



Department of Enterprise,
Investment and Trade

Annual Report 2022-2023

nsw.gov.au/enterprise-investment-trade



Annual Report 2022-23

NSW Department of Enterprise, Investment and Trade

Author

Department of Enterprise, Investment and Trade

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The Department of Enterprise, Investment and Trade acknowledges, respects and values Aboriginal peoples as the Traditional Custodians of the lands on which we walk, live and work. We pay our respects to Elders past and present.

We acknowledge the diversity of Aboriginal people and their ongoing connection to their country, waters and seas. We also acknowledge our Aboriginal and Torres Strait Islander employees who are an integral part of our diverse workforce.

52 Martin Place
Sydney
NSW 2000



Department of Enterprise,
Investment and Trade

30 October 2023

Dear Ministers,

I am pleased to submit the Annual Report of the Department of Enterprise, Investment and Trade for the period 1 July 2022 to 30 June 2023 for presentation to the NSW Parliament.

The report has been prepared in accordance with the *Government Sector Finance Act 2018*.

The financial statements for 2022–2023, which form part of the report, have been certified by the Auditor-General of New South Wales.

Yours sincerely,

A handwritten signature in black ink, appearing to read "E. Mildwater".

Elizabeth Mildwater
Secretary
Department of Enterprise, Investment and Trade

The Hon. John Graham MLC

Special Minister of State
Minister for Roads
Minister for the Arts
Minister for Music and
the Night-time Economy
Minister for Jobs
and Tourism

**The Hon. Courtney
Houssos MLC**

Minister for Finance
Minister for Domestic
Manufacturing and
Government Procurement
Minister for Natural
Resources

**The Hon. Stephen
Kamper MP**

Minister for Small Business
Minister for Lands and
Property
Minister for Multiculturalism
Minister for Sport

**The Hon. Anoulack
Chanthivong MP**

Minister for Better
Regulation and Fair Trading
Minister for Industry
and Trade
Minister for Innovation,
Science and Technology
Minister for Building
Minister for Corrections

The Hon. David Harris MP

Minister for Aboriginal
Affairs and Treaty
Minister for Gaming
and Racing
Minister for Veterans
Minister for Medical Research
Minister for the Central Coast

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Secretary Foreword



I'm pleased to provide the 2022-23 Annual Report for the Department of Enterprise, Investment and Trade (DEIT).

In the past 12 months we have delivered world-class outcomes for the people of NSW by aligning the state's key arts, hospitality, and tourism agencies with its leading economic development organisations. DEIT staff have collaborated to propel the delivery of trade and investment, business, lifestyle, entertainment and cultural opportunities, positioning NSW as the best place in the world to live, invest, visit, study, work and play.

The change of government has challenged our team to work even more diligently to assist new ministers and their staff to settle into the business of government and deliver on their election priorities.

DEIT has a varied remit which necessitates significant cross-portfolio collaboration and our teams have excelled in this regard, continuing to be united and professional, while delivering for the people of NSW.

Key achievements from across 2022-23 include:

Teams across the Enterprise, Investment and Trade (EIT) portfolio worked to support World Pride. Bringing this exciting event to Sydney took years of collaboration across government and showcased Sydney to visitors from NSW and beyond. Sydney WorldPride also reached a worldwide audience of millions watching the signature events online.

Officially the biggest festival in Australia, VIVID Sydney enjoyed its highest attendance on record, delighting many thousands of residents and visitors to Sydney with an expanded program of installations extending from Circular Quay and Barangaroo through to Central Station and Taronga Zoo.

Create NSW continued to invest in and champion the creativity of our state. Grants were awarded in support of diverse and dynamic artistic experiences, as well as supporting access to vibrant experiences and strengthening the capacity and creativity of the state.

In 2022-23, we saw the completion of major projects that enable art and culture in NSW to be shared and enjoyed even more, including the Art Gallery of NSW's Sydney Modern project and the Sydney Opera House's Decade of Renewal.

Following the devastating floods experienced across the state in 2022, the NSW and Commonwealth Governments introduced the \$207 million Community Local Infrastructure Recovery Package. This funding, partly managed by Create NSW, supported urgent repairs and replacements for flood-damaged infrastructure to help affected communities unite and rebuild. Create NSW also supported local communities and museums through the provision of grants to deliver vital support for the arts, screen and cultural community in the Northern Rivers and other affected communities in NSW. Teams also provided on the ground support to local art facilities affected by floods.

Hospitality and Racing have continued to support the development of a vibrant and safe sector, while providing important regulatory oversight. This year saw the powerful, award-winning *'The Number That Changed My Life'* campaign begin raising awareness of gambling harm and services available for people from culturally diverse backgrounds.

As part of the NSW Government's commitment to reducing gambling harm and tackling money laundering, the NSW Independent Casino Commission (NICC) was created, and more recently the independent panel into gaming reform established. The latter will establish, implement and evaluate the trial of cashless gaming machines across NSW. These landmark initiatives, and the reforms they bring, will pave the way for a new era of gambling regulation in NSW.

Investment NSW continued to provide our future business leaders, founders and scaleups with the tools, programs and affordable space to take their ideas to the next level with the opening of the *Tech Central Scaleup Hub* and the *Western Sydney Startup Hub*.

Investment NSW, through Study NSW, continued to connect industry with talent through the *NSW Jobs Connect* program, enabling 200 employers to advertise over 2,200 jobs. Study NSW also delivered digital campaigns to promote studying in NSW, reaching 116 million potential international students in 2022.

The Office of the Chief Scientist and Engineer raised community awareness and appreciation of the important contribution scientists and engineers make to society. In 2022, the Office also released the R&D Roadmap, setting out a 20-year vision for NSW to produce more world-leading new technologies, products and services, and develop and sustain globally competitive industries that improve productivity, standards of living, quality of life and the natural environment.

The Office of the 24-Hour Economy Commissioner announced Parramatta as the first Western Sydney-based Purple Flag precinct. This night-time hub certification is a coordinated effort between government, local councils, industry and communities and includes working groups who consult on continuous improvement strategies into the future.

It was exciting to see Stage 1 of the *Uptown Accelerator* completed and supporting 30 districts. The *Uptown* program aims to strengthen the 24-hour economy by accelerating the growth of districts into vibrant destinations.

All of these programs required collaboration across DEIT, and across government, with teams working hard throughout 2022-23 to ensure we delivered for NSW.

Elizabeth Mildwater
Secretary

Department of Enterprise, Investment and Trade



Department of Enterprise,
Investment and Trade

1

Overview

The Department of Enterprise, Investment and Trade

This report covers the activities of the Department of Enterprise, Investment and Trade (DEIT) from 1 July 2022 to 30 June 2023.

Established on 21 December 2021, DEIT and its portfolio agencies seek to drive economic transformation and well-connected communities. The portfolio brings together the state's key arts, music and cultural, hospitality, entertainment and tourism agencies alongside its leading economic development organisations. DEIT works with its portfolio agencies to propel the delivery of economic, lifestyle, entertainment, arts and cultural opportunities.

The core delivery divisions of DEIT – Investment NSW, Create NSW and Hospitality and Racing – were supported by the Engagement, Operations and Governance division and the Offices of the Secretary and Group Deputy Secretary, Arts and Tourism.

Investment NSW

Investment NSW (including the NSW Office of the Chief Scientist and Engineer and the Office of the 24 Hour Economy Commissioner) delivers economic and social benefits for the people of NSW by growing the state's economy to help make NSW a prosperous, inclusive and thriving global hub for business, innovation, talent, students and residents.

To achieve this, Investment NSW targets opportunities aligned to key pillars across the product cycle: boosting research and development, fostering startups and innovation, growing priority sectors and precincts, attracting global talent and investment and exporting to the world.

Investment NSW provides support to domestic and international businesses, including startups and scaleups, to establish or expand in NSW and secure business investment and talent in connected and liveable places and safe and vibrant precincts. NSW businesses looking to expand internationally are also provided connections to rapidly growing global markets and assistance with growth and exports.



Create NSW

Create NSW is the NSW Government's arts and broader creative industries driver, bringing together arts, music, screen, the creative economy and cultural infrastructure in an integrated division.

It supports and amplifies creative industries, including arts, screen and music, to support a strong and sustainable cultural ecosystem for the benefit of the people of NSW. By enabling arts and cultural participation, production, distribution, access and enjoyment in the community, it shapes NSW as a place where creative excellence thrives, ensuring that NSW is a great place to live, work, visit and invest.

Create NSW actively supports the arts and broader creative industries through policy, investment, partnerships and advocacy, driving investment and jobs in the creative industries and delivering the cultural infrastructure needs of the state.

The artists, programs, infrastructure and events that Create NSW supports play a major role in the NSW economy – enlivening our cities, stimulating the economy (including the night-time economy) and providing valuable educational and cultural experiences that enhance well-being and bring joy to our residents and visitors.



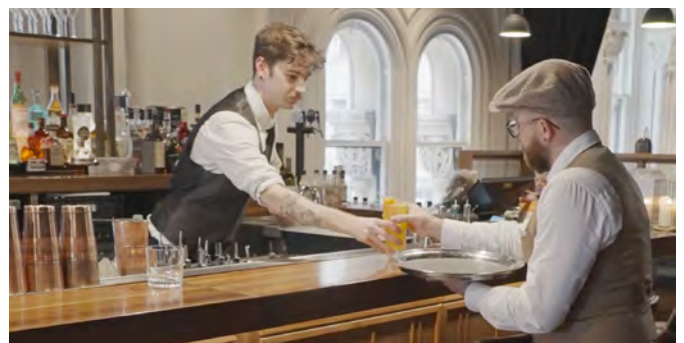
Hospitality and Racing

The Hospitality and Racing division comprises Liquor & Gaming NSW, the Office of Responsible Gambling and the Office of Racing. Its core responsibilities are enshrined in the objects of the legislation it administers.

Liquor & Gaming NSW is responsible for administering the regulatory framework for the liquor, gaming, wagering, casino and registered clubs sectors in NSW. The group also undertakes revenue assurance, compliance and enforcement activities, provides policy advice to government, holds regulatory responsibility for certain licensing activities and licences, and delivers industry support and education activities.

The Office of Responsible Gambling leads the development of responsible gambling strategy, programs and public policy advice to the NSW Government. It executes key functions including the management of the *GambleAware* program, supporting the Responsible Gambling Fund and administration of the ClubsGrants Category 3 infrastructure grants and Community Benefit Fund grants.

The Office of Racing administers the regulatory framework for harness, thoroughbred and greyhound racing in NSW. The Office also provides racing policy advice and manages board and committee appointments and relevant legislation.



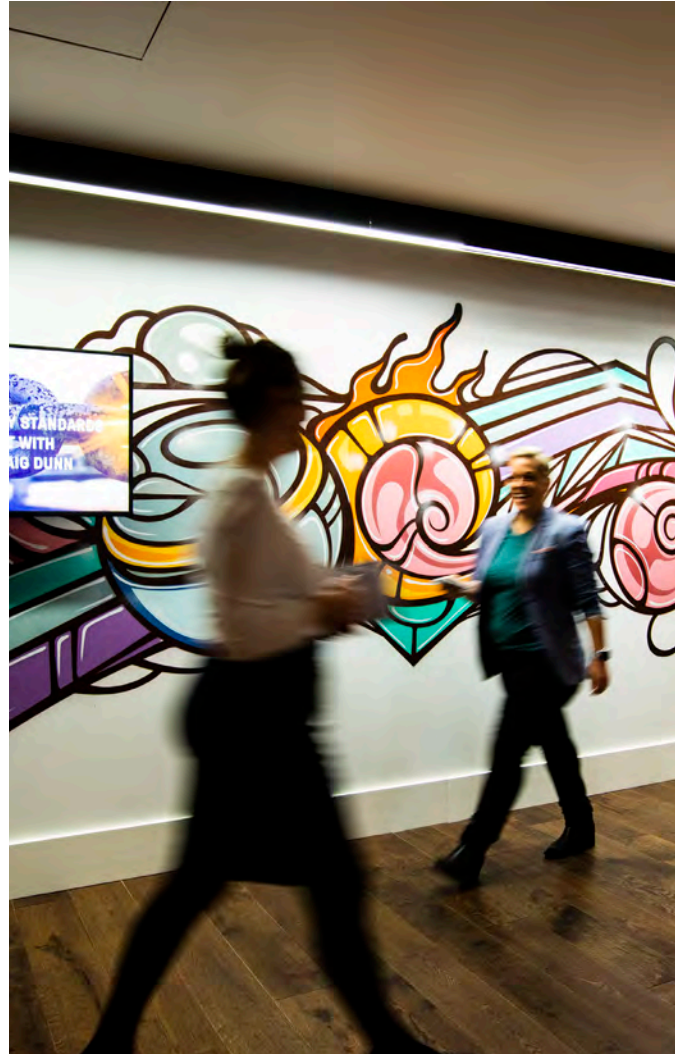
Engagement, Operations and Governance

Engagement, Operations and Governance division provides key business support functions that enable DEIT to deliver for the people of NSW. The division works across the agency DEIT to ensure the highest standards of engagement, operations and governance in all aspects of administration and project delivery.

Engagement, Operations and Governance supports this through the dedicated focus of small, specialist teams covering People and Culture, Legal, ICT, Finance, Governance, Audit and Risk, Strategic Communications and Engagement, Government Relations, and Built Environments. Together, the teams create and implement policies and procedures to guide DEIT's internal and external activity, reduce risk and embed an inclusive culture of excellence.

Office of the Secretary and Office of the Group Deputy Secretary, Arts and Tourism

The Offices support the work of the Secretary and the Group Deputy Secretary, Arts and Tourism, through coordination of strategic issues management, business processes, departmental strategies and support for NSW Government policy implementation.



Executive Leadership Team



Secretary

Elizabeth Mildwater

Secretary of the Department of Enterprise Investment and Trade

Elizabeth was appointed Secretary, DEIT in October 2022, bringing more than 25 years' management experience across customer services, legal, company secretarial, compliance, risk, management, human resources and general operations.

She was CEO, Greater Sydney Commission from January 2021, and has also held the positions of Deputy Secretary, Greater Sydney, Deputy Secretary, Customer Technology and Services and Deputy Secretary, People and Corporate Services at Transport for NSW.

Her earlier executive roles included Director of Australian Programs for Save the Children Australia and the Victorian Group General Manager with Transurban.

Elizabeth is passionate about harnessing stakeholder and employee engagement and new technologies to achieve new levels of service. She serves as a NSW council member with the Institute of Public Administration.



Kate Foy

Group Deputy Secretary, Arts and Tourism

Kate has been the Group Deputy Secretary, Arts and Tourism at DEIT since June 2022 (between June 2022 and May 2023, Group Deputy Secretary, Arts, Sport and Tourism).

She previously held senior leadership positions in the NSW government and non-government sectors, including Deputy Secretary, Community Engagement within the NSW Department of Premier and Cabinet and Managing Director of the NSW Telco Authority.



Annette Pitman

Chief Executive, Create NSW

Annette has spent much of her career advising and supporting cultural organisations to develop and grow for the future. In December 2022 she was appointed CEO Chief Executive, Create NSW, bringing arts, screen, culture and infrastructure under her leadership. She is committed to embedding the arts in the everyday, and showcasing our world-class arts, screen and cultural offerings for local communities and tourists alike.

Previously, Annette led Create Infrastructure overseeing NSW's portfolio of arts and culture projects including the Powerhouse Museums, Sydney Modern, Walsh Bay Arts Precinct, Regional Cultural Fund, Creative Capital and Theatre Royal.

She led the transformational Hamer Hall Redevelopment and worked on the masterplan for Arts Centre Melbourne's further renewal.

Prior to returning to government, Annette led AECOM's NSW & ACT Buildings & Places business and headed up AECOM's Arts and Culture Sector for Australia and New Zealand.



Anthony Keon

Chief Executive Officer, Hospitality and Racing

Anthony is the CEO of Hospitality and Racing, with responsibility for Liquor & Gaming NSW, the Office of Racing and Office of Responsible Gambling.

He has a wealth of experience in senior executive leadership roles across a diverse range of regulatory and government functions. This experience spans a variety of regulatory environments, including work health and safety, liquor and gaming, exploration and mining, mine rehabilitation, coal seam gas and charitable fundraising.

Prior to joining government, Anthony started his career in the hospitality sector, operating late trading pubs and nightclubs in both Sydney and regional locations.



Katie Knight

Chief Executive Officer, Investment NSW

Katie was appointed CEO of Investment NSW in August 2022, bringing more than 20 years' experience across commercial, legal, company secretarial, governance, compliance, and risk management.

She is passionate about delivering results, with a focus on collaboration and strategic partnering. Prior to joining the NSW Government, she held senior legal roles including at Stryker South Pacific as Regional Legal Counsel, and Baker McKenzie and Morrison & Foerster where she was responsible for leading and directing complex corporate and commercial transactions. Katie has acted for companies across all stages of the product cycle, from research and development, startups and commercialisation through to significant M&A transactions, corporate restructuring, and capital raisings.



Lisa Alonso Love

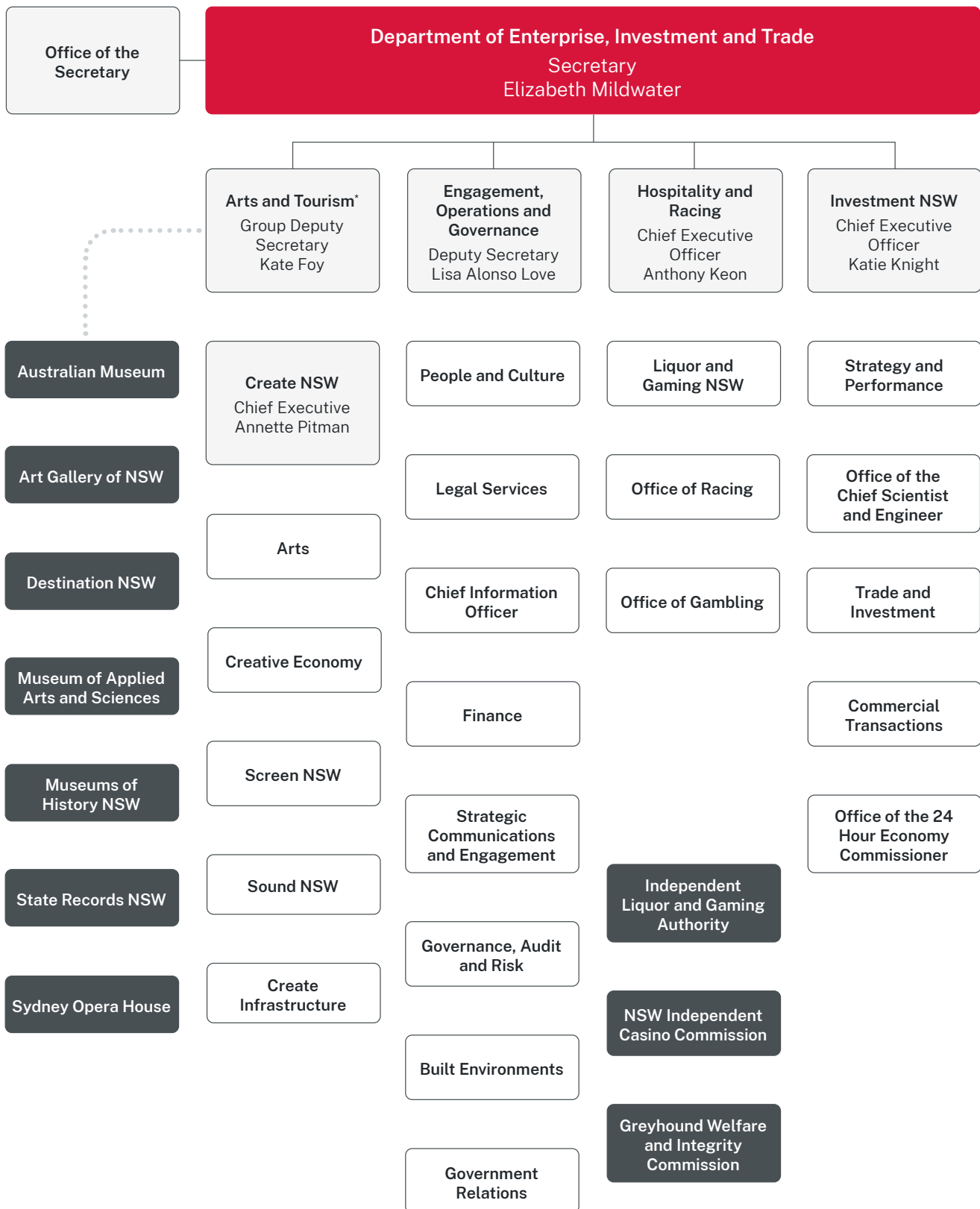
Deputy Secretary, Engagement, Operations and Governance

Lisa's career spans 27 years across the NSW and ACT governments and Relationships Australia.

She has a passion for leading teams who provide services to the people of NSW and working to support those teams and provide systems to ensure they can deliver to their customers.

Lisa started her career delivering frontline services in child protection and health in Western NSW as well as in the ACT. Frontline service delivery and then management and leadership roles in these areas has shaped and informed her career. She has subsequently held senior operational and program leadership roles in the public sector in both rural and remote areas as well as in central office roles in Communities and Justice, Education and Enterprise, Investment and Trade.

Department of Enterprise, Investment and Trade Portfolio Structure



Organisational structure as at 30 June 2023.

*Group Deputy Secretary, Arts, Sport and Tourism until May 2023. Group Deputy Secretary, Arts and Tourism May–June 2023.

■ Enterprise, Investment and Trade portfolio Independent Agency – not part of the Department of Enterprise, Investment and Trade

Department of Enterprise, Investment and Trade Portfolio

This report covers the Department of Enterprise, Investment and Trade from 1 July 2022 to 30 June 2023. Agencies within the Enterprise, Investment and Trade (EIT) portfolio produce their own separate annual reports as required under legislation, which can be found at:

- **Art Gallery of NSW**
<https://www.artgallery.nsw.gov.au/about-us/corporate-information/annual-reports/agnsw/>
- **Australian Museum**
<https://australian.museum/about/organisation/reports/annual-reports/>
- **Destination NSW**
<https://www.destinationnsw.com.au/about-us/annual-reports>
- **Independent Liquor and Gaming Authority**
<https://www.liquorandgaming.nsw.gov.au/about-us/annual-reports>
- **Museum of Applied Arts and Sciences**
<https://www.maas.museum/about/annual-report/>
- **Museums of History NSW**
<https://mhnsw.au/>
- **Office of Responsible Gambling**
<https://www.gambleaware.nsw.gov.au/about-us/corporate-information/corporate-documents>
- **Office of the Greyhound Welfare and Integrity Commission**
<https://www.gwic.nsw.gov.au/about/annual-report>
- **State Records Authority of NSW**
<https://staterecords.nsw.gov.au/publications-and-policies>
- **State Library of NSW**
<https://www.sl.nsw.gov.au/annual-reports>
- **Sydney Living Museums**
<https://sydneylivingmuseums.com.au/about-us/reports-plans>
- **Sydney Opera House**
<https://www.sydneyoperahouse.com/general/corporate-information/annualreport.html>



Department of Enterprise,
Investment and Trade

2

Strategy

Strategy

The Department of Enterprise, Investment and Trade is working to align agency resources to implement the government's policy priorities, to ensure the strategic objectives and outcomes of the new NSW Government are supported. These include:

- the Arts, Culture and Creative Industries Policy for NSW
- the NSW Government's Vibrancy Reforms for the 24 hour economy
- the Independent Panel on Cashless Gaming and gambling reform
- the way the State delivers innovation, trade and investment support.

During the 2023-24 financial year there will also be a focus on the way the EIT portfolio works together to achieve these priorities. Work will continue to develop systems and processes to measure the implementation of NSW Government priorities and these will be reported on in the 2023-24 DEIT Annual Report.





Department of Enterprise,
Investment and Trade

3

Operations and
Performance

DEIT and its portfolio agencies are working to position NSW nationally and globally as a safe and attractive place to live, invest, visit, study, work and play.

NSW is a place where innovation, creative industries, trade, tourism and culture work together to achieve economic, environmental and social benefits.



Image: Destination NSW

Excellence in Arts, Culture and the Night-time Economy

NSW: Building Australia's cultural capital

For creativity to flourish, it needs a home where culture can be created, shared and enjoyed. The NSW Government's infrastructure investment saw the completion in 2022-23 of major projects including the Art Gallery of NSW's Sydney Modern project and the Sydney Opera House's Decade of Renewal as well as the progression of the Powerhouse Program, including the commencement of construction on Powerhouse Parramatta.

The NSW Government has invested in infrastructure throughout the state, and delivery of the *Creative Capital* program is enabling new and upgraded local cultural infrastructure to provide artists and organisations with access to quality, fit-for-purpose facilities. In 2022-23, 169 Creative Capital projects were awarded NSW Government support, including 132 projects in regional NSW, and 17 Aboriginal Infrastructure projects.

During 2022-23 four key projects were completed with support from the \$100 million *Regional Cultural Fund*, including the refresh and upgrade of the *Gilgandra Cultural Precinct*. The \$120 million *Asset Maintenance and Upgrade Program* continued to deliver vital improvements to cultural infrastructure.

Enabling space to create remains a priority, and under the Infrastructure Support Policy, over 100 arts and cultural organisations were offered affordable office and presentation space. Demonstrating this support, in January 2023, the NSW Government partnered with the University of Technology Sydney to launch Haymarket Creative, an office and production hub where creative organisations can access flexible working spaces in the heart of the Sydney CBD.

In challenging times, communities need space to gather and rebuild. Following the devastating flooding events of 2022, the NSW and Commonwealth Governments announced the Community Local Infrastructure Recovery Package. Under the *Arts and Culture Priority Needs Program*, 32 projects were allocated \$7.2 million for urgent repairs and replacements for flood-damaged infrastructure.

Supporting a vibrant and diverse arts and cultural sector

DEIT, via Create NSW, continued to invest in diverse and dynamic experiences by offering a responsive grants program to support artists throughout their careers as well as enhancing access to vibrant experiences and strengthening the capacity and creativity of the state. Through the 2022-23 *Arts and Cultural Funding Program*, Create NSW supported over 550 grant proposals, investing \$69 million to support creation, innovation and experimentation across all areas of creative practice.

Throughout 2022-23, Create NSW received many high-quality applications, with over 2,270 of these seeking support for new and innovative proposals. Just under half (989) of these were first time applicants, demonstrating the ambition of our creative industries, and how important government support is to achieve a robust and thriving sector.

The continued improvement and accessibility of grants programs remained a core priority and the review of the accessibility of funding programs and procedures this year enabled the removal of some of the barriers applicants had experienced when applying for support.

The Department is proud to invest in and champion the creativity of the state. The support offered through grants programs helps realise the cultural ambitions of the people of NSW and delivers creative benefits for everyone.

Support for screen production in NSW

NSW is the leading state for screen production in Australia. It is home to over 2,300 screen production businesses employing 15,000 people and the industry generates more than \$3.3 billion annually. The NSW Government is proud to support Screen NSW as it reinforces NSW's position as Australia's premier location for screen production.

Throughout 2022-23, Screen NSW has brought diverse stories to life by delivering a range of incentives and investment initiatives to drive economic growth while fostering strong cultural outcomes and showcasing innovation in NSW.

Screen NSW has funded 38 productions, 22 TV shows, 11 features and 5 online projects filmed and produced in NSW.

Now in its third year, the Made in NSW fund has attracted international blockbusters to the state with Kingdom of the Planet of the Apes, The Fall Guy and The Artful Dodger all choosing NSW as their preferred filming location. Filming of the Mad Max prequel, Furiosa has now wrapped up in Broken Hill, Hay and Sydney, injecting \$440 million into the NSW economy, supporting over 1,000 jobs.

NSW's homegrown screen sector has also flourished in the past year with a range of supported productions recognised both locally and internationally. These included The New Boy by Warwick Thornton which opened the 2023 Sydney Film Festival and was selected for the Cannes Film Festival Un Certain Regard program.

Strengthening the creative economy

Throughout 2023, the Department offered a suite of targeted initiatives to drive economic, social and cultural outcomes for NSW.

The arts sector was heavily impacted by the COVID-19 pandemic and although it is recovering there is still a way to go to return it to a sustainable footing. More than \$20 million was delivered through the 2023 *Rescue and Restart* program to help artists and cultural organisations on the road to recovery.

DEIT, through Create NSW, continued to support artists, creative businesses and families through the Creative Kids voucher program. Since its introduction in 2019, more than 3.06 million vouchers were downloaded, enabling children across NSW to strengthen their creative skills by participating in arts and cultural activities.

In 2022-23, \$53.5 million in Creative Kids vouchers were used by parents and guardians to reduce the costs of creative activities; 849,653 vouchers were downloaded, with a 63 per cent redemption rate. 32 per cent of voucher users tried a new creative activity and almost 50 per cent of users said they would not have participated in a program without a Creative Kids voucher to assist with the cost.



Haymarket Creative

Creating space where artists and cultural organisations can converge.

Haymarket Creative, Sydney's newest creative sector hub, was launched in January 2023 by DEIT, Create NSW and the University of Technology Sydney. Providing a wide range of centrally located, affordable workspaces for arts, cultural and creative organisations, Haymarket Creative is a vibrant collection of workspaces that inspires innovation and experimentation among some of NSW's most dynamic creative organisations.

With 13 creative organisations taking up tenancy, including The House That Dan Built, Campfire X and the Sydney Writers' Room, Haymarket Creative is establishing an active working environment that supports collaboration among creative professionals within the heart of the Sydney CBD.

Support from the NSW Government has been game-changing for organisations including the long-running Sydney Youth Orchestras, which celebrates its 50th anniversary in 2023. This is the first time Sydney Youth Orchestras has been able to base all its activities in one location.

As well as office and creative production spaces, Haymarket Creative also offers three creative development spaces which are available for casual hire by the broader sector and are suitable for rehearsals, networking and industry events.

Haymarket Creative addresses the demand for affordable spaces across music, theatre, dance, filmmaking, digital animation, literature, design and other creative areas. The hub will enable creative organisations to expand and diversify their programs for artists and communities in Sydney and across the state, as well as to collaborate and form new connections across and beyond the industry.



Blockbuster and Culture Up Late

The *Blockbusters* funding initiative and *Culture Up Late* programs brought Sydney's CBD back to life following the COVID-19 pandemic. More than 180,000 people attended over 200 *Culture Up Late* events across the city.

The *Blockbusters* funding initiative showcased Sydney's newly transformed world class venues, with thousands of residents and tourists experiencing performances, exhibitions and shows driving the economic recovery and fostering creative development in the arts, cultural and creative sectors.

Some of the exhibitions and programs supported included:

- Nights at the Museum at the Australian Museum
- 23rd Biennale of Sydney
- Zampatti Powerhouse exhibition at Powerhouse, Ultimo
- Art after Hours at the Art Gallery of NSW
- MCA Late presented by the Museum of Contemporary Art Australia
- 50th Anniversary of the Sydney Opera House presented by Museums of History NSW

World leading visual effects and animation company, DNEG, establishes in Sydney

DNEG is one of the world's leading visual effects and animation studios responsible for creating feature film, television and multiplatform content. They have worked on blockbusters such as *Dune*, *Tenet*, *BladeRunner 2049*, *Interstellar*, *Inception*, and the *James Bond*, *Harry Potter* and *Fast and Furious* franchises.

After qualifying for the *Jobs Plus* Program, Investment NSW assisted DNEG to conduct site searches, and with workforce development and local ecosystem introductions, leading to DNEG establishing a new VFX and animation studio located in Sydney.

DNEG chose NSW for its strong talent pool, growing demand for film content and for the opportunity to work on George Miller's highly anticipated *Mad Max* prequel, *Furiosa*. Produced in Australia by Miller and Oscar-nominated producer Doug Mitchell, *Furiosa* is the largest film ever to be made in Australia.

By adding Sydney as its first Australian base, DNEG intends to create more than 470 highly skilled jobs and 550 indirect jobs by June 2024. It will also develop, foster and grow NSW's pipeline of skilled workers in the digital effects industry by creating training pathways leveraging its successful international programs.



Supporting public art

Ranging from subtle to bold, public art uniquely enhances the built environment by encouraging people to consider how they engage with the world around them.

We know that well executed public art improves street safety, social cohesion and encourages community participation.

The Department supports the commissioning of public art across key state government infrastructure projects, offering bespoke advice and developing programs to support NSW artists as well as increasing public amenity by activating precincts using site-specific public art in order to celebrate community.

During 2022-23 Create NSW worked with six government agencies to deliver quality public art and has overseen the completion of 12 public art projects. These artworks have been installed across five local government areas in Auburn North, Burwood, Strathfield, Leichhardt, Homebush and Concord.

In October 2022, Create NSW launched the NSW Public Art Toolkit. The Toolkit was designed to help NSW Government agencies and local councils apply best practice principles to planning, commissioning, implementing and maintaining public art.

It covers best practice principles, guidance for working with First Nations artists and ensuring community engagement. The Department is delighted to see its Public Art Toolkit enabling the commissioning of quality artworks that highlight community stories and respond to local character.



Sound NSW

Contemporary music was in the spotlight with Create NSW distributing more than \$2 million in program and project funding for contemporary musicians and organisations, including targeted programs to develop regional audiences.

Sound NSW was established in May 2023 to further develop the NSW contemporary music sector, delivering economic and cultural benefits for the state. It is also working across government to streamline processes so that contemporary music can flourish in NSW.



Establishing the Neon Grid through the Uptown Program

The 24-Hour Economy Strategy has committed to the development of a 'Neon Grid' across Greater Sydney to create a single view of existing and potential 24-hour hubs and the communication of the unique value proposition of each hub.

In 2022-23, the Office of the 24-Hour Economy Commissioner delivered the inaugural two-stage *Uptown Program* designed to strengthen Greater Sydney's 24-hour economy by accelerating the growth of districts into vibrant going out destinations.

Stage 1 of the *Uptown Accelerator* was delivered from October – November 2022 providing 30 districts with capacity building support including district visioning, branding, governance, pitching and grant writing as well as attracting partners and sponsors. The Accelerator culminated in the Uptown District Showcase on 30 November where 23 districts pitched their vision to potential partners and collaborators resulting in 372 direct connections being facilitated.

Stage 2 of the *Uptown Grant Program* aims to establish self-sustaining districts with a distinct identity and offering. In March 2023, 21 districts, across 8 different local government areas, successfully applied for up to \$200,000 in funding. This initial funding will be used to install a co-ordination function to allow for effective district management and build consumer engagement and connection with the districts.

Enhancing diverse, vibrant and safe night precincts through the Purple Flag Program

The 24-Hour Economy Strategy committed to piloting a night-time hub certification program. To enable this, DEIT has entered into a franchise agreement to pilot Purple Flag in NSW.

The Office of the 24-Hour Economy Commissioner consulted with local councils and key stakeholders in existing night-time precincts, and selected four precincts to participate in the Purple Flag NSW pilot program:

- YCK (York, Clarence and Kent Streets in Sydney CBD) (City of Sydney)
- Parramatta CBD (City of Parramatta)
- Haldon Street, Lakemba (Canterbury Bankstown Council)
- Illawarra Road, Marrickville (Inner West Council)

This collaborative and coordinated effort between NSW Government, local councils, industry and communities has resulted in two Purple Flags awarded in NSW to date:

- Purple Flag YCK – February 2023
- Purple Flag Parramatta CBD – June 2023

Lakemba and Marrickville will also be part of the next phase of the pilot program being rolled out from 2023.

A lasting benefit of the Purple Flag pilot are two new secure taxi ranks located on Clarence Street in Sydney's CBD and on Phillip Street in Parramatta's CBD, ensuring a safe journey home for those enjoying late night entertainment. Both of the current Purple Flag working groups will hold quarterly meetings to plan continuous improvements.



Vibrant, Safe and Responsible Hospitality and Racing

Liquor Accord program

Liquor Accords are made up of liquor licensees, community members, businesses, local councils, police, government departments and other community groups. These groups work together to develop strategies to tackle alcohol-related issues, anti-social behaviour and violence in local areas.

A new Liquor Accord Strategy 2023-2025 developed by Liquor & Gaming NSW (L&GNSW) has been released which identifies five key priorities to support and strengthen liquor accords to provide local solutions to local issues and a self-sustaining liquor accord network.

The strategy was launched at the Liquor Accords Forum in April 2023 which was attended by over 150 liquor accord members from across NSW. Delegates heard from a range of engaging keynote speakers and took part in panel discussions to support the hospitality industry in ensuring a safe and enjoyable experience for all patrons.

At the Forum, L&GNSW also launched the *Just... Don't* Liquor Accord campaign. This is part of the commitment to support industry to develop and implement new initiatives, and the Liquor Accord team worked with the Maitland Liquor Accord to design a campaign to educate youth on appropriate etiquette in licensed venues.

From this, a toolkit of tailored resources, including videos, posters, coasters, social media tiles and flyers, was developed that NSW liquor accords can implement in their local areas.

The *Just...Don't* campaign is an excellent example of the importance of collaboration and communication between industry and government to address common issues and create positive change.

Alcohol-related harm, in particular alcohol-related violence

A key focus of L&GNSW, as part of DEIT, is to reduce harm associated with the misuse and abuse of liquor. This includes intoxication, consumption by minors, alcohol-related violence and other anti-social behaviour.

During the year, higher-risk operators, areas and events were targeted and over 1,650 inspections at licensed venues, including 87 inspections at festivals and other major events were conducted. In addition to monitoring compliance, these inspections provided guidance on emerging risks and enabled L&GNSW to proactively engage with operators, supporting them to understand their obligations within the legislative framework. Education and support to industry was also provided through attendance and participation at liquor accords and engaging with regional operators and industry peak bodies.



Online and express alcohol delivery

The increased consumer demand for online and express/same day alcohol delivery has seen a significant increase in express delivery services and providers and a subsequent potential for community risk. Online and express alcohol delivery increases the risk of intoxication, access to alcohol by minors and may contribute to alcohol-related violence in the home. At the same time, unlicensed individuals operating through task-sharing apps and the gig economy more broadly exacerbate those risks, while also creating an uneven playing field for industry.

L&GNSW provided resources to the industry stressing the importance of checking identification at the point of delivery as well as commencing a compliance testing process to ensure that same-day alcohol delivery providers meet current regulations. Initial testing revealed a high failure rate, with 71 per cent of providers neglecting to check identification during alcohol deliveries. The testing was temporarily paused while L&GNSW conducted further industry engagement and education. When testing resumed, only 11 per cent of providers failed to verify identification upon delivery. This significant decrease in non-compliance validates ongoing efforts to engage and educate and demonstrates how important improving industry practices is in preventing inappropriate access to alcohol.



Gaming machine tax assessments to assist industry with cash flow

In 2022-23, L&GNSW ensured \$42 million remained in the industry by processing over 800 gaming machine tax assessments in only five days. This prevented pubs and clubs incurring a higher tax liability and relieved cash flow issues.

Generally, pubs and clubs would have to apply under section 10 of the *Gaming Machine Tax Act 2001* to receive a refund where there has been an overpayment and could only do so after the payment was made. However, due to the impacts of COVID-19 restrictions L&GNSW made the decision to make proactive discretionary adjustments to account for overpayments of gaming machine tax to assist industry, prior to the direct debit of the venues' bank accounts. Venues were notified by email of the new assessment figure which prevented them making overpayments.

Integrity of key executives and directors of the major exclusive NSW gaming licences

Work continued on the Tabcorp demerger with DEIT completing 19 complex probity assessments for key senior executives and directors.

Support continued for the NSW Independent Casino Commission, by completing over 30 complex probity assessments for the casino sector. These probity assessments ensure that key senior executives and directors of the exclusive NSW gaming licences are proven to be fit and proper to be associated with the relevant licences.

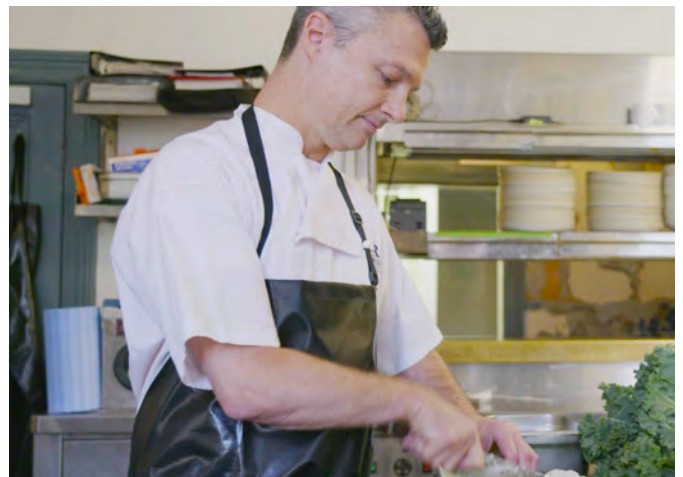
Regulatory Roadshows

Hospitality and Racing division introduced a series of regulatory roadshows across NSW, with the first Regulatory Roadshow held in Newcastle in May 2023. They are an opportunity to engage with industry across the state to share priorities, updates on licensing reforms, training and regulatory approach, as well as hear directly from industry on their experiences. The roadshow program forms part of Hospitality and Racing division's refreshed engagement model and aligns with its overall engagement and education strategy. These events are open to all industry members and provide an opportunity to engage with the departmental executive team and their industry peers, and also learn about planned activities and focus areas. This program is a user-friendly way to support DEIT's commitment to engage and inform stakeholders of policy changes, trends, associated compliance issues and harm minimisation strategies.

Kickstart your career in hospitality campaign

Following the COVID-19 pandemic, the hospitality sector was struggling to hire and retain staff. Addressing this skills shortage was identified as a priority area and formed part of the Hospitality and Racing division's published regulatory priorities.

The *Kickstart Your Career in Hospitality* campaign was designed to showcase the industry and highlight the range of long-term career options available throughout the sector. It sought to attract new workers to the industry, former workers back to the industry and connect existing workers to training options to further their careers.



New RCG training framework

In February 2023 a new and improved Responsible Conduct of Gambling (RCG) tiered training framework was introduced to ensure staff are trained at an appropriate level for their roles.

The framework was based on recommendations from the Responsible Conduct of Gambling study conducted in 2019 into the efficacy of RCG training in NSW. The Office of Responsible Gambling worked in collaboration with the University of Sydney and ClubsNSW to develop the new training resources and framework to support staff in gaming related roles.

A key aspect of the framework is to strengthen training requirements and provide gaming staff with practical skills to identify and proactively intervene when patrons display signs of problematic gambling behaviour. It consists of a revised RCG training course, a new online RCG assessment tool and a revised RCG online refresher course which are mandatory for anyone whose work duties involve gaming machines.

The changes also introduced an Advanced RCG (ARCG) course recommended for those holding senior roles with greater harm minimisation responsibilities. This advanced course will better prepare and support individuals who have greater gambling harm minimisation responsibilities and obligations under the NSW gaming laws.

Racing for the Regions

The *Racing for the Regions* program, initiated in 2022, included a package of more than \$58 million to support Racing NSW to deliver infrastructure projects at nine regional thoroughbred racecourses. These racecourse upgrades will support jobs and provide quality racing and training facilities for regional communities. Following agreement of a funding deed with Racing NSW in 2022-23, funding of \$3 million through the *Racing for the Regions* program has been used to install a Polytrack training track at Gosford racecourse. Trainers at Gosford can now access a state-of-the-art all-weather track for thoroughbred training.

Unlawful or irresponsible wagering advertisements

The publication of wagering advertisements that induce a person to open a betting account or to gamble more frequently is prohibited in NSW. Research has shown that this type of advertising could potentially change a person's betting behaviours by encouraging gambling or more frequent gambling and can have a significant adverse effect on at-risk gamblers and vulnerable individuals.

L&GNSW has a zero-tolerance approach to the publication of irresponsible gambling inducements across all media outlets. It recently conducted a targeted compliance program to ensure betting service providers were complying with the *Betting and Racing Act 1998* and identified 391 breaches. The enforcement activity included issuing three major providers with penalty notices totalling \$240,000.

During this time, L&GNSW also completed 23 prosecutions which resulted in the imposition of \$464,500 in fines.

Casino regulatory framework

An enhanced regulatory framework for casinos commenced on 5 September 2022. The laws implemented recommendations from various casino inquiries in Australia, including the NSW Bergin Inquiry into Crown Sydney.

The laws included greater regulatory requirements to target money laundering, gambling harm minimisation, casino probity requirements and transparency and governance.

The laws also created the NSW Independent Casino Commission (NICC) which took over casino regulatory functions from the Independent Liquor & Gaming Authority (ILGA), with both the NICC and ILGA becoming separate staff agencies in February 2023. L&GNSW's organisation design was also revised to continue to deliver frontline and operational licensing and compliance activities across the casino, liquor and gaming sectors.

These regulatory oversight reforms were funded from an increased supervisory levy applied to both casinos.



Office of Responsible Gambling grants management

The Office of Responsible Gambling administers multiple grants programs, including ClubGRANTS Category 3 Infrastructure Grants and Community Development Fund grant programs.

Grants are made available each year to support the building, renovation and fit-out of infrastructure, through the ClubGRANTS Category 3 Fund. The Community Development Fund (CDF) is used for grants programs for community benefit, subject to the balance of the fund. In 2022-23 a Community Development Fund grant round was offered for the first time in four years, in addition to three rounds of the ClubGRANTS Category 3 grants.

In 2022-23 under these two grant programs, 819 applications were received, with 130 projects funded across the state. \$16.1 million in funding was provided, and 309 grant funded projects were being actively managed by the Office.

The Office administers a significant volume of applications under the grant programs in line with the NSW Government Grants Administration Guide. The Office aims for best practice in all programs and its assessment panels are made up of external subject matter experts. An external probity advisor is engaged periodically to support compliance and ensure continuous improvement.

The responsible conduct of gaming

As part of DEIT, Liquor & Gaming NSW (L&GNSW) aims to reduce harm associated with gaming and focus on the responsible conduct of gaming with a genuine commitment to gaming harm minimisation.

Following initial concerns around the placement of ATMs in gaming rooms from multiple inspections, L&GNSW conducted a compliance intervention program focusing on gaming harm minimisation. The Gambling Harm Minimisation Program used a combined communication and education campaign where industry alerts were sent to operators, in addition to on-site compliance inspections.

Inspectors completed over 300 inspections in Phase I in November 2022, and over 390 inspections in Phase II in June 2023. Almost 10 per cent of total inspections in Phase I identified gaming-related breaches of measures where the industry was put on notice earlier in the year. Non-compliance continued to be identified in Phase II, with gaming harm issues identified at around 18 per cent of venues inspected. At the completion of the program L&GNSW were able to provide multiple educational recommendations to industry and an escalated enforcement approach for non-compliant operators.

In May 2023 the harm minimisation strategy focused on gaming related signage. Inspectors have engaged with 530 venues across 20 metropolitan and 12 regional local government areas providing direct education and support to industry to ensure they met the 1 September 2023 deadline for removal of all external gambling signage.



L&GNSW also conducted prosecutions of operators, including a hotel in the Riverina region which was fined nearly \$40,000 for operating gaming machines outside authorised hours. The hotel and its director were each fined \$14,000 after an investigation by L&GNSW. The hotel had operated the machines outside of trading hours on at least 40 occasions over a six-month period. These penalties serve as a warning to other venue operators who do not comply with gaming laws.

Wagering company Betr was also issued a record \$210,000 fine for breaching wagering laws in promotional material during its launch. The company offered odds on major events and advertised them in various media channels. L&GNSW considered that these advertisements violated laws prohibiting inducements for gambling activities. The company voluntarily ended its advertising campaign and paid the fine.

Office of Responsible Gambling awareness campaigns

The Number that Changed My Life Campaign

In 2022 and 2023, the Office of Responsible Gambling continued to deliver *The Number that Changed My Life*, a bespoke campaign designed to directly address culturally and linguistically diverse (CALD) communities in NSW where gambling is a problem.

The campaign aims to encourage individuals to seek help and specifically targeted the Mandarin, Arabic, Cantonese, Vietnamese, Korean and Indian communities. It ran from July to September in 2022, and again from June to July in 2023. All key media channels were included from traditional to digital to ensure the campaign reached all age groups across the relevant communities.

Unlike most CALD campaigns which translate or adapt mainstream materials, tailored materials were developed for each community. This achieved strong results with high campaign awareness among gamblers in the targeted communities, an increase in calls to the GambleAware helpline in target languages, a higher number of visits to in-language pages on the GambleAware website and an increase in people changing their behaviour following exposure to the campaign.

The campaign won the Best Regulatory Campaign award at the International Regulatory Awards and a Premiers Multicultural Communications Award.



Reclaim the Game

Reclaim the Game continued to be a success with NSW sporting clubs. This awareness initiative challenges the normalisation of sports betting and advertising in sport and raises awareness around the risks associated with gambling.

In 2022-23 *Reclaim the Game* grew to fifteen partner clubs across five sporting codes: Australian Football League (AFL), A-League, Cricket, NBL and National Rugby League (NRL). In 2022-23 the program expanded into women's sport, with the Sydney Swans AFLW team and Western Sydney Wanderer W-League teams becoming partners. *Reclaim the Game* has reached millions of people viewing sports at home and in stadiums at over 80 home games, as well as through targeted online communication.

Hospitality Concierge service

The Hospitality Concierge was launched in October 2022 to act as a “one stop shop” for industry to access information about liquor licence reforms.

Its aim is to help industry maximise the benefits of initiatives such as alfresco dining, live music and special entertainment precincts, as well as reducing red tape and supporting the nighttime economy.

Comprising industry professionals, former licensees and senior leaders within the hospitality industry, the team has in-depth understanding of the challenges facing industry. As well as providing support, the team will also conduct outreach across the industry and relevant state and local government agencies to establish pathways and provide help.

The benefits to both government and industry have been extremely positive and seen the team’s remit expand beyond the original approach of assisting businesses to access information on regulatory reforms. The team has become a stakeholder in working groups, steering committees and projects related to industry and night-time economy, as well as music festivals.



Increased Economic Development and Innovation

Enhancing student employability and filling skills gaps through the NSW Careers Expo for International Students

With 93 per cent of employers experiencing skills gaps, Study NSW connects international students with potential employers.

The result was the NSW Careers Expo for International Students focused on unlocking global talent for employers, improving employment outcomes for international students and highlighting NSW as the premier study destination.

This one-day event at the International Convention Centre saw over 1,100 international students attend along with 50 NSW employers actively seeking to recruit international students to fill vacancies. Specialists from SEEK, Australia's leading employment marketplace, led masterclasses on building resumes and writing cover letters and the students were given access to a free professional photo booth. An information session was also held on skilled migration pathways which was attended by over 300 international students on the day.



Many of the employers who attended the Expo reported that they had arranged interviews with international students. In addition, many of the employers were also signed up to the NSW Jobs Connect for International Students partnership with SEEK. This partnership connects employers with talent through a dedicated filter. Student feedback on the event was positive with many reporting that the Expo provided them with valuable insights into the Australian marketplace and a better understanding of what to look out for as a job seeker.

Yielding strong trade and investment outcomes for NSW

NSW businesses exporting to the world, contribute \$228.3 billion to the NSW economy and generate over 1.2 million jobs. Underpinned by a targeted export and investment approach and regular performance tracking, close collaboration between Investment NSW's international network and onshore trade and investment teams has driven strong trade and investment outcomes for NSW.

In FY22-23, DEIT, through Investment NSW achieved export and investment attraction outcomes by:

- assisting over 646 NSW businesses (mainly small businesses) and directly contributing to generating \$126 million in export sales
- creating over 4,526 high-paying jobs across target industries in NSW
- attracting over \$1 billion in new capital investments to NSW
- winning 63 new investment projects and identifying and supporting 430 new investment opportunities in NSW
- \$63 million in NSW co-investments fostering innovation expenditure leveraging investments from private and public organisations.

NSW Innovation and Productivity Council

In 2022-23 the NSW Innovation and Productivity Council released two new reports on strategic areas of priority for NSW:

1. *Adaptive NSW: how embracing tech could recharge our prosperity* – this report was delivered in partnership with the NSW Productivity Commission and provides a framework for policymakers to think about technology adoption, workforce adaptation and the future of work in NSW.
2. *The Role of Anchors: learning from international innovation precincts* – a cutting-edge guide that looks at the important role that anchor tenants play in global innovation precincts and what it means for NSW. The report made four overarching recommendations for the NSW Government to help innovation precincts and anchors further succeed.

The reports have been positively received across government, academia and business both domestically and internationally, highlighting the wide reach and impact of the NSW Innovation and Productivity Council's research.



Modern Manufacturing Taskforce Report

In December 2022, the NSW Modern Manufacturing Taskforce Report titled *Making it in NSW* was published. The Report of the Independent Modern Manufacturing Taskforce is a comprehensive review by independent experts from industry and academia, focusing on the current state of manufacturing in NSW.

The Report outlined the Taskforce's recommendations across seven key themes and establishes the need for targeted and industry-informed government action to support domestic manufacturers to reverse a 20-year decline in the industry.

Industry policy development

To make NSW an attractive place for business to invest and for people to live, Investment NSW began work to set an overarching vision for the NSW economy in 20 years' time. To achieve major transformations, such as digitalisation, decarbonisation and a circular economy, the state will need a consistent and cohesive policy approach that continues over a sustained period and addresses future challenges and leverage new opportunities. Policy development continues into 2024.

New innovative opportunities and solutions identified through the USP Gateway Program

DEIT, through Investment NSW, manages the NSW Government's Unsolicited Proposals (USP) Program which provides non-government entities with a pathway and process to propose innovative ideas and solutions that realise government objectives.

In 2022-23, Investment NSW attended to 31 enquiries received and assessed 10 formal proposals. As at 30 June, three proposals were at Stage 2 and one proposal at Stage 3 of the USP process.



In the first half of 2023 the NSW Government accepted two major USPs:

Central Place Sydney – a multi-billion-dollar joint venture development between Dexus and Frasers Property Australia located at the southern end of Sydney's CBD in Tech Central. The project will support the government's large-scale urban renewal and city shaping project at Central Station (Central Precinct Renewal Program) by creating a world class mixed-use development. It will offer retail, commercial and premium office space contributing to the government's Tech Central objectives and delivering upgraded public green and open spaces significantly improving pedestrian amenity and connectivity to Central Station.

The M7-M12 Motorway Integration and Delivery – a project by WSO Co. Pty Limited to future-proof critical Sydney roads by widening the M7 Motorway and deliver connections to the new M12 Motorway which will connect Western Sydney International Airport and Western Parklands. By widening the M7 the project will support the growth of Western Sydney by both meeting the demand for road travel and improving productivity by reducing travel time on a key freight route. It will also improve liveability and create safer urban communities by reducing traffic on local roads.

Supporting small business exporters through the Going Global Export Program

The past three years have seen NSW exporters face global disruptions, natural disasters and significant cost pressures for energy, logistics and materials.

Combined with shifting global geopolitics, NSW exporters are experiencing significant uncertainty and challenges to compete internationally.

Investment NSW understands that exporters are critical to a prosperous NSW economy. With this in mind Investment NSW has taken a strategically targeted and proactive approach to supporting small business to succeed in international markets.

The Going Global Export Program (GGEP) is a 4 to 6-month program which includes coaching, mentoring and business matching to assist export-ready small businesses to access new markets in their target priority sectors. The delivery of each GGEP involves complex collaboration across Investment NSW with both onshore and offshore trade and investment networks. Investment NSW provides online and face-to-face workshops, training in marketing and e-commerce platforms, client introductions and support for NSW businesses to exhibit at trade shows and missions.



So far, the GGEP has supported 480 NSW businesses to achieve over \$36 million in export sales across 18 industry sectors. These businesses are reaching new customers and diversifying export markets to the USA, UK, the European Union, the UAE, the Middle East, India, Vietnam, Singapore, Indonesia, China, Taiwan, Hong Kong, Korea, and Japan. Independent surveying by IPSOS shows the GGEP delivers impact and businesses are highly satisfied with the service, with 83 per cent of this year's cohort saying they were 'confident about achieving future export sales in their chosen market.'

Sauce Brewing Co, a craft brewery in Sydney and a participant in the GGEP in 2022-23 said:

“the program is fantastic, breaking down barriers and setting a platform for exporting partnership and success”.

RNA Pilot Facility

RNA (ribonucleic acid) technology has emerged as an important sector in biotechnology with enormous potential to improve human and animal health.

The Office of Chief Scientist and Engineer (OCSE) is leading a project with Health Infrastructure to build Australia's first-of-its-kind \$96 million RNA research and pilot manufacturing facility at Macquarie University. The facility will be a partnership between the NSW Government, all 14 NSW and ACT universities and the innovative biopharma company, Myeloid Therapeutics. Myeloid will operate the site facility where a wide range of RNA therapeutics and delivery technologies will be independently commercialised.

The facility will increase RNA industry capability and advanced manufacturing capacity, and help to build and retain skills in the sector. It is expected to drive closer partnership with universities and attract national and international R&D investment into NSW.

RNA research has shed light on the mechanism of numerous human and animal diseases and will pave the way for the development of new methods of treatment for cancer, neurodegenerative disorders, cardiovascular diseases, and infection. This shared RNA infrastructure we will be able to provide NSW with scalable manufacturing opportunities that will bolster our sovereign capability by enhancing Australia's human and animal health security and pandemic preparedness.

By producing these therapeutics locally, NSW can reduce Australia's dependence on foreign sources guaranteeing the availability of life-saving treatments as well as protecting our biosecurity and productivity in agricultural industries.

Locating the facility at Macquarie University's Wallumattagal campus places it near the Connect Macquarie Park Innovation District, home to a host of medical and health-related organisations and industrial and technology startups.

The NSW Government, in conjunction with five universities, has also established RNA Australia Limited, a company which will guide the development of the NSW RNA ecosystem. This will ensure the new facility successfully achieves desired R&D and commercialisation outcomes for RNA technology in NSW.

Fostering growth of NSW's Innovation Hubs

In 2022-2023, Investment NSW launched two new innovation hubs designed to support startups and scaleups to thrive in NSW.

The Western Sydney Startup Hub was officially launched on 22 November 2022 and is operated by Spacecubed. It's a 1,500 square metre hub conveniently located in the Parramatta North Heritage Core and provides affordable workspaces and programs for innovative technology startups, scaleups and small businesses. Since the launch, 35 new startups have moved into the hub, and the first pre-accelerator program has been launched to support local entrepreneurs. Investment NSW also delivered a Youth Indigenous Entrepreneurship program to local schools designed to encourage entrepreneurship among the young Indigenous community.

The Sydney Startup Hub was home to 374 startups as of 30 June 2023. It continues to deliver specialised programs including pitch programs, advisory workshops, and ‘lunch and learns’ and networking events to NSW innovators.

Building on the success of the Sydney Startup Hub, which celebrated its fifth birthday in February 2023, the Tech Central Scaleup Hub was opened in July 2022. Set across six floors, the scaleup hub is operated by Stone & Chalk and provides approximately 8,000 square metres of affordable and flexible workspace. It is ideal for high-growth technology scaleups with its location in the heart of NSW’s leading innovation district, Tech Central. Users can access private office suites, meeting rooms, event spaces and spill over workspaces to allow for companies scaling operations. The hub also offers dedicated programs and network building opportunities for residents to connect them with the customers and investment they need to thrive.



Winning the hosting rights for the International Astronautical Congress 2025

In September 2022, Investment NSW in partnership with the Space Industry Association of Australia (SIAA), the Australian Space Agency, and Business Events Sydney, successfully secured hosting rights for the International Astronautical Congress (IAC) 2025, the world’s largest space conference.

The bid process was competitive and involved securing endorsement for Sydney to be Australia’s candidate host city from the Commonwealth and SIAA, against other States and Territories. Investment NSW worked closely with its partners to showcase NSW’s capabilities to the governing body of the IAC, the International Astronautical Federation (IAF), against rival competitors, China, Thailand, Turkey, and Saudi Arabia.

IAC 2025 is scheduled to take place at the International Convention Centre in Sydney from 28 September to 3 October 2025. It will be an unparalleled opportunity for Australia to showcase how far it has advanced as a space-faring nation. Hosting IAC 2025 in Sydney will boost NSW’s presence in the global space ecosystem, attract critical stakeholders across the space industry, government, and academia to Sydney. Importantly, it will also inspire a new generation of Australians to consider the possibilities of a career in space.

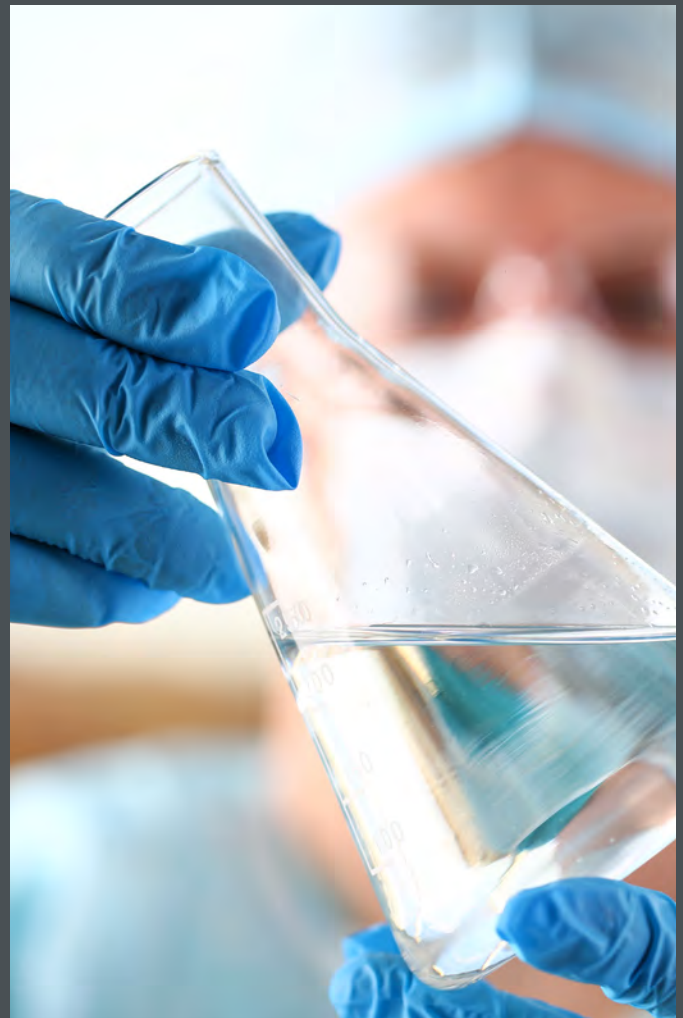
This five-day event is projected to attract more than 6,000 visitors and inject an estimated \$21 million economic boost to local businesses in NSW. The last time Australia hosted the IAC was in Adelaide in 2017, where it played a pivotal role in the establishment of the Australian Space Agency.

Securing improved education, economic and innovation outcomes for the Central Coast

The NSW Government is investing \$18 million to support the creation of a new health and innovation campus with the University of Newcastle in the heart of the Gosford CBD.

Investment NSW has worked closely with the University and other key Government agencies, including the Greater Cities Commission and Hunter Central Coast Development Corporation to progress the delivery of this exciting new campus. It has been an extensive cross-agency collaboration which culminated in the signing of final transaction documents between the University of Newcastle and the NSW Government in December 2022.

The transaction documents underpin the development of the campus, ensuring the project meets the key social, economic and placemaking outcomes for the Central Coast region and NSW. These campus outcomes will be to provide additional high-quality education options that increase participation rates, align course offerings to priority industries and those industries facing skills shortages, as well as delivering high-quality design, placemaking and amenities. Importantly, the campus will support emerging and existing industries through its key role of anchoring the Central Coast Education and Employment Precinct. Its proximity to Gosford public and private hospitals will create opportunities for shared research and education in health services and medicine. Development is expected to be completed by the end of 2025 and the University of Newcastle to commence operations in 2026.



Research and Development Support

Research and development funding

Research delivers the new ideas, products and skills needed to address complex policy issues and increase the take-up of technology to support productivity growth. A strong, vibrant and high-quality research and innovation ecosystem is critical for driving the prosperity of NSW and Australia.

DEIT invests in research and development and provides critical funding to programs and projects based in NSW. It invests in strengthening the strategic links between diverse research stakeholders to ensure NSW is well positioned to respond to policy challenges to enable the jobs of the future.

Organisation Name	Nature and Purpose of Grant	Amount \$
Various	The single round Quantum Computing Commercialisation Fund assists companies to commercialise their quantum computing hardware and/or software technologies.	\$6,791,753
Various	The Emerging Industry Infrastructure Fund (EIIF) is a NSW Government fund that targets new industries where NSW has, or could have, competitive advantage and where co-investment in joint infrastructure will both build existing industry and attract global companies and investment into NSW. The target infrastructure will be embedded in a relevant NSW innovation precinct. Round 1 established the Semiconductor Sector Service Bureau (S3B) - S3B will enhance the capability, workforce, market connectedness and competitiveness of NSW and Australia's semiconductor sector, as well as addressing market frictions and failures that curtail NSW and Australia's ability to participate in global semiconductor markets. Round 2 - Round 2 of the EIIF provided \$6 million to support Synthetic Biology and Biomanufacturing specific infrastructure, facilities, equipment and platforms which could allow activities such as prototyping, scaleup and testing of products. The supporting staff could connect researchers, industry, startups and supply chains. Programs could include incubation and acceleration support.	\$10,000,000
The University of Sydney and University of Technology Sydney	Funded through the Research Attraction and Acceleration Program, The Space Research Network was established to build on the state's existing research and industry strengths in space and drive innovation through collaboration to deliver social and economic benefits to NSW.	\$2,000,000
University of Technology Sydney	The NSW Defence Innovation Network (DIN) is a university-led initiative of the NSW Government and the Defence Science and Technology Group to enhance NSW & ACT Defence industry capability through collaboration with government and academic research institutions.	\$1,000,000
The University of Sydney	The NSW Smart Sensing Network brings together universities, industry and government to translate world-class research into innovative smart sensing solutions that create value for the economy, environment and society of NSW and beyond.	\$1,000,000

Organisation Name	Nature and Purpose of Grant	Amount \$
Various	The Tech Central Research & Innovation Infrastructure Fund supports organisations developing research and innovation infrastructure to be located in or strongly aligned to the Tech Central precinct in Sydney. The Fund will bring innovation, R&D and industry talent to the heart of Sydney, Tech Central, and complement existing research, industry and university participants.	\$8,000,000
Various	The Physical Sciences Fund is a competitive grant program that aims to progress new and innovative devices and systems towards commercialisation within NSW across the branches of the physical sciences and engineering, including physics, chemistry, astronomy and the earth sciences.	\$5,000,000
Various	The Industrial Transformation Research Program (ITRP) Co-Investment provides funding for research projects focused on issues facing industry in priority areas for Australia. Grants were awarded to UNSW Sydney and University of Wollongong.	\$291,704
University of New South Wales	Cooperative Research Centres (CRCs) are long-term collaborations between research organisations, government and industry to deliver benefits for NSW in priority areas. OCSE funded UNSW Sydney - Sovereign Manufacturing Automation for Composites (SoMAC) CRC in 2022-23.	\$300,000
University of New South Wales	Centres of Excellence (CoEs) aim to enhance and develop Australia's research excellence through highly innovative and collaborative research and build Australia's human capacity in a range of research areas. The University of New South Wales – Centre of Excellence for Carbon Science and Innovation was awarded funding in 2022-23.	\$1,000,000
University of New South Wales	Australian Trailblazer for Recycling and Clean Energy (ATRaCE) received funding in 2022-23. Trailblazers provide significant commonwealth funding to universities to build new research capabilities, driving commercialisation outcomes and new industry engagement opportunities. Co-investment from the RAAP is used to leverage the investment of NSW HQ'd trailblazers into the NSW R&D ecosystem engaged in the ATRaCE centre.	\$700,000
Various	The NSW Small Business Innovation & Research (SBIR) program is a NSW Government initiative that provides competitive grants to small and medium-sized enterprises (SMEs) to develop and commercialise innovative solutions to well-defined problems for NSW Government agencies. The SBIR program supports innovative technologies or services that both solve NSW Government challenges, and which could be commercialised and sold to other end-users. A total of 10 grants were awarded in 2022-23.	\$9,722,430
Sydney Quantum Academy	The Quantum Computing Fund (QCF) was a \$26 million fund announced in 2017 to support initiatives that would make NSW a global hub for quantum computing and technologies. The QCF awarded \$15.4 million to establish and deliver the Sydney Quantum Academy (SQA), amongst other investments such in Silicon Quantum Computing and Defence commercialisation grants. The 2022-23 instalment of \$2.5 million to the SQA is the final payment under the QCF.	\$2,500,000
Various	The Bushfire Commercialisation Fund (BCF) is a competitive program to support individuals, companies, research institutes and universities, to accelerate the development, commercialisation and adoption of bushfire technologies and services in NSW. In 2022-23, OCSE awarded 5 recipients to support the commercialisation of their technology.	\$2,277,400
Various	The Bushfire Technology Pilots Program (BTPP) aims to support companies to work with NSW Government agencies to pilot their technology and enable both existing commercial and new bushfire technologies to be fielded and evaluated by frontline NSW bushfire services. OCSE awarded 5 companies in the first round and 9 companies (10 projects) in the second round of the BTPP.	\$385,890 (R1) \$2,186,387 (R2) Total: \$2,572,277

Sponsorship of organisations, activities and events

Science outreach and engagement activities are integral to enabling knowledge sharing and career pathways in science, technology, engineering and maths. DEIT supports and provides funding to various programs and initiatives to ensure students and the general public in NSW are given the opportunities to engage with science and scientists.

Organisation Name	Nature and Purpose of Grant	Amount \$
Various	The STEM Student Competition Sponsorship Program offers grants to support high-tech, high-impact research by NSW students attending domestic and international research competitions. Thirteen recipients were awarded funding.	\$50,000
Various	The Supporting Young Scientists Program offers grants to support NSW high school students wishing to further their education in STEM through related competitions, events or courses, either within Australia or internationally. Nine grants were awarded in 2022-23.	\$65,000
Various	The Conference Sponsorship Program provides financial support for scientific conference to encourage groups to meet in NSW and exchange ideas, knowledge, and expertise, making significant contribution to professional networking, project collaboration, tourism and employment opportunities in NSW.	\$100,000
The University of Sydney	Employment of the Inspiring Australia NSW Manager position and associated on-costs. The manager oversees science outreach activities held in NSW and events year-round and during National Science Week, as well as one-off sponsorships.	\$200,000
Engineers Australia Sponsorship	Annual sponsorship of Engineer Australia to provide and promote STEM outreach for high school and university students.	\$100,000
Australian Science Media Centre Sponsorship	Annual sponsorship of the Australian Science Media Centre, a not-for-profit organisation helping science journalists to report evidence-based stories.	\$40,000
Royal Society NSW	Annual sponsorship of the Royal Society of NSW (RSNSW) to support RSNSW to expand its reach and impact across NSW through events, attract and leverage further funding and expand services across Western NSW, while maintaining ongoing staff.	\$108,000
National Youth Science Forum	Funding to support the National Youth Science Forum (NYSF), a year 12 Program to showcase the diverse STEM study and career opportunities on offer in NSW, and support Access and Equity Scholarships of NSW students from disadvantaged backgrounds.	\$40,000
University of Newcastle	Science and Engineering Challenge (SEC) is an annual sponsorship provided to target primary and secondary school students to improve educational and employment outcomes in STEM, through hosting events across NSW.	\$120,000

Organisation Name	Nature and Purpose of Grant	Amount \$
Premier's Prizes for Science & Engineering	The NSW Premier's Prizes for Science and Engineering recognises excellence in science and engineering. It rewards researchers and teachers for their work and efforts that has provided benefits for NSW.	\$105,000 (prize money) \$138,029 (prize money and event)
NSW Science & Research Breakfast Seminars	The NSW Science and Research Breakfast Seminars Series (6 seminars per year) provides an opportunity for leading researchers, technologists and entrepreneurs in NSW to showcase their work across a diverse range of disciplines.	\$78,979
Various	The Bushfire STEM in Schools Program provides funding for education programs that inspire and enable student participation and understanding of STEM in relation to bushfire detection, response, and management.	\$400,000
Cicada Innovations	OCSE funds the NSW Deep Tech Commercialisation Training Program (DTCTP), delivered by Cicada Innovations, to provide researchers and entrepreneurs with commercialisation knowledge to refine their market strategy, identify customers, scale their business and help them grow and attract additional public and private investment.	\$319,000

Funds granted to non-government community organisations

DEIT's divisions provided grants to a number of community organisations and businesses to propel the delivery of investment, business, lifestyle, entertainment and cultural opportunities, and position NSW as the best place in the world to live, invest, visit, study, work and play.

Information regarding grants administered by DEIT, through its divisions Investment NSW, Create NSW and Hospitality and Racing, can be found at: www.nsw.gov.au/grants-and-funding





Department of Enterprise,
Investment and Trade

4

Management and
Accountability

People and Culture

This report covers the Department of Enterprise, Investment and Trade (DEIT) from 1 July 2022 to 30 June 2023.

On 22 June 2023, DEIT had 898.68 full-time equivalent (FTE) staff, equating to a headcount of 945 staff.

Figures are based on the Public Service Commission’s workforce profile data and excludes overseas employees.

Workforce diversity

Number of officers and employees by category and compared to the prior year.



Representation of workforce diversity groups

Workforce diversity group	Benchmark/target	2021-22*	2022-23
Women	50%	55.4%	54.8%
Aboriginal and/or Torres Strait islander people	3.3%	6.7%	1.4%
People whose language first spoken as a child was not English	23.2%	12.2%	20.0%
People with disability	5.6%	1.5%	4.1%
People with disability requiring work-related adjustment	N/A	1.0%	1.4%

*Figures for DEIT for 2021-22 did not include Investment NSW, which only became part of DEIT from 1 July 2023. Information relating to workforce diversity for Investment NSW for 2021-22 can be found in the Investment NSW Annual Report.

Workforce diversity actual and estimated staff numbers (non-casual headcount at census date)

Remuneration Level of Substantive Position	\$0 - \$51,756	\$51,756 - \$67,975	\$67,975 - \$75,992	\$75,992 - \$96,164	\$96,164 - \$124,357	\$124,357 - \$155,445	\$155,445 > (SES)	\$155,445 > (Non SES)
Total Staff (Men, Women & Unspecified)	0	3	2	147	401	298	93	1
Respondents	0	3	2	136	362	267	77	1
Men	0	2	0	57	165	134	47	0
Women	0	1	2	90	226	152	46	1
Unspecified Gender	0	0	0	0	10	12	0	0
Aboriginal and/or Torres Strait Islander People	0	0	0	2	9	1	1	0
People from Racial, Ethnic, Ethno-Religious Minority Groups	0	0	0	42	101	52	8	0
People whose Language First Spoken as a Child was not English	0	0	2	40	93	37	17	0
People with a Disability	0	1	0	8	12	17	1	0
People with a Disability Requiring Work-Related Adjustment	0	1	0	3	2	7	0	0

Estimated figures are calculated for each salary band by taking the number of employees who have responded "yes" to the Workforce Diversity question as a proportion of the total number of employees who have responded to the Workforce Diversity survey, multiplied by the total number of staff, and rounded to zero decimal places.

Average remuneration of Public Service Senior Executives (PSSEs) employed in each band

23.1 per cent of total employee-related expenditure in the reporting year related to senior executives.

PSSE band	June 2023		Number employed	
	Average remuneration (\$)	Range (\$)	June 2022	June 2023
1. Director	\$245,994	\$201,350–\$287,200	6 (Female) 9 (Male)	33 (Female) 35 (Male)
2. Executive Director	\$328,664	\$287,201–\$361,300	1 (Female) 3 (Male)	7 (Female) 8 (Male)
3. Deputy Secretary/ Chief Executive	\$447,051	\$361,301–\$509,250	3 (Female) 1 (Male)	5 (Female) 4 (Male)
4. Secretary	\$623,300	\$509,251–\$588,250	1 (Female)	1 (Female)

Employee relations

DEIT has engaged with the relevant union, the Public Service Association of NSW, throughout the reporting period on matters involving both DEIT and some of the portfolio agencies.

There were no industrial disputes lodged against DEIT and no working time was lost due to industrial disputes relating to DEIT during the reporting period.

Workplace health and safety

DEIT is committed to providing a safe and healthy workplace, so far as is reasonably practicable. A Work Health and Safety (WHS) Policy and supporting processes have been established to provide a WHS management system, assess and mitigate work-related risks, and to identify, report and respond appropriately to hazards, incidents and injuries.

DEIT has established a Health and Safety Committee that will provide the key consultation forum on health and safety issues.

During the reporting period there were 9 injuries, near misses or hazards reported for DEIT.

Workers Compensation

During the reporting period DEIT received and finalised two new workers' compensation claims.

From 22 February the Independent Liquor and Gaming Authority (ILGA) and NSW Independent Casino Commission (NICC) became separate staff agencies. The workforce data above does not contain information relating to ILGA or NICC. This information can be found in the respective ILGA and NICC Annual Reports.

Legal

Government Information (Public Access) (GIPA) Act 2009

The GIPA Act requires NSW Government agencies to make mandatory disclosures of information, encourages proactive release of information and provides mechanisms for individuals to apply to access government information. More information on how to access departmental information is available at: <https://www.nsw.gov.au/enterprise-investment-trade/policy/access-to-information>

Section 7 of the GIPA Act authorises NSW Government agencies to proactively release government information for which there no overriding public interest against disclosure. Section 7(3) of the GIPA Act requires agencies, at intervals of not more than 12 months, to review their proactive release program.

DEIT has a Proactive Release of Government Information Policy that is published on the DEIT website. The Policy sets out a framework and processes for the proactive release of government information. In accordance with this Policy, DEIT routinely publishes reports, publications, guidelines and other documents on the DEIT, Investment NSW, Create NSW and Liquor & Gaming NSW websites.

The tables below detail information about formal access applications under the GIPA Act that were dealt with by DEIT in the 2022-23 financial year.

During 2022-23, DEIT received a total of 49 applications under the GIPA Act.

Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	2	2	5	2	0	3	0	0
Members of Parliament	1	0	0	2	0	0	0	1
Private sector business	0	0	0	2	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	2	0	1	0	0	0	0	2
Members of the public (other)	6	5	1	1	0	1	0	1

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to the table below.

Number of applications by type of application and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	11	9	10	8	0	4	0	4
Access applications that are partly personal information applications and partly other	1	2	1	0	1	0	0	0

* A personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	3
Application is for excluded information of the agency (section 43 of the Act)	1
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	4
Invalid applications that subsequently became valid applications	1

Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act	Number of times consideration used*
Overriding secrecy laws	2
Cabinet information	4
Executive Council information	0
Contempt	0
Legal professional privilege	1
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0
Information about complaints to Judicial Commission	0
Information about authorised transactions under Electricity Network Assets (<i>Authorised Transactions</i>) Act 2015	0
Information about authorised transaction under Land and Property Information NSW (<i>Authorised Transaction</i>) Act 2016	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to the table below.

Other public interest considerations against disclosure: matters listed in table to section 14 of Act	Number of occasions when application not successful
Responsible and effective government	7
Law enforcement and security	0
Individual rights, judicial processes and natural justice	8
Business interests of agencies and other persons	7
Environment, culture, economy and general matters	1
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Timeliness	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	21
Decided after 35 days (by agreement with applicant)	10
Not decided within time (deemed refusal)	2
Total	33

Number of applications reviewed under Part 5 of the Act (by type of review and outcome)	Decision varied	Decision upheld	Total
Internal review	0	1	1
Review by Information Commissioner*	1	1	2
Internal review following recommendation under section 93 of Act	0	1	1
Review by NCAT	0	1	1
Total	1	4	5

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Applications for review under Part 5 of the Act (by type of applicant)	Number of applications for review
Applications by access applicants	5
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)	Number of applications transferred
Agency-initiated transfers	5
Applicant-initiated transfers	4

Judicial decisions

Nil in the reporting period.

Administrative Change Orders

The table below summarises the administrative orders which impacted the Enterprise, Investment and Trade portfolio during 2022-23. The Department of Enterprise, Investment and Trade provided support to portfolio agencies impacted by Administrative Arrangements below.

Administrative Change Order	Date of Order	Explanation
Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 3) 2023	3 May 2023	Transfer of Venues NSW and NSW Institute of Sport to the Department of Communities and Justice portfolio.
Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 2) 2023	5 April 2023	Transfer of Western Parkland City Authority to the Department of Planning and Environment portfolio, and Office of Sport to the Department of Communities and Justice portfolio.
Administrative Arrangements (Administrative Changes – Miscellaneous) Order 2023	22 February 2023	Creation of Office of Independent Liquor and Gaming Authority as a separate agency, and Office of the NSW Independent Casino Commission as a separate agency.
Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 10) 2022	16 December 2022	State Archives and Records Authority of NSW Staff Agency was renamed to the Museums of History NSW and State Records Authority NSW Staff Agency.

Privacy

DEIT must comply with the *Privacy and Personal Information Protection Act 1998 (NSW) (Privacy Act)* in dealing with personal information. The Privacy Act sets out 12 Information Protection Principles in relation to the collection, use, disclosure and retention of personal information.

DEIT outlines how it complies with the Information Protection Principles in its Privacy Management Plan that is published on the DEIT website.



Legislation Administered

Minister for the Arts

Art Gallery of New South Wales Act 1980 No 65

Australian Museum Trust Act 1975 No 95

Entertainment Industry Act 2013 No 73

Film and Television Industry Act 1988 No 18

Library Act 1939 No 40

Museum of Applied Arts and Sciences Act 1945 No 31

Museums of History NSW Act 2022 No 42

State Records Act 1998 No 17

Sydney Opera House Trust Act 1961 No 9

Minister for Music and the Night-time Economy

Music Festivals Act 2019 No 17

Minister for Jobs and Tourism

Destination NSW Act 2011 No 21

Jobs for NSW Act 2015 No 25

Major Events Act 2009 No 73
(jointly with the Minister for Sport)

Payroll Tax Rebate Scheme (Jobs Action Plan) Act 2011
No 19 (jointly with the Minister for Finance)

Minister for Industry and Trade

Nil

Minister for Sport

Major Events Act 2009 No 73
(jointly with the Minister for Jobs and Tourism)

Minister for Innovation, Science and Technology

Innovation and Productivity Council Act 1996 No 77

Minister for Gaming and Racing

Australian Jockey and Sydney Turf Clubs Merger Act
2010 No 93

Betting and Racing Act 1998 No 114

Casino Control Act 1992 No 15

City Tattersall's Club Act of 1912

Gambling (Two-up) Act 1998 No 115

Gaming and Liquor Administration Act 2007 No 91

Gaming Machine Tax Act 2001 No 72 (whole Act jointly
with the Treasurer and the Minister for Finance (except
Part 4 and Schedule 1 solely))

Gaming Machines Act 2001 No 127

Greyhound Racing Act 2017 No 13

Harness Racing Act 2009 No 20

Hawkesbury Racecourse Act 1996 No 74

Liquor Act 2007 No 90

Public Lotteries Act 1996 No 86

Racing Appeals Tribunal Act 1983 No 199

Registered Clubs Act 1976 No 31

Thoroughbred Racing Act 1996 No 37

Totalizator Act 1997 No 45 (whole Act (except section 76))

Unlawful Gambling Act 1998 No 113

Wagga Wagga Racecourse Act 1993 No 109 (whole Act
(except section 4))

Note: from 1 July 2022 to 23 March 2023, the Department of Enterprise, Investment and Trade was accountable to the following Ministerial portfolios:

- Minister for Enterprise, Investment and Trade, Minister for Science, Innovation and Technology, Minister for Sport
- Minister for Hospitality and Racing
- Minister for the Arts, Minister for Tourism
- Minister for Western Sydney.

Additionally, between 1 July to 3 August 2022, DEIT was accountable to the Minister for Enterprise, Investment and Trade, Minister for Tourism and Sport and Minister for Western Sydney. Information regarding the allocation of Acts under these Ministerial portfolios can be found at: <https://legislation.nsw.gov.au>.

Overseas Travel

Date	Officer	Destination	Purpose
15 - 27 July 2022	Sukrit Kumar	Farnborough, UK	Attend the international defence and aerospace tradeshow, Farnborough Air Show, to support NSW-based companies attending the tradeshow as part of an official industry delegation, sponsored by Team Defence Australia and Austrade.
24 - 30 July 2022	Chris Dennis	Jakarta, Indonesia	Food & Hotel Indonesia (Going Global Export Program) support for NSW exporters.
25 - 28 July 2022	Michael Rodrigues	Auckland, NZ	NZ Hospitality Conference 2022. Speaking engagement about the future of the 24-hour economy.
27 - 28 July 2022	James Hulme	Auckland, NZ	NZ Hospitality Conference 2022. Speaking engagement about the future of the 24-hour economy.
18 - 31 August 2022	Michael Newman	Incheon, South Korea to Sydney	Finalise business visa processing in Japan Embassy, Sydney due to conclusion of his diplomat visa arranged during COVID-19 and meetings with key stakeholders.
02 - 11 September 2022	Tania Panagoda	Singapore	Supporting NSW exporters at Food & Hotel Asia.
14 - 25 September 2022	Jessica Saladine	Paris, France	International Astronautical Congress 2022.
21 - 29 October 2022	Lasya Rao	San Francisco & San Jose, USA	VERGE 22 – supporting cleantech clients (Going Global Export Program).
23 October - 5 November 2022	Vish Padmanabhan	Mumbai, India to Sydney	Leading a clean economy investor and food and beverage buyer delegation.
25 October - 16 November 2022	Timothy Wong	Seoul, South Korea and Tokyo, Japan	Meetings in Japan and Korea with major corporates to discuss large scale green hydrogen and ammonia investment opportunities in NSW.
30 October - 9 November 2022	Tomohito Tanase	Tokyo, Japan to Sydney	International Mining and Resources Conference (IMARC).
06 - 21 November 2022	Michael Newman	Tokyo, Japan to Sydney	Facilitate and progress negotiations about hydrogen-related investments in NSW.
10 - 21 November 2022	Kristie D'Agnes	New York, USA to Sydney	Gain a deeper understanding of NSW investment and export opportunities.
14 - 20 November 2022	Emma Stevens	London, UK to Sydney	Gain a deeper understanding of NSW investment and export opportunities.

Date	Officer	Destination	Purpose
21 - 26 November 2022	Kate Farr	Wellington, NZ	To undertake government sponsored course - Executive Master of Public Administration.
03 - 11 December 2022	Wayne Murphy	Ho Chi Minh City, Vietnam	Food & Hotel Vietnam - support for NSW exporters at events.
05 - 12 December 2022	Mai Le	Hanoi, Vietnam	Vietnam Defence & Security Expo 2022.
11 - 14 December 2022	Kylie Bell	Mumbai, India	Meeting with internal local staff and key stakeholders on matters relating to strengthening of the trade and investment network.
11 - 14 December 2022	Christopher Carr	Mumbai, India	Meeting with internal local staff and key stakeholders on matters relating to strengthening of the trade and investment network.
28 January - 03 February 2023	Grace Ann Lobo	Dubai, United Arab Emirates	Attend Arab Health and meet exporters.
11 - 17 February 2023	Hugh Durrant Whyte Alex Matos Brendan Elliott	Taiwan	Part of a delegation for a program of engagement with Taiwanese Government. Focus was on building collaboration in semiconductors, quantum computing and other key sectors between Taiwan and NSW by signing a Memorandum of Understanding with the National Applied Research Laboratories (NARLabs) and meeting with key research and industry representatives.
12 - 25 February 2023	Daniel Meninelli	New York, USA to Sydney	Lead a delegation of US quantum clients to attend the Quantum Australia Conference.
17 February - 19 March 2023	Anthony Heath	London, UK to Sydney	Avalon Air Show and visit key defence precincts.
18 - 26 February 2023	Sharon Foster	Dubai, United Arab Emirates	Gulfoods 2023 – Food & beverage (Going Global Export Program) support for NSW exporters at events support for NSW exporters.
25 February - 11 March 2023	Nishant Betgeri	Bangalore, India to Sydney	Avalon Air Show and visit key defence precincts.
05 - 12 March 2023	Gabrielle Oriel	Tokyo, Japan	Foodex – Food & beverage (Going Global Export Program) support for NSW exporters.
12 - 17 March 2023	Timothy Wong	Seoul, South Korea	Attend Interbattery Korea's largest battery supplier exhibition to identify investors into NSW's potential critical minerals and battery supply chain.

Date	Officer	Destination	Purpose
13 - 17 March 2023	Katie Heathcote	Austin, USA	South by South West (Going Global Export Program).
20 - 24 March 2023	Aneesah Osman	San Francisco, USA	Gaming Developers Conference (Going Global Export Program).
5 April - 7 May 2023	Stephen Cartwright	London, UK to Sydney	To support multiple in-bound investment opportunities from the UK and EU.
29 April - 6 May 2023	Lily Wu	Shanghai, China to Sydney	Lead delegation of education agents.
05 - 07 May 2023	Zane Rebronja	New Zealand	Attended the New Zealand Health Sector Talent Health Expo, in partnership with NSW Health, to attract Skilled Health Professionals to live and work in NSW through NSW's Skilled Migration Nomination Program.
05 - 07 May 2023	Ross Wood	New Zealand	Attended the New Zealand Health Sector Talent Health Expo, in partnership with NSW Health, to attract Skilled Health Professionals to live and work in NSW through NSW's Skilled Migration Nomination Program.
07 - 20 May 2023	Brent Bannister	Hong Kong, Shenzhen and Shanghai, China	HOFEX and SIAL exhibitions and targeted industry engagement, business matching and networking activities, and retail tours of Shenzhen and Shanghai. (Going Global Food Beverage Consumer Health Greater China).
11 - 28 May 2023	Ari Newsome	New York, USA to Sydney	National TradeStart Conference and onshore support for NSW exporters involved in USA Going Global Food & Beverage program.
13 - 29 May 2023	Yara Vasina	Jakarta, Indonesia	Support Governor's visit and attend Jakarta Education Expo.
13 - 29 May 2023	Aqeeb Akram	Jakarta, Indonesia	Support Governor's visit and attend Jakarta Education Expo.
24 - 29 May 2023	Toshi Kawaguchi	Jakarta, Indonesia	Support Governor's visit and attend Jakarta Education Expo.
28 May - 9 June 2023	Rory McAlester	Seoul, South Korea	Seoul Food and Hotel exhibition and Going Global Beer, Wine and Spirit Korea showcase support for NSW exporters.
30 May - 2 June 2023	Katherine Knight	London, UK	Strengthening collaboration between the trade and investment networks.

Date	Officer	Destination	Purpose
02 - 18 June 2023	Johnny Henwood	London, UK	London Tech Week 2023 (Going Global Cybersecurity to the UK), support for NSW participants at events.
03 - 11 June 2023	Hanh Hoang	Boston, USA	BIO 2023 (Going Global Health to the USA), support for NSW exporters.
08 - 17 June 2023	Dean Storchenegger	Munich, Germany	Attending InterSolar Conference and Exhibition 2023.
17 - 24 June 2023	Sharon Foster	Riyadh, Saudi Arabia	Saudi Food Show exhibition – NSW exhibitor stand, support for NSW exporters.
20 - 30 June 2023	Helen Chen	New York, USA	Summer Fancy Foods exhibition (Going Global Export Program’s Food and Beverage to the USA) support for NSW exporters.
24 - 28 June 2023	Andrew Parker	Singapore to Sydney	ASEAN Business Forum to build relationships across NSW and ASEAN countries.

Consultants

Consultancy engagements valued at \$50,000 or more

Consultant	Project Description	Amount \$ (ex GST)
Stonehaven Australia Pty Ltd	Support the development of an overarching strategy to increase the participation of women in innovation precincts in NSW	\$150,000
Ernst & Young Services Pty Ltd	Advice to support Stage 2 USP (Westmead Hybrid Particle Therapy and Research Centre)	\$220,534
Ernst & Young Services Pty Ltd	Advice to support Sports Tech Hub Project	\$200,437
KPMG Australia Pty Ltd	Advice to support new Gosford campus of the University of Newcastle project	\$65,616
Rider Levett Bucknall NSW Pty Ltd	Advice to support Entertainment Quarter analysis	\$67,750
Societal Consulting Pty Ltd	Expert advice and consulting service on development of Operating and Business Partner Model for Department	\$236,364
SEC Newgate Pty Ltd	Delivered a strategic research and content development program for Investment NSW	\$68,240
KPMG Australia Pty Ltd	Assist in the development of an Aboriginal Enterprise Strategy by conducting research, analysis and consultation as inputs, to understand the issues, gaps and opportunities that Aboriginal people face in gaining employment with a focus on Western Sydney	\$221,750
KPMG Australia Pty Ltd	Evaluation of alternative financing mechanisms and provision of best-practice regulatory and structuring advice in establishing an early-stage investment fund to rectify a short-fall in early-stage investment for NSW businesses and improve NSW's longer-term competitiveness as a global destination for the startup and scaleup communities	\$220,190
PriceWaterhouseCoopers Consulting	Develop a program framework, establish context and summary details to explore an East Coast Base in NSW	\$249,000
Tiger Tail Pty Ltd	Facilitate workshops and develop a Risk Management Plan to identify and manage risks associated with delivery of grant programs	\$54,600
CurbyMcLintock Pty Ltd	Independent review to uplift various aspects of Liquor and Gaming NSW (LGNSW) internal processes and procedures, associated documentation and training	\$79,195
Consultant engagement valued at less than \$50,000		Amount \$ (ex GST)
Total number of engagements	39	\$885,209

Governance

Annual report production

The production cost for the 2022–2023 Annual Report was \$0. A copy of this Annual Report can be viewed at: www.nsw.gov.au/departments-and-agencies/enterprise-investment-trade/resources

Governance framework

DEIT has established a governance framework to ensure that roles and responsibilities are clearly articulated, and that staff are accountable for making transparent and ethical decisions. The framework provides assurance that DEIT is complying with its legal and regulatory obligations.

The governance framework includes:

- the Executive Leadership Team.
- the independent Audit & Risk Committee for DEIT and other cluster entities as appropriate.
- specific boards and committees to meet obligations under administered legislation.
- central teams that provide strong capability and advice for specialist areas including risk management, compliance, legal and privacy services, information technology and cyber security, and corporate finance.

Risk Management Framework

During the 2022-23 financial year, DEIT undertook a range of activities to strengthen its risk management practices.

These activities included:

- establishing a Risk Management Framework, Policy, and Procedure which align to the International Standard ISO 31000:2018 Risk Management and NSW Treasury Policy TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector.
- implementing a risk appetite statement and tolerances to enable risk-based decision making and strategy setting.
- providing regular risk profile reports to the Executive Leadership Team and the independent Audit and Risk Committee.
- establishing and maintaining a suite of corporate policies to implement appropriate internal controls and manage process risks.
- continuing to build risk maturity and further embed risk management by developing and delivering targeted training and information sessions throughout DEIT.

Audit and Risk Committee

During 2022-23, DEIT established an Audit and Risk Committee (ARC) that is compliant with the NSW Treasury Policy TPP20-08 Internal Audit and Risk Management Policy for the General Government Sector (TPP20-08). DEIT's TPP20-08 Attestation Statement is provided at pages 67 to 69.

The objective of the ARC is to provide independent assistance to all participating entities by monitoring, reviewing and providing advice about their governance processes, risk management and control frameworks, and their external accountability obligations. The ARC also provided independent assurance and advice to the Secretary, in the Secretary's capacity as head of the portfolio.

Internal audit

During the year, DEIT established an internal audit function to provide independent and objective assurance services and consulting advice to management, the ARC and the Secretary. The Chief Audit Executive leads internal audit and reports functionally to the ARC and administratively to the Secretary in accordance with TPP 20-08. Internal audit reported regularly throughout the year on progress with delivering the internal audit plan, and on the status of audit issues and recommendations.

Topic areas for internal audit review during 2022-23 included cyber security, expense management and data analytics.

Public interest disclosures

All DEIT staff have a responsibility to report suspected wrongdoing, including corruption; maladministration; serious and substantial waste of public money; and breaches of the *Government Information (Public Access) Act 2009*.

DEIT encourages and facilitates the disclosure, in the public interest, of wrongdoing in the public sector and is committed to protecting staff that make public interest disclosures.

The Secretary has ensured staff are aware of their responsibilities under the *Public Interest Disclosures Act 1994 (PID Act)* by:

- publishing and endorsing an internal reporting policy and commitment to the objectives of the PID Act. The policy and procedure support an effective framework for the making and management of disclosures and the protection and support for people who make them.
- implementing a new integrity hotline to make reporting suspected wrongdoing easier within and external to DEIT. This was accompanied by messages in staff newsletters to promote reporting wrongdoing.
- increasing the number of nominated public interest disclosure officers and ensuring they received additional training.
- providing staff with guidance material and links to external and internal PID resources.
- providing staff with access to advice and guidance from the agency's disclosures coordinator.

The PID Act Section 31 requires each public authority to prepare an annual report on its obligations under the Act. In accordance with section 4 of the Public Interest Disclosures Regulation 2011 the following public interest disclosures were received in the reporting period of 1 July 2022 to 30 June 2023.

	Made by public officials performing their day to day functions	Under a statutory or other legal obligation	All other PIDs
Number of public officials who made public interest disclosures to your public authority	0	1	3
Number of public interest disclosures received by your public authority	0	3	2

Of public interest disclosures received, how many were primarily about each of the following types of wrongdoing:			
Corrupt conduct	0	3	1
Maladministration	0	0	0
Serious and substantial waste	0	0	1
Government information contravention	0	0	0
Local government pecuniary interest contravention	0	0	0
Total		3	2

5 public interest disclosures were finalised during the reporting period.



Audit Attestation

Internal Audit and Risk Management Attestation Statement for the 2022-2023 Financial Year for the Department of Enterprise, Investment and Trade

I, Elizabeth Mildwater, am of the opinion that the Department of Enterprise, Investment and Trade has internal audit and risk management processes in operation that are, excluding the exemptions or transitional arrangements described below, compliant with the seven Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements		For each requirement, please specify whether compliant, non-compliant, or in transition
Risk Management Framework		
1.1	The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency.	In transition
1.2	The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	In transition
Internal Audit Function		
2.1	The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose.	In transition
2.2	The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing.	In transition
2.3	The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'.	In transition
Audit and Risk Committee		
3.1	The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations.	In transition
3.2	The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'.	In transition

Membership

The independent chair and members of the Audit and Risk Committee were:

1. Independent Chair, Ms Elizabeth Crouch AM, 6 September 2022 to 30 June 2023
2. Independent Member, Dr Abby Bloom, 6 September 2022 to 30 June 2023
3. Independent Member, Mr Mark Harrison, 6 September 2022 to 30 June 2023.

Shared Arrangements

I, Elizabeth Mildwater, advise that the Department has entered into an approved shared arrangement with the following Department/agencies:

- Greyhound Welfare and Integrity Commission
- Independent Liquor and Gaming Authority
- NSW Independent Casino Commission

The resources shared include the Audit and Risk Committee, the Chief Audit Executive and the internal audit functions. The shared Audit and Risk Committee is a Principal Department Led Shared Audit and Risk Committee.

Departures from Core Requirements

I, Elizabeth Mildwater, advise that the internal audit and risk management processes for the Department of Enterprise, Investment and Trade depart from the following Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*.

The departure from the Core Requirements is due to the Department implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements.

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
In Transition	
Core Requirements 1.1 and 1.2 – Risk Management Framework	<ul style="list-style-type: none"> ▪ The Department of Enterprise, Investment and Trade had a 12-month transition period, that commenced on 1 April 2022, to obtain compliance with TPP20-08’s Core Requirements. ▪ A Risk Management Policy and Framework were implemented on 24 November 2022 and the Department is now fully compliant with core requirements 1.1 and 1.2. ▪ TPP 20-08 directs that these requirements be marked as ‘In transition’ as they were not implemented and maintained for the full financial year.
Core Requirements 2.1, 2.2 and 2.3 – Internal Audit Function Core Requirements 3.1 and 3.2 – Audit and Risk Committee	<ul style="list-style-type: none"> ▪ The Department of Enterprise, Investment and Trade had a 12-month transition period, that commenced on 1 April 2022, to obtain compliance with TPP20-08’s Core Requirements. ▪ The Department joined a Shared Arrangement Agreement on 10 March 2023 to share an internal audit function and an Audit and Risk Committee, and the Authority is now fully compliant with Core Requirements 2.1, 2.2, 2.3, 3.1 and 3.2. ▪ TPP 20-08 directs that these requirements be marked as ‘In transition’ as they were not implemented and maintained for the full financial year.

These processes, including the practicable alternative measures implemented, demonstrate that the Department of Enterprise, Investment and Trade has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the Department.



Elizabeth Mildwater
Secretary
Department of Enterprise, Investment and Trade

Thomas Luckey
Director, Governance, Audit & Risk
Contact: (02) 9228 3591

Date: 17/10/2023

Cyber Security Policy Attestation

1 July 2022 to 30 June 2023

DEIT Cyber security arrangements for the period 1 July 2022 to 30 June 2023 were aligned to and consistent with the expectations set out in the NSW Government Cyber Security Policy:

- Risk management of cyber threats is integrated into DEIT audit and risk activities.
- An up-to-date Incident Response Plan and Information Security Management System (ISMS) documentation is available to DEIT employees.
- Work has commenced on a cyber uplift program under the Digital Restart Fund (DRF) initiative.
- A cyber security team was established, led by a dedicated portfolio Chief Information Security Officer.
- Cyber Security training is mandatory for all DEIT employees.

A focal point during the year was the consolidation of all groups within the Department onto the Department of Customer Service (DCS) managed IT environment (GovConnect) which has its own cyber assurance and governance arrangements. A significant number of threat and risk controls are implemented through this subscription across end user devices, datacentres and associated services.





Department of Enterprise,
Investment and Trade

Department of Enterprise, Investment and Trade Cyber Security Annual Attestation Statement for the 2022-2023 Financial Year

I, Elizabeth Midwater, am of the opinion that the Department of Enterprise, Investment and Trade (the Department) has managed cyber security risks in a manner consistent with the Mandatory requirements set out in the NSW Government Cyber Security Policy. The Department has experienced Machinery of Government and structural changes during the reporting period.

- Governance is in place to appropriately manage the cyber security maturity and initiatives.
- The cyber security plan is in the development phase to ensure continuous improvement and management of cybersecurity governance and resilience.
- The incident response plan is undergoing continuous improvement. Testing the plan's effectiveness is scheduled for the next reporting period.
- Cyber Security Risks to information and systems have been assessed and are being managed. New systems and processes are in development to further strengthen the cyber security posture of the Department.
- An independent assessment of maturity rating against the Cyber Security Policy has been conducted by a qualified third party.
- A Cyber Security uplift program is in progress to improve the cyber security maturity and capabilities of the Department and its portfolio agencies.

This attestation covers the Department, comprising Create NSW, Investment NSW and Liquor and Gaming systems managed by the Department's Information Technology Team. The Department also utilises systems managed by the Department of Customer Service, under GovConnect arrangements for which a separate cyber attestation is made.

A handwritten signature in black ink, appearing to read 'E. Mildwater'.

Elizabeth Mildwater

Secretary, Department of Enterprise Investment and Trade

Date: 25 / 10 / 2023



Department of Enterprise,
Investment and Trade

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Sustainability

DEIT acknowledges that the climate is changing and is driven by human processes.

As DEIT delivers its objectives and protects its assets, it will seek to ensure the services provided are resilient to the impacts of climate change.



Sustainability

Some of the services and programs of the Department directly contribute to state-wide efforts to reduce carbon emissions and achieve net zero emissions by 2050 across industry and the energy sector.

Investment NSW plays a key role in attracting investment into NSW to continue to develop a clean economy and support the decarbonisation of the state. It has a particular focus on renewable energy, grid infrastructure, energy storage and offshore wind.

The Office of the Chief Scientist and Engineer (OCSE) supports the state's transition to a cleaner economy by providing independent advice to the Government on how to address challenges and opportunities with sustainability, decarbonisation, and climate risks. In response to the NSW Decarbonisation Innovation Study, the OCSE has established the Decarbonisation Innovation Hub. The Hub will support researchers, industry, and government stakeholders in critical sectors to collaborate, and increase the uptake of new technologies in decarbonising NSW.

These and other initiatives are essential to delivering the state's net zero objectives and targets.

Environmental matters

During the 2022-23 period, DEIT appointed a Climate Change Risk Officer as required by the NSW Climate Change Adaptation Strategy. This Officer contributes to DEIT's initiatives to support the:

- Ongoing identification of climate risks and opportunities;
- Governance and oversight of climate risks and opportunities;
- Development of appropriate responses to identified risks and opportunities (such as through strategies); and,
- Monitoring and reporting on the effectiveness of DEIT's response to climate change through establishing appropriate metrics and targets.

DEIT is contributing to government direction and policies to address sustainability and climate change risks, including plans to deliver climate-related financial disclosures. As they are established, new sustainability requirements will also be implemented.

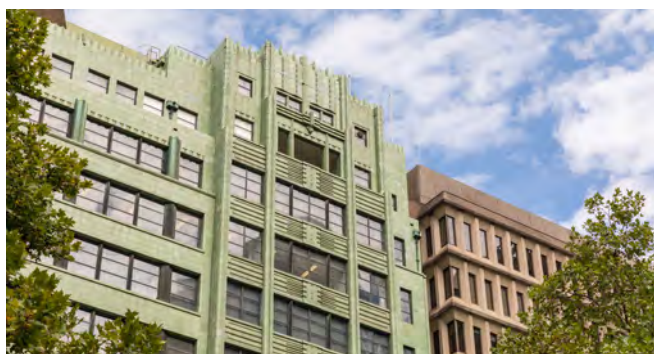


The Department is establishing a baseline for resource consumption and emissions based on our first full financial year of operations in 2022-23. This baseline will inform future initiatives and targets to meet Government Resource Efficiency Policy requirements. DEIT has ensured the office fit outs delivered at two new international offices, Tokyo and Mumbai, included energy efficiency measures such as LED lighting, and incorporated good-practice waste management through on-site separation of recyclable material. DEIT also introduced a new system to improve recycling at its York Street building.

Social matters

Work, Health & Safety (WHS)

DEIT places the safety and wellbeing of staff at the forefront of decision-making. To support this the Department has the Work Health and Safety Reporting and Investigations Policy, Work Health and Safety Inspection Policy and the Work Health and Safety Policy to provide guidance and direction to employees. Mandatory training is provided to ensure all employees are aware of their responsibilities to ensure a safe workplace for everyone. The Health and Safety Committee provides another avenue to raise WHS matters and engage in consultation about WHS.



DEIT is developing a *Return-to-Work Program* in response to an audit that commenced on 4 April 2023 by the State Insurance Regulatory Authority (SIRA). The Department liaises closely with QBE (Insurer) in relation to all worker's compensation cases and reporting of all incidents and injuries received in the MyCareer online portal. In the 2022-2023 period, 33 WHS incidents were lodged, and two workers compensation claims were made, which were reported to QBE. There were no injuries or prosecutions under the *Work Health and Safety Act 2011*.

Workforce diversity

Several programs have commenced in the year including the research, scoping and consultation of DEIT's inaugural Disability Inclusion Action Plan and the implementation of the Aboriginal Employees Network. DEIT played a significant role in Sydney WorldPride events during March 2023 through its community programs but also staff events to recognise and celebrate Pride in the workplace. In conjunction with the Young Professionals Network, a WorldPride Forum was held with a guest speaker panel including US Senator Sarah McBride. An event recognising International Women's Day was held at the Sydney Art Gallery, acknowledging the achievements of women in our industries. Priorities for the next year include completing and commencing the implementation of the Disability Inclusion Action Plan, launching additional employee networks such as the Disability and Pride networks and commencing work on the Department's inaugural Inclusion & Belonging Strategy.

For workforce diversity statistics please refer to section 4.

Indigenous engagement

A dedicated Senior Advisor, Aboriginal Engagement & Employment was recruited into the Inclusion team and subsequently oversaw the establishment of the Aboriginal Employees Network and NAIDOC working group. The Department also sponsored an Aboriginal university student through participation in the *Career Trackers Program* which concluded in February. Priorities for next year include the development and implementation of the Department's Aboriginal Employment & Engagement Plan.

Modern Slavery Statement

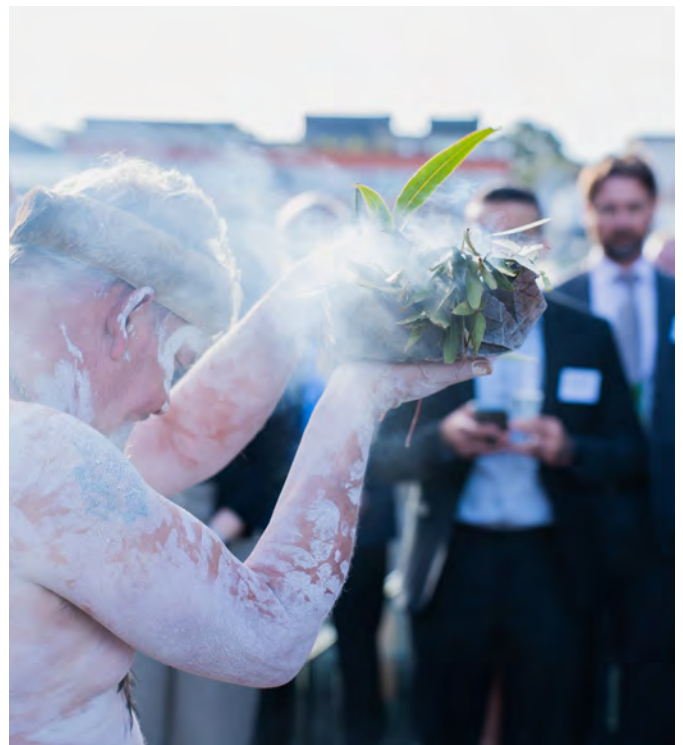
The Department acknowledges that modern slavery is a significant global risk, including in developed economies.

DEIT has a moral and legal responsibility to combat the risks of modern slavery in its business and supply chain. The Department adheres to the *Modern Slavery and procurement guidance* developed by NSW Procurement to inform the procurement processes. The Department continues to look at ways it can implement the framework currently in development by the Office of the NSW Anti-slavery Commissioner when it is made available.

Governance matters

DEIT governance arrangements for the development of policy, programs, and activities are outlined in the Governance section of this report. Staff must comply with the Ethical Framework in relation to their behaviour and declarations.

DEIT's policies support staff to act sustainably. Sustainability directives include ensuring that travel is only approved when necessary, public transport is required to be used where possible, and state resources must be used appropriately and not wasted.





Department of Enterprise,
Investment and Trade

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Financial
performance

Financial information

Insurance

DEIT is a member agency of the Treasury Managed Fund (TMF). The TMF is a self-insurance scheme created by the NSW Government to insure government agency risk. As a member agency, DEIT is indemnified for all insurable risks, with claims funded by deposit contributions and managed by iCare. The TMF provides cover for the following:

- workers compensation
- legal liability
- property
- motor vehicle
- miscellaneous risks.

Land disposal

There were no land disposals during the 2022-23 financial year.



INDEPENDENT AUDITOR'S REPORT

Department of Enterprise, Investment and Trade

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Department of Enterprise, Investment and Trade (the Department), which comprise the Statement by the Secretary, the Statement of Comprehensive Income for the year ended 30 June 2023, the Statement of Financial Position as at 30 June 2023, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, notes comprising a Statement of Significant Accounting Policies, and other explanatory information of the Department and the consolidated entity. The consolidated entity comprises the Department and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the financial position, financial performance and cash flows of the Department and the consolidated entity.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Department and the consolidated entity in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 30 June 2023. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters,

Key Audit Matter	How my audit addressed the matter
Fair value measurement of land and buildings	
<p>At 30 June 2023, the Department reported \$1.1 billion in land and buildings measured at fair value.</p> <p>In 2022–23, the Department comprehensively revalued its land and building assets and recorded a net revaluation decrement of \$72.2 million, with \$23 million to reserves and remainder to other gains/(losses).</p> <p>I consider this to be a key audit matter because of the:</p> <ul style="list-style-type: none"> financial significance of the balance to the Department unique nature of the assets, particularly the cultural related assets extent of significant judgements underpinning key assumptions used in the valuation process judgement and complexities associated with the application of AASB 13 'Fair Value Measurement' requirements. <p>Details on the valuation techniques, inputs and processes for major asset classes are disclosed in Note 11 and Note 14.</p>	<p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> obtained an understanding of the Department's approach to estimating the fair value of land and buildings assessed the competence, capability and objectivity of management's independent experts assessed whether the methodology met the requirements of the Australian Accounting Standards and NSW Treasurer's Directions assessed the reasonableness of key assumptions and judgements made in determining the fair value assessed material changes to useful lives agreed valuation amounts to the reported financial statement balances assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards and NSW Treasurer's Directions.

Secretary's Responsibilities for the Financial Statements

The Secretary is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Secretary's responsibility also includes such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary is responsible for assessing the Department and the consolidated entity to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar5.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Department and the consolidated carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Mary Yuen
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

25 October 2023
SYDNEY

Financial Statements

Department of Enterprise, Investment and Trade

Statement by the Secretary for the year ended 30 June 2023

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* ('the Act'), I state that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the *Government Sector Finance Regulation 2018* and the Treasurer's directions, and
- present fairly the Department and the consolidated entity's financial position, financial performance and cash flows.



Elizabeth Mildwater
Secretary

24 October 2023

Department of Enterprise, Investment and Trade

Statement of Comprehensive Income
for the year ended 30 June 2023

	Notes	Consolidated		Parent	
		Budget 2023	Actual 2023	Actual 2023	Actual 21 Dec 2021 to 30 June 2022
		\$'000	\$'000	\$'000	\$'000
Continuing operations					
Expenses excluding losses					
Employee-related expenses	3(a)	175,489	138,233	135,850	14,178
Operating expenses	3(b)	421,437	164,734	163,130	13,014
Depreciation and amortisation	3(c)	18,041	31,214	31,214	1,951
Grants and subsidies	3(d)	2,549,704	1,734,887	1,740,228	484,231
Finance cost		26	58	58	-
Total expenses excluding losses		3,164,697	2,069,126	2,070,480	513,374
Revenue					
Appropriation	4(a)	3,405,525	2,092,068	2,092,068	501,367
Sale of goods and services from contracts with customers	4(b)	18,492	86,733	86,733	8,247
Grants and other contributions	4(c)	38,078	57,689	57,689	4,708
Investment revenue	4(d)	1,352	4,376	4,376	1,044
Acceptance by the Crown of employee benefits and other liabilities	4(e)	2,292	1,711	1,711	(339)
Other revenue		42,946	649	649	-
Retained taxes, fees and fines		52	-	-	-
Total revenue		3,508,737	2,243,226	2,243,226	515,027
Operating result		344,040	174,100	172,746	1,653
Other gains / (losses)	5	259	(49,513)	(49,477)	-
Net result		344,299	124,587	123,269	1,653
Items that will not be reclassified to net result in subsequent periods:					
Changes in revaluation surplus of property, plant and equipment		-	(23,043)	(23,043)	23,043
Total other comprehensive income		-	(23,043)	(23,043)	23,043
Total comprehensive income		344,299	101,544	100,226	24,696

The accompanying notes form part of these financial statements

Department of Enterprise, Investment and Trade

Statement of Financial Position
as at 30 June 2023

	Notes	Consolidated		Parent	
		Budget	Actual	Actual	Actual
		2023	2023	2023	2022
		\$'000	\$'000	\$'000	\$'000
Assets					
Current					
Cash and cash equivalents	7	200,132	237,541	236,280	29,219
Receivables	8	35,952	87,402	87,343	60,775
Other financial assets	10	1,763	316	316	252
Total current assets		237,847	325,259	323,939	90,246
Non-current					
Receivables	8	-	646	646	-
Financial assets at fair value	9	5,697	15,222	15,222	-
Other financial assets	10	-	5,651	5,651	5,709
Property, plant and equipment	11				
Land and buildings		1,370,430	1,141,511	1,141,511	1,061,760
Leasehold improvement		-	9,253	9,253	-
Plant and equipment		83,809	7,880	7,880	7,535
Total property, plant and equipment		1,454,239	1,158,644	1,158,644	1,069,295
Right-of-use assets	12	4,647	3,223	3,223	16
Intangible assets	13	1,707	1,862	1,862	2,008
Other assets		5,603	-	-	-
Total non-current assets		1,471,893	1,185,248	1,185,248	1,077,028
Total assets		1,709,740	1,510,507	1,509,187	1,167,274
Liabilities					
Current					
Payables	15	23,887	127,609	127,597	105,668
Contract liabilities	16	2,068	4,780	4,780	5,671
Borrowings	17	1,323	2,154	2,154	-
Provisions	18	22,740	37,373	37,383	15,509
Other		3,217	-	-	-
Total current liabilities		53,235	171,916	171,914	126,848
Non-current					
Borrowings	17	12,870	1,231	1,231	16
Provisions	18	3,781	4,183	4,183	78
Total non-current liabilities		16,651	5,414	5,414	94
Total liabilities		69,886	177,330	177,328	126,942
Net assets		1,639,854	1,333,177	1,331,859	1,040,332
Equity					
Accumulated funds		1,639,854	1,333,177	1,331,859	1,017,289
Reserves		-	-	-	23,043
Total equity		1,639,854	1,333,177	1,331,859	1,040,332

The accompanying notes form part of these financial statement

Department of Enterprise, Investment and Trade

Statement of changes in Equity
for the year ended 30 June 2023

	Notes	Consolidated		
		Accumulated	Asset	Total
		Funds	Revaluation	Equity
		Surplus		
		\$'000	\$'000	\$'000
Balance at 1 July 2022		1,017,289	23,043	1,040,332
Net result for the period		124,587	-	124,587
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment		-	(23,043)	(23,043)
Total other comprehensive income		-	(23,043)	(23,043)
Total comprehensive income for the period		124,587	(23,043)	101,544
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	19	191,301	-	191,301
Balance at 30 June 2023		1,333,177	-	1,333,177
Balance at 21 December 2021		-	-	-
Net result for the period		1,653	-	1,653
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment		-	23,043	23,043
Total other comprehensive income		-	23,043	23,043
Total comprehensive income for the period		1,653	23,043	24,696
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	19	1,015,636	-	1,015,636
Balance at 30 June 2022		1,017,289	23,043	1,040,332
			Parent	
Balance at 1 July 2022		1,017,289	23,043	1,040,332
Net result for the period		123,269	-	123,269
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment		-	(23,043)	(23,043)
Total other comprehensive income		-	(23,043)	(23,043)
Total comprehensive income for the period		123,269	(23,043)	100,226
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	19	191,301	-	191,301
Balance at 30 June 2023		1,331,859	-	1,331,859
Balance at 21 December 2021		-	-	-
Net result for the period		1,653	-	1,653
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment		-	23,043	23,043
Total other comprehensive income		-	23,043	23,043
Total comprehensive income for the period		1,653	23,043	24,696
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	19	1,015,636	-	1,015,636
Balance at 30 June 2022		1,017,289	23,043	1,040,332

The accompanying notes form part of these financial statements

Department of Enterprise, Investment and Trade

Statement of Cash Flows
for the year ended 30 June 2023

	Notes	Consolidated		Parent	
		Budget 2023	Actual 2023	Actual 2023	Actual 21 Dec 2021 to 30 June 2022
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Payments					
Employee related		(172,809)	(125,600)	(123,217)	(4,034)
Suppliers for goods and services		-	(146,430)	(144,802)	(15,672)
Grants and subsidies		(2,549,704)	(1,751,120)	(1,756,451)	(387,071)
Finance costs		(26)	(58)	(58)	-
Other payments		(424,277)	-	-	-
Total payments		(3,146,816)	(2,023,208)	(2,024,528)	(406,777)
Receipts					
Appropriations		3,405,525	2,092,068	2,092,068	501,370
Sale of goods and services		18,492	78,500	78,560	2,399
Grants and contributions		38,078	57,689	57,689	4,708
Other receipts		42,998	6,743	6,742	1,008
Total receipts		3,505,093	2,235,000	2,235,059	509,485
Net cash flows from operating activities		358,277	211,792	210,531	102,708
Cash flows from investing activities					
Purchases of property, plant and equipment		(374,128)	(200,926)	(200,926)	(38,706)
Purchase of Investments		(7,831)	-	-	-
Other Investing		1,152	58	58	-
Net cash flows from investing activities		(380,807)	(200,868)	(200,868)	(38,706)
Cash flows from financing activities					
Proceeds from borrowings		-	727	727	-
Repayment of borrowings and advances		(439)	(1,497)	(1,497)	(35,483)
Net cash flows from financing activities		(439)	(770)	(770)	(35,483)
Net cash increase / (decrease) in cash and cash equivalents		(22,969)	10,154	8,893	28,519
Opening cash and cash equivalents	7	20,511	29,219	29,219	-
Cash transferred in / (out) as a result of administrative restructuring	19	202,590	198,168	198,168	700
Closing cash and cash equivalents	7	200,132	237,541	236,280	29,219

The accompanying notes form part of these financial statements

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

1. Reporting entity

Department of Enterprise, Investment and Trade ('the Department') is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Department is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

Effective 1 July 2022, under the *Administrative Arrangements (Administrative Changes-Miscellaneous) Order (No 6) 2022*, Investment NSW was abolished and its assets and liabilities were transferred to the Department.

Effective 27 February 2023, the persons employed in the Office of NSW Independent Casino Commission and the Office of Independent Liquor Gaming and Authority under the Department were transferred to the NSW Independent Casino Commission Staff Agency and the Independent Liquor Gaming and Authority Staff Agency respectively, pursuant to the *Administrative Arrangements (Administrative Changes - Miscellaneous) Order 2023*.

Refer to Note 19 for further information on the equity transfers made under these administrative orders.

The financial statements include separate financial statements for the Department as the parent entity and the consolidated entity which comprises all the entities under its control, namely:

- NSW Government US Office Inc – A non-profit, non-stock corporation incorporated in Delaware, USA
- General Incorporated Association (GIA) NSW Government, a non-profit entity established in Tokyo, Japan

These entities are established for the purpose of promoting trade and investment opportunities for New South Wales businesses within these countries. Both these entities were established in the previous financial year and were controlled by Investment NSW prior to being transferred to the Department effective 1 July 2022. Hence, prior year comparatives are not presented for the consolidated entity.

In the process of preparing the consolidated financial statements for the reporting entity, consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

The consolidated financial statements for the year ended 30 June 2023 have been authorised for issue by the Secretary on the date the accompanying Statement by the Secretary was signed.

2. Statement of significant accounting policies

a) Basis of preparation

The Department's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations)
- the requirements of the *Government Sector Finance Act 2018* (GSF Act) and
- Treasurer's Directions issued under the GSF Act.

Property, plant and equipment and certain financial assets and liabilities are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Department's presentation and functional currency.

The financial statements of the Department have been prepared on a going concern basis.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

2. Statement of significant accounting policies (continued)

b) Statement of compliance

The financial statements and notes comply with AAS, which include Australian Accounting interpretations.

c) Administered activities

The Department administers, but does not control, certain activities on behalf of the Crown. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of its own objectives.

Transactions and balances relating to the administered activities are not recognised as the Department's income, expenses, assets and liabilities, but are disclosed at Note 26 as 'Administered Income', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'.

The accrual basis of accounting and applicable accounting standards has been adopted.

d) Accounting for the Goods and Services Tax (GST)

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

- the amount of GST incurred by the Department as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

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

e) Foreign currency translation

The Department, through the trade and international function transferred from Investment NSW, operates across a number of offices internationally, and in the following foreign currencies: Arab Emirates Dirham (AED), British Pound (GBP), Chinese Yuan (CNY), Indian Rupee (INR), Japanese Yen (JPY), Singapore Dollar (SGD) and United States Dollar (USD). Transactions in foreign currencies are recorded using the spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of the reporting date.

Differences arising on settlement or translation of monetary items are recognised in net result.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

f) Comparative information

Except when an AAS permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements. The comparative information is for the period between 21 December 2021 to 30 June 2022.

Where necessary, comparative disclosures in financial statements and in the notes to the financial statements have been amended to conform to the current year presentation.

Notes to the financial statements
for the year ended 30 June 2023

2. Statement of significant accounting policies (continued)

g) Changes in accounting policies, including new or revised AAS

i. Effective for the first time in FY2022-23

The accounting policies applied in FY2022-23 are consistent with those of the previous financial year. New accounting standards, amendments interpretations effective for the first time in FY2022-23 do not have material impact on the financial statements of the Department.

ii. Issued but not yet effective

NSW public sector entities are not permitted to early adopt new AAS unless Treasury determines otherwise.

The following new AAS relevant for the Department have not been applied and are not yet effective, in accordance with the NSW Treasury mandate *TPG 23-04 Mandates of options and major policy decisions under Australian Accounting Standards*:

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- *AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- *AASB 2021-7b Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- *AASB 2022-1 Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information*
- *AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- *AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

The Department anticipates that the adoption of these Standards in the period of initial application will have no material impact on the financial statements.

h) Impact of COVID-19 on financial reporting

The effect of COVID-19 on financial position and performance of the Department has been assessed in the preparation of these financial statements. There is no material impact as a result of COVID-19.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

3. Expenses excluding losses

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000

a) Employee related expenses

Salaries and wages (including annual leave)	119,306	116,942	12,890
Superannuation – defined benefit plans	429	429	76
Superannuation – defined contribution plans	8,611	8,599	835
Long service leave	1,772	1,772	(266)
Payroll tax and fringe benefits tax	6,884	6,884	625
Redundancy payments	700	700	-
Workers' compensation insurance	531	524	18
	138,233	135,850	14,178

Superannuation on annual leave loading

The Department has determined that it is not probable a liability arises to pay superannuation on annual leave loading. This position has been formed based on current inquiries, other information currently available to the management, and after considering the facts from a decision in the Federal Court of Australia: Finance Sector Union of Australia v Commonwealth Bank of Australia [2022] FedCFamC2G 409. The decision confirmed that, in relation to the industrial agreement considered in that case, annual leave loading did not form part of ordinary time earnings and therefore, did not require superannuation contributions to be made under superannuation guarantee legislation because the obligation to pay annual leave loading was not referable to ordinary hours of work or to ordinary rates of pay. Rather, it was paid by reference to the period of annual leave, and for the purpose of compensating employees for their loss of opportunity to work additional hours at higher rates during this period.

This position will be re-assessed in future reporting periods as new information comes to light on this matter.

b) Other operating expenses

Administration and corporate services provided	1,185	1,101	495
Auditor's remuneration	604	604	120
Conference expenses	1,173	1,056	155
Consultancy	2,719	2,719	1,058
Contractors	12,104	12,104	335
Electricity	394	386	77
Fees for services	65,579	65,569	5,014
Insurance	1,201	1,067	44
Information and communication technology	21,622	21,607	1,387
Legal fees	7,724	7,724	185
Maintenance*	6,524	6,524	379
Marketing and promotion	9,024	8,373	63
Occupancy	4,448	4,413	1,156
Recruitment cost	559	559	86
Subscriptions	1,020	900	11
Telephone and telecommunication services	426	363	66
Training	1,119	1,113	708
Travel	2,093	1,813	48
Work-in-progress write-off	19,843	19,843	-
Other	5,373	5,292	1,627
	164,734	163,130	13,014

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

3. Expenses excluding losses (continued)

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000

***Reconciliation - total maintenance expense**

Maintenance expense – contracted labour and other (non-employee related), as above	6,524	6,524	379
Employee related maintenance expense included in Note 3(a)	-	-	-
Total maintenance expenses included in Note 3(a) + 3(b)	6,524	6,524	379

Maintenance expense

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement or an enhancement of a part or component of an asset, in which case the costs are capitalised and depreciated.

Insurance

The Department's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience.

Lease expense (Occupancy)

The Department recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term. i.e., where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments not included in the measurement of the lease liability (i.e., variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

c) Depreciation and amortisation

Depreciation			
Buildings	25,190	25,190	1,616
Leasehold improvements	2,567	2,567	-
Plant and equipment	616	616	3
Right-of-use assets	1,494	1,494	2
	29,867	29,867	1,621
Amortisation of intangible assets	1,347	1,347	330
	31,214	31,214	1,951

Refer to Notes 11, 12 and 13 for recognition and measurement policies on depreciation and amortisation.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

3. Expenses excluding losses (continued)

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000
d) Grants and subsidies			
Cluster grants	1,140,243	1,140,243	192,836
Other grants to NSW government agencies	219,345	224,686	110,517
Grants to external organisations	375,299	375,299	180,878
	1,734,887	1,740,228	484,231

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

4. Revenue

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15.

a) Appropriation

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000
Summary of compliance			
Original Budget per Appropriation Act	3,405,525	3,405,525	-
Other Appropriations	-	-	-
Variations made to the appropriations during the financial year - Section 4.9 GSF Act (transfers of functions between GSF agencies)	(415,356)	(415,356)	1,084,009
Total spending authority from parliamentary appropriations, other than deemed appropriations	2,990,169	2,990,169	1,084,009
Add:			
The spending authority from deemed appropriations during the current year	439,664	439,664	138,421
The unutilised spending authority from deemed appropriations in prior years	138,421	138,421	-
Transfers of deemed appropriations made during the financial year - Section 4.9A GSF Act (transfer of functions between GSF agencies)	-	-	-
Total	3,568,254	3,568,254	1,222,430
Less:			
total expenditure out of ConFund	(2,448,331)	(2,448,331)	(724,111)
Variance	1,119,923	1,119,923	498,319
Less:			
The spending authority from appropriations lapsed at 30 June	(541,838)	(541,838)	(359,898)
Deemed appropriations balance carried forward to following years	578,085	578,085	138,421
Appropriations (per Statement of Comprehensive Income)	2,092,068	2,092,068	501,367
Total amount drawn down against Annual Appropriations	2,092,068	2,092,068	501,367

The *Appropriation Act 2022* (Appropriations Act) (and the subsequent variations) appropriates the sum of \$2,990,169,000 to the Minister for Enterprise, Investment and Trade out of the Consolidated Fund for the services of the Department for the year 2022–23. The spending authority of the Minister from the Appropriations Act has been delegated or subdelegated to officers of the Department and entities that it is administratively responsible for, including:

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

4. Revenue (continued)

- Art Gallery of NSW Trust
- Australian Museum Trust
- Destination NSW
- Historic Houses Trust of NSW (Sydney Living Museums)¹
- Independent Liquor and Gaming Authority
- Institute of Sport³
- Jobs for NSW
- Library Council of NSW (State Library)
- Museums of History NSW¹
- NSW Independent Casino Commission
- Office of the Greyhound Welfare and Integrity Commission
- Office of Sport²
- State Records Authority of New South Wales¹
- Sydney Opera House Trust
- Trustees of the Museum of Applied Arts and Sciences
- Western Parkland City Authority²
- Venues NSW³

¹ Museums of History NSW (MHNSW) was established on 31 December 2022 under the *Museums of History Act 2022*. This act repealed the *Historic Houses Act 1980* thereby abolishing the Historic Houses Trust of NSW and transferring its functions to MHNSW. The act also amended the *State Records Act 1998* to transfer certain functions of the State Archives and Records Authority of NSW (SARA) to MHNSW and renamed SARA to State Records Authority of NSW.

² These entities were transferred out of the Enterprise, Investment and Trade cluster effective 5 April 2023.

³ These entities were transferred out of the Enterprise, Investment and Trade cluster effective 3 May 2023.

The *Treasury and Energy Legislation Amendment Act 2022* made some amendments to sections 4.7 and 4.9 of the *Government Sector Finance Act 2018* (the GSF Act). These amendments commenced on 14 November 2022 and are applied retrospectively. As a result, the lead minister for each entity above, being the Minister for Enterprise, Investment and Trade, is taken to have been given an appropriation out of the Consolidated Fund under the authority of section 4.7 of the GSF Act, at the time the entity receives or recovers any deemed appropriation money, for an amount equivalent to the money that is received or recovered by the entity. These deemed appropriations are taken to have been given for the services of the Department.

In addition, government money that a GSF agency receives or recovers, from another GSF agency, of a kind prescribed by the GSF regulations that forms part of the Consolidated Fund, is now capable of giving rise to deemed appropriations where the receiving agency has a different lead Minister to the agency making the payment, or one or both of the agencies is a special office (as defined in section 4.7(8)).

On 16 June 2023, the *GSF Amendment (Deemed Appropriations) Regulation 2023* was approved to bring the GSF regulations in line with the above deemed appropriation amendments to the GSF Act.

The delegation/sub-delegations for 2022-23 and 2021-22, authorising officers of the Department to spend Consolidated Fund money, impose limits on the amounts of individual transactions, but do not specify an aggregate expenditure limit for the Department. However, as they relate to expenditure in reliance on a sum appropriated by legislation, the delegation/sub-delegations are subject to the overall authority of the Department to spend monies appropriated under relevant legislation. The individual transaction limits have been properly observed. The information in relation to the aggregate expenditure limit from the Appropriations Act and other sources is disclosed in the summary of compliance table above.

The summary of compliance has been prepared by aggregating the spending authorities of the Minister for Enterprise, Investment and Trade for the services of the Department. It reflects the status at the point in time this disclosure statement is being made.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

4. Revenue (continued)

Following the 2023 NSW State election, the appropriation (including the deemed appropriation) is transferred from Minister of Enterprise, Investment and Trade to Special Minister of State, Minister for Roads, Minister for the Arts, Minister for Music and the Night-time Economy, and Minister for Jobs and Tourism who is now the lead minister for the Department.

The Department receives its funding under appropriations from the Consolidated Fund. Appropriations for each financial year are set out in the Appropriations Bill that is prepared and tabled for that year. The State Budget and related 2023-24 Appropriation Bill has been delayed until October 2023. However, pursuant to section 4.10 of the GSF Act, the Treasurer has authorised Ministers to spend specified amounts from the Consolidated Fund. The authorisation is current from 1 July 2023 until the earlier of 30 September 2023 or release of the 2023-24 *Appropriation Act*.

b) Sale of goods and services from contracts with customers

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000
Rendering of services			
Fee revenue	26,213	26,213	1,693
Licence revenue	54,106	54,106	3,489
Other	6,414	6,414	3,065
	86,733	86,733	8,247

Recognition and measurement

Revenue from rendering of services is recognised when the Department satisfies the performance obligation by transferring the promised services.

Type of service	Nature of timing of satisfaction of performance obligation	Revenue recognition policies
Visa nomination fee	The performance obligation is typically satisfied at a point in time when the Department has processed visa applications and the benefit is passed onto the customer.	Revenue is recognised when the visa nomination application is submitted and the payment is received by the Department.
Occupancy service fee	The performance obligation is satisfied over time as the tenants enjoy the use of the space.	Revenue is recognised overtime on a monthly basis at the end of each month.
Licence revenue	The performance obligation is typically satisfied when the licence application and funds are received. Payments are typically received in advance when the application for the specific licence type or the application for the extension of the specific licence type is submitted.	Revenue is recognised when the funds are received to the extent that it is highly probable that a significant reversal will not occur.
Other service revenue	The performance obligation is satisfied as the service is performed in accordance with the specifications of the contractual agreements with customers.	Revenue is recognised upon completion of rendering of the contracted services.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

4. Revenue (continued)

c) Grants and contributions

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000
Grants from NSW Government agencies	57,429	57,429	4,708
Grants from Commonwealth Government	260	260	-
	57,689	57,689	4,708

Revenue from grants with sufficiently specific performance obligations is recognised when the Department satisfies a performance obligation by transferring the promised services. The Department uses various methods to recognise revenue over time, depending on the nature and terms and conditions of the grant contract.

Revenue from these grants is recognised based on the grant amount specified in the funding agreement/funding approval, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Income from grants without sufficiently specific performance obligations are recognised when the Department obtains control over the assets comprising the grants. Control over grants is normally obtained on receipt of cash.

d) Investment revenue

Rental income	4,235	4,235	1,008
Finance income on the net investment in the lease	141	141	36
	4,376	4,376	1,044

Rental income

Rental income arising from operating leases is accounted for based on the terms of the lease, over the lease term.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For financial assets that become credit impaired, the effective interest rate is applied to the amortised cost of the financial asset (i.e., after deducting the loss allowance for expected credit losses).

e) Acceptance by the Crown of employee benefits

Long service leave revenue	1,295	1,295	(418)
Payroll tax	15	15	3
Superannuation – defined benefit	401	401	76
	1,711	1,711	(339)

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

5. Other gains / (losses)

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000
Foreign exchange gain/(loss)	(88)	(52)	-
Revaluation loss on Property, Plant & Equipment ¹	(49,193)	(49,193)	-
Impairment of trade receivables from contracts with customers	(232)	(232)	-
	(49,513)	(49,477)	-

¹Revaluation loss resulting from comprehensive revaluation of land and building asset class conducted in the current year. The total revaluation loss is first reduced against available asset revaluation surplus for the same asset class, with the remaining recognised in the Statement of Comprehensive Income. Refer note 11.

Impairment losses on non-financial assets

Impairment losses may arise on non-financial assets held by the Department from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment.

6. State outcome group statements

The Department contributes to the following State outcomes:

1. Increased economic development and investment attraction

Driving economic opportunities to ensure New South Wales is a prosperous, inclusive and thriving global hub for business, innovation and talent. Facilitating investment to support high-value job creation for future focussed industries, boost exports, lift productivity and activate precinct development opportunities, including within the Western Parkland City.

2. Excellence in arts, sport and tourism

Maximising 'excellence in arts, sports and tourism' leverages our capabilities to position the State as a world-class centre for performances, events, exhibitions and visitation. This outcome also focuses on developing the State's cultural assets for future generations. Arts, sports and tourism play a critical role in the State's economy, from job creation and skills development to attracting tourists.

3. Vibrant, safe and responsible hospitality and racing

This Outcome supports a New South Wales where people enjoy vibrant and dynamic, as well as safe and responsible, liquor and gaming environments. It allows the operation of a diverse and vibrant industry while ensuring public safety and minimising the risk of harm.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

6. State outcome group statements (continued)

The table below shows the Department's expenses and revenue across the above state outcomes:

For the year ended 30 June 2023	Outcome 1 \$'000	Outcome 2 \$'000	Outcome 3 \$'000	Not Attributable \$'000	Total \$'000
Continuing operations					
Expenses excluding losses					
Employee-related expenses	57,360	15,890	37,725	27,258	138,233
Operating expenses	57,908	62,887	14,512	29,427	164,734
Depreciation and amortisation	3,111	25,218	1,260	1,625	31,214
Grants and subsidies	95,696	416,521	36,548	1,186,122	1,734,887
Finance cost	58	-	-	-	58
Total expenses excluding losses	214,133	520,516	90,045	1,244,432	2,069,126
Revenue					
Appropriation	-	-	-	2,092,068	2,092,068
Sale of goods and services from contracts with customers	14,731	3,440	68,036	526	86,733
Grants and other contributions	2,354	44,123	1,203	10,009	57,689
Investment revenue	-	4,376	-	-	4,376
Acceptance by the Crown of employee benefits and other liabilities	497	(55)	589	680	1,711
Other revenue	48	-	554	47	649
Total revenue	17,630	51,884	70,382	2,103,330	2,243,226
Operating result	(196,503)	(468,632)	(19,663)	858,898	174,100
Other gains / (losses)	(239)	(49,194)	(80)	-	(49,513)
Net results	(196,742)	(517,826)	(19,743)	858,898	124,587
Other comprehensive income					
Changes in revaluation surplus of property, plant and equipment	-	(23,043)	-	-	(23,043)
Total other comprehensive income	-	(23,043)	-	-	(23,043)
Total comprehensive income	(196,742)	(540,869)	(19,743)	858,898	101,544

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

6. State outcome group statements (continued)

The table below shows the Department's assets and liabilities across the above state outcomes:

For the year ended 30 June 2023	Outcome 1	Outcome 2	Outcome 3	Not Attributable	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Current					
Cash and cash equivalents	-	-	-	237,541	237,541
Receivables	10,075	72,906	2,903	1,518	87,402
Other financial assets	-	316	-	-	316
Total current assets	10,075	73,222	2,903	239,059	325,259
Non-current					
Receivables	646	-	-	-	646
Financial assets at fair value	15,222	-	-	-	15,222
Other financial assets	-	5,651	-	-	5,651
Property, plant and equipment					
Land and buildings	2,000	1,139,511	-	-	1,141,511
Leasehold improvement	8,356	-	-	897	9,253
Plant and equipment	68	7,027	-	785	7,880
Total property, plant and equipment	10,424	1,146,538	-	1,682	1,158,644
Right-of-use assets	3,217	-	6	-	3,223
Intangible assets	-	-	1,415	447	1,862
Total non-current assets	29,509	1,152,189	1,421	2,129	1,185,248
Total assets	39,584	1,225,411	4,324	241,188	1,510,507
Liabilities					
Current					
Borrowings	2,149	-	5	-	2,154
Payables	30,939	87,158	3,706	5,806	127,609
Contract liabilities	546	4,234	-	-	4,780
Provisions	21,215	2,099	10,922	3,138	37,373
Total current liabilities	54,849	93,491	14,633	8,944	171,916
Non-current					
Borrowings	1,230	-	1	-	1,231
Provisions	4,183	-	-	-	4,183
Total non-current liabilities	5,413	-	1	-	5,414
Total liabilities	60,262	93,491	14,634	8,944	177,330
Net assets	(20,678)	1,131,920	(10,310)	232,244	1,333,177

Administered items

The Department's administered assets, liabilities, income and expenses are disclosed in Note 26.

All the items administered by the Department are towards outcome 3 - Vibrant, safe and responsible hospitality and racing.

The Department was established after the budget for previous year was published and hence did not have any specific state outcomes assigned to it, as a result comparatives are not presented for state outcome group statements.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

7. Cash and cash equivalents

	Consolidated	Parent	
	2023	2023	2022
	\$'000	\$'000	\$'000
Cash at bank and on hand	237,541	236,280	29,219
	237,541	236,280	29,219

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank.

Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the year to the Statement of Cash Flows.

Refer Note 24 for details regarding credit risk, liquidity risk, and market risk arising from financial instruments.

8. Receivables

Current

Trade receivables from contracts with customers	37,812	37,812	31,742
Less: Allowance for expected credit losses*	(479)	(479)	(52)
Net Trade receivables from contracts with customers	37,333	37,333	31,690
Prepayments	2,828	2,769	20,027
GST receivable	7,265	7,265	9,058
Accrued Income	2,049	2,049	-
Other ¹	37,927	37,927	-
	87,402	87,343	60,775
Non-current			
Loans and deposits	646	646	-
	646	646	-

* Movement in the allowance for expected credit losses

Balance at the beginning of the period	52	52	-
Acquisitions through administrative restructures	195	195	51
Increase/(decrease) in allowance recognised in net results	232	232	1
Balance at the end of the period	479	479	52

¹Includes receivable from Department of Premier and Cabinet, (now Premier's Department) for refund received from ATO for previously unclaimed GST credits for Create NSW's capital projects while Create NSW was a part of it.

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 24.

Recognition and measurement

The department recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the agency becomes a party to the contractual provisions of the instrument, the department considers:

- whether the department has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- whether at least one of the parties has performed under the agreement.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

8. Receivables (continued)

All 'regular way' purchases or sales of financial asset are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Department holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The Department recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Department expects to receive, discounted at the original effective interest rate.

For trade receivables, the Department applies a simplified approach in calculating ECLs. The Department recognises a loss allowance based on lifetime ECLs at each reporting date. The Department has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

9. Financial assets at fair value

	Consolidated	Parent	
	2023	2023	2022
	\$'000	\$'000	\$'000
Non-current			
Investment in shares	15,222	15,222	-
	15,222	15,222	-

Financial assets at fair value include a 10.5% participation in Silicon Quantum Computing Pty Ltd ('SQC'). The investment in Quantum was transferred from Investment NSW under the *Administrative Arrangements (Administrative Changes-Miscellaneous) Order (No 6) 2022*.

SQC raised additional capital in July 2023. The Department did not participate in this capital raise resulting in reduction of its shareholding in SQC to 7.8%.

Refer to Note 24 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Classification and measurement

The department's financial assets at fair value are classified, at initial recognition, as subsequently measured at fair value through profit or loss.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in net results. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognised in net results and presented net within other gains/(losses).

10. Other financial assets

Receivables on finance leases as lessor			
Current	316	316	252
Non-current	5,651	5,651	5,709
	5,967	5,967	5,961

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

10. Other financial assets (continued)

Refer to Note 24 for further information regarding fair value measurement, credit risk, and market risk arising from financial instruments.

Recognition and measurement

All 'regular way' purchases or sales of other financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of other financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Other financial assets are initially measured at fair value plus any transaction cost.

Subsequent measurement

Other financial assets are classified and subsequently measured at amortised cost as they are held for collection of contractual cash flows solely representing payments of principal and interest. Impairment losses are presented as separate line item in the statement of comprehensive income. Any gain or loss arising on derecognition is recognised directly in net results and presented in other gains/(losses).

Impairment

The Department recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Department expects to receive, discounted at the original effective interest rate.

ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, ECLs are based on default events possible within the next 12-months (i.e., a 12-month ECL). If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (i.e., a lifetime ECL). In addition, the Department considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For lease receivables, the Department applies the simplified approach permitted by AASB 9, where the loss allowance is based on lifetime ECLs.

11. Property, plant and equipment

a) Total property, plant and equipment

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvement \$'000	Total \$'000
At 21 December 2021 – fair value				
Gross carrying amount	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-
Net carrying amount	-	-	-	-
Period ended 30 June 2022				
Net carrying amount at beginning of period	-	-	-	-
Acquisitions through administrative restructures	1,005,163	4,011	-	1,009,174
Additions	35,170	3,527	-	38,697
Net revaluation increments less revaluation decrements	23,043	-	-	23,043
Depreciation expense	(1,616)	(3)	-	(1,619)
Net carrying amount at end of period	1,061,760	7,535	-	1,069,295

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

11. Property, plant and equipment (*continued*)

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvement \$'000	Total \$'000
1 July 2022 – fair value				
Gross carrying amount	1,222,180	7,819	-	1,229,999
Accumulated depreciation and impairment	(160,420)	(284)	-	(160,704)
Net carrying amount	1,061,760	7,535	-	1,069,295
Year ended 30 June 2023				
Net carrying amount at beginning of year	1,061,760	7,535	-	1,069,295
Acquisitions through administrative restructures	-	1,056	11,566	12,622
Additions	196,643	283	254	197,180
Net revaluation increments less revaluation decrements	(72,238)	-	-	(72,238)
Depreciation expense	(25,190)	(616)	(2,567)	(28,373)
Work-in-progress write-off	(19,464)	(378)	-	(19,842)
Net carrying amount at end of year	1,141,511	7,880	9,253	1,158,644
At 30 June 2023 – fair value				
Gross carrying amount	1,337,133	9,266	20,674	1,367,073
Accumulated depreciation and impairment	(195,622)	(1,386)	(11,421)	(208,429)
Net carrying amount	1,141,511	7,880	9,253	1,158,644

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 14.

b) Property, plant and equipment held and used by the department

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvement \$'000	Total \$'000
At 21 December 2021 – fair value				
Gross carrying amount	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-
Net carrying amount	-	-	-	-
Period ended 30 June 2022				
Net carrying amount at beginning of period	-	-	-	-
Acquisitions through administrative restructures	236,311	4,011	-	240,322
Additions	33,255	3,527	-	36,782
Net revaluation increments less revaluation decrements	-	-	-	-
Depreciation expense	-	(3)	-	(3)
Net carrying amount at end of period	269,566	7,535	-	277,101

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

11. Property, plant and equipment (continued)

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvement \$'000	Total \$'000
1 July 2022 – fair value				
Gross carrying amount	269,566	7,819	-	277,385
Accumulated depreciation and impairment	-	(284)	-	(284)
Net carrying amount	269,566	7,535	-	277,101
Year ended 30 June 2023				
Net carrying amount at beginning of year	269,566	7,535	-	277,101
Acquisitions through administrative restructures	-	1,056	11,566	12,622
Additions	172,662	283	254	173,199
Net revaluation increments less revaluation decrements	(89,211)	-	-	(89,211)
Depreciation expense	-	(616)	(2,567)	(3,183)
Work-in-progress write-off	(19,464)	(378)	-	(19,842)
Net carrying amount at end of year	333,553	7,880	9,253	350,686
At 30 June 2023 – fair value				
Gross carrying amount	333,553	9,266	20,674	363,493
Accumulated depreciation and impairment	-	(1,386)	(11,421)	(12,807)
Net carrying amount	333,553	7,880	9,253	350,686

c) Property, plant and equipment where the department is lessor under operating leases

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvement \$'000	Total \$'000
At 21 December 2021 – fair value				
Gross carrying amount	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-
Net carrying amount	-	-	-	-
Period ended 30 June 2022				
Net carrying amount at beginning of period	-	-	-	-
Acquisitions through administrative restructures	768,852	-	-	768,852
Additions	1,915	-	-	1,915
Net revaluation increments less revaluation decrements	23,043	-	-	23,043
Depreciation expense	(1,616)	-	-	(1,616)
Net carrying amount at end of period	792,194	-	-	792,194
1 July 2022 – fair value				
Gross carrying amount	952,614	-	-	952,614
Accumulated depreciation and impairment	(160,420)	-	-	(160,420)
Net carrying amount	792,194	-	-	792,194

Department of Enterprise, Investment and Trade

**Notes to the financial statements
for the year ended 30 June 2023**

11. Property, plant and equipment (continued)

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Leasehold improvement \$'000	Total \$'000
Year ended 30 June 2023				
Net carrying amount at beginning of year	792,194	-	-	792,194
Acquisitions through administrative restructures	-	-	-	-
Additions	23,981	-	-	23,981
Net revaluation increments less revaluation decrements	16,973	-	-	16,973
Depreciation expense	(25,190)	-	-	(25,190)
Net carrying amount at end of year	807,958	-	-	807,958
At 30 June 2023 – fair value				
Gross carrying amount	1,003,580	-	-	1,003,580
Accumulated depreciation and impairment	(195,622)	-	-	(195,622)
Net carrying amount	807,958	-	-	807,958

Recognition and measurement

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other AAS.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent i.e., deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition (see also assets transferred as a result of an equity transfer - Note 19).

Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Major inspection costs

When a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Notes to the financial statements
for the year ended 30 June 2023

11. Property, plant and equipment (continued)

Depreciation of property, plant and equipment

Except for certain non-depreciable assets, depreciation is provided for on a straight-line basis so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Department.

All material identifiable components of assets (except for land) are depreciated separately over their useful lives.

The expected useful lives of items of property, plant and equipment are as follows:

- Buildings: 17 – 80 years
- Leasehold improvements: over the term of the lease
- Plant and equipment: 1 – 4 years

Each asset's useful life, residual value and depreciation method are reviewed each year and any resulting adjustments are accounted for as a change in accounting estimate.

Right-of-Use Assets acquired by lessees

The Department has elected to present right-of-use assets separately in the Statement of Financial Position.

Further information on leases is contained at Note 12.

Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP21-09) and Treasurer's Direction Valuation of Physical Non-Current Assets at Fair Value' (TD21-05). TD21-05 and TPP21-09 adopt fair value in accordance with AASB 13 *Fair Value Measurements*, AASB 116 *Property Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 14 for further information regarding fair value.

Revaluations are made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Department conducts a comprehensive revaluation at least every three years for its land and buildings where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment. The last comprehensive revaluation of land and building asset class was completed as at 30 June 2023 and was based on assessment performed by an independent qualified valuer. The land was valued using a market approach and the building was valued using cost approach.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. An interim revaluation was completed as at 30 June 2022 which resulted in an overall increase of 9.7% to the carrying value of buildings.

Non-specialised assets with short useful lives are measured at depreciated historical cost, which for these assets approximates fair value. The Department has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Notes to the financial statements
for the year ended 30 June 2023

11. Property, plant and equipment (continued)

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

Land and Buildings – held and used by the Department

This asset class balance reflects the fair value of the land and buildings comprising land at Parramatta, for development of the Parramatta Powerhouse Museum and corresponding work-in-progress (WIP). The Parramatta Powerhouse site which was acquired by Government during 2019-20 was transferred in as a result of machinery of government changes effective 1 April 2022. Other major projects included in this asset class include WIP for Powerhouse Museum at Castle Hill and Ultimo.

Land and Buildings – subject to operating leases

This asset class includes other land and building assets in the Create NSW property portfolio, which transferred into the Department as part of the Administrative Order changes on 1 April 2022.

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Department assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Department estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

11. Property, plant and equipment (*continued*)

Specialised assets held for continuing use of their service capacity are rarely sold and their cost of disposal is typically negligible. Their recoverable amount is expected to be materially the same as fair value, where they are regularly revalued under AASB 13.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The reversal is recognised in other comprehensive income and is treated as a revaluation increase, except to the extent that an impairment loss on the same class of asset was previously recognised in net result, then the reversal recognised in net result.

12. Leases

a) Department as a lessee

The Department leases various properties, equipment and motor vehicles. Lease contracts are typically made for fixed periods of 1 to 100 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. The Department does not provide residual value guarantees in relation to leases.

Extension and termination options are included in a number of property and equipment leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Department and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

AASB 16 *Leases* requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

The Department has elected to recognise payments for short-term leases and low value leases as expenses on a straight-line basis, instead of recognising a right-of-use asset and lease liability. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets under leases

The following table presents right-of-use assets that do not meet the definition of investment property.

Consolidated	Land and Buildings \$'000	Plant and Equipments \$'000	Total \$'000
Balance at 1 July 2022	-	16	16
Acquisitions through administrative restructures	3,905	69	3,974
Additions	727	-	727
Depreciation expense	(1,418)	(76)	(1,494)
Balance at 30 June 2023	3,215	9	3,223
Balance at 21 Dec 2021	-	-	-
Acquisitions through administrative restructures	-	18	18
Depreciation expense	-	(2)	(2)
Balance at 30 June 2022	-	16	16

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

12. Leases (continued)

Lease liabilities

The following table presents liabilities under leases, including leases in respect of investment properties.

Consolidated	2023	2022
	\$'000	\$'000
Opening balance	16	-
Acquisitions through administrative restructures	4,034	35,502
Additions	727	-
Interest expenses	59	-
Payments	(1,557)	(35,486)
Other adjustments	105	-
Balance at 30 June	3,385	16

The following amounts were recognised in the Statement of Comprehensive Income during the period in respect of leases where the department is the lessee:

Depreciation expense of right-of-use assets	(1,494)	(2)
Interest expense on lease liabilities	(59)	-
Other adjustments	(105)	-
Total amount recognised in the statement of comprehensive income	(1,658)	(2)

The Department had total cash outflows for leases of \$1.16 million in FY2022-23 (2022: Nil).

Recognition and Measurement

The Department assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Department recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

i. Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). The assets are initially measured at the amount of initial measurement of the lease liability (refer ii below), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Building: 5 years
- Motor vehicle and other equipment: 5 years

If ownership of the leased asset transfers to the department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The department assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, The department estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount.

Notes to the financial statements
for the year ended 30 June 2023

12. Leases (continued)

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result.

ii. Lease liabilities

At the commencement date of the lease, the department recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of a purchase options reasonably certain to be exercised by the department; and
- payments of penalties for terminating the lease, if the lease term reflects the department exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Department's leases, the lessee's incremental borrowing rate is used, being the rate that the Department would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Department lease liabilities are included in borrowings.

iii. Short-term leases and leases of low-value assets

The Department applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

b) Department as a lessor

The Department holds a portfolio of arts properties, which are leased to tenants under operating leases, with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. The leases are made available at rates significantly lower than market terms as support to the arts sector.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

12. Leases (continued)

Lessor for finance leases

Future minimum rentals receivable (undiscounted) under non-cancellable finance lease as at 30 June are, as follows:

Consolidated	2023 \$'000	2022 \$'000
Within one year	200	134
One to two years	200	200
Two to three years	200	200
Three to four years	200	200
Four to five years	200	200
Later than five years	9,683	9,901
Total (excluding GST)	10,683	10,835

Reconciliation of net investment in leases

Future undiscounted rentals receivable	10,683	10,835
Less: unearned finance income	(4,716)	(4,874)
Net investment in finance leases	5,967	5,961

Leases that the Department transfers substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. Subleases are classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

At the lease commencement date, the Department recognises a receivable for assets held under a finance lease in the Statement of Financial Position at an amount equal to the net investment in the lease. The net investment in leases is classified as financial assets amortised cost and equals the lease payments receivable by a lessor and the unguaranteed residual value, plus initial direct costs, discounted using the interest rate implicit in the lease Initial direct costs.

Finance income arising from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Lessor for operating leases

Future minimum rentals receivable (undiscounted) under non-cancellable operating lease as at 30 June is as follows:

Consolidated	2023 \$'000	2022 \$'000
Within one year	1,653	1,580
One to two years	1,633	1,712
Two to three years	1,765	1,845
Three to four years	1,897	1,977
Four to five years	2,029	1,995
Later than five years	31,409	31,476
Total (excluding GST)	40,386	40,585

Recognition and measurement - lessor for operating leases

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

13. Intangible assets

Consolidated	Software \$'000	WIP \$'000	Total \$'000
At 21 December 2021			
Cost (gross carrying amount)			-
Accumulated amortisation and impairment			-
Net carrying amount	-	-	-
Period ended 30 June 2022			
Net carrying amount at beginning of period	-	-	-
Acquisitions through administrative restructures	2,137	180	2,317
Additions	-	21	21
Amortisation (recognised in 'depreciation and amortisation')	(330)	-	(330)
Net carrying amount at end of period	1,807	201	2,008
At 1 July 2022			
Cost (gross carrying amount)	7,964	201	8,165
Accumulated amortisation and impairment	(6,157)	-	(6,157)
Net carrying amount	1,807	201	2,008
Year ended 30 June 2023			
Net carrying amount at beginning of period	1,807	201	2,008
Acquisitions through administrative restructures	522	-	522
Additions	673	6	679
Amortisation (recognised in 'depreciation and amortisation')	(1,347)	-	(1,347)
Net carrying amount at end of period	1,655	207	1,862
At 30 June 2023			
Cost (gross carrying amount)	9,660	207	9,867
Accumulated amortisation and impairment	(8,005)	-	(8,005)
Net carrying amount	1,655	207	1,862

Recognition and measurement

The entity recognises intangible assets only if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

All research costs are expensed. Development costs are only capitalised when certain criteria are met. The useful lives of intangible assets are assessed to be finite.

The Department's intangible assets are amortised using the straight-line method over their useful lives.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

14. Fair value measurement of non-financial assets

Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Department categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- **Level 1** - quoted (unadjusted) prices in active markets for identical assets / liabilities that the entity can access at the measurement date.
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- **Level 3** – inputs that are not based on observable market data (unobservable inputs).

The Department recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

a) Fair value hierarchy

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Consolidated 2023				
Property, plant and equipment (Note 11)				
Land and buildings		206,900	934,611	1,141,511
	-	206,900	934,611	1,141,511
Consolidated 2022				
Property, plant and equipment (Note 11)				
Land and buildings		305,440	756,320	1,061,760
	-	305,440	756,320	1,061,760

The reduction in the Level 2 in the current year relates to the valuation decrement for land resulting from the comprehensive revaluation conducted during the year.

There were no transfers between Level 1 or 2 during the year.

b) Valuation techniques, inputs and processes

The fair value hierarchy of the land assets are generally level 2, utilising recent site sales of similarly zoned land, that are analysed to provide the market value of the land component of the subject properties.

Building assets, valued using depreciated replacement cost, are categorised as level 3. Published cost information has been utilised by valuers to ascertain the replacement cost of improvements. Allowances for physical depreciation and functional obsolescence have been applied to arrive at the assessed depreciated replacement cost of the building components.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

14. Fair value measurement of non-financial assets (continued)

Reconciliation of recurring Level 3 fair value measurements

Consolidated	Land and buildings \$'000	Total \$'000
Fair value as at 1 July 2022	756,320	756,320
Additions	196,643	196,643
Revaluation increments / (decrements)	26,302	26,302
Depreciation expense	(25,190)	(25,190)
Work-in-progress write-off	(19,464)	(19,464)
Fair value as at 30 June 2023	934,611	934,611
Fair value as at 21 December 2021	-	-
Acquisitions through administrative restructures	699,723	699,723
Additions	35,170	35,170
Revaluation increments / (decrements)	23,043	23,043
Depreciation expense	(1,616)	(1,616)
Fair value as at 30 June 2022	756,320	756,320

15. Payables

	Consolidated	Parent	
	2023 \$'000	2023 \$'000	2022 \$'000
Accrued salaries, wages and on-costs	3,155	3,155	242
Accrued expenses	91,975	91,964	78,667
Advance Claims	995	995	4,759
Creditors	31,484	31,483	22,000
	127,609	127,597	105,668

Payables represent liabilities for goods and services provided to the Department and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Payables are financial liabilities at amortised cost, initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised net result when the liabilities are derecognised as well as through the amortisation process.

Details regarding liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 24.

16. Contract assets and liabilities

Contract liabilities - current	4,780	4,780	5,671
Contract receivables (included in Note 8)	37,812	37,812	31,742

All of the contract liabilities are expected to be satisfied of its obligations and recognised as revenue over the next financial year.

Contract liability balance of \$5.67 million at the beginning of the year was entirely recognised as revenue in the current year

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

17. Borrowings

	Consolidated	Parent	
	2023 \$'000	2023 \$'000	2022 \$'000
Lease liabilities			
Current	2,154	2,154	-
Non-Current	1,231	1,231	16
	3,385	3,385	16

Details regarding liquidity risk, including a maturity analysis of the above lease liabilities are disclosed in Note 24.

Recognition and measurement

Borrowings represents interest bearing liabilities raised through lease liabilities.

Financial liabilities at amortised cost

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Changes in liabilities arising from financing activities

Opening balance	16	16	-
Leases acquired through administrative restructures	4,034	4,034	35,502
Cash flows*	(1,497)	(1,497)	(35,483)
New leases	727	727	-
Foreign exchange adjustments	105	105	-
Other movements	-	-	(3)
Closing balance	3,385	3,385	16

* Cash flows relate to repayment of principal portion of lease liabilities.

18. Provisions

Current			
Employee benefits and related on-costs			
Annual leave, including on-costs	13,873	13,883	6,041
Long service leave on-costs	2,512	2,512	1,167
Other	405	405	-
	16,790	16,800	7,208
Other provisions			
Grant funding committed	20,583	20,583	8,301
Total current provisions	37,373	37,383	15,509
Non-current			
Employee benefits and related on-costs			
Long service leave on-costs	248	248	78
Other provisions			
Make good	3,935	3,935	-
Total non-current provisions	4,183	4,183	78

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

18. Provisions (continued)

	Consolidated	Parent	
	2023 \$'000	2023 \$'000	2022 \$'000
Aggregate employee benefits and related on-costs			
Provisions	17,038	17,048	7,286
Accrued salaries, wages and on-costs (Note 15)	3,155	3,155	242
	20,193	20,203	7,528

Movements in provisions (other than employee benefits)

Opening balance	8,301	8,301	-
Acquisitions through administrative restructures	24,090	24,090	11,271
Additional provisions recognised	19,775	19,775	-
Amounts used	(27,648)	(27,648)	(2,970)
Closing balance	24,518	24,518	8,301

Recognition and measurement

Employee benefits and related on-costs

Salaries and wages, annual leave and sick leave

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by NSW Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 8.4% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Department has assessed the actuarial advice based on its circumstances and has determined that the effect of discounting is immaterial to annual leave.

All annual leave is classified as a current liability even where the Department does not expect to settle the liability within 12 months as it does not have an unconditional right to defer settlement.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

Long service leave and superannuation

The Department's long service leave and defined benefit superannuation liabilities are assumed by the Crown. The Department accounts for the liabilities as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown of employee benefits and other liabilities'.

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth Government bond rate at the reporting date.

Notes to the financial statements
for the year ended 30 June 2023

18. Provisions (continued)

The superannuation expense for the financial period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e., Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e., State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

Other provisions

Provisions are recognised when the Department has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented net of any reimbursement in the Statement of Comprehensive Income.

Provision for grant funding committed is recognised based on the executed funding deeds as at the reporting date and is measured using the claims submitted by the applicants.

19. Net assets from equity transfers

Under the *Administrative Arrangements (Administrative Changes-Miscellaneous) Order (No 6) 2022*, Investment NSW was abolished effective 1 July 2022 and its assets, liabilities were transferred to the Department.

Effective 27 February 2023, the persons employed in the Office of NSW Independent Casino Commission and the Office of Independent Liquor Gaming and Authority under the Department were transferred to the NSW Independent Casino Commission Staff Agency and the Independent Liquor Gaming and Authority Staff Agency respectively, pursuant to the *Administrative Arrangements (Administrative Changes - Miscellaneous) Order 2023*.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

19. Net assets from equity transfers (continued)

Increase / (decrease) in net assets from equity transfers

Financial year ended 30 June 2023	Transfer in		Transfer out		Total
	Investment NSW \$'000	NICC Staff Agency \$'000	ILGA Staff Agency \$'000		
Current assets					
Cash and cash equivalents	198,168	-	-		198,168
Receivables	19,528	-	-		19,528
Total current assets	217,696	-	-		217,696
Non-current assets					
Financial assets at fair value	15,222	-	-		15,222
Property, plant and equipment					
- Plant & equipment	1,056	-	-		1,056
- Leasehold improvement	11,566	-	-		11,566
Total property, plant and equipment	12,622	-	-		12,622
Right-of-use assets	3,975	-	-		3,975
Intangible assets	522	-	-		522
Receivables	642	-	-		642
Total non-current assets	32,983	-	-		32,983
Total assets	250,679	-	-		250,679
Current liabilities					
Payables	22,706	-	-		22,706
Borrowings	1,272				1,272
Provisions	28,835	(136)	(65)		28,635
Total current liabilities	52,813	(136)	(65)		52,613
Non-current liabilities					
Borrowings	2,762	-	-		2,762
Provisions	4,004	-	-		4,004
Total non-current liabilities	6,766	-	-		6,766
Total liabilities	59,579	(136)	(65)		59,379
Net assets from equity transfer	191,100	136	65		191,300

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

19. Net assets from equity transfers (continued)

2022 comparative

Pursuant to the Administrative Arrangements (Second Perrottet Ministry—Transitional) Order 2021, staff employed in the various NSW Government Departments and agencies to enable the Department to exercise its functions were transferred to the Department effective from 1 April 2022. Assets and liabilities associated with the affected staff were also transferred on this date.

Financial period ended 30 June 2022	Transfer in			Total \$'000
	Investment NSW \$'000	DPC (Create NSW) \$'000	DCS (Hospitality & racing) \$'000	
Current assets				
Cash and cash equivalents	198,168	700	-	198,868
Receivables	19,528	35,996	22,186	77,710
Other financial assets	-	201	-	201
Total current assets	217,696	36,897	22,186	59,083
Non-Current assets				
Financial assets at fair value	15,222	-	-	15,222
Property, plant and equipment	12,622	1,009,174	-	1,021,796
Right-of-use assets	3,975	-	18	3,993
Intangible assets	522	29	2,288	2,839
Receivables	642	-	-	642
Other financial assets	-	5,723	-	5,723
Total non-current assets	32,983	1,014,926	2,306	1,050,215
Total assets	250,679	1,051,823	24,492	1,326,994
Current liabilities				
Payables	22,706	(41)	3,788	26,453
Provisions	28,835	1,787	16,370	46,992
Borrowings	1,272	35,483	-	36,755
Other	-	3,254	-	3,254
Total current liabilities	52,813	40,483	20,158	113,454
Non-Current liabilities				
Provisions	4,004	19	-	4,023
Borrowings	2,762	-	19	2,781
Total non-current liabilities	6,766	19	19	6,804
Total liabilities	59,579	40,502	20,177	120,258
Net assets from equity transfer	191,100	1,011,321	4,315	1,206,736

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs / functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by AAS to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

20. Commitments

Consolidated	2023 \$'000	2022 \$'000
Capital commitments	394,999	522,021
Aggregate capital expenditure for projects contracted for at balance date and not provided for:		
Within one year	289,768	218,768
Later than one year and not later than five years	105,231	303,253
Later than five years	-	-
Total (including GST)	394,999	522,021

The above commitments include GST of \$35.9 million (\$47.5 million for 2022).

21. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets as at the reporting date.

22. Budget review

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g., adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts.

Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below:

Net Result

The actual net result (gain) was \$124.6 million compared to budget gain of \$344.3 million. Key factors that contributed to the unfavourable variance of \$219.7 million include:

- grants and subsidies expenditure were lower by \$814.8 million due to \$196.0 million lower than budgeted grants paid out to the Cultural Institutions and other agencies in the cluster, \$120 million impact from government's directive to pause the Future Economy Fund programs, and significant reprofiling of delivery milestones resulting in expenditure being deferred to future years for numerous programs including the Greyhound Racing and Racing for the Regions of \$23.0 million, Small Business Innovation & Research program of \$15.0 million, various Arts/Create Programs of \$132 million, and the Jobs Plus fund of \$18.9 million.
- employee related expenses were lower by \$37.3 million was partially offset by \$12.1 million contractor expenses in other operating expenses which were used to manage resource gaps, \$14.6 million of labour expenses moved to future years following various programs reprofiling, and general delays in recruitment in Q1 and Q2 of FY23 accounted for approximate \$5.5million of the variance.
- higher depreciation and amortisation expense by \$13.2 million from assets that have been fully constructed and capitalised out from work-in-progress.
- other operating expenses were lower by \$256.7 million due to \$70 million of expenditure being reprofiled to future years, \$23 million across various contractually committed fee for service programs being deferred to Q1 of FY24, and programs being transferred out of the Department to the Department of Planning and Environment of \$12.7 million.
- net increase in sale of goods and services and other revenue was \$25.9 million due to hospitality and racing licensing fees and unbudgeted cost recoveries from cluster agencies for certain services provided by the Department.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

22. Budget review (continued)

- lower appropriation receipts by \$1,313.5 million due to lower drawdown from the Consolidated Fund for cluster grants and the Department's own funding needs; the latter being the result of significant deferral of grant programs to future years.
- Other losses of \$49.2 million were recognised for the reduction in the fair value of non-financial assets.

Assets and Liabilities

The net asset position was lower than budget by \$306.7 million. Key factors that contributed to the variance include:

- higher current assets by \$87.4 million from additional cash holding of \$37.4 million attributable to a timing difference between the appropriations drawn down and payments for the Department's operations and delivery of programs, and higher current receivables of \$51.4 million due mostly to unbudgeted GST credits of \$31.5 million receivable from previously unclaimed capital projects.
- lower non-current assets by \$286.6 million primarily due to net revaluation decrement in fair value of land and building by \$72.2 million and the balance due to deferment of capital projects to future years resulting from change in government priorities. This reduction is partially offset by an unbudgeted increase of \$9.5 million in the investment value in Quantum (refer Note 8).
- current liabilities were higher than budget by \$118.7 million mainly due to increased payables of \$103.7 million and higher provisions by \$14.6 million for employee related expenses and grant payments for certain programs.
- non-current liabilities lower than budget by \$11.2 million due primarily to the derecognition of lease liabilities with Property NSW at 30 June 2022 that were not reflected in FY23 budget.

Cash flow

The overall net cash inflow for the period was \$33.1 million higher than the budget as a result of the following:

- lower net cash inflows from operating activities by \$146.5 million mainly due to lower grants and subsidies payments by \$798.6 million, employee related expenses by \$47.2 million, other payments by \$424.3 million and higher sales of goods and services by \$60.0 million which were partially offset by higher payment to suppliers by \$146.4 million, lower cluster grants drawdown by \$1,313.5 million and other receipts by \$36.3 million.
- lower net cash outflows from investing activities by \$179.9 million for purchases of property, plant and equipment.
- higher net cash outflows from financing activities by \$0.3 million primarily due to higher lease repayments.

Department of Enterprise, Investment and Trade

Notes to the financial statements
for the year ended 30 June 2023

23. Reconciliation of cash flows from operating activities to net result

	Consolidated	Parent	
	2023	2023	21 Dec 2021 to 30 June 2022
	\$'000	\$'000	\$'000
Net cash from operating activities	211,792	210,531	102,707
Depreciation and amortisation	(31,214)	(31,214)	1,951
Net gain/(loss) on revaluation of property, plant and equipment	(49,514)	(49,477)	-
Other non cash adjustment - work-in-progress write off	(19,842)	(19,842)	
Increase / (decrease) in receivables	7,341	7,275	60,775
Increase / (decrease) in ROUA	-	-	(44,353)
Increase / (decrease) in contract liabilities	891	891	-
Increase / (decrease) in other financial assets	-	-	5,961
Decrease / (increase) in provisions	6,797	6,722	(15,587)
Decrease / (increase) in borrowings	-	-	(16)
Decrease / (increase) in creditors	(1,664)	(1,616)	(109,785)
Net result	124,587	123,269	1,653

24. Financial instruments

The Department's principal financial instruments are outlined below. These financial instruments arise directly from the Department's operations or are required to finance its operations. It does not enter or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Department's main risks arising from financial instruments are outlined below, together with its objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Secretary has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Department, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Department on a continuous basis.

a) Financial instrument categories

Class	Note	Category	Carrying value		
			Consolidated	Parent	
			2023	2023	2022
			\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	7	Amortised cost	237,541	236,280	29,219
Receivables ¹	8	Amortised cost	77,955	77,955	31,690
		Fair value through profit			
Financial assets at fair value	9	and loss	15,222	15,222	-
Other financial assets	10	Amortised cost	5,967	5,967	5,961
			336,685	335,424	66,870
Financial liabilities					
Payables ²	16	Financial liabilities measured at amortised	126,614	126,602	100,764
Borrowings	15	cost	3,385	3,385	16
			129,999	129,987	100,780

¹ Excludes statutory receivables and prepayments (i.e., not within scope of AASB 7).

² Excludes statutory payables and unearned revenue (i.e., not within scope of AASB 7).

Notes to the financial statements
for the year ended 30 June 2023

24. Financial instruments (continued)

The Department determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial period end.

b) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Department transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Department has not transferred substantially all the risks and rewards if the Department has not retained control.

Where the Department has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Department's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

c) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

d) Financial risks

i. Credit risk

Credit risk arises when there is the possibility of the Department's debtors defaulting on their contractual obligations, resulting in a financial loss to the Department. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Department, including cash and receivables. No collateral is held by the Department. The Department has not granted any financial guarantees.

Credit risk associated with the entity's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The Department considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Department may also consider a financial asset to be in default when internal or external information indicates that the Department is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Department.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System.

Receivables - trade receivables

Collectability of trade debtors is reviewed on an ongoing basis.

The Department applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

24. Financial instruments (continued)

The Department's trade receivables are not significantly exposed to debtors directly impacted by the economic downturn due to COVID-19. As such, the expected credit loss is based on historical loss rates.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 90 days past due.

The Department is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors as at the reporting date.

ii. Liquidity risk

Liquidity risk is the risk that the Department will be unable to meet its payment obligations when they fall due. The Department continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets.

During the current period, there were no defaults of borrowing. No assets have been pledged as collateral. The Department's exposure to liquidity risk is deemed insignificant.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11-12 *Payment of Accounts*. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice.

For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which the invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. No interest for late payment was made during the period.

The table below summarises the maturity profile of the Department's financial liabilities based on contractual undiscounted payments, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective %	Nominal Amount ¹ \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000
Consolidated								
2023								
Payables ²	-	126,614	-	-	126,614	126,614	-	-
Borrowings	1.42	3,385	3,385	-	-	2,154	1,231	-
		129,999	3,385	-	126,614	128,768	1,231	-
Parent								
2023								
Payables ²	-	126,602	-	-	126,602	126,602	-	-
Borrowings	1.42	3,385	3,385	-	-	2,154	1,231	-
		129,987	3,385	-	126,602	128,756	1,231	-
2022								
Payables ²	-	100,764	-	-	100,764	100,764	-	-
Borrowings	1.42	16	16	-	-	-	16	-
		100,780	16	-	100,764	100,764	16	-

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Department can be required to pay. These amounts include both interest and principal cashflows and therefore will not reconcile to the amounts disclosed in the statement of financial position.

² The amounts disclosed here exclude statutory payables and unearned revenue (not within scope of AASB 7).

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

24. Financial Instruments (continued)

iii. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Department's exposures to market risk are primarily through interest rate risk on the Department's borrowings. The Department has exposure to foreign currency risk which is hedged using forward contracts managed by TCorp. The department does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e., until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position reporting date. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates (based on official RBA interest rate volatility over the last five years). The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates:

	Carrying amount	-1% Net result	Equity	1% Net result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Actual 2023					
Financial assets					
Cash and cash equivalents - Consolidated	237,541	(2,375)	(2,375)	2,375	2,375
Cash and cash equivalents - Parent	236,280	(2,363)	(2,363)	2,363	2,363
Actual 2022					
Financial assets					
Cash and cash equivalents	29,219	(292)	(292)	292	292

Foreign exchange risk

Foreign exchange risk is the risk that a business's financial performance or position will be affected by fluctuations in the exchange rates between currencies. These impacts mostly flow from the sale or purchase of international goods or services and the Department's operations in the overseas markets due to the inherent volatility of foreign exchange markets.

e) Fair value measurements

i. Fair value compared to carrying amount

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

24. Financial Instruments (continued)

ii. Fair value recognised in the Statement of Financial Position

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Department categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets / liabilities that Investment NSW can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The Department recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Actual 2023				
Financial assets at fair value				
Investment in shares	-	-	15,222	15,222

The investment is recognised by the Department from 1 July 2022 when it was transferred in from Investment NSW. Refer to Note 19

There were no transfers between level 1, 2 and 3 during the year ended 30 June 2023.

25. Related party disclosures

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Department. KMP of the Department includes the Secretary, and the leadership team.

The Department's KMP compensation are as follows:

Short-term employee benefits:

	2023 \$'000	2022 \$'000
Salaries	4,756	624
Other monetary allowances	-	3
Other long-term employee benefits	284	5
Termination benefits	1,050	-
Total remuneration	6,090	632

There were no transactions entered into during the year with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Department entered into transactions on arm's length terms and conditions with NSW Government related entities that are controlled, jointly controlled or significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the Department's rendering of services and receiving of services.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

25. Related party disclosures (continued)

The transactions which are significant include :

- Appropriation revenue of \$2.1 billion (2022: \$0.5 billion) received from the Consolidated Fund (Note 4a)
- Cluster grants of \$1.1 billion (2022: \$0.2 billion) were paid to agencies within the Enterprise, Investment and Trade cluster (Note 3d)
- Other grants of \$219.3 million (2022: \$110.5 million) were paid to NSW Government entities under various Department's grant programs (Note 3d)
- Grant revenue of \$30.0 million from Department of Regional NSW
- Grant revenue of \$10.0 million from Digital Restart Fund
- Rental and outgoing of \$22.2 million paid to Property NSW
- Contribution of \$9.2 million made to Department of Communities and Justice for Process and Technology Harmonisation (PATH) project
- Fees for service of \$17.6 million paid to Museum of Applied Arts and Sciences.

26. Administered items

A) Activities administered by the Department

Administered revenue

	2023 \$'000	2022 \$'000
Casino Duty	177,919	47,197
Casino supervisory levy	1,514	2,080
TabCorp licence fees	4,500	828
Fines - Greyhound Racing	55	13
Total revenue earned	183,988	50,118

Administered revenue information is presented on a revenue earned (accrual) basis.

Administered revenue is recognised when the underlying past event under statutory requirements results in the right to receive revenue, unless it cannot be reliably measured before the financial statements are signed.

Administered assets

Current

Cash & cash equivalent ¹	-	2,053
Casino duty receivable	13,171	15,681
TabCorp licence fees receivable	1,125	828

Non-Current

Licence fee receivable ²	25,000	25,000
Total administered assets	39,296	43,562

¹Licence fees, fines, levies collected pending transfer to the Crown

²Licence fee receivable under the *Totalizer Act 1997*

In accordance with AASB 9 *Financial Instruments*, taxes and fines are initially recognised where statutory requirements establish a right to receive the financial asset. Such a right arises on the occurrence of a past event. Taxes and fines are initially recognised at the original levied amount. An allowance for impairment is subsequently recognised (where required) under AASB 136 *Impairment of Assets*.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

26. Administered items (continued)

B) Special Deposit Account administered by the Department

The Responsible Gambling Fund (the Fund) was established under section 115 (4) of the *Casino Control Act 1992* (the Act) as a Special Deposit Account.

The Fund receives income from a levy, under section 115 of the Act, on each casino licence in NSW as well as community benefit payments and gaming machine lease levies under sections 36A and 25C of the *Gaming Machines Act 2001*. In addition, section 13N of the *Betting Tax Act 2018* allows (and for a defined period, requires) the Treasurer to pay to the Fund certain amounts.

The principal function of the Fund is to make available funds for purposes related to responsible gambling in accordance with the RGF Trust Deed and Policy Guidelines.

Expenses and Revenue of the Fund

	2023	2022
	\$'000	\$'000
Expenses		
Grants		
GambleAware provider services ¹	13,542	13,219
GambleAware related services ²	2,457	2,272
Community benefit payments ³	1,994	1,049
Other ⁴	(313)	510
Personnel and administration services expenses ⁵	2,456	3,652
Fees for service	2,321	2,685
Advertising	3,354	1,015
Sponsorship	1,053	726
Amortisation expense	215	219
Auditor's remuneration	34	33
Trustee's remuneration	291	287
Other operating expenses	551	649
Total	27,954	26,316
Revenue		
Responsible gambling levy ⁶	18,702	13,420
Community benefit payment receipts ⁷	6,953	4,727
Gaming machine lease revenue ⁸	722	487
Grants appropriated from the <i>Betting Tax Act 2001</i> ⁹	5,000	5,000
Commonwealth grant	-	300
Other revenue	577	237
Total	31,954	24,171

¹ Grant payments to GambleAware providers in NSW for the delivery of community engagement, support and treatment services.

² Grant payments for GambleAware related services. Comparative figures are for grants payments to legacy Gambling Help services under the Gambling Help model. Gambling Help services ceased operating on 31 December 2021.

³ The Fund, in conjunction with an independent panel, recommends the recipients of the community benefit payments which include not-for-profit organisations and registered charities that support the social wellbeing of the local community.

⁴ These grants include payments to organisations for gambling research, education and awareness prevention programs, innovation and technology.

Department of Enterprise, Investment and Trade

Notes to the financial statements for the year ended 30 June 2023

26. Administered items (continued)

⁵ The Fund does not have any employees and receives administrative, operational and secretarial support from DEIT (DCS until 31 March 2022).

⁶ Section 115(1) of the Act authorises the payment of the Responsible Gambling Levy by casino operators to the Fund in respect of each casino licence.

⁷ Community benefit payment receipts are received by the Fund when a venue increases the number of gaming machine entitlements at the venue as per section 36A of the *Gaming Machines Act 2001*.

⁸ As per Section 25C of the *Gaming Machines Act 2001*, the levy is payable based on the lease of a gaming machine entitlement as approved by the Independent Liquor & Gaming Authority at the time of application.

⁹ Section 13N of the *Betting Tax Act 2001* authorises the appropriation and payment of revenue to the Fund from the Consolidated Fund appropriated by the Parliament.

Assets and Liabilities of the Fund

	2023	2022
	\$'000	\$'000
Assets		
Cash and cash equivalents	26,282	24,385
Receivables and prepayments	2,570	3,621
Software (including work in progress)	3,995	2,726
Total	32,847	30,732
Liabilities		
Payables ¹	9,758	11,025
Grants payable	612	1,230
Total	10,370	12,255

¹ Represents liabilities for goods and services provided to the Fund. \$ 8.3 million of these payables are to GambleAware providers for services delivered, where contracts specify a progress payment to be made by 30 June 2023 (2022: \$9.2 million).

27. Events after the reporting period

There are no known events subsequent to the reporting date requiring disclosure.

End of the financial statements

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