and policies**

Defence SA did not voluntarily change any of its accounting policies and has not early adopted any accounting standard issued but not yet effective during 2016-17.

### **Note 4 Activities of Defence SA**

In achieving its objectives Defence SA provides a range of services classified into the following activities:

#### *Activity 1 - Defence Industry Development*

This activity delivers strategy and policy that, together with guidance from the Defence SA Advisory Board, provides leadership across government on all defence related matters and civilian space sector matters.

It targets national and international business development opportunities and supports Defence SA's administrative, financial and operational services.

The activity delivers the state's workforce development commitments to the Air Warfare Destroyer (AWD) project, including the Maritime Skills Centre and integration of defence industry skills into whole-of-state workforce development planning and implementation initiatives. The Maritime Skills Centre will transfer to the Australian Government in 2017-18.

This activity seeks to support the growth of Defence and sustainable defence industries in South Australia across the maritime, land, aerospace and systems sectors as well as in the civilian space sector.

#### *Activity 2 – Techport Australia*

This activity delivers the state's shipbuilding infrastructure commitment to the Air Warfare Destroyer project and has established Techport Australia as Australia's premier naval industry hub. The state has reached agreement to transfer Techport Australia Common User Facility and associated assets to the Australian Government during the 2017-18 year, after which Defence SA will no longer be responsible for the Techport Australia operations.

The disaggregated disclosures schedules present expenses, income, assets and liabilities information attributable to each of the activities for the years ended 30 June 2017 and 30 June 2016.

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**DEFENCE SA**

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<b>Note 5 Employee benefits expenses</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
Salaries and wages	4,050	3,692
Targeted voluntary separation packages (TVSPs) (refer below)	97	-
Long service leave	108	116
Annual leave	382	237
Skills and experience retention leave	4	4
Employment on-costs - superannuation <sup>(1)</sup>	435	395
Employment on-costs - other	252	235
Advisory Board and committee fees (refer note 26)	331	325
Workers compensation	(17)	10
Other employee related expenses	83	84
<b>Total employee benefits expenses</b>	<b>5,725</b>	<b>5,098</b>

<sup>(1)</sup> The superannuation employment on-cost charge represents Defence SA's contribution to superannuation plans in respect of current services of current employees.

**TVSPs**

Amount paid during the reporting period to separated employees:

TVSPs	97	-
Annual leave, long service leave and skills, experience and retention leave paid to those employees	62	-
	<b>159</b>	<b>-</b>

The number of employees who received a TVSP during the reporting period was 1 (0).

**Remuneration of employees**

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

	No	No
\$145 000 to \$147 000*	-	1
\$147 001 to \$157 000	1	-
\$157 001 to \$167 000	-	2
\$167 001 to \$177 000	2	1
\$177 001 to \$187 000	1	-
\$187 001 to \$197 000	-	2
\$197 001 to \$207 000	1	2
\$207 001 to \$217 000	2	-
\$217 001 to \$227 000	-	1
\$227 001 to \$237 000	1	1
\$237 001 to \$247 000	1	1
\$277 001 to \$287 000	1	1
\$397 001 to \$407 000	1	-
<b>Total number of employees</b>	<b>11</b>	<b>12</b>

\* This band has been included for the purposes of reporting comparative figures based on the executive base level remuneration rate for 2015-16.

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 \$2.447 million (\$2.399 million).

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**DEFENCE SA**

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<b>Note 6</b>	<b>Supplies and services</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
	Accommodation and service costs	302	351
	Consultants (refer below)	204	136
	Contractors	1,687	1,719
	Electricity	1,533	1,423
	Gas and gas equipment	155	168
	Insurance	96	95
	Legal fees	180	204
	Minor plant and equipment	115	133
	Promotion and events	1,393	692
	Property	275	464
	Provision of corporate services under Service Level Agreements	329	341
	Security services	652	732
	Staff safety, development and recruitment	147	180
	Travel and related expenses	286	285
	Other expenses	737	773
	<b>Total supplies and services</b>	<b>8,091</b>	<b>7,696</b>

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, as it is representative of the pattern of benefits derived from the leased assets.

The total supplies and services amount disclosed includes GST amounts not recoverable from the ATO where Defence SA does not hold a valid tax invoice or for payments relating to third party arrangements.

**Consultants**

The number and dollar amount of consultants paid/payable that fell within the following bands:

	<b>30 June 2017</b>		<b>30 June 2016</b>	
	<b>No</b>	<b>\$' 000</b>	<b>No</b>	<b>\$' 000</b>
Below \$10 000	-	-	3	13
Above \$10 000	1	204	3	123
<b>Total paid/payable to the consultants engaged</b>	<b>1</b>	<b>204</b>	<b>6</b>	<b>136</b>

<b>Note 7</b>	<b>Depreciation and amortisation</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
	Buildings and improvements	174	188
	Plant and equipment	91	100
	Harbour and port facilities	6,567	7,062
	Leasehold improvements	-	108
	<b>Total depreciation and amortisation</b>	<b>6,832</b>	<b>7,458</b>

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		30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Note 8</b>	<b>Grants and subsidies</b>		
	Defence Teaming Centre	1,548	902
	AWD program support	682	694
	Industry assistance and research	2,170	200
	Intra-government payments	130	75
	<b>Total grants and subsidies</b>	<b>4,530</b>	<b>1,871</b>

		30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Note 9</b>	<b>Impairment losses</b>		
	Impairment losses (refer notes 18 and 19)	11,525	-
	<b>Total impairment losses</b>	<b>11,525</b>	<b>-</b>

In May 2017, the state entered into a Memorandum of Understanding for the transfer of the Techport Australia assets and operations to Australian Naval Infrastructure Pty Ltd (Australian Government) during the 2017-18 year. An impairment loss has been recognised on reclassification of these assets to non-current assets classified as held for sale.

		30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Note 10</b>	<b>Other expenses</b>		
	Audit fees - Auditor General	40	39
	Internal audit	82	75
	Bad debts	99	-
	Allowances for doubtful debts (refer note 17)	(98)	-
	Other	18	17
	<b>Total other expenses</b>	<b>141</b>	<b>131</b>

		30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Note 11</b>	<b>Revenues from fees and charges</b>		
	CUF priority access fee	2,721	2,706
	Techport Australia other fees	1,947	1,890
	Renewal SA income	18	100
	<b>Total fees and charges</b>	<b>4,686</b>	<b>4,696</b>

		30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Note 12</b>	<b>Grants</b>		
	Intra-government transfers - industry assistance programs	4,664	246
	ASC AWD Shipbuilder Pty Ltd contribution to CUF infrastructure	4,130	204
	<b>Total grants</b>	<b>8,794</b>	<b>450</b>

		30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Note 13</b>	<b>Techport Australia recoveries</b>		
	Other Techport Australia recoveries	562	120
	<b>Total Techport Australia recoveries</b>	<b>562</b>	<b>120</b>

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**DEFENCE SA**

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<b>Note 14 Other income</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
Event participation fees	116	41
Other	-	74
<b>Total other income</b>	<b>116</b>	<b>115</b>

<b>Note 15 Revenues from/payments to SA Government</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
<b>Revenues from SA Government</b>		
Appropriations from Consolidated Account pursuant to the <i>Appropriation Act</i>	20,808	18,636
Transfers received - Department of Treasury and Finance	-	8
<b>Total revenues from SA Government</b>	<b>20,808</b>	<b>18,644</b>

Appropriations to fund activities are recognised as revenues when Defence SA obtains control over the funding. Control over appropriations is normally obtained upon receipt.

Where money has been appropriated in the form of an equity contribution, the Treasurer has acquired a financial interest in the net assets of Defence SA and the appropriation is recorded as contributed capital.

The original amount appropriated to Defence SA under the annual Appropriation Act was not varied however an additional advance \$3.650 million was received from the Treasurer via the Governor's Appropriation Fund. Refer to note 28(e) for details on additional funding transferred to Defence SA to purchase land associated with the transition of Techport Australia assets to the Australian Government in 2017-18.

<b>Note 16 Cash</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
Deposits with the Treasurer	8,442	3,890
Deposits with the Treasurer - Accrual Appropriation Excess Funds Account	26,175	23,696
<b>Total cash</b>	<b>34,617</b>	<b>27,586</b>

Defence SA has two deposit accounts with the Treasurer, a General Operating Account and an Accrual Appropriation Excess Funds Account. Although Defence SA controls the money in the Accrual Appropriation Account its use must be approved by the Treasurer. Defence SA does not earn interest on its deposits with the Treasurer.

## DEFENCE SA

Note 17 Receivables	30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Current</b>		
Receivables and accrued income	2,368	529
Less allowance for doubtful debts	(1)	(99)
Prepayments	289	131
GST input tax recoverable	687	185
<b>Total current receivables</b>	<b>3,343</b>	<b>746</b>

### Movement in the allowance for doubtful debts

The allowance for doubtful debts (allowance for impairment loss) is recognised when there is objective evidence that a receivable is impaired.

An allowance for impairment loss has been recognised in 'other expenses' in the Statement of Comprehensive Income for specific debtors for which such evidence exists.

Movements in the allowance for doubtful debts (impairment loss)

<b>Carrying amount at the beginning of the period</b>	99	99
Increase in allowance	1	-
Amounts written off	(99)	-
Amounts recovered during the year	-	-
<b>Carrying amount at the end of the period</b>	<b>1</b>	<b>99</b>

Receivables arise in the normal course of selling goods and services to external entities.

Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. Receivables, prepayments and accrued revenues are non-interest bearing.

Collectability of receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that Defence SA will not be able to collect the debt. Bad debts are written off when identified.

Note 18 Non-current assets classified as held for sale	30 June 2017 \$' 000	30 June 2016 \$' 000
Land only holdings	13,895	-
Site land	2,500	-
Buildings and improvements	4,975	-
Plant and equipment	454	-
Harbour and port facilities	208,176	-
<b>Total non-current assets classified as held for sale (refer note 19)</b>	<b>230,000</b>	<b>-</b>

Non-current assets are classified as held for sale and carried at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale is expected to be completed within one year from the date of classification.

In May 2017 the state signed a Memorandum of Understanding to transfer Techport Australia Common User Facility and associated assets to the Australian Government during the 2017-18 year, after which Defence SA will no longer be responsible for the Techport Australia operations.

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**DEFENCE SA**

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<b>Note 19 Property, plant and equipment</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
<b>Land</b>		
Land only holdings at fair value <sup>(1)</sup>	-	16,250
Land only holdings improvements at cost	-	2,736
Site land at fair value	-	2,500
Site land at cost	-	884
<b>Total land</b>	-	22,370
<b>Buildings and improvements</b>		
Buildings at fair value	-	3,425
Buildings at cost <sup>(2)</sup>	-	3,556
Accumulated depreciation at the end of the period	-	(1,092)
<b>Total buildings and improvements</b>	-	5,889
<b>Leasehold improvements</b>		
Leasehold improvements at cost	884	884
Accumulated amortisation at the end of the period	(884)	(884)
<b>Total leasehold improvements</b>	-	-
<b>Plant and equipment</b>		
Plant and equipment at cost	27	1,089
Accumulated depreciation at the end of the period	(15)	(539)
<b>Total plant and equipment</b>	12	550
<b>Total buildings and improvements, plant and equipment</b>	12	6,439
<b>Harbour and port facilities</b>		
Harbour and port facilities at cost <sup>(2)</sup>	-	256,223
Accumulated depreciation at the end of the period	-	(44,935)
<b>Total harbour and port facilities</b>	-	211,288
Total property, plant and equipment	911	287,547
Total accumulated depreciation/amortisation at the end of the period	(899)	(47,450)
<b>Total property, plant and equipment</b>	12	240,097

**Valuation of land and buildings**

*Valuation of property plant and equipment - comparative year ended 30 June 2016*

The valuation of land and buildings was performed by an independent Certified Practising Valuer from Savills Valuations Pty Ltd as at 29 February 2012. The valuer arrived at the fair value of unrestricted land using the market approach. The valuation was based on recent market transactions for similar assets in the area taking into account zoning, restricted use and development work completed as at the valuation date.

<sup>(1)</sup> The land valuation takes into account that this land is reserved for use for future naval shipbuilding purposes to support the State's defence industry. These landholdings have direct access to the Common User Facility as a result of infrastructure works which have been undertaken to ensure this land can be used as an integral part of future shipbuilding activity. Works have included the relocation of services and infrastructure works to facilitate access across Mersey Road to the Common User Facility.

<sup>(2)</sup> All Techport Australia Common User Facility assets (including buildings) are considered a specialised asset, are recorded at written down current cost (a proxy for fair value) and have not been revalued.

**Carrying amount of leasehold improvements, plant and equipment and harbour and port facilities**

All leasehold improvements and items of plant and equipment have a fair value at the time of acquisition that was less than \$1 million or had an estimated life of less than three years, and have not been revalued in accordance with Accounting Policy Framework III. The carrying value of these assets are deemed to approximate fair value.

**Impairment**

Impairment losses of \$11.525 million have been recognised at 30 June 2017 as a result of the reclassification of Techport Australia assets as assets held for sale.

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### Note 19 Property, plant and equipment (continued)

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

The following table shows the movement of property, plant and equipment during 2015-16

	Land \$' 000	Buildings \$' 000	Leasehold improvements \$' 000	Plant and equipment \$' 000	Harbour and port facilities \$' 000	Total assets \$' 000
Carrying amount at the beginning of the period	22,370	5,471	108	575	216,162	244,686
Acquisitions and transfers	-	606	-	75	2,188	2,869
Depreciation and amortisation	-	(188)	(108)	(100)	(7,062)	(7,458)
<b>Carrying amount at the end of the period</b>	<b>22,370</b>	<b>5,889</b>	<b>-</b>	<b>550</b>	<b>211,288</b>	<b>240,097</b>

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

The following table shows the movement of property, plant and equipment during 2016-17

	Land \$' 000	Buildings \$' 000	Leasehold improvements \$' 000	Plant and equipment \$' 000	Harbour and port facilities \$' 000	Total assets \$' 000
Carrying amount at the beginning of the period	22,370	5,889	-	550	211,288	240,097
Acquisitions and transfers	3,650	-	-	24	4,263	7,937
Transferred to held for sale <sup>(1)</sup>	(26,020)	(5,715)	-	(471)	(208,984)	(241,190)
Depreciation and amortisation	-	(174)	-	(91)	(6,567)	(6,832)
<b>Carrying amount at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>12</b>

#### Reconciliation of assets classified as held for sale

<sup>(1)</sup> Property, plant and equipment transferred to held for sale	26,020	5,715	-	471	208,984	241,190
Capital works in progress transferred to held for sale (refer note 20)	-	-	-	-	335	335
Impairment loss recognised on transfer (refer note 9)	(9,625)	(740)	-	(17)	(1,143)	(11,525)
<b>Assets classified as held for sale (refer note 18)</b>	<b>16,395</b>	<b>4,975</b>	<b>-</b>	<b>454</b>	<b>208,176</b>	<b>230,000</b>

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**DEFENCE SA**

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		<b>30 June</b>	<b>30 June</b>
<b>Note 20</b>	<b>Capital works in progress</b>	<b>2017</b>	<b>2016</b>
		<b>\$' 000</b>	<b>\$' 000</b>

The carrying amount of capital works in progress as at the end of the reporting period. -                      235

Capital works in progress includes planning, design and development work associated with CUF assets not yet completed.

Capital works to date for CUF dredging have been reclassified as assets held for sale.

**RECONCILIATION OF CAPITAL WORKS IN PROGRESS**

The following table shows the movement of capital works in progress during 2015-16

	Harbour and port facilities \$' 000	Plant and equipment \$' 000	Total capital works in progress \$' 000
Carrying amount at the beginning of the period	2,730	-	2,730
Acquisitions	374	-	374
Reclassified as property, plant and equipment	(2,869)	-	(2,869)
<b>Carrying amount at the end of the period</b>	<b>235</b>	<b>-</b>	<b>235</b>

**RECONCILIATION OF CAPITAL WORKS IN PROGRESS**

The following table shows the movement of capital works in progress during 2016-17

	Harbour and port facilities \$' 000	Plant and equipment \$' 000	Total capital works in progress \$' 000
Carrying amount at the beginning of the period	235	-	235
Acquisitions	4,375	14	4,389
Reclassified as property, plant and equipment	(4,275)	(14)	(4,289)
Transferred to held for sale (refer notes 18 and 19)	(335)	-	(335)
<b>Carrying amount at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>

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<b>Note 21 Payables</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
<b>Current</b>		
Creditors and accrued expenses	2,296	1,264
Employment on-costs	119	95
GST payable	74	89
<b>Total current payables</b>	<b>2,489</b>	<b>1,448</b>
<b>Non-current</b>		
Employment on-costs	22	24
<b>Total non-current payables</b>	<b>22</b>	<b>24</b>
<b>Total payables</b>	<b>2,511</b>	<b>1,472</b>

Employee benefits on-costs include payroll tax and superannuation contributions.

Defence SA makes contributions to 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 these superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has not changed from the 2016 rate (40%) and the average factor for the calculation of employer superannuation cost on-cost has changed from the 2016 rate (10.2%) to 10.1%. These rates are used in the employment on-cost calculation.

There is no material financial effect from changes in actuarial assumptions in employment on-costs 2016 (\$3 000) and employees benefits expense 2016 (\$3 000). The impact on future periods is impracticable to estimate as the long service leave liability is calculated using a number of assumptions. A key assumption is the proportion of Long Service Leave taken as leave instead of a lump sum, a result determined by the actuary based on current period data.

The paid parental leave scheme payable represents amounts which Defence SA has received from the Australian Government to forward on to eligible employees via Defence SA's standard payroll processes. That is, Defence SA is acting as a conduit through which the payment to eligible employees is made on behalf of the Family Assistance Office.

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.

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Note 22 Employee benefits	30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Current</b>		
Accrued salaries and wages	80	48
Annual leave	285	208
Long service leave	303	220
Skills and experience retention leave	6	6
<b>Total current employee benefits</b>	<b>674</b>	<b>482</b>
<b>Non-current</b>		
Long service leave	372	400
<b>Total non-current employee benefits</b>	<b>372</b>	<b>400</b>
<b>Total employee benefits</b>	<b>1,046</b>	<b>882</b>

AASB 119 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 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 Government bonds has increased to 2.5% from 2% in 2016.

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 \$30 000 and employee benefits expense of \$30 000.

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 financial effect resulting from changes in the salary inflation rate \$nil (\$nil).

Note 23 Provisions	30 June 2017 \$' 000	30 June 2016 \$' 000
<b>Current</b>		
Provision for workers compensation	4	10
<b>Total current provisions</b>	<b>4</b>	<b>10</b>
<b>Non-current</b>		
Provision for workers compensation	9	20
<b>Total non-current provisions</b>	<b>9</b>	<b>20</b>
<b>Total provisions</b>	<b>13</b>	<b>30</b>
<b>Movements in provisions</b>		
<b>Carrying amount at the beginning of the period</b>	<b>30</b>	<b>20</b>
Additional provisions recognised	-	10
Reductions resulting from re-measurement	(17)	-
<b>Carrying amount at the end of the period</b>	<b>13</b>	<b>30</b>

A liability has been reported to reflect potential 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 for ongoing payments to employees as required under current legislation. Defence SA is responsible for the payment of workers compensation claims.

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<b>Note 24 Unrecognised contractual commitments</b>	<b>30 June 2017 \$' 000</b>	<b>30 June 2016 \$' 000</b>
<b>Capital commitments</b>		
Capital expenditure contracted for as at the reporting date but not recognised as liabilities in the financial statements are payable as follows:		
Within 1 year	<u>843</u>	<u>4,293</u>
<b>Total capital commitments</b>	<u><b>843</b></u>	<u><b>4,293</b></u>

Defence SA's capital commitments are to various contractors providing dredging services and supplying specialised spare parts for the shiplift for the Techport Australia Common User Facility.

**Expenditure commitments**

Operating expenditure commitments as at the reporting date but not recognised as liabilities in the financial statements are payable as follows:

Within 1 year	<u>5,927</u>	<u>2,289</u>
Later than 1 year but not longer than 5 years	<u>7,089</u>	<u>2,939</u>
<b>Total expenditure commitments</b>	<u><b>13,016</b></u>	<u><b>5,228</b></u>

Defence SA's operating commitments reflect grant and fee for service contracts for defence industry development and specialist technical and engineering advice.

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**DEFENCE SA**

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<b>Note 25 Contingent assets and contingent liabilities</b>	<b>30 June 2017 \$' 000</b>	30 June 2016 \$' 000
Contingent liabilities to which a value can be assigned	<u>2,000</u>	<u>29,100</u>
<b>Total</b>	<u><b>2,000</b></u>	<u><b>29,100</b></u>

*Techport Australia Commercial Campus (Stage One)*

Defence SA facilitated the private sector delivery of the Techport Australia Commercial Campus pursuant to its commitments to the AWD project and development of Techport Australia as Australia's premier naval industry hub. Stage One development includes the AWD Alliance's AWD Systems Centre, Raytheon Australia's SA Engineering Centre and supporting commercial and retail accommodation.

Related contractual commitments require Defence SA to accept novation of the residual lease period should ASC AWD Shipbuilder Pty Ltd elect to vacate the premises between December 2019 and expiration of its initial 10-year lease term in May 2020, which is considered unlikely.

*State industry support to attract Australian Signals Directorate work to South Australia*  
Industry Grant to assist the capture of software engineering support program with Defence.

**Contingent liabilities to which no value can be assigned**

*Air Warfare Destroyer Project - Common User Facility*

The State has entered into an agreement with the Commonwealth for the construction of a Common User Facility (CUF) at Osborne to support ASC AWD Shipbuilder Pty Ltd in the construction of three air warfare destroyers for the Royal Australian Navy. The agreement indemnifies the Australian Government from any third party losses or damages arising from a failure by the State to complete the CUF in accordance with the agreed design and schedule or meet the agreed performance criteria. The State has now completed the CUF construction in accordance with the agreed design and schedule thereby eliminating this risk. The State continues to be liable if there are defects in the CUF or it fails to meet agreed performance criteria. The likelihood of non-performance is considered remote and the State's exposure is capped at \$320 million. It is envisaged that this liability will be extinguished on the transfer of the CUF to the Australian Government.

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### Note 26 Remuneration of Advisory Board and committee members and related party disclosure

Members of the Defence SA Advisory Board during the financial year were:

ACM Sir A Houston AK AFC (Chair)  
 Hon J Weatherill MP \*  
 Hon M Hamilton-Smith MP \*  
 Dr N Bryans  
 VADM R Crane AO CSM RANR  
 P Johnson MBE (retired 31/08/16)  
 A Keough \*\*  
 B Laughton (retired 31/08/16 )  
 S Ludlam FREng  
 LTGEN P Leahy AC  
 RADM T Ruting AM CSC RANR  
 Prof T Monro (appointed 01/09/2016 )  
 Prof P Quester (appointed 01/09/2016)

Members of the Audit and Risk Management Committee during the financial year were:

C McSparran (independent member/chair) \*\*  
 R Barnett \*\*  
 A Blaskett (independent member) (retired 31/08/2016 ) \*\*  
 B Laughton (independent member) (retired 31/08/2016 )  
 P Robertson (independent member)  
 J Holmes (independent member) (appointed 24/09/2016 ) \*\*  
 S Ludlam FREng (independent member) (appointed 01/09/2016)

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

	<b>30 June 2017 No.</b>	<b>30 June 2016 No.</b>
\$1 to \$9 999	<b>3</b>	<b>1</b>
\$30 000 to \$39 999	<b>7</b>	<b>7</b>
\$70 000 to \$79 999	<b>1</b>	<b>1</b>
<b>Total number of members</b>	<b>11</b>	<b>9</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits. Total remuneration received or receivable, by board and committee members was \$331 000 (\$325 000), plus Defence SA compulsory superannuation contributions of \$31 000 (\$31 000). Other Advisory Board expenses were \$120 000 (\$154 000).

\* The Hon J Weatherill MP and the Hon M Hamilton-Smith MP did not receive any remuneration for board duties during the period.

\*\* Pursuant to the Department of Premier and Cabinet Circular PC016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions with members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the member at arm's length in the same circumstances.

LTGEN P Leahy AC is a board member of Electro Optic Systems which has an involvement with the Land 400 project (armoured vehicles).

Dr Neil Bryans has undertaken contract work on behalf of Defence SA for science and technology projects. Payments for this work are additional to the Board remuneration he received.

**Note 27 Related party transactions**

Defence SA, established in 2007 as an administrative unit of the Public Service under section 7 of the Public Sector Management Act 1995, is responsible for administering the functions of the Minister for Defence Industries

Related parties of Defence SA 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.

**Key management personnel**

Key management personnel of Defence SA include the Minister, the Chief Executive and the four members of the Executive Team who have the responsibility for the strategic direction and management of Defence SA.

Total compensation paid by for Defence SA for key management personnel was \$1.305 million (\$1.097 million). Salaries and other benefits the Minister for Defence Industries receives are excluded from this total. 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**

There were no transactions with key management personnel and other related parties other than those in the normal course of business between a member of the public and government agencies.

**Note 28 Budgetary reporting and explanations of major variances between budget and actual amounts**

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). Budgeted 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 is 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 the line items in the financial statements. 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<sup>(1)</sup> and actual amounts.

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

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### Note 28 Budgetary reporting and explanations of major variances between budget and actual amounts (continued)

Statement of Comprehensive Income	Note	Original budget <sup>(1)</sup> 2017 \$' 000	Actual 2017 \$' 000	Variance <sup>(2)</sup> \$' 000
<b>Expenses</b>				
Employee benefits expenses		5,617	5,725	(108)
Supplies and services	(a)	9,514	8,091	1,423
Depreciation and amortisation		7,760	6,832	928
Grants and subsidies	(b)	2,939	4,530	(1,591)
Impairment losses	(c)	-	11,525	(11,525)
Other expenses		183	141	42
<b>Total expenses</b>		<b>26,013</b>	<b>36,844</b>	<b>(10,831)</b>
<b>Income</b>				
Revenues from fees and charges		4,021	4,686	665
Grants	(d)	4,457	8,794	4,337
Techport Australia recoveries		274	562	288
Other income		55	116	61
<b>Total income</b>		<b>8,807</b>	<b>14,158</b>	<b>5,351</b>
<b>Net cost of providing services</b>		<b>(17,206)</b>	<b>(22,686)</b>	<b>(5,480)</b>
<b>Revenues from/payments to SA Government</b>				
Revenues from SA Government	(e)	17,158	20,808	3,650
<b>Net result</b>		<b>(48)</b>	<b>(1,878)</b>	<b>(1,830)</b>
<b>Total comprehensive result</b>		<b>(48)</b>	<b>(1,878)</b>	<b>(1,830)</b>
<b>Investing expenditure summary</b>				
		Original budget <sup>(1)</sup> 2017 \$' 000	Actual 2017 \$' 000	Variance <sup>(2)</sup> \$' 000
New projects	(f)	3,900	7,770	(3,870)
Existing projects	(g)	1,095	166	929
Annual programs		300	103	197
<b>Total investing expenditure</b>		<b>5,295</b>	<b>8,039</b>	<b>(2,744)</b>

<sup>(1)</sup> These amounts have not been adjusted to reflect revised budgets or administrative restructures/machinery of government changes.

<sup>(2)</sup> The use of brackets identifies an adverse variance

(a) Land 400 phase 2 support package Australian Government decision on successful bidder deferred \$0.800 million, Techport Australia masterplan funding deferred to 2017-18 for transition of CUF to the Australian Government \$0.671 million

(b) New industry assistance and research packages (\$1.520 million)

(c) Impairment losses crystallised on the reclassification of Techport Australia assets as assets held for sale (\$11.525 million)

(d) Funding for industry assistance grants received from Department of State Development \$3.900 million, Department of the Premier and Cabinet \$0.204m and contribution from ASC AWD Shipbuilder Pty Ltd for CUF wharf extension \$0.230 million

(e) Appropriation from the Governors Appropriation Account for the purchase of land associated with the transition of Techport Australia assets to the Australian Government \$3.650 million

(f) Purchase of land from the URA to facilitate the transition of Techport Australia assets to the Australian Government

(g) CUF maintenance dredging works have been deferred to 2017-18

**Note 29 Events after the reporting period**

There are no reportable events after the reporting period.